平安银行

Ping An Bank Co., Ltd.

2025 Annual Report

[English translation for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.]

Important Notes

1. The board of directors (hereinafter referred to as the Board), the directors and senior management of Ping An Bank Co., Ltd. (hereinafter referred to as the Bank) guarantee the authenticity, accuracy and completeness of the contents of this annual report, in which there are no false representations, misleading statements or material omissions, and are severally and jointly liable for its contents.

2. Xie Yonglin (the Bank's Chairman), Ji Guangheng (the President), Xiang Youzhi (the Vice President and the Chief Financial Officer) and Yu Chen (the head of the Accounting Department) declare that they guarantee the authenticity, accuracy and completeness of the financial information included in this annual report.

3. The 3rd meeting of the 13th session of the Board of the Bank deliberated the 2025 Annual Report together with its summary. The quorum of the Board meeting was 12 directors, and 12 directors attended the Board meeting. The Annual Report was approved unanimously at the meeting.

4. The 2025 annual financial reports prepared by the Bank were audited by Ernst & Young Hua Ming LLP (hereinafter referred to as EY) according to the China Standards on Auditing and EY issued a standard unqualified auditor's report.

5. The forward-looking statements such as plans for the future involved in the report do not constitute a substantial commitment for investors. Investors and stakeholders shall be aware of risks therein and appreciate the distinctions between plans, forecasts and commitments.

6. The Bank advises investors to read the full text of the annual report with particular attention to the following risk factors: the risks the Bank is exposed to during its business activities mainly include credit risk, market risk, liquidity risk, operational risk, country risk, interest rate risk on its banking account, reputation risk, strategic risk, compliance risk, money laundering risk, legal risk, information technology risk, etc., and the Bank has taken various measures to effectively manage and control these business risks, as discussed in detail under "Section III 3.5 Risk Management".

7. Based on the Bank's profit distribution proposal of ordinary shares which has been approved at the Board meeting, the Bank proposes to distribute cash dividends of RMB5.96 (tax inclusive) for every 10 shares in 2025, based on the total share capital of 19,405,918,198 shares of the Bank as at 31 December 2025. Specifically, the Bank has distributed cash dividends of RMB2.36 (tax inclusive) for every 10 shares for the interim period of 2025, and cash dividends of RMB3.60 (tax inclusive) for every 10 shares at the end of 2025, without issuing bonus shares or converting reserve funds into share capital.

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List of Documents Available for Inspection

1. The accounting statements sealed and signed by the Chairman, President, Vice President and CFO, and the head of the Accounting Department.

2. The original copy of the audit report sealed by the accounting firm and sealed and signed by certified public accountants.

3. The originals of the Bank’s documents and announcements which have been publicly disclosed during the reporting period.

Interpretations

Item	refer(s) to	Interpretations
Ping An Bank, the Bank	refer(s) to	the bank formed and so renamed following the integration of Shenzhen Development Bank Co., Ltd. ("Shenzhen Development Bank" or "Shenzhen Development") and the former Ping An Bank Co., Ltd. (the "Former Ping An Bank") in 2012 through the acquisition of the Former Ping An Bank by Shenzhen Development
The Group	refer(s) to	Ping An Bank Co., Ltd. and its wholly-owned subsidiary Ping An Wealth Management Co., Ltd.
Shenzhen Development Bank or Shenzhen Development	refer(s) to	the national joint-stock commercial bank established on 22 December 1987 and renamed to Ping An Bank after its acquisition of the Former Ping An Bank
Former Ping An Bank	refer(s) to	the joint-stock commercial bank established in June 1995 and deregistered on 12 June 2012
China Ping An, Ping An Group	refer(s) to	Ping An Insurance (Group) Company of China, Ltd.
Ping An Wealth Management	refer(s) to	Ping An Wealth Management Co., Ltd.
Ping An Life Insurance	refer(s) to	Ping An Life Insurance Company of China, Ltd.
PBOC	refer(s) to	The People's Bank of China
CSRC	refer(s) to	China Securities Regulatory Commission

President's Statement

The year 2025 marks the end of China's "14th Five-Year Plan" and a crucial year for laying the groundwork for the "15th Five-Year Plan". China's economic performance has maintained overall stability with progressive advancements, reform and opening-up have advanced to new levels, new-quality productive forces have developed steadily, and high-quality development has been steadily advanced. The banking sector has continued to operate stably, with enhanced capacity to support the real economy.

Ping An Bank adheres to the political and people-oriented nature of financial work, fully implements the spirit of the 20th CPC National Congress and the various plenary sessions of the 20th CPC Central Committee, keeps in mind the fundamental mission of financial services to serve the real economy, deeply advances the "Five Major Financial Initiatives", and unswervingly promotes digital transformation. With steady operations and firm determination, and through pragmatic responsibility and commitment, the Bank maintains a favorable momentum of stable progress and improved quality and efficiency in its operations and development. As of the end of 2025, the total assets amounted to RMB5,925,777 million, up by 2.7% as compared with the end of last year. In 2025, due to factors such as change in interest rates and adjustments in business structure, the Bank achieved revenue of RMB131,442 million, a year-on-year decrease of 10.4%. At the same time, through continuous efforts to reduce costs and improve efficiency, enhance investment efficiency, and strengthen risk management, the Bank achieved a net profit of RMB42,633 million, down 4.2% year-on-year. With the ongoing deepening of strategic reforms, certain operating indicators have already shown positive trends, laying a solid foundation for sustained and healthy development in the future.

This year, we have firmly steered the course of development and continuously deepened the leadership of Party building. We have consistently upheld and strengthened the Party's overall leadership, deepened the integration of Party leadership into corporate governance, Party building into business management, and Party values into organizational culture. We have transformed major decisions and deployments from the CPC Central Committee and the State Council into concrete actions and tangible outcomes for bank development, driving high-quality development through high-quality Party building and promoting deep integration between Party and business affairs, ensuring our development direction remains correct, our actions resolute, and our steps aligned.

This year, we have remained steadfast in our commitment to serving the real economy, continuously deepening our efforts on the "Five Major Financial Initiatives". We have improved our service systems with a systematic approach and enriched our product offerings with an innovative mindset. We have fully strengthened our efforts in the "Five Major Financial Initiatives" in technology finance, green finance,

inclusive finance, pension finance, and digital finance, channeling financial resources precisely to support the real economy and driving high-quality economic and social development.

——**Empowering Self-Reliance and Strength through Technology Finance.** The Bank has comprehensively improved its full lifecycle service system for technology-driven enterprises, launching specialized products such as "sci-tech innovation loan" and "pre-IPO loan". It delivers integrated, one-stop financial solutions through a "commercial bank + investment bank + investment" model. At the end of 2025, the number of tech customers was 31,917, an increase of 21.1% over the end of last year; the balance of tech loans was RMB306,582 million, an increase of 9.8% over the end of last year.

——**Driving the Dual-Carbon Transition through Green Finance.** The Bank has deepened its presence in green sectors, actively supporting key projects in clean energy, energy conservation and environmental protection, and green upgrades of infrastructure. It has developed a green finance business model covering the entire customer value chain, supply chain, and ecosystem. By the end of 2025, the balance of green loans reached RMB266,433 million, a 12.2% increase from the end of the previous year.

——**Achieving Precise Inclusiveness through Inclusive Finance.** The Bank has continuously strengthened management systems and mechanisms, and deepened operations targeting small and medium-sized enterprises (SMEs), providing customized financing solutions based on "ecosystem, supply chain, and platforms" to address financing challenges for small and micro-sized enterprises, while continuously supporting rural revitalization. By the end of 2025, the Bank has 909,400 small and micro-sized enterprise customers, with a loan balance of RMB484,522 million, and cumulative investment in rural revitalization support funds reaching RMB203,365 million.

——**Safeguarding Senior Well-Being through Pension Finance.** The Bank has accelerated the development of individual pension services, expanded its range of pension financial products, increased credit support for the elderly care industry, advanced the digital transformation of elderly-friendly financial services, and enhanced the sense of security and well-being of customers. At the end of 2025, the Bank provided 243 personal pension products covering pension savings, pension WMPs and pension funds.

——**Enhancing Efficiency and Experience through Digital Finance.** The Bank has established a solid foundation for digital finance capabilities, and promoted the transformation of scientific and technological achievements, reducing internal operational costs and enhancing external customer experience. It has strengthened foundational technological capabilities, built new-generation technology infrastructure, and significantly improved the availability of critical business systems. The Bank has also reinforced technology risk management, maintaining a record of zero major technology-related incidents.

This year, we have stayed committed to upgrading our operating system and continuously unlocking new drivers of growth. Adhering to problem-oriented, goal-oriented and result-oriented approaches, we

have made orderly progress in key tasks including strategic upgrading, structural adjustment, cost reduction and efficiency improvement, technology empowerment and risk management, so as to keep enhancing our core competitiveness and capacity for sustainable development.

——**Advancing strategic upgrading to strengthen core businesses.** Retail banking focused on quality improvement, efficiency enhancement, customer segmentation and product optimization, constantly improving service quality, efficiency and value contribution. Corporate banking concentrated on "sector refinement, customer refinement and product refinement", with resources precisely channeled into key areas, key regions and major projects. Interbank capital business pursued specialized operations, improving investment research capabilities and comprehensive service standards. The three business segments achieved coordinated development and demonstrated distinctive strengths.

——**Advancing structural adjustment to upgrade operational quality.** By proactively adapting to market trends, we have coordinated the balanced development of assets and liabilities, kept optimizing the asset structure and liability structure, and promoted dynamic and balanced development of "volume, price and risk". Retail loans gradually stabilized, with continuous improvement in customer and asset structures. Ordinary corporate loans recorded sound growth, and industry-focused operations were further deepened. We have intensified the acquisition of low-cost deposits, raised the proportion of demand deposits, and drove down liability costs. In 2025, the average cost of deposits was 1.65%, a decrease of 42 basis points from 2024; the net interest margin stood at 1.78%, a decrease of 9 basis points from 2024, with a significantly slowed pace of decline.

——**Pursuing cost reduction and efficiency improvement to deeply explore internal potential.** We have strengthened all-dimensional cost control, advanced refined governance in business marketing, administrative management and other areas, enhanced operational efficiency through digital transformation, and delivered tangible results in cost reduction and efficiency improvement. In 2025, business and administrative expenses totaled RMB38,196 million, a year-on-year decrease of 5.9%.

——**Deepening technological empowerment to build digital advantages.** We are fully committed to building a next-generation distributed core banking system to support future development needs featuring "billion-account scale and billion daily transactions". We have applied AI technologies extensively across marketing, service, operation, risk control and management scenarios, using technology to drive business model innovation and efficiency leapfrogging.

——**Strengthening risk management to hold the bottom line of security.** We adhere to prudent and cautious operations, closely monitor risks in key areas, intensify efforts in recovering and disposing of non-performing assets, and strictly control the quality of newly added assets. By the end of 2025, the non-performing loan (NPL) ratio was 1.05%, down 0.01 percentage point from the end of the previous year;

the NPL generation ratio decreased by 0.17 percentage point year-on-year; the provision coverage ratio reached 220.88%, remaining at a healthy level. At the same time, we firmly upheld the bottom lines of liquidity security, consumer rights protection and reputation risk management, ensuring the safe and steady operation of the Bank.

This year, we remained committed to deepening strict governance of the Bank and fostering a culture of integrity and discipline. We integrated strict governance and compliant operation into the whole process of development, and continued to strengthen conduct development, internal control construction and compliance culture development. With strict principles, strict measures and a strict atmosphere, we fostered a sound environment featuring integrity, accountability and entrepreneurship. The operational climate continued to improve, and the foundation for high-quality development was further consolidated.

The year 2026 marks the beginning of the "15th Five-Year Plan". The fourth plenary sessions of the 20th CPC Central Committee emphasized the need to accelerate the construction of a strong financial nation and to promote financial institutions to "focus on core businesses, improve governance, and pursue differentiated development". Standing at a new historical starting point, we are keenly aware that only those who follow the trend will advance, and only those who adapt to the times will grow stronger. We will firmly implement the guiding principles of the fourth plenary sessions of the 20th CPC Central Committee, give full play to our unique strengths, stay focused on our core banking businesses, improve corporate governance, refine systems and mechanisms, upgrade business strategies, and achieve differentiated development. In the new year, we will adhere to the "Two Upholds", implement the "Two Grasps", and focus on the "Two Priorities", continuously enhancing operational efficiency and driving high-quality development to a new level.

We will unswervingly implement the "Two Upholds" to lay a solid foundation for high-quality development. We will maintain strategic resolve, uphold the strategic direction of "strong retail banking, selective corporate banking, and specialized interbank business". We will fully advance the implementation of reform initiatives and continue driving strategic upgrades, uphold the principles of cost reduction and efficiency enhancement, as well as strict governance, and strive to improve management standards and continuously enhance the Bank's operational performance.

We will take targeted and practical actions to implement the "Two Grasps" to strengthen forward-looking strategic planning. We will actively seize the strategic opportunities of the "15th Five-Year Plan", proactively align the Bank's development with the pulse of national and global trends, and identify new drivers for growth in the evolving economic landscape. We will grasp the opportunities brought by the technological revolution, deepen the Bank's technology strategy, strengthen its digital infrastructure, accelerate digital transformation, and deepen technological empowerment, making

technology a core competitive advantage in driving bank development.

We will take a down-to-earth approach to focus on the "Two Priorities" to enhance sustainable development momentum. We will continue to strengthen bottom-line mindset, with a focus on promoting sound operation and sustainable development, upgrading the risk control system, strengthening compliance management, and strengthening the management of petitions, consumer protection, public opinion and reputation risks, and consistently maintaining the stability of the Bank's operation and management. Taking customers as the center, we will focus on promoting interaction and coordinated development among business segments, deepen cross-functional collaboration, strengthen coordination between headquarters and branches, enhance integration and synergy, and continue to inject strong impetus into the Bank's development.

With steadfast resolve and a strong sense of responsibility, we will forge ahead. Looking ahead, Ping An Bank will remain true to its original aspirations and mission, continuously enhancing its ability to serve the real economy, strengthening financial risk control, improving management standards, and maintaining stable operations. We are committed to creating greater value for the nation, society, shareholders, customers, and employees, and will take concrete actions to support a good start to the "15th Five-Year Plan".

Section I Company Profile

1.1 Company profile

1.1.1 Company information

Stock abbreviation	Ping An Bank	Stock code	000001
Traded on	Shenzhen Stock Exchange		
Name of the company in Chinese	平安银行股份有限公司		
Abbreviation in Chinese	平安银行		
Name of the company in English	Ping An Bank Co., Ltd.		
Abbreviation in English	PAB		
Legal Representative of the company	Xie Yonglin		
Place of registration	No. 5047, Shennan East Road, Luohu District, Shenzhen, Guandong Province, the PRC.		
Change history of the company's registration address	The Bank established on 22 December 1987, and the registration address was No.1, Caiwuwei Xinshifang, Luohu District, Shenzhen, Guangdong Province, the PRC. The Bank's registration address was changed to Floor 1-6, Hubei Bao Feng Building, No.45, Baoan South Road, Shenzhen, Guangdong Province, the PRC on 6 November 1990 due to relocation of the head office. The Bank's registration address was changed to No. 178, Shennan Middle Road, Luohu District, Shenzhen, Guandong Province, the PRC on 24 April 1998 due to relocation of the head office. The Bank's registration address was changed to No. 5047, Shennan East Road, Luohu District, Shenzhen, Guandong Province, the PRC on 27 April 2002 due to change in doorplate of the head office building.		
Postal code of the registration address	518001		
Office Address	No. 5047, Shennan East Road, Luohu District, Shenzhen, Guangdong Province, the PRC. Block B, Ping An Financial Centre, No. 5023, Yitian Road, Futian District, Shenzhen, Guangdong, the PRC.		
Postal code of the office address	518001, 518033		
Website	http://bank.pingan.com		
E-mail	PAB_db@pingan.com.cn		
Service Hotline	95511 ext. 3		

1.1.2 Contact information

	Board Secretary	Representative of Securities Affairs
Name	Zhou Qiang	Lv Xuguang
Address	Board Office of Ping An Bank, Block B, Ping An Financial Center, No. 5023, Yitian Road, Futian District, Shenzhen, Guangdong, the PRC.	Board Office of Ping An Bank, Block B, Ping An Financial Center, No. 5023, Yitian Road, Futian District, Shenzhen, Guangdong, the PRC.
Telephone	(0755) 82080387	(0755) 82080387
Facsimile	(0755) 82080386	(0755) 82080386
E-mail	PAB_db@pingan.com.cn	PAB_db@pingan.com.cn

1.1.3 Information disclosure and filing location

Website of stock exchange that disclose the annual report of the company	Shenzhen Stock Exchange (http://www.szse.cn)
Name and website of media that disclose the annual report of the company	China Securities Journal, Securities Times Shanghai Securities News, Securities Daily CNINFO (http://www.cninfo.com.cn)
Filing location of the annual report	Shenzhen Stock Exchange, Board Office of Ping An Bank

1.1.4 Change of registered information

Unified social credit code	91440300192185379H
Change of main business after listing (if any)	None
Changes of all previous controlling shareholders	China Ping An is the controlling shareholder of the Bank. In May 2010, Newbridge Asia AIV III, L.P. (“Newbridge”), the previous largest shareholder of the Bank, transferred all of its 520,414,439 shares of the Bank to China Ping An. In June 2010, the Bank issued 379,580,000 shares in a non-public manner to Ping An Life Insurance, a controlled subsidiary of China Ping An. After the issuance, China Ping An and its controlled subsidiary Ping An Life Insurance held a total of 1,045,322,687 shares of the Bank, approximately accounting for 29.99% of the total issued share capital of the Bank. In July 2011, the Bank completed the issuance of 1,638,336,654 shares to China Ping An to purchase 7,825,181,106 shares of Ping An Bank formerly held by it and raise RMB2,690,052,300 for its major asset reorganization. After the completion of the major asset reorganization, the total share capital of the Bank increased to 5,123,350,416 shares. China Ping An and its controlled subsidiary Ping An Life Insurance held a total of 52.38% of the shares of the Bank and became the controlling shareholders of the Bank.

	In December 2013, the Bank issued 1,323,384,991 shares to China Ping An in a non-public manner. After the issuance, the total share capital of the Bank increased to 9,520,745,656 shares. China Ping An and its controlled subsidiary Ping An Life Insurance, holding a total of 59% of the shares of the Bank, were the controlling shareholders of the Bank. In May 2015, the Bank issued 598,802,395 shares of the ordinary shares to eligible domestic investors in a non-public manner, and China Ping An subscribed 210,206,652 shares. After the issuance, the total share capital of the Bank increased to 14,308,676,139 shares. China Ping An and its controlled subsidiary Ping An Life Insurance, holding a total of 58% of the shares of the Bank, were the controlling shareholders of the Bank. In January 2019, the Bank made a public issuance of RMB26 billion of convertible corporate bonds. China Ping An and Ping An Life Insurance, as shareholders of the Bank, had the priority in placement in full amount. In August 2019, the Bank exercised the conditional right to redeem the convertible corporate bonds. Due to the conversion of convertible bonds, the total share capital of the Bank increased from 17,170,411,366 shares to 19,405,918,198 shares. China Ping An and its controlled subsidiary Ping An Life Insurance, holding a total of 58% of the shares of the Bank, were the controlling shareholders of the Bank.

1.1.5 Other relevant information

Accounting firm employed by the company

Name of Accounting Firm	Ernst & Young Hua Ming LLP
Address of Accounting Firm	Room 01-12, Level 17, Ernst & Young Tower, Oriental Plaza, No.1 East Changan Avenue, Dongcheng District, Beijing
Names of Signing Accountant	Chen Sheng, Luo Yang

The sponsor institution appointed by the company to perform the duty of continuous supervision during the reporting period

□ Applicable √ Not applicable

The financial advisor appointed by the company to perform the duty of continuous supervision during the reporting period

□ Applicable √ Not applicable

1.2 Main businesses of the company during the reporting period

1.2.1 Main businesses

The Bank is the first listed national joint-stock commercial bank in the Chinese mainland. After years of development, the Bank has gradually grown into a nationwide joint-stock commercial bank with sound corporate governance, a wide network of outlets, a complete range of products and services, and effective risk management and control. At the same time, the Bank strives to build unique competitiveness in the industry, and it has formed fairly distinct operating features in the fields of technology empowerment, retail business and comprehensive finance.

As approved by relevant regulatory authorities, the Bank engages in the following commercial banking activities: (I) absorption of public deposits; (II) advances of short, medium and long-term loans; (III) domestic and overseas settlement; (IV) bill acceptance and discounting; (V) issuance of financial bonds; (VI) issuing, cashing and underwriting government bonds on an agency basis; (VII) trading of government bonds and financial bonds; (VIII) interbank lending and borrowing; (IX) trading of foreign exchange on its own and as an agent; (X) bank cards; (XI) provision of letter of credit services and guarantee; (XII) collection and payment and insurance agency; (XIII) safe deposit box services; (XIV) foreign exchange settlement and sale; (XV) off-shore banking; (XVI) asset custody; (XVII) gold services; (XVIII) financial advisory, credit investigation, consultation and witness services; and (XIX) other businesses approved by relevant regulatory authorities.

1.2.2 Industry profile

The year 2025 marks the end of the “14th Five-Year Plan”. Faced with a complex and severe external environment, the Central Committee of the Communist Party of China, with Comrade Xi Jinping at its core, has united and led the entire Party, the country, and all ethnic groups to rise to challenges and strive with determination. We have unswervingly implemented the new development philosophy, advanced high-quality development, coordinated domestic and international situations, and implemented more proactive and effective macro policies, successfully achieving the major goals of economic and social development. China's economy has continued to advance under pressure, moving toward innovation-driven and higher-quality growth, demonstrating strong resilience and vitality. Reform and opening-up have made new progress, people's livelihoods have been better safeguarded, and high-quality development has been steadily advanced.

In 2025, the banking industry actively implemented the spirit of the 20th CPC National Congress, the various plenary sessions of the 20th CPC Central Committee, as well as the Central Financial Work Conference and the Central Economic Work Conference, by consistently seeking improvement in a stable

way and unswervingly following the road of financial development with Chinese characteristics. The banking industry has also vigorously made efforts in the "Five Major Financial Initiatives" in technology finance, green finance, inclusive finance, pension finance and digital finance, actively supported the development of new quality productive forces, continuously enhanced financial support to household consumption, private enterprises, manufacturing industry and other areas, continuously improved the ability of financial institutions to serve the real economy, continuously strengthened financial risk prevention and control and made every effort to promote high-quality development.

1.3 Development strategy and core competence of the Bank

1.3.1 Development strategy of the Bank

The Bank stringently follows national policies and regulatory requirements, adheres to the leadership of Party building, and upholds the political and people-oriented nature of financial work. Adhering to the strategic goal of building the "China's most outstanding, world-leading smart retail bank" and the strategic principle of "strong retail banking, selective corporate banking, and specialized interbank business", the Bank continuously deepens strategic transformation, upgrades operating strategies in retail business, corporate business and interbank capital business, accomplishes the tasks in the "Five Major Financial Initiatives", supports the development of new quality productive forces, constantly advances digital transformation, strengthens risk management and promotes high-quality development.

(1) Strong retail banking

By adhering to the strategic positioning of retail business, the Bank deepens strategic transformation for retail business, adopts a customer-oriented approach to build a distinctive retail bank, and continuously strengthens the core business capabilities based on the business objective of "prioritizing efficiency while considering scale", to promote high-quality and sustainable development of retail business.

The two business segments

Loan business: The Bank promotes the balance of "volume, price and risk". First, the Bank optimizes the loan business structure, continuously increases the proportion of high-quality customer segments, and strengthens the launch of key products to drive the continuous optimization of customer base structure and asset structure. Second, the Bank enhances the product systems, aligns product strategies based on customer needs, improves its capability for refined risk pricing, and provides differentiated service experience, so as to fully improve the market competitiveness and brand influence of products.

Large-scale wealth management business: The Bank promotes continuous structure optimization and high-quality business growth. First, the Bank enhances scenario-based operations by focusing on expanding scenarios of corporate-private business linkage, platform customer attraction, and transaction settlement. It

also strengthens the construction of digital account capabilities to promote active customer transactions and drive the precipitation of demand deposits. Second, the Bank upgrades wealth management service by positioning our bancassurance business as a key driver for the growth of our wealth management sector, enhancing the comprehensive asset allocation capabilities of our wealth management teams, developing differentiated products tailored to various customer segments, and focusing on key client groups to upgrade privilege-based services, thereby enhancing service quality, efficiency and customer experience.

The foundation for two platforms

Digital Platform: The Bank fully enhances digital empowerment by building a data-driven, omnichannel collaborative operations system, strengthens the acquisition of high-quality customers by leveraging the ecosystem scenarios of Ping An Group and external public-domain traffic inflows, enables tiered, team-based, and channel-specific customer management by utilizing digital tools, and promotes customer retention and value enhancement through seamless integration of online and offline services. Meanwhile, the Bank strengthens the development of online platforms such as the APP, deepens the application of technologies to deliver a seamless and efficient customer experience.

Integrated finance platform: Relying on Ping An Group's ecological advantages of “integrated finance + healthcare and senior care”, the Bank launches diversified product portfolios based on customer needs, and continues to intensify the comprehensive operation model of “one customer, multiple accounts, multiple products and one-stop service”, to continuously improve customer stickiness and operating efficiency.

The four guarantees of development

Organization and Promotion: The Bank reinforces strategic guidance, empowerment and promotion of the head office and branches for front-line teams, builds an integrated and standardized system of sales empowerment and promotion, upgrades the organization and management system to achieve horizontal integration and vertical empowerment, and establishes an efficient management closed loop and an agile collaboration mechanism, to enhance management efficiency and execution.

Centralized Risk Control: The Bank upgrades the digital risk control system, facilitates simplified business processes and centralized back-end approval, and improves risk management and control capabilities, to fully empower business development.

Operating Services: The Bank fosters a customer-centric mindset in operations and service delivery, implements refined customer segmentation and targeted management, swiftly identifies customer needs, and matches differentiated products, scenario-based services, and ecosystem-driven empowerment to enhance customer experience, and establishes a career development pathway centered on account managers to strengthen the team’s comprehensive business operation capabilities.

Compliance: The Bank improves systems and processes, and constructs long-term mechanisms to

continuously enhance the team's awareness of compliance and sales behavior management, and strengthens the protection of consumers' rights and interests.

(2) Selective corporate banking

The Bank follows the national development strategy and policies, and continuously deepens the strategy of selective corporate banking. Focusing on the "Five Major Financial Initiatives" and combining with its feature advantages, the Bank makes efforts in industry finance, technology finance, supply chain finance, cross-board finance and inclusive finance. With customers at the core, the Bank focuses on "sector refinement, customer refinement and product refinement", responds actively to the latest national policies on industrial development, and continuously strengthens financing support for key areas such as advanced manufacturing, green finance, technology finance, inclusive finance, infrastructure and rural revitalization. The Bank gives full play to Ping An Group's integrated finance advantages and provides customers with one-stop financial services through comprehensive solutions of "commercial bank + investment bank + investment" to help with enterprises' industrial transformation and upgrading. The Bank increases customers' share of wallet by implementing in-depth management to consolidate the foundation for corporate business development. The Bank upgrades the integrated operation mechanism for corporate and private businesses, releases the momentum of integrated operation, and supports balanced business development across the Bank. In addition, the Bank strictly maintains the "one lifeline" of asset quality to advance sustainable and high-quality development.

Sector refinement: The Bank continuously deepens industry-specific operations by concentrating on the optimization and upgrading of traditional industries and the cultivation and expansion of emerging industries, selects key niche sectors, refines strategies across markets, products, and risk management, and provides customized industry service solutions to establish a differentiated competitive advantage.

Customer refinement: In line with the trend of comprehensive, ecological and integrated management on corporate customers, the Bank adapts to evolving market conditions and client needs by reinforcing a customer-centric philosophy, establishes a tiered customer management system for strategic, mid-sized, and small customers, and forges management capabilities with "long-termism" orientation to promote the refinement of customers.

Product refinement: Focusing on core customer groups, the Bank went deep into industry scenarios, applied its "finance +technology" capabilities to strengthen the product portfolio with industrialization, differentiation and integration and optimize the financial service experience, so as to enhance comprehensive customer service capabilities.

(3) Specialized interbank business

In terms of interbank capital business, the Bank followed the national strategy for financial market

development. Upholding the operational concept of "serving financial markets, interbank customers and the real economy", the Bank continued to improve the three capabilities of investment, transaction and sales by its two-wheel driven mode of "investment transaction + customer business", and constantly developed new momentum in financial services, thus enhancing its market competitiveness.

Enhancing the "two-wheel driven" mode

Investment transaction: The Bank continues to upgrade investment transaction capabilities, enhances professional capabilities including research, pricing, strategy, science and technology, grasps medium- and long-term strategic opportunities in the market, reasonably allocates assets, and nimbly identifies trading opportunities.

Customer business: The Bank deeply explores financial market service needs of financial institutions and corporate customers, further enriches customer services such as trading services, institutional sales, asset custody and enterprise risk aversion, and continuously makes efforts in serving direct financing of entities, improving financial market liquidity and helping enterprises manage market risks, so as to form a multi-product service model focusing on in-depth operation of customers.

Improving the "three capabilities"

Investment capability: The Bank establishes a globalized, cross-category and cross-market trading system, sensitively captures trading opportunities in different markets and maturity structures, reasonably selects sub-category, makes trendy allocations, and obtains sustainable investment returns through diversified investment solutions.

Trading capability: The Bank continues to improve investment decision-making frameworks and systems considering macro-economic trend research and quantitative analysis model, leverages professional advantages of the Bank in relative value trading, electronic trading and market-making trading, diversifies trading strategies, grasps micro-movements in markets and trading opportunities more accurately, and maintains stable investment returns in a volatile market environment.

Sales capability: The Bank expands the scope of financial market products and services, establishes an all-round sales team, promotes the development of financial market customer services from all aspects, and develops an integrated financial service model, to meet the service needs of institutional and corporate customers in market making, bond issuance, investment, custody, risk aversion and other aspects.

1.3.2 Core competence of the Bank

Comprehensive deepening the leadership of Party building. Actively implementing the spirit of the 20th National Congress, the various plenary sessions of the 20th CPC Central Committee, as well as the Central Financial Work Conference and the Central Economic Work Conference, the Bank adheres to the leadership of Party building, and the political and people-oriented nature of financial work, continuously enhances the

Party's leadership and Party building, giving full play to the leading role of the CPC Central committee. It effectively promotes the integration of Party leadership into corporate governance, Party building into organizational construction, and Party spirit into cultural development, deepening the integration of Party building with business, constantly improving its capability of serving the real economy in financial services, sparing no efforts in the "Five Major Financial Initiatives", comprehensively strengthening compliance risk management, leading high-quality development with high-quality Party building.

Outstanding integrated finance advantages. By strengthening the collaboration with Ping An Group actively and leveraging the Group's advantages in customers, products and brand, the Bank has built distinct integrated finance advantages through resource integration and coordination. Working on customer needs, the Bank has comprehensively enhanced its management model, collaboration mechanism and service platform for integrated finance. It continues to strengthen the management of related party transactions, strengthen the protection of customer information, adhere to fair pricing, effectively isolates risks, and conducts integrated finance business in compliance with laws and regulations.

Continuous deepening technology empowerment. The Bank has energized its strategic transformation by leveraging the leading digital technologies, and consistently improved technology-empowerment of financial services. In terms of technology empowering the retail business, the Bank comprehensively deepens digital transformation, and builds digital platforms into an online front for customer operations by expanding digital marketing channels, strengthening digital operations, and optimizing digital services, to provide customers with service experience of "worry free, time-saving and money-saving". In terms of technology empowering the corporate business, the Bank establishes a demand-oriented and data-driven hierarchical customer operation system, and continuously consolidates customer base and enhances business contribution through ecological operations, comprehensive financial services and digital empowerment. In terms of technology empowering the interbank capital business, the Bank combines technology innovations with segmented scenarios in investment transactions, improves trading efficiency, risk control, investment and research capabilities. In terms of customer business, the Bank provides comprehensive services by using the leading iDeal platform and "ET-bank" platform to develop all-round institutional sales services.

Strong and effective risk control. The Bank has established and continuously improved a comprehensive risk management system, a vertical and centralized risk governance framework and a risk management and control policy covering the whole process. Being forward-looking before any incidents occur, the Bank continuously optimizes risk policies, enabling dynamic assessment as well as agile adjustments. This guides the allocation of high-quality assets, reducing risks at the source. In case of any incidents occurred, the Bank takes precise prevention and control measures. Specifically speaking, by combining automated early warning of system models with ground-level team collaboration, the Bank has created a "Sky Eye +

Grounding Grid" mechanism. This ensures early detection, control, and resolution of risky assets, effectively preventing risk escalation. After the incidents, the Bank addresses the risk efficiently. It innovates in special asset management with professional, ecosystem-based, and investment banking approaches. Through diversified collection and disposal methods, the Bank improves the value of non-performing assets in recovery. In addition, the Bank has continuously enhanced its intelligent risk control, strengthened its risk data foundation and built a whole-process risk control platform, to further enhance its risk control capabilities with digital and intelligent tools.

Continuously improving operating efficiency. The Bank has comprehensively deepened its digital transformation, driving changes in business models and refining management practices, leveraging technology to achieve cost reduction and efficiency gains. The Bank continues to advance its strategic transformation, strengthening resource allocation in key business areas to further consolidate and enhance its core competitiveness. At the same time, it is intensifying fine-grained cost management, optimizing its cost structure, and utilizing new technologies such as big data and artificial intelligence to promote technological upgrades and process reengineering, thereby achieving synergistic improvements in cost efficiency and risk control.

Deeply rooted corporate culture. The Bank practices its new value culture, uses the core concept of "expertise creates value" as the corporate culture, and adopts value as the only criteria of testing all work, promoting the unity of social value and business value. The Bank is deeply committed to practicing a culture of compliance, comprehensively constructing a governance system for compliance grid, establishing and perfecting a compliance management system, continuously strengthening the construction of compliance culture, and persistently enhancing the intelligent level of compliance management. The Bank is profoundly dedicated to practicing a culture of integrity, establishing a value orientation that esteems uprightness and honors incorruptibility, and comprehensively fostering a cultural ethos of integrity. The Bank is earnestly engaged in practicing a culture of collaboration, establishing and improving cross-line, cross-department, and head office-branch collaboration policy, creating an efficient and collaborative corporate cultural atmosphere, enhancing the combined force of business management, and improving the comprehensive service capabilities for clients.

1.4 Honors and awards

In 2025, honors and awards obtained by the Bank from activities of domestic and foreign institutions are as follows:

- In January 2025, the China Banking Association announced the results of the "2024 China Banking Green Bank Evaluation", and the Bank was honored with the "Outstanding Case in Digital Finance Industry Application".
- In January 2025, the Shanghai Stock Exchange released the rankings for the "2024 Outstanding Bond Trading" awards, and the Bank was recognized as a "2024 Outstanding Bond Trading Institution".
- In February 2025, the China Foreign Exchange Trade System announced the results of the "2024 Annual High-Quality Development Evaluation of Interbank Domestic Currency Market Participants". The Bank was awarded the titles of "Institution with the Greatest Market Influence" and "Institution for Outstanding Market Innovation Development", ranking first nationwide among institutions in the "Institution with the Greatest Market Influence" category.
- In March 2025, the *Euromoney* announced the winners of the 2025 "China Private Banking Awards", and the Bank was awarded "Best for Philanthropic Advisory".
- In April 2025, S&P Global, a global rating agency, released the list of winners for the *Sustainability Yearbook (China Edition) 2025* (《可持續發展年鑒（中國版）2025》) , and the Bank was successfully included in the publication.
- In May 2025, the China Association for Public Companies unveiled the list of winners for the "Best Practice in Investor Relations Management" award, and the Bank was honored as the "2024 Best Practice in Investor Relations Management for Listed Companies".
- In June 2025, at the "2025 China Awards Program" hosted by *The Asian Banker*, the Bank was honored with ten prestigious awards, including "China's Best Trade Finance Bank", "China's Best Auto Loan Product", "China's Best Acquiring Solution", "China's Best Investment Advisory Service", and "Best Retail Marketing Generative AI Application in the Asia-Pacific Region".
- In July 2025, at the Guangdong Division of the "Data Elements X" Competition organized by Guangdong Provincial Department of Government Services and Data Administration, the Bank won the "Application Practice Award in the Technology Innovation Track", the "Commercial Value Award in the Open Innovation Track", and the "Application Practice Award in the Financial Services Track".
- In August 2025, at the Second CCF China Digital Finance Conference hosted by the China Computer Federation, the Bank was recognized with the "Outstanding Case in Digital Finance Exploration and Innovation".
- In September 2025, at the "2025 Outstanding Cases in Digital Finance in China" selection organized by *China Financial Media*, the Bank was awarded the "Outstanding Case in Digital Risk Control and Risk Prevention".

- In October 2025, at the "2024 Financial Technology Development Award" selection hosted by the People's Bank of China, China Securities Regulatory Commission, and other authorities, the Bank was awarded the Second Prize of the "2024 Financial Technology Development Award".
- In November 2025, *Yicai* released the "2025 Financial Value List", and the Bank was honored with the "Best Product Innovation Credit Card Brand" award.
- In November 2025, at the "2025 Outstanding Practice Cases for Listed Company Boards" event organized by the China Association for Public Companies, the Bank was recognized as a "Best Practice Case for Board Governance".
- In December 2025, the China Academy of Information and Communications Technology (CAICT) announced the list of winning cases for the 2025 "Jin Xin Tong" Financial Technology Innovation Application Awards, and the Bank was selected as a "Winning Case in Financial Technology Innovation Application".

Section II Accounting Data and Financial Indicators

2.1 Key indicators

(In RMB million)

Item	2025	2024	Year-on-year change
Operating income	131,442	146,695	(10.4%)
Net profit attributable to shareholders of the Bank	42,633	44,508	(4.2%)
Cost/income ratio	29.06%	27.66%	+1.40 percentage points
Average return on total assets	0.73%	0.78%	-0.05 percentage point
Weighted average return on net assets	9.15%	10.08%	-0.93 percentage point
Net interest margin	1.78%	1.87%	-0.09 percentage point
Proportion of net non-interest income	33.03%	36.31%	-3.28 percentage points
	31 December 2025	31 December 2024	Change at the end of the year from the end of last year
Deposit principals from customers	3,582,755	3,533,678	1.4%
Total principal of loans and advances to customers	3,390,840	3,374,103	0.5%
Non-performing loan (NPL) ratio	1.05%	1.06%	-0.01 percentage point
Provision coverage ratio	220.88%	250.71%	-29.83 percentage points
Deviation ratio of loans overdue for more than 60 days	0.67	0.80	-0.13
Core tier 1 capital adequacy ratio	9.36%	9.12%	+0.24 percentage point

2.2 Key accounting data and financial indicators

Whether the Bank needs to retroactively adjust or restate the accounting data of previous years

□ Yes √ No

(In RMB million)

Item	31 December 2025	31 December 2024	31 December 2023	Change at the end of the year from the end of last year
Total assets	5,925,777	5,769,270	5,587,116	2.7%
Shareholders' equity	551,184	494,842	472,328	11.4%
Shareholders' equity attributable to ordinary shareholders of the Bank	451,231	424,894	402,384	6.2%
Share capital	19,406	19,406	19,406	-
Net asset per share attributable to ordinary shareholders of the Bank (RMB/share)	23.25	21.89	20.74	6.2%

Item	2025	2024	2023	Year-on-year change
Operating income	131,442	146,695	164,699	(10.4%)
Operating profit before impairment losses on credit and other assets	91,975	104,634	117,022	(12.1%)
Impairment losses on credit and other assets	40,567	49,428	59,094	(17.9%)
Operating profit	51,408	55,206	57,928	(6.9%)
Profit before tax	51,159	54,738	57,718	(6.5%)
Net profit attributable to shareholders of the Bank	42,633	44,508	46,455	(4.2%)
Net profit attributable to shareholders of the Bank excluding non-recurring gains or losses	42,624	44,838	46,431	(4.9%)
Net cash flows from operating activities	315,858	63,336	92,461	398.7%
Ratio per share (RMB/share):				
Basic/Diluted earnings per share (EPS)	2.07	2.15	2.25	(3.7%)
Basic/Diluted EPS excluding non-recurring gains or losses	2.07	2.16	2.25	(4.2%)
Net cash flows from operating activities per share	16.28	3.26	4.76	399.4%
Financial ratios (%):				
Return on total assets	0.72	0.77	0.83	-0.05 percentage point
Average return on total assets	0.73	0.78	0.85	-0.05 percentage point
Weighted average return on net assets	9.15	10.08	11.38	-0.93 percentage point
Weighted average return on net assets (excluding non-recurring gains or losses)	9.15	10.16	11.38	-1.01 percentage points

Note: The return on net assets and EPS indicators are calculated in accordance with the *Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 – Computation and Disclosure of Return on Net Assets and Earnings per Share* (2010 Revision) (《公開發行證券的公司信息披露編報規則第 9 號——淨資產收益率和每股收益的計算及披露》（2010 年修訂）) and *Accounting Standards for Business Enterprises No. 34 – Earnings per Share* (《企業會計準則第 34 號——每股收益》). The Bank issued non-cumulative preference shares of RMB20 billion in private placement on 7 March 2016 and non-fixed term capital bonds ("perpetual bonds") of RMB30 billion and RMB20 billion in February 2020 and in November 2024, respectively, which are all classified as other equity instruments. In the calculation of the "weighted average return on net assets" and "EPS", the paid dividends on preference shares of RMB874 million and the interests on perpetual bonds of RMB1,645 million have been deducted from the "Net profit attributable to shareholders of the Bank".

Whether the lower of the net profit before and after deducting non-recurring gains or losses for recent three fiscal years is negative, and the audit report of the last year shows that there is uncertainty in the Company's ability to continue as a going concern

□ Yes √ No

Whether the lower of the audited profit before tax, net profit, and net profit after deducting non-recurring gains or losses for the reporting period is negative

□ Yes √ No

Total share capital of the Bank as at the trading day prior to disclosure and fully diluted EPS calculated based on the latest share capital

Total share capital of the Bank as at the trading day prior to disclosure (in shares)	19,405,918,198
Payment of dividends on preference shares (RMB)	874,000,000
Payment of interests on perpetual bonds (RMB)	1,645,000,000
Fully diluted EPS calculated based on the latest share capital (RMB/share)	2.07

Accounting data differences under domestic and overseas accounting standards

1. Differences in net profit and net assets between financial reports under the international accounting standards and the Chinese accounting standards

□ Applicable √ Not applicable

During the reporting period of the Group, there was no difference in net profit and net assets between financial reports under the international accounting standards and the Chinese accounting standards.

2. Differences in net profit and net assets between financial reports under the overseas accounting standards and the Chinese accounting standards

□ Applicable √ Not applicable

During the reporting period of the Group, there was no difference in net profit and net assets between financial reports under the overseas accounting standards and the Chinese accounting standards.

3. Reasons for differences in accounting data under domestic and overseas accounting standards

□ Applicable √ Not applicable

Quarterly key financial indicators

(In RMB million)

Item	First Quarter of 2025	Second Quarter of 2025	Third Quarter of 2025	Fourth Quarter of 2025
Operating income	33,709	35,676	31,283	30,774
Net profit attributable to shareholders of the Bank	14,096	10,774	13,469	4,294
Net profit attributable to shareholders of the Bank excluding non-recurring gains or losses	14,043	10,887	13,339	4,355
Net cash flows from operating activities	162,946	11,736	(102,899)	244,075

Whether the above financial indicators or their totals differ significantly from the relevant financial indicators in the quarterly reports and the interim report disclosed by the Bank

□ Yes √ No

Information of loans and deposits

(In RMB million)

Item	31 December 2025	31 December 2024	31 December 2023	Change at the end of the year from the end of last year
Deposit principals from customers	**3,582,755**	**3,533,678**	**3,407,295**	**1.4%**
Including: Corporate deposits	2,295,255	2,246,498	2,199,677	2.2%
Personal deposits	1,287,500	1,287,180	1,207,618	0.0%
Total principal of loans and advances to customers	**3,390,840**	**3,374,103**	**3,407,509**	**0.5%**
Including: Corporate loans	1,663,546	1,606,935	1,429,790	3.5%
General corporate loans	1,552,081	1,421,206	1,214,991	9.2%
Discounted bills	111,465	185,729	214,799	(40.0%)
Personal loans	1,727,294	1,767,168	1,977,719	(2.3%)

Note: Unless otherwise stated, "Loans and advances to customers", "Deposits from customers" and their breakdowns mentioned in this report are all amounts net of interests.

Items and amounts of non-recurring gains or losses

√ Applicable □ Not applicable

(In RMB million)

Item	2025	2024	2023	Year-on-year change
Net gains or losses on disposal of non-current assets	252	10	20	2,420.0%
Net gains or losses from contingencies	(25)	65	(64)	(138.5%)
Others	(160)	(356)	88	Negative amount for last year
Income tax effect	(58)	(49)	(20)	18.4%
Total	**9**	**(330)**	**24**	**Negative amount for last year**

Note: The non-recurring gains or losses are calculated in accordance with the definitions in the *Explanatory Announcement No. 1 on Information Disclosure of Companies Publicly Issuing Securities - Non-recurring Profit and Loss*（《公開發行證券的公司信息披露解釋性公告第 1 號——非經常性損益》） issued by CSRC.

During the reporting period, the Group had no situation in which non-recurring gains or losses were defined as recurring gains or losses in accordance with the *Explanatory Announcement No. 1 on Information Disclosure of Companies Publicly Issuing Securities - Non-recurring Profit and Loss* (《公開發行證券的公司信息披露解釋性公告第 1 號——非經常性損益》).

2.3 Supplementary financial ratios

(Unit: %)

Item	2025	2024	2023	Year-on-year change
Cost/income ratio	29.06	27.66	27.90	+1.40 percentage points

Credit costs	1.38	1.56	1.85	-0.18 percentage point
Deposit-loan spread	2.22	2.47	3.23	-0.25 percentage point
Net interest spread	1.76	1.83	2.31	-0.07 percentage point
Net interest margin	1.78	1.87	2.38	-0.09 percentage point

Note: Credit costs = impairment losses on loans/average balance of loans and advances to customers; Net interest spread (NIS) = average yield of interest-earning assets - average interest rate of interest-bearing liabilities; and Net interest margin (NIM) = net interest income/average balance of interest-earning assets.

2.4 Supplementary regulatory indicators

2.4.1 Key regulatory indicators

(Unit: %)

Item	Standard level of indicator	31 December 2025	31 December 2024	31 December 2023
Liquidity ratio (RMB and foreign currency)	≥25	62.81	68.91	68.01
Liquidity ratio (RMB)	≥25	63.14	68.36	67.17
Liquidity ratio (foreign currency)	≥25	63.85	81.87	89.76
Liquidity matching ratio	≥100	137.82	138.74	144.66
Capital adequacy ratio	≥10.75 (Note 2)	13.77	13.11	13.43
Tier 1 capital adequacy ratio	≥8.75 (Note 2)	11.49	10.69	10.90
Core tier 1 capital adequacy ratio	≥7.75 (Note 2)	9.36	9.12	9.22
Ratio of loans to the single largest customer to net capital	≤10	1.64	1.56	2.58
Ratio of loans to top 10 customers to net capital	Not applicable	11.47	11.40	12.77
Ratio of accumulated open foreign exchange position to net capital	≤20	3.06	4.97	4.42
Standard loan migration ratio	Not applicable	2.62	2.89	2.76
Special-mention loan migration ratio	Not applicable	48.25	45.49	41.23
Substandard loan migration ratio	Not applicable	72.02	74.50	80.18
Doubtful loan migration ratio	Not applicable	72.31	76.09	85.89
Non-performing loan (NPL) ratio	≤5	1.05	1.06	1.06
Provision coverage ratio	≥130 (Note 3)	220.88	250.71	277.63
Provision to loan ratio	≥1.8 (Note 3)	2.33	2.66	2.94

Notes: (1) Above-mentioned regulatory indicators are calculated in accordance with the regulatory requirements. Except for the capital adequacy ratio indicator, which represents the position at the Group level, all other indicators represent the positions at the Bank level as reported to the regulatory authorities.

(2) According to the *Additional Regulatory Requirements for Systemically Important Banks (for Trial Implementation)* (《系統重要性銀行附加監管規定（試行）》) and the list of China's systemically important banks, the Bank was in the first group of the list and implemented the additional capital requirement of 0.25%.

(3) In accordance with the provisions of *Circular on Adjusting the Regulatory Requirements for Loss Provisions for*

Loans of Commercial Banks (Yin Jian Fa [2018] No. 7) (《關於調整商業銀行貸款損失準備監管要求的通知》(銀監發〔2018〕7號)), various joint-stock banks have implemented regulatory policies of differentiated and dynamically adjusted provision.

2.4.2 Capital adequacy ratio

(In RMB million)

Item	31 December 2025		31 December 2024	
	The Group	The Bank	The Group	The Bank
Net core tier 1 capital	437,292	421,951	405,333	391,556
Net tier 1 capital	537,245	521,904	475,237	461,399
Net capital	643,744	628,392	582,713	567,693
Total risk-weighted assets	4,674,338	4,637,773	4,445,117	4,421,385
Credit risk-weighted assets	4,159,732	4,155,348	3,912,348	3,908,299
On-balance-sheet risk-weighted assets	3,310,790	3,306,406	3,130,715	3,126,666
Off-balance-sheet risk-weighted assets	839,706	839,706	771,534	771,534
Risk-weighted assets of counterparty credit risk exposure	9,236	9,236	10,099	10,099
Market risk-weighted assets	232,937	204,298	237,070	220,034
Operational risk-weighted assets	281,669	278,127	295,699	293,052
Core tier 1 capital adequacy ratio	9.36%	9.10%	9.12%	8.86%
Tier 1 capital adequacy ratio	11.49%	11.25%	10.69%	10.44%
Capital adequacy ratio	13.77%	13.55%	13.11%	12.84%
Balance of mitigated risk exposures of credit risk asset portfolio:				
Balance of mitigated risk exposures of on-balance-sheet credit risk assets	5,262,555	5,252,774	5,116,207	5,109,190
Risk exposures of off-balance-sheet assets after conversion	1,701,394	1,701,394	1,630,110	1,630,110
Counterparty credit risk exposures	7,344,219	7,344,219	7,949,215	7,949,215

Note: The capital adequacy ratio is calculated in accordance with the *Administrative Measures for the Capital Management of Commercial Banks* (《商業銀行資本管理辦法》). Credit risk-weighted assets are based on the weighting approach. Market risk-weighted assets and operational risk-weighted assets are based on the standardized approach. For more details on capital management, please refer to the Bank's website (http://bank.pingan.com).

2.4.3 Leverage ratio

(In RMB million)

Item	31 December 2025	30 September 2025	30 June 2025	31 March 2025
Leverage ratio	**7.06%**	**6.80%**	**6.64%**	**6.73%**
Net tier 1 capital	537,245	503,338	493,531	487,424
Balance of on-and off-balance-sheet assets after adjustment	7,608,205	7,398,412	7,428,690	7,238,354

Note: The above data represents the performance at the Group level. The leverage ratio is calculated in accordance with the *Administrative Measures for the Capital Management of Commercial Banks* (《商業銀行資本管理辦法》). At the end of

the reporting period, the Group's leverage ratio increased as compared with that of the end of September 2025, primarily due to a faster growth rate in net tier 1 capital compared to that of adjusted on-and off-balance-sheet assets. For more details on leverage ratio, please refer to the Bank's website (http://bank.pingan.com).

2.4.4 Liquidity coverage ratio

(In RMB million)

Item	31 December 2025	30 September 2025	31 December 2024
Liquidity coverage ratio	**132.87%**	**115.64%**	**136.15%**
Qualified current assets with high quality	597,379	663,135	661,716
Net cash outflow	449,593	573,452	486,021

Note: The above data represents the performance at the Group level. The Group discloses the information on liquidity coverage ratio according to the *Measures for the Disclosure of Information on Liquidity Coverage Ratio of Commercial Banks* (《商業銀行流動性覆蓋率信息披露辦法》).

2.4.5 Net stable funding ratio

(In RMB million)

Item	31 December 2025	30 September 2025	31 December 2024
Net stable funding ratio	**106.95%**	**106.42%**	**106.89%**
Available stable funding	3,428,860	3,372,306	3,349,490
Stable funding required	3,206,183	3,168,725	3,133,535

Note: The above data represents the performance at the Group level. The Group discloses the information on net stable funding ratio according to the *Measures for the Disclosure of Information on Net Stable Funding Ratio of Commercial Banks* (《商業銀行淨穩定資金比例信息披露辦法》).

2.5 Data on operations of segments

2.5.1 Profit and scale

(In RMB million)

Item		Retail banking business		Wholesale banking business		Other operations		Total	
		2025	2024	2025	2024	2025	2024	2025	2024
Operating income	Amount	61,626	71,255	57,959	63,841	11,857	11,599	131,442	146,695
	Percentage %	46.9	48.6	44.1	43.5	9.0	7.9	100.0	100.0
Operating expenses	Amount	20,792	22,036	17,745	19,040	930	985	39,467	42,061
	Percentage %	52.7	52.4	44.9	45.3	2.4	2.3	100.0	100.0
Operating profit before impairment losses	Amount	40,834	49,219	40,214	44,801	10,927	10,614	91,975	104,634
	Percentage %	44.4	47.0	43.7	42.8	11.9	10.2	100.0	100.0

Impairment losses on credit and other assets	Amount	37,576	48,729	3,534	1,194	(543)	(495)	40,567	49,428
	Percentage %	92.6	98.6	8.7	2.4	(1.3)	(1.0)	100.0	100.0
Profit before tax	Amount	3,220	356	36,647	43,586	11,292	10,796	51,159	54,738
	Percentage %	6.3	0.6	71.6	79.7	22.1	19.7	100.0	100.0
Net profit	Amount	2,683	289	30,540	35,441	9,410	8,778	42,633	44,508
	Percentage %	6.3	0.6	71.6	79.7	22.1	19.7	100.0	100.0

(In RMB million)

Item	31 December 2025		31 December 2024		Change at the end of the year from the end of last year
	Balance	Percentage %	Balance	Percentage %	
Total assets	**5,925,777**	**100.0**	**5,769,270**	**100.0**	**2.7%**
Including: Retail banking business	1,665,736	28.1	1,693,154	29.4	(1.6%)
Wholesale banking business	3,093,400	52.2	2,874,621	49.8	7.6%
Other operations	1,166,641	19.7	1,201,495	20.8	(2.9%)

Notes: (1) The retail banking business segment covers the provision of financial products and services to individual customers and some small enterprises, including personal loans, personal deposits, bank cards and various personal intermediary businesses.

The wholesale banking business segment covers the provision of financial products and services to corporate customers, government organizations, banks and other financial institutions, as well as some small enterprises. The products and services include corporate loans, corporate deposits, trade financing, various corporate intermediary businesses, various inter-bank capital businesses and Ping An Wealth Management related businesses.

Other operations refer to the bond investments and some monetary market activities based on its liquidity management needs, centrally managed equity investments, and assets, liabilities, income and expenses which cannot be directly attributed to any business segment.

(2) The operating income of retail business showed year-on-year decline, due to factors such as the decline of loan interest rates and adjustments in business structure. As the asset structure and customer base structure continued to optimize, the asset quality of retail business has gradually improved, leading to a year-on-year decrease in impairment losses for the retail segment and a year-on-year increase in net profit of retail business.

(In RMB million)

Item	31 December 2025		31 December 2024		Change at the end of the year from the end of last year
	Balance	Percentage %	Balance	Percentage %	
Deposit principals from customers	**3,582,755**	**100.0**	**3,533,678**	**100.0**	**1.4%**
Including: Corporate deposits	2,295,255	64.1	2,246,498	63.6	2.2%
Personal deposits	1,287,500	35.9	1,287,180	36.4	0.0%
Total principal of loans and advances to customers	**3,390,840**	**100.0**	**3,374,103**	**100.0**	**0.5%**
Including: Corporate loans	1,663,546	49.1	1,606,935	47.6	3.5%
Personal loans	1,727,294	50.9	1,767,168	52.4	(2.3%)

Note: Items above are classified based on the nature of the customers, where the corporate service to small enterprises is attributable to corporate deposits and corporate loans business, and the individual service to small enterprises is attributable to personal deposits and personal loans business. The same approach applies below.

2.5.2 Asset quality

Item	31 December 2025	31 December 2024	Change at the end of the year from the end of last year
Non-performing loan (NPL) ratio	**1.05%**	**1.06%**	**-0.01 percentage point**
Including: Corporate loans	0.87%	0.70%	+0.17 percentage point
Personal loans	1.23%	1.39%	-0.16 percentage point

2.6 Change of core technical team or key technicians during the reporting period (exclusive of directors, supervisors and senior management)

□ Applicable √ Not applicable

2.7 Significant changes in major assets

Significant changes in major assets

Major assets	Explanations on significant changes
Equity assets	There were no significant changes during the reporting period
Fixed assets	There were no significant changes during the reporting period
Intangible assets	There were no significant changes during the reporting period
Construction in progress	There were no significant changes during the reporting period

Status of major overseas assets

□ Applicable √ Not applicable

Section III Management Discussion and Analysis

3.1 Overall analysis of operations

In 2025, adhering to the strategic goal of building the "China's most outstanding, world-leading smart retail bank" and the strategic principle of "strong retail banking, selective corporate banking, and specialized interbank business", the Bank continuously upgraded its operating strategies in retail business, corporate business and interbank business, strengthened risk management, deepened digital transformation, and overall operation performance maintained stable.

Operation performance maintains stable as cost reduction and efficiency improvement efforts advance. In 2025, the Group recorded an operating income of RMB131,442 million, representing a year-on-year decrease of 10.4%. On one hand, due to factors such as declining loan rates and adjustments in business structure, the net interest margin (NIM) was 1.78%, down by 9 basis points as compared with the last year. On the other hand, the net non-interest income from bond investments and other businesses declined amid market fluctuations. By promoting cost reduction and efficiency improvement through digital transformation, the Group's business and administrative expense was RMB38,196 million, representing a year-on-year decrease of 5.9%. The Group also strengthened asset quality management and control, and increased the efforts to collect and dispose of non-performing assets. Its impairment losses on credit and other assets were RMB40,567 million, representing a year-on-year decrease of 17.9%. It achieved net profit of RMB42,633 million, representing a year-on-year decline of 4.2%.

Continuing to optimize its asset structure to serve the real economy. At the end of 2025, the Group's total assets amounted to RMB5,925,777 million, up by 2.7% as compared with the end of last year, including the total principal of loans and advances to customers of RMB3,390,840 million, up by 0.5% as compared with the end of last year. The balance of corporate loans increased by 3.5% year-on-year, with the balance of general corporate loans rising by 9.2% as compared with the end of last year. The Bank continued to strengthen the support for the real economy, and realized better growth in loans for fields such as optimized business structure and realized better growth in loans for fields such as sci-techs, green finance and others. As a result, the Bank saw a decrease of 2.3% in balance of personal loans as compared with the end of last year, with mortgage loans accounting for 62.9% of the personal loans. The Bank continued to optimize its retail asset portfolio strategy, increase the proportion of high-quality customers, and promote balance of "volume, price and risk".

Deposits maintain stable scale with notable improvement in interest rate. At the end of 2025, the Group's total liabilities amounted to RMB5,374,593 million, representing an increase of 1.9% as compared with the end of last year; the balance of total deposit principals from customers was RMB3,582,755 million,

up by 1.4% as compared with end of last year. The Bank strengthened the absorption to low-cost deposits, while regulating the pace of absorbing deposits and inter-bank liabilities agilely to reduce overall liability costs. In 2025, the Group's average interest rate of interest-bearing liability stood at 1.67%, representing a decrease of 47 basis points from last year. The average interest rate of deposits from customers was 1.65%, representing a decrease of 42 basis points from last year, and the average daily balance of demand deposits reached RMB1,191,978 million, an increase of 5.8% year-on-year compared to 2024.

Strengthening comprehensive risk management, with overall stable asset quality. The Bank actively responded to the changes in macro-economy environment, strengthened risk management and control, and continuously optimized the asset structure and customer structure. At the end of 2025, the NPL ratio of the Bank was 1.05%, down by 0.01 percentage point as compared with the end of last year; the deviation ratios of loans overdue for more than 60 days and 90 days were 0.67 and 0.56, respectively; the provision coverage ratio was 220.88%. The risk compensation capability remained at a good level.

Practicing refined capital management and improving capital adequacy ratio. The Bank continued to strengthen the internal supplementation of capital and the refined capital management. At the end of 2025, the Group’s core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio were 9.36%, 11.49% and 13.77%, up by 0.24, 0.80 and 0.66 percentage point, respectively, from the end of last year.

3.2 Analysis of financial statements

3.2.1 Analysis of income statement items

(1) Composition of and changes in operating income

In 2025, the Group recorded an operating income of RMB131,442 million, representing a year-on-year decrease of 10.4%, which included a net interest income of RMB88,021 million, representing a year-on-year decrease of 5.8%, and a net non-interest income was RMB43,421 million, representing a year-on-year decrease of 18.5%.

(In RMB million)

Item	2025		2024		Year-on-year change
	Amount	Percentage	Amount	Percentage	
Net interest income	**88,021**	**67.0%**	**93,427**	**63.7%**	**(5.8%)**
Balances with the Central Bank	3,120	1.8%	3,438	1.7%	(9.2%)
Deposits with banks and other financial institutions, placements to banks and other financial institutions, financial assets held under resale agreements	8,915	5.2%	10,206	5.1%	(12.6%)

Loans and advances to customers	130,501	76.8%	154,199	77.7%	(15.4%)
Financial investments	27,327	16.2%	30,538	15.5%	(10.5%)
Subtotal of interest income	**169,863**	**100.0%**	**198,381**	**100.0%**	**(14.4%)**
Borrowings from the Central Bank	1,941	2.4%	2,778	2.6%	(30.1%)
Deposits from banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements	8,367	10.2%	13,287	12.7%	(37.0%)
Deposits from customers	59,409	72.6%	72,321	68.9%	(17.9%)
Debt securities issued	12,125	14.8%	16,568	15.8%	(26.8%)
Subtotal of interest expenses	**81,842**	**100.0%**	**104,954**	**100.0%**	**(22.0%)**
Net non-interest income	**43,421**	**33.0%**	**53,268**	**36.3%**	**(18.5%)**
Net fee and commission income	23,894	18.2%	24,112	16.4%	(0.9%)
Other net non-interest income	19,527	14.8%	29,156	19.9%	(33.0%)
Total operating income	**131,442**	**100.0%**	**146,695**	**100.0%**	**(10.4%)**

(2) Net interest income

In 2025, the Group recorded a net interest income of RMB88,021 million, representing a year-on-year decrease of 5.8%, mainly due to the decline of loan interest rates and the restructuring of business. The NIM was 1.78%, a decrease of 9 basis points as compared with the same period of the previous year.

- **Average daily balance and average yield/interest rate of the major asset and liability items**

(In RMB million)

Item	January to December 2025			January to December 2024		
	Average daily balance	Interest income/ expense	Average yield/ interest rate	Average daily balance	Interest income/ expense	Average yield/ interest rate
Assets						
Loans and advances to customers	3,369,941	130,501	3.87%	3,397,523	154,199	4.54%
Financial investments	970,712	27,327	2.82%	1,004,288	30,538	3.04%
Balances with the Central Bank	199,681	3,120	1.56%	221,726	3,438	1.55%
Deposits with banks and other financial institutions	408,062	8,915	2.18%	370,957	10,206	2.75%
Total interest-earning assets	4,948,396	169,863	3.43%	4,994,494	198,381	3.97%
Liabilities						
Deposits from customers	3,608,415	59,409	1.65%	3,491,527	72,321	2.07%
Debt securities issued	595,146	12,125	2.04%	675,587	16,568	2.45%
Interbank business and others	683,913	10,308	1.51%	732,867	16,065	2.19%
Total interest-bearing liabilities	4,887,474	81,842	1.67%	4,899,981	104,954	2.14%
Net interest income		**88,021**			**93,427**	

Deposit-loan spread			**2.22%**			**2.47%**
Net interest spread			**1.76%**			**1.83%**
Net interest margin			**1.78%**			**1.87%**

(In RMB million)

Item	October to December 2025			July to September 2025		
	Average daily balance	Interest income/ expense	Average yield/ interest rate	Average daily balance	Interest income/ expense	Average yield/ interest rate
Assets						
Loans and advances to customers	3,392,075	30,688	3.59%	3,344,720	32,356	3.84%
Financial investments	945,750	6,584	2.76%	960,727	6,761	2.79%
Balances with the Central Bank	191,859	748	1.55%	193,271	764	1.57%
Deposits with banks and other financial institutions	385,896	1,979	2.03%	392,087	2,052	2.08%
Total interest-earning assets	4,915,580	39,999	3.23%	4,890,805	41,933	3.40%
Liabilities						
Deposits from customers	3,555,204	13,204	1.47%	3,628,025	14,579	1.59%
Debt securities issued	619,621	2,971	1.90%	559,484	2,845	2.02%
Interbank business and others	690,165	2,356	1.35%	700,929	2,463	1.39%
Total interest-bearing liabilities	4,864,990	18,531	1.51%	4,888,438	19,887	1.61%
Net interest income		**21,468**			**22,046**	
Deposit-loan spread			**2.12%**			**2.25%**
Net interest spread			**1.72%**			**1.79%**
Net interest margin			**1.73%**			**1.79%**

- **Average daily balance and yield of loans and advances to customers**

(In RMB million)

Item	January to December 2025			January to December 2024		
	Average daily balance	Interest income	Average yield	Average daily balance	Interest income	Average yield
Corporate loans	1,521,781	46,382	3.05%	1,380,792	49,206	3.56%
Discounted bills	131,436	1,876	1.43%	189,261	3,428	1.81%
Personal loans	1,716,724	82,243	4.79%	1,827,470	101,565	5.56%
Loans and advances to customers	**3,369,941**	**130,501**	**3.87%**	**3,397,523**	**154,199**	**4.54%**

Item	October to December 2025			July to September 2025		
	Average daily balance	Interest income	Average yield	Average daily balance	Interest income	Average yield
Corporate loans	1,576,972	11,523	2.90%	1,539,726	11,733	3.02%

Discounted bills	104,323	305	1.16%	95,559	297	1.23%
Personal loans	1,710,780	18,860	4.37%	1,709,435	20,326	4.72%
Loans and advances to customers	**3,392,075**	**30,688**	**3.59%**	**3,344,720**	**32,356**	**3.84%**

In 2025, the average yield of loans and advances to customers of the Bank was 3.87%, down 67 basis points from last year, of which the average yield of corporate loans was 3.05%, down 51 basis points from last year, and the average yield of personal loans was 4.79%, down 77 basis points from last year. On the one hand, the Bank adhered to the policy orientation of making continued profit concessions to the real economy, and enhanced credit loan support to key sectors, key areas and key customers, and expanded the proportion of high-quality customers, contributing to the ongoing optimization of customer group structure and asset structure. On the other hand, the decline of Loan Prime Rate (LPR), and insufficient effective credit demand led to continuous decline of interest rate of new loans, as well as adjustments of interest rate of existing housing loans and the reset prices, the yield of the loan portfolio decreased year-on-year.

- **Average daily balance and interest rate of deposits from customers**

(In RMB million)

Item	January to December 2025			January to December 2024		
	Average daily balance	Interest expense	Average interest rate	Average daily balance	Interest expense	Average interest rate
Corporate deposits	2,311,610	35,857	1.55%	2,228,377	44,726	2.01%
Including: Demand deposits	860,809	4,529	0.53%	833,377	7,337	0.88%
Time deposits	1,450,801	31,328	2.16%	1,395,000	37,389	2.68%
Including: Treasury deposits and agreement deposits	70,068	1,887	2.69%	83,260	2,386	2.87%
Personal deposits	1,296,805	23,552	1.82%	1,263,150	27,595	2.18%
Including: Demand deposits	331,169	199	0.06%	293,387	450	0.15%
Time deposits	965,636	23,353	2.42%	969,763	27,145	2.80%
Deposits from customers	**3,608,415**	**59,409**	**1.65%**	**3,491,527**	**72,321**	**2.07%**

Item	October to December 2025			July to September 2025		
	Average daily balance	Interest expense	Average interest rate	Average daily balance	Interest expense	Average interest rate
Corporate deposits	2,290,369	7,899	1.37%	2,339,152	8,848	1.50%
Including: Demand deposits	842,482	811	0.38%	874,805	1,135	0.51%

Time deposits	1,447,887	7,088	1.94%	1,464,347	7,713	2.09%
Including: Treasury deposits and agreement deposits	66,575	430	2.56%	71,656	476	2.64%
Personal deposits	1,264,835	5,305	1.66%	1,288,873	5,731	1.76%
Including: Demand deposits	336,555	42	0.05%	328,364	41	0.05%
Time deposits	928,280	5,263	2.25%	960,509	5,690	2.35%
Deposits from customers	**3,555,204**	**13,204**	**1.47%**	**3,628,025**	**14,579**	**1.59%**

In 2025, the Group's average interest rate of deposits from customers was 1.65%, a year-on-year decrease of 42 basis points. The Bank continues to strengthen customer expansion and management, facilitate low-cost deposit absorption and optimize deposit structure and costs.

(3) Net non-interest income

In 2025, the Group recorded a net non-interest income of RMB43,421 million, representing a year-on-year decrease of 18.5%.

● **Net fee and commission income**

In 2025, the Group recorded net fee and commission income of RMB23,894 million, representing a year-on-year decrease of 0.9%. In the fee and commission income, settlement fee income was RMB3,161 million, representing a year-on-year increase of 4.6%; the agency and trusteeship fee income was RMB6,126 million, representing a year-on-year increase of 12.7%, mainly due to the increase in income from agency of personal insurance; the fee income of bank cards was RMB12,393 million, representing a year-on-year decrease of 5.9%, mainly due to the decrease in fee income of credit card business; other fee and commission income was RMB4,050 million, representing a year-on-year decrease of 14.9%, mainly due to the year-on-year decline in management fee of existing wealth management products.

(In RMB million)

Item	2025	2024	Year-on-year change
Settlement fee income	3,161	3,022	4.6%
Agency and trusteeship fee income	6,126	5,434	12.7%
Bank card fee income	12,393	13,174	(5.9%)
Assets custody fee income	1,510	1,456	3.7%
Others	4,050	4,758	(14.9%)
Fee and commission income	**27,240**	**27,844**	**(2.2%)**
Fee and commission expenses	**3,346**	**3,732**	**(10.3%)**
Net fee and commission income	**23,894**	**24,112**	**(0.9%)**

● **Other net non-interest income**

In 2025, the Group's other net non-interest income was RMB19,527 million, representing a year-on-year decrease of 33.0%, mainly due to market fluctuations and decreasing non-interest income from bond investments and other businesses.

(In RMB million)

Item	2025	2024	Year-on-year change
Investment income	20,474	24,604	(16.8%)
Gains or losses on changes in fair value	(2,518)	3,104	(181.1%)
Exchange gains or losses	960	880	9.1%
Other operating income	294	382	(23.0%)
Gains or losses on disposal of assets	252	8	3,050.0%
Other income	65	178	(63.5%)
Other net non-interest income	**19,527**	**29,156**	**(33.0%)**

(4) Business and administrative expenses

In 2025, the Group's operating and administrative expense was RMB38,196 million, representing a year-on-year decrease of 5.9%, of which staff expenses, depreciation, amortization and rental expenses, as well as general business management expenses amounted to RMB19,081 million, RMB5,212 million and RMB13,903 million, decreased 0.2%, 10.7% and 11.0% respectively on a year-on-year basis; the cost/income ratio was 29.06%, up by 1.40 percentage points as compared with the same period of last year. The Bank consistently advanced business transformation and strengthened refined management practices, and support investments in strategic and key business areas, thereby promoting optimization of the cost structure. At the same time, the Bank reduced fixed and daily operating expenses, further advanced digital transformation, enhanced operational efficiency, and effectively implemented cost reduction and efficiency improvement.

(In RMB million)

Item	2025	2024	Year-on-year change
Staff expenses	19,081	19,126	(0.2%)
Depreciation, amortization and rental expenses	5,212	5,837	(10.7%)
General business management expenses	13,903	15,619	(11.0%)
Total	**38,196**	**40,582**	**(5.9%)**

(5) Provision for impairment losses on credit and other assets

In 2025, the Group's provision for impairment losses on credit and other assets amounted to RMB40,567 million, representing a year-on-year decrease of 17.9%. The decline in overall provision for impairment was primarily attributable to steady progress in overall macroeconomic performance, alongside the Bank's

ongoing efforts to optimize its business structure, settle non-performing assets, and achieve effective risk control for key large clients.

(In RMB million)

Item	Provision/(Reversal) in 2025	Provision/(Reversal) in 2024	Year-on-year change
Deposits with banks and other financial institutions	(165)	(242)	Negative amount for last year
Placements to banks and other financial institutions	(261)	221	(218.1%)
Financial assets held under resale agreements	(8)	(84)	Negative amount for last year
Loans and advances to customers	46,411	52,924	(12.3%)
Investment on debts (Note)	(5,766)	3,672	(257.0%)
Other investment on debts	(75)	(353)	Negative amount for last year
Expected credit losses of credit commitments	(626)	(7,597)	Negative amount for last year
Foreclosed assets	160	489	(67.3%)
Others	897	398	125.4%
Total	**40,567**	**49,428**	**(17.9%)**

Note: It mainly includes credit impairment loss of financial assets such as bonds measured at amortized cost, asset management plan and trust plan.

(6) Income tax expenses

In 2025, the Group's provision for income tax expenses amounted to RMB8,526 million, with a year-on-year decrease of 16.7%; the effective income tax rate was 16.67%, decreased by 2.02 percentage points on a year-on-year basis.

(In RMB million)

Item	2025	2024	Year-on-year change
Profit before tax	51,159	54,738	(6.5%)
Income tax expenses	8,526	10,230	(16.7%)
Effective income tax rate	16.67%	18.69%	-2.02 percentage points

(7) Regional segment of operating income and expense

See "V. Operating segment information" in "Section VIII Financial Report" for details about regional segment of operating income and expense of the Group in 2025.

3.2.2 Analysis of balance sheet items

(1) Asset composition and changes

As at the end of 2025, the Group's total assets amounted to RMB5,925,777 million, up by 2.7% as compared with the end of last year, including the total principal of loans and advances to customers of RMB3,390,840 million, up by 0.5% as compared with the end of last year.

(In RMB million)

Item	31 December 2025		31 December 2024		Change at the end of the year from the end of last year
	Balance	Percentage	Balance	Percentage	
Total loans and advances to customers	3,398,831	57.3%	3,382,696	58.6%	0.5%
Including: Total principal of loans and advances to customers	3,390,840	57.2%	3,374,103	58.5%	0.5%
Accrued interest on loans and advances to customers	7,991	0.1%	8,593	0.1%	(7.0%)
Impairment provision for loans and advances to customers measured at amortized cost	(78,445)	(1.3%)	(88,643)	(1.5%)	(11.5%)
Net loans and advances to customers	3,320,386	56.0%	3,294,053	57.1%	0.8%
Financial assets classified as investments (Note)	1,743,850	29.4%	1,662,486	28.8%	4.9%
Cash and balances with the Central Bank	254,225	4.3%	268,973	4.7%	(5.5%)
Deposits with banks and other financial institutions	143,705	2.4%	132,090	2.3%	8.8%
Precious metals	30,850	0.5%	12,620	0.2%	144.5%
Placements to banks and other financial institutions and financial assets held under resale agreements	333,317	5.6%	299,971	5.2%	11.1%
Investment properties	289	0.0%	298	0.0%	(3.0%)
Fixed assets	11,155	0.2%	8,634	0.1%	29.2%
Right-of-use assets	4,001	0.1%	5,048	0.1%	(20.7%)
Intangible assets	5,760	0.1%	6,238	0.1%	(7.7%)
Goodwill	7,568	0.1%	7,568	0.1%	-
Deferred income tax assets	50,259	0.9%	52,329	0.9%	(4.0%)
Other assets	20,412	0.4%	18,962	0.4%	7.6%
Total assets	**5,925,777**	**100.0%**	**5,769,270**	**100.0%**	**2.7%**

Note: "Financial assets classified as investments" include the derivative financial assets, financial assets held for trading, investment on debts, other investment on debts and other equity instrument investments on the balance sheet. Please see "3.2.3 (1) Investment portfolio and overall situation" in this section for details.

● **Loans and advances to customers**

See "3.2.7 Analysis on asset quality for loans" in this section for details about loans and advances to customers.

● **Goodwill**

The Bank acquired goodwill from its acquisition of the former Ping An Bank in July 2011. The goodwill balance was RMB7,568 million at the end of 2025. See "IV. Notes to key items in the financial statements - 16. Goodwill" in "Section VIII Financial Report" for details about the goodwill and impairment test.

(In RMB million)

Item	Balance	Provision for impairment
Goodwill	7,568	-

● **Other assets - foreclosed assets**

(In RMB million)

Item	31 December 2025	31 December 2024	Change at the end of the year from the end of last year
Land and buildings	4,672	5,093	(8.3%)
Others	2	2	-
Subtotal	**4,674**	**5,095**	**(8.3%)**
Impairment provision for foreclosed assets	(1,518)	(1,947)	(22.0%)
Net value of foreclosed assets	**3,156**	**3,148**	**0.3%**

● **Interest receivable**

Details about the Group's interest receivable at the end of 2025 are disclosed in notes to financial assets in "Section VIII Financial Report". Pursuant to the *Circular on Revising and Issuing 2018 Versions of Financial Statement Templates for Financial Enterprises* (Cai Kuai [2018] No. 36) (《關於修訂印發 2018 年度金融企業財務報表格式的通知》（財會〔2018〕36 號）) issued by the Ministry of Finance, interests accrued on financial instruments using the effective interest method are included in the corresponding financial instrument item in the financial statements and interests receivable that are due and receivable but have not yet received as at the balance sheet date are presented in "Other assets". During the reporting period, the Group recognized impairment provision on interest receivable based on the expected credit loss model.

(2) Liability structure and changes

At the end of 2025, the Group's total liabilities amounted to RMB5,374,593 million, representing an increase of 1.9% as compared with the end of last year; the balance of total deposit principals from customers was RMB3,582,755 million, up by 1.4% as compared with end of last year.

(In RMB million)

Item	31 December 2025		31 December 2024		Change at the end of the year from the end of last year
	Balance	Percentage	Balance	Percentage	
Deposits from customers	3,633,569	67.6%	3,592,313	68.1%	1.1%
Including: Deposit principals from customers	3,582,755	66.7%	3,533,678	67.0%	1.4%
Accrued interest on deposits from customers	50,814	0.9%	58,635	1.1%	(13.3%)
Borrowings from the Central Bank	223,537	4.2%	86,110	1.6%	159.6%
Deposits from banks and other financial institutions	565,370	10.5%	447,877	8.5%	26.2%
Placements from banks and other financial institutions	53,367	1.0%	55,641	1.1%	(4.1%)
Financial liabilities held for trading	186,031	3.5%	137,356	2.6%	35.4%
Derivative financial liabilities	27,391	0.5%	64,553	1.2%	(57.6%)
Financial assets sold under repurchase agreements	80,856	1.5%	131,181	2.5%	(38.4%)
Employee benefits payable	14,959	0.3%	16,163	0.3%	(7.4%)
Taxes payable	5,501	0.1%	14,172	0.3%	(61.2%)
Debt securities issued	544,534	10.1%	695,200	13.2%	(21.7%)
Lease liabilities	4,255	0.1%	5,410	0.1%	(21.3%)
Accrued liabilities	5,221	0.1%	5,828	0.1%	(10.4%)
Other liabilities (Note)	30,002	0.5%	22,624	0.4%	32.6%
Total liabilities	**5,374,593**	**100.0%**	**5,274,428**	**100.0%**	**1.9%**

Note: "Other liabilities" include settlement payables, accrued and payable expenses, etc.

● Distribution of deposits from customers as per customer type

(In RMB million)

Item	31 December 2025	31 December 2024	Change at the end of the year from the end of last year
Corporate deposits	2,295,255	2,246,498	2.2%
Personal deposits	1,287,500	1,287,180	0.0%
Total deposit principals from customers	**3,582,755**	**3,533,678**	**1.4%**

● Distribution of deposits from customers as per region

(In RMB million)

Item	31 December 2025		31 December 2024		Change at the end of the year from the end of last year
	Balance	Percentage	Balance	Percentage	
Eastern Region	1,014,084	28.3%	1,028,637	29.1%	(1.4%)
Southern Region	1,300,424	36.3%	1,311,350	37.1%	(0.8%)
Western Region	264,200	7.4%	260,226	7.4%	1.5%
Northern Region	786,708	21.9%	791,645	22.4%	(0.6%)
Headquarters	159,867	4.5%	93,574	2.6%	70.8%
Overseas	57,472	1.6%	48,246	1.4%	19.1%

Total deposit principals from customers	**3,582,755**	**100.0%**	**3,533,678**	**100.0%**	**1.4%**

(3) Changes in shareholders' equity

At the end of 2025, the Group's shareholders' equity amounted to RMB551,184 million, up by 11.4% as compared with the end of last year. Among which the undistributed profit amounted to RMB270,788 million, up by 11.2% as compared with the end of last year, due to the net profit recorded and appropriated in 2025.

(In RMB million)

Item	Beginning balance	Increase this year	Decrease	Ending balance
Share capital	19,406	-	-	19,406
Other equity instruments	69,948	60,000	(29,995)	99,953
Including: Preference shares	19,953	-	-	19,953
Perpetual bonds	49,995	60,000	(29,995)	80,000
Capital reserve	80,713	-	(71)	80,642
Other comprehensive income	2,127	110	(2,101)	136
Surplus reserve	10,781	-	-	10,781
General reserve	68,262	1,216	-	69,478
Unappropriated profit	243,605	42,633	(15,450)	270,788
Including: Dividend of ordinary shares proposed for distribution	7,025	11,566	(11,605)	6,986
Total shareholders' equity	**494,842**	**103,959**	**(47,617)**	**551,184**

(4) Assets and liabilities measured at fair value

At the end of 2025, for the Group's fair value measurement and items measured at fair value, please refer to "VIII. Risk disclosure - 4. Fair value of financial instruments" and "XII. Other significant items - Assets and liabilities measured at fair value" in "Section VIII Financial Report".

(5) Restrictions on major asset rights by the end of the reporting period

□ Applicable √ Not applicable

3.2.3 Investment situation

(1) Investment portfolio and overall situation

√ Applicable □ Not applicable

(In RMB million)

Item	31 December 2025		31 December 2024		Change at the end of the year from the end of last year
	Balance	Percentage	Balance	Percentage	
Derivative financial assets	28,157	1.6%	65,412	3.9%	(57.0%)
Financial assets held for trading	765,101	43.9%	629,571	37.9%	21.5%

Debt investment	781,961	44.8%	785,075	47.2%	(0.4%)
Other investment on debts	163,904	9.4%	176,655	10.6%	(7.2%)
Other equity instrument investments	4,727	0.3%	5,773	0.4%	(18.1%)
Total financial assets classified as investments	**1,743,850**	**100.0%**	**1,662,486**	**100.0%**	**4.9%**

(2) Significant equity investment acquired in the reporting period

□ Applicable √ Not applicable

(3) Significant non-equity investment ongoing in the reporting period

□ Applicable √ Not applicable

(4) Financial bonds held

At the end of 2025, the Group held financial bonds (policy bank bonds, various general financial bonds and subordinated financial bonds, excluding enterprise bonds) in the amount of RMB249,626 million, among which the top ten financial bonds with the highest face value were detailed as follows:

(In RMB million)

Name of bonds	Par value	Annual coupon rate (%)	Maturity date	Provision for impairment
2025 Policy Bank Bonds	9,399	1.61	2028-08-07	-
2025 Policy Bank Bonds	6,379	1.59	2028-04-15	-
2020 Policy Bank Bonds	5,961	3.90	2040-08-03	-
2025 Commercial Bank Financial Bonds	5,550	2.24	2035-12-08	-
2023 Policy Bank Bonds	5,480	3.10	2033-02-13	-
2024 Policy Bank Bonds	5,295	2.63	2034-01-08	-
2025 Policy Bank Bonds	4,990	1.79	2030-10-22	-
2025 Policy Bank Bonds	4,933	1.57	2035-01-03	-
2024 Policy Bank Bonds	4,831	2.47	2034-04-02	-
2025 Policy Bank Bonds	4,762	1.87	2035-09-05	-

(5) Derivative financial instruments held

Derivative investment

Risk analysis and control measures for derivative positions in the reporting period (including but not limited to market risk, liquidity risk, operational risk, legal risk, etc.)	The Bank carried out capital transactions and investments covering derivatives within the overall limit framework of risk preference and market risk established by the Board of Directors. The Bank built a targeted system for risk management and internal control to effectively identify, measure, monitor, report and control the risks associated with derivative investment.
Changes in market price or fair value of invested derivatives during the reporting period, in which analysis of the fair value of derivatives shall disclose the specific measures used and related hypotheses and parameter setting	In the reporting period, changes in the fair value of the derivatives invested by the Bank were within reasonable and controllable range. The Bank adopted reliable valuation methods generally recognized by market players and used market observable parameters whenever possible to determine the fair value of the derivatives.

Description of whether the accounting policies and the specific principles of accounting for the company's derivatives during the reporting period changed significantly compared with those in the previous reporting period	The Bank developed the accounting policies and accounting measures for derivatives according to the *Accounting Standards for Business Enterprises* (《企業會計準則》) and there was no significant change in relevant policies during the reporting period.

Positions of derivative investment

(In RMB million)

Contract type	Beginning contract amount (nominal amount)	Ending contract amount (nominal amount)	Changes in fair value during the reporting period
Foreign exchange derivatives	2,676,015	1,764,001	138
Interest rate derivatives	5,571,113	5,845,212	169
Precious metals derivatives	98,558	68,162	(420)
Total	**8,345,686**	**7,677,375**	**(113)**

Note: The Bank carried out capital transactions and investments covering derivatives within the overall limit framework of risk preference and market risk established by the Board of Directors. The nominal amount of derivative financial instruments only demonstrated the trading volume, but did not reflect the actual risk exposure. The Bank mainly adopted hedging strategy to the foreign exchange, interest rate and precious metals derivative businesses, so there was little actual risk exposure of foreign exchange rate, interest rate and commodities.

(6) Significant asset and equity sales

The Bank had no significant asset and equity sales during the reporting period.

(7) Analysis on main holding companies and joint stock companies

√ Applicable □ Not applicable

There was no net profit of a single subsidiary of the Bank or investment income of a single joint-stock company that affected the net profit of the Bank by more than 10%. See "3.3.5 General information of Ping An Wealth Management" in this section for details about business development of the Bank's wholly owned subsidiary Ping An Wealth Management Co., Ltd.

(8) Structured entities controlled by the Company

See "IV. Notes to key items in the financial statements - 53. Structured entities" in the "Section VIII Financial Report" for details about the Group's structured entities.

3.2.4 Balance of off-balance sheet items which may have significant influences on business performance at the end of the reporting period

See "VI Commitments and contingent liabilities" in the "Section VIII Financial Report" for the Group's items, such as "capital expenditure commitments and credit commitments".

3.2.5 Analysis on items with changes over 30% in comparative accounting statement

(In RMB million)

Item	Amount for the period	Amount of change	Rate of change	Analysis on reasons of change
Precious metals	30,850	18,230	144.5%	Increase in the scale of gold business due to market changes.
Derivative financial assets	28,157	(37,255)	(57.0%)	Decrease in scale of business due to market fluctuations
Financial assets held under resale agreements	59,526	26,807	81.9%	Mainly due to the increase in the scale of bonds held under resale agreements
Borrowings from the Central Bank	223,537	137,427	159.6%	Based on the RMB position at the end of the period, the borrowings from the Central Bank were increased
Financial liabilities held for trading	186,031	48,675	35.4%	Mainly due to the increase in the scale of bond lending business
Derivative financial liabilities	27,391	(37,162)	(57.6%)	Decrease in scale of business due to market fluctuations
Financial assets sold under repurchase agreements	80,856	(50,325)	(38.4%)	Mainly due to the decrease in the bonds sold under repurchase agreements
Taxes payable	5,501	(8,671)	(61.2%)	Mainly due to the decrease in corporate income tax payable after the 2024 final settlement and payment of corporate income tax
Other liabilities	30,002	7,378	32.6%	Mainly due to the increase in the settlement payables
Other equity instruments	99,953	30,005	42.9%	Non-fixed term capital bonds issued during the year
Other comprehensive income	136	(1,991)	(93.6%)	Mainly due to the decrease in fair value of other debt investments
Gains or losses on changes in fair value	(2,518)	(5,622)	(181.1%)	Mainly due to the decrease in gains or losses on changes in fair value of financial instruments held for trading
Gains or losses on disposal of assets	252	244	3,050.0%	Small base period amount of RMB8 million in 2024
Other income	65	(113)	(63.5%)	Small base period amount of RMB178 million in 2024
Impairment losses on other assets	160	(329)	(67.3%)	Small base period amount of RMB489 million in 2024
Non-operating expenses	281	(224)	(44.4%)	Small base period amount of RMB505 million in 2024

3.2.6 Cash flows

In 2025, the Group's net cash flows generated from operating activities amounted to RMB315,858 million, representing a year-on-year increase of RMB252,522 million, primarily due to the increase in net cash inflows of borrowings from the Central Bank; the net cash flows generated from investment activities amounted to RMB-79,036 million, a year-on-year decrease of RMB47,177 million, mainly due to the increase in cash payments for investments; the net cash flows generated from financing activities amounted to RMB-149,236 million, a year-on-year decrease of RMB75,303 million, primarily due to the decrease in net cash flows from the issuance and repayment of interbank certificates of deposits.

3.2.7 Analysis on asset quality for loans

(1) Five-tier classification of loans and advances to customers

(In RMB million)

Item	31 December 2025		31 December 2024		Change at the end of the year from the end of last year
	Balance	Percentage	Balance	Percentage	
Standard loans	3,295,809	97.20%	3,273,405	97.01%	0.7%
Special-mention loans	59,328	1.75%	64,960	1.93%	(8.7%)
Non-performing loans	35,703	1.05%	35,738	1.06%	(0.1%)
Including: Substandard	17,561	0.52%	15,707	0.47%	11.8%
Doubtful	10,924	0.32%	13,531	0.40%	(19.3%)
Loss	7,218	0.21%	6,500	0.19%	11.0%
Total principal of loans and advances to customers	**3,390,840**	**100.00%**	**3,374,103**	**100.00%**	**0.5%**
Impairment provision for loans and advances to customers	(78,861)		(89,600)		(12.0%)
Including: Impairment provision for loans and advances to customers measured at amortized cost	(78,445)		(88,643)		(11.5%)
Impairment provision for loans and advances to customers measured at fair value and changes included into other comprehensive income	(416)		(957)		(56.5%)
Non-performing loan (NPL) ratio	1.05%		1.06%		-0.01 percentage point
Deviation ratio of loans overdue for more than 90 days (Note 1)	0.56		0.63		-0.07
Deviation ratio of loans overdue for more than 60 days (Note 2)	0.67		0.80		-0.13
Provision coverage ratio	220.88%		250.71%		-29.83 percentage points
Provision coverage ratio for loans overdue for more than 90 days	397.10%		397.09%		+0.01 percentage point
Provision coverage ratio for loans overdue for more than 60 days	330.03%		315.02%		+15.01 percentage points
Provision to loan ratio	2.33%		2.66%		-0.33 percentage point

Notes: (1) Deviation ratio of loans overdue for more than 90 days = Balance of loans overdue for more than 90 days/Balance of non-performing loans.

(2) Deviation ratio of loans overdue for more than 60 days = Balance of loans overdue for more than 60 days/Balance of non-performing loans.

The Bank continuously enhanced the risk classification management system of financial assets, prudently identified asset risk classification and truly reflected asset quality. At the end of 2025, the NPL ratio of the Bank was 1.05%, decreased by 0.01 percentage point from the end of last year; the ratio of special-mention loans was 1.75%, an decrease of 0.18 percentage point as compared with the end of last year, which was mainly due to the Bank's continuous iteration of risk policies, optimization of asset structure, enhanced risk management in key sectors and major customers, and ongoing efforts to resolve existing risks, resulting in overall stable asset quality. The deviation ratios of loans overdue for more than 60 days and 90 days were 0.67 and 0.56, respectively.

(2) Structural distribution and quality of loans and advances to customers as per products

(In RMB million)

Item	31 December 2025			31 December 2024			Increase/decrease in NPL ratio
	Balance	Percentage	NPL ratio	Balance	Percentage	NPL ratio	
Corporate loans	**1,663,546**	**49.1%**	**0.87%**	**1,606,935**	**47.6%**	**0.70%**	**+0.17 percentage point**
Including: General corporate loans	1,552,081	45.8%	0.94%	1,421,206	42.1%	0.79%	+0.15 percentage point
Discounted bills	111,465	3.3%	-	185,729	5.5%	-	-
Personal loans	**1,727,294**	**50.9%**	**1.23%**	**1,767,168**	**52.4%**	**1.39%**	**-0.16 percentage point**
Including: Housing mortgage loans	355,148	10.5%	0.28%	326,098	9.7%	0.47%	-0.19 percentage point
Credit card receivables	405,442	11.9%	2.24%	434,997	12.9%	2.56%	-0.32 percentage point
Consumer loans	463,017	13.6%	1.12%	474,663	14.1%	1.35%	-0.23 percentage point
Operating loans	503,687	14.9%	1.17%	531,410	15.7%	1.02%	+0.15 percentage point
Total principal of loans and advances to customers	**3,390,840**	**100.0%**	**1.05%**	**3,374,103**	**100.0%**	**1.06%**	**-0.01 percentage point**

In terms of corporate loans, at the end of 2025, the NPL ratio of the Bank's corporate loans was 0.87%, up by 0.17 percentage point from the end of last year, which was mainly due to the increase of business risks in certain legacy real estate. However, the overall impact on asset quality remained controllable and the corporate credit risk indicators remained at a sound level. The Bank continuously upgraded the risk policy system, developed characteristic policies based on local conditions, and facilitated the integrated operation of branches. It continued to improve the risk monitoring system, reinforced its hierarchical management of early warning, enhanced the control and resolution of real estate risks and strengthened proactive control in key areas. It strengthened the collection and disposal of non-performing assets, improved the quality and efficiency of disposal of non-performing assets, facilitating to maintain stable asset quality.

At the end of 2025, the NPL ratio of the Bank's corporate loans was 1.23%, down by 0.16 percentage point from the end of last year. The Bank upgraded risk model to achieve more accurate customer segmentation. In addition, the Bank continued to optimize the customer group and asset structure, conducted tiered and grouped customer management, promoted high-quality assets supply, and strengthened efforts in disposal of non-performing loans. The asset quality of personal loans was continuously improved. Going forward, the Bank will maintain a vigilant watch over the domestic and global economic landscapes, conduct dynamic surveillance of asset quality, and unswervingly uphold the risk tolerance threshold.

(3) Structural distribution and quality of loans and advances to customers as per industry

(In RMB million)

Item	31 December 2025			31 December 2024			Increase/decrease in NPL ratio
	Balance	Percentage	NPL ratio	Balance	Percentage	NPL ratio	
Agriculture, husbandry and fishery	3,682	0.1%	1.83%	3,179	0.1%	-	+1.83 percentage points
Mining	32,895	1.0%	-	24,418	0.7%	-	-
Manufacturing	228,378	6.7%	1.10%	223,654	6.6%	0.92%	+0.18 percentage point
Energy	49,791	1.5%	-	44,745	1.3%	-	-
Transportation, post and telecommunications	87,854	2.6%	2.33%	70,333	2.1%	0.06%	+2.27 percentage points
Wholesale and retail	131,757	3.9%	0.84%	141,044	4.2%	0.83%	+0.01 percentage point
Real estate	210,181	6.2%	2.22%	245,219	7.3%	1.79%	+0.43 percentage point
Social services, science and technology, culture and sanitary	434,953	12.8%	0.83%	343,692	10.2%	0.95%	-0.12 percentage point

Construction	81,534	2.4%	0.64%	65,974	2.0%	0.49%	+0.15 percentage point
Personal loans	1,727,294	50.9%	1.23%	1,767,168	52.4%	1.39%	-0.16 percentage point
Others	402,521	11.9%	-	444,677	13.1%	-	-
Total principal of loans and advances to customers	**3,390,840**	**100.0%**	**1.05%**	**3,374,103**	**100.0%**	**1.06%**	**-0.01 percentage point**

Note: The industry statistics involve loans and discounted bills.

In 2025, the Bank kept up with the major national strategic planning, actively supported the development of the real economy, and focused on key industries, key areas and key customers. The Bank selected the industries with weak periodicity, steady growth and good asset quality, and made more efforts in taking reduction measures on high-risk customers to further optimize asset portfolio allocation. Meanwhile, the Bank continuously strengthened risk management and control over new businesses and strongly enhanced the mitigation and handling of existing business risks, and the asset quality was overall stable. Affected by the industry imbalance in the recovery of macro-economy, the NPL ratio in the sectors of agriculture, husbandry and fishery, manufacturing, transportation, post and telecommunications, wholesale and retail, real estate and construction increased as compared with the end of last year. The Bank has actively implemented various measures to strengthen the recovery and disposal level, and overall risk is under control.

(4) Quality of loans and advances to customers as per region

(In RMB million)

Item	31 December 2025			31 December 2024			Increase/decrease in NPL ratio
	Balance	Percentage	NPL ratio	Balance	Percentage	NPL ratio	
Eastern Region	832,897	24.6%	0.81%	796,244	23.6%	0.77%	+0.04 percentage point
Southern Region	671,686	19.8%	1.57%	688,882	20.4%	1.34%	+0.23 percentage point
Western Region	310,204	9.2%	0.46%	304,678	9.0%	0.64%	-0.18 percentage point
Northern Region	526,282	15.5%	0.76%	525,982	15.6%	0.46%	+0.30 percentage point
Headquarters	991,215	29.2%	1.31%	1,009,888	29.9%	1.58%	-0.27 percentage point
Overseas	58,556	1.7%	-	48,429	1.5%	-	-
Total principal of loans and advances to customers	**3,390,840**	**100.0%**	**1.05%**	**3,374,103**	**100.0%**	**1.06%**	**-0.01 percentage point**

(5) Restructured and overdue loans

(In RMB million)

Item	31 December 2025		31 December 2024	
	Balance	% of total loans	Balance	% of total loans
Restructured loans	41,118	1.21%	37,664	1.12%
Loans with principal and interest overdue for less than 90 days	25,620	0.75%	28,712	0.85%
Loans with principal or interest overdue for more than 90 days	19,859	0.59%	22,564	0.67%
Loans with principal or interest overdue for more than 60 days	23,895	0.70%	28,443	0.84%

At the end of 2025, the Bank's balance of restructured loans was RMB41,118 million, increasing by 9.2% compared with the end of the previous year. This was mainly because the Bank provided restructuring support by extending existing loans and adjusting repayment schedules in accordance with regulatory policy orientation and substantive risk judgments, considering some businesses involving real estate born increased risk under the impact of the real estate industry, while ensuring effective collateral coverage, thereby maintaining overall risk under control.

At the end of 2025, the Bank's balance of overdue loans accounted for 1.34% with a decrease of 0.18 percentage point as compared with the end of last year. In respect of overdue loans, the Bank took targeted management and control measures, and developed recovery and restructuring conversion plans by classifying based on the actual conditions of customers. The Bank actively promoted risk management and resolution. The overall risk was controllable.

(6) Movements in impairment provision of loans

The Bank started to implement new accounting standards for financial instruments from 1 January 2018 and set up an expected credit loss model to measure the expected losses of assets. In 2025, the Bank's provision for credit impairment losses on loans and advances to customers amounted to RMB46,411 million.

(In RMB million)

Item	Amount
Beginning balance	89,600
Depreciation provided during the year	46,411
Write-offs	(48,233)
Reversal of written-off loans recovered	17,021
Transfer upon asset disposal	(25,660)
Decrease in loans due to increase in discounted value	(189)
Other changes	(89)
Ending balance	78,861

Non-performing loans fully provided will be written off to the extent that they conform to the write-off conditions and complete relevant procedures; written-off loans will be managed in accordance with the principle of "filing after writing-off and continuous recovery". For recovery of written-off loans, litigation fees due from borrower advanced from the Bank will be withheld first. For the remaining amount, the principal amount of the loans was deducted before the debit interest was deducted. The recovery of loan principals would be used to increase the provision for loss of loans of the Bank, and the recovered interest and expenses would be used to increase interest income and bad-debt provision in the current period.

(7) Top ten borrowers

(In RMB million)

Borrowers	31 December 2025		
	Loan balance	% of net capital	% of total loans
Borrower A	10,331	1.64%	0.31%
Borrower B	8,066	1.28%	0.24%
Borrower C	7,890	1.26%	0.23%
Borrower D	7,600	1.21%	0.22%
Borrower E	7,570	1.21%	0.22%
Borrower F	7,287	1.16%	0.22%
Borrower G	6,585	1.05%	0.19%
Borrower H	6,186	0.98%	0.18%
Borrower I	5,676	0.90%	0.17%
Borrower J	4,892	0.78%	0.15%
Total	**72,083**	**11.47%**	**2.13%**

At the end of 2025, the Bank's loan balance to the top ten borrowers amounted to RMB72,083 million, accounting for 2.13% of the total principal of loans and advances to customers. Specifically, the Bank's loan balance to the top five borrowers was RMB41,457 million, accounting for 1.22% of the total principal of loans and advances to customers. Borrower F was a related party of the Bank.

(8) Distribution of loans by type of collateral

For information of "distribution of loans by type of collateral", please refer to "IV. Notes to key items in the financial statements - 6.3 Loans and advances to customers - Summarized by type of collateral held or other credit enhancements" in "Section VIII Financial Report" for details.

3.2.8 Analysis of loan quality

Attaching high importance to liability quality management, and in strict accordance with the *Measures for Liability Quality Management of Commercial Banks* (《商業銀行負債質量管理辦法》), the Bank established a multi-level liability quality management structure of head office, business lines and branches

based on its strategic target and the development condition of liability business, in which the Board of Directors assumed the ultimate responsibility for liability quality management, the senior management assumed the management responsibility for liability quality management, and the Audit and Supervision Department was responsible for the internal audit to liability quality management.

In 2025, the Bank continuously enhanced the management on liability resource, structure and cost. Firstly, the Bank continued to strengthen customer group management, strengthened the deposit growth base, enhancing the stability of liability sources. Secondly, the Bank adhered to the balanced development of volume and price of deposit business, strengthened the management of internal and external pricing and high-cost deposits, actively adjusted the structure, maturity and currency of deposits, and reasonably controlled costs of interest payment. Thirdly, the Bank paid close attention to policy and market changes, issued interbank certificates of deposit and financial bonds at a proper time, and improved the diversity of liability structure. Fourthly, the Bank continued to optimize the asset and liability management strategy, maintained coordinated development of deposit and loan business, and continuously strengthened liquidity risk management to improve the reasonableness to match liabilities and assets.

In 2025, the Bank's liability quality kept in safe and sound conditions, with continuous optimization of deposit structure and cost. At the end of 2025, the total liabilities amounted to RMB5,374,593 million, representing an increase of 1.9% as compared with the end of last year, including the balance of total deposit principals from customers of RMB3,582,755 million, up by 1.4% as compared with end of last year. In 2025, the average daily balance of demand deposits reached RMB1,191,978 million, an increase of 5.8% year-on-year compared to 2024; the average interest rate of deposits from customers decreased by 42 basis points year-on-year to 1.65% compared to 2024. At the same time, the Group's liability quality management and regulatory indicators such as net stable funding ratio and liquidity coverage ratio all met the regulatory requirements.

3.3 Discussion and analysis of the main businesses

3.3.1 Retail banking

The Bank actively implemented the political and people-oriented nature of financial work, fulfilled the original aspiration of providing financial service to the real economy and serving people's well-being, and adhered to the strategic positioning of the retail business. The Bank deepened strategic transformation for retail business, adopted a customer-oriented approach to build a distinctive retail bank. Based on the business objective of "prioritizing efficiency while considering scale", the Bank promoted the high-quality and sustainable development of the retail business.

(1) The two business segments

- **Loan business**

Key indicators of the loan business

(In RMB million)

Item	31 December 2025	31 December 2024	Change at the end of the year from the end of last year
Balance of personal loans	1,727,294	1,767,168	(2.3%)
Including: Balance of housing mortgage loans	355,148	326,098	8.9%
Balance of credit card receivables	405,442	434,997	(6.8%)
Balance of consumer loans	463,017	474,663	(2.5%)
Balance of operating loans	503,687	531,410	(5.2%)
Number of credit cards in circulation (in 10,000 accounts)	4,369.31	4,692.61	(6.9%)

At the end of 2025, the Bank's balance of personal loans amounted to RMB1,727,294 million, decreased by 2.3% as compared with the end of last year, in which the mortgage loans accounted for 62.9% of personal loans. In response to changes in the external operation environment, the Bank continued to optimize the loan business structure to lay a solid foundation for healthy development of medium and long-term business. First, the Bank upgraded the asset portfolio strategy, strengthened the launch of key products, and increased the proportion of loan business such as residential mortgage to better meet the differentiated credit needs of various customer segments. Second, it upgraded the risk management and control strategy, strengthened the risk prevention and control of the whole process before, during and after lending, and improved the quality of new loans. Third, it strengthened the construction of teams' capability, enhanced the development of customers acquisition and comprehensive operating capacities, and improved the teams' abilities of risk identification and assessment. Fourth, it deepened integrated business services to meet customers' diverse financial demands by upgrading product solutions and optimizing business processes.

Credit cards

At the end of 2025, the number of credit cards in circulation was 43,693.1 thousand. The total consumption amount via credit cards was RMB2,012,435 million. The Bank adapted to changes in the market environment, adhered to a sound business strategy, and continued to deepen customer engagement. First, the Bank strengthened the acquisition of high-quality customers. As a result, the scale of new customers has increased year-on-year. In terms of product benefits, it upgraded the five basic guarantees — credit card use, travel, health, repayment, and customer service — to reinforce the brand message "For credit cards, choose Ping An". To upgrade specific customer segments, it launched the "Ping An-Luckin Co-Branded Card" to cover daily coffee consumption scenarios for white-collar customers, and launched the "Ping An Shopping

Platinum Card" to enrich online spending benefits for younger customer segments. It also upgraded "Auto Owner Credit Card" on the basis of a multi-dimensional benefit system covering fuel and charging stations, vehicle maintenance, and travel protection. For high-net-worth individuals (HNWIs), it enhanced the "Ping An Centurion Platinum Card", offering more overseas spending promotions. In terms of the construction of channel capability, it strengthened the enablement of credit card products and strategies, to enhance the efficiency of local customer acquisition and management. Second, the Bank deepened tiered and categorized management of deposit customer. In terms of scenario-based campaigns, the Bank collaborated with UnionPay to launch the "Expanded Government Subsidy" trade-in program, and upgraded marketing campaigns such as "1-Fen Ride" promotions, "Convert Points to Cash", and "Choose Ping An" to incentivize card spending. In terms of interest-earning asset operations, the Bank adopted tiered customer management, optimized models by leveraging data empowerment and provided diversified solutions based on the needs of customer groups and installment policy for government subsidy, to boost consumption and provide benefits to customers. In terms of service experience, the Bank provided differentiated companionship services around customer life cycle to create financial service experience of "convenient payment plans, efficient installment scheme, and smart living style".

Auto finance loans

At the end of 2025, the balance of Bank's auto finance loans amounted to RMB304,801 million, representing an increase of 3.7% from the end of the previous year, and the newly issued personal loans for new energy vehicles for the whole year amounted to RMB72,626 million, representing a year-on-year increase of 13.9%.

The Bank actively responded to national policies, upgraded the financial support system covering the entire life cycle of automotive consumption, and enhanced support for new energy vehicle consumption to meet customers' automotive finance service needs in different scenarios. First, the Bank drove the growth of loan business for new energy vehicles, deepened the cooperation with major new energy brands, continued to streamline loan process, improve the efficiency of car purchases and service experience of customers. Second, the Bank continued to promote the sound development of used car loan business, and further sharpened the competition edge of used car loans by deepening cooperation with dealers and expanding the network of partner dealers. Third, the Bank strengthened the operation capacity of the online platform and provided diversified financial and lifestyle services centering around the needs of car owners during the whole journey such as car purchase, usage, maintenance, and replacement, leveraging the service platforms for finance, lifestyle, and rights and interests on Ping An Pocket Bank APP to continuously enhance customer satisfaction.

● **Large-scale wealth management business**

Key indicators of the large-scale wealth management business

(In RMB million)

Item	31 December 2025	31 December 2024	Change at the end of the year from the end of last year
Number of retail customers (in 10,000 accounts)	12,789.63	12,553.79	1.9%
Assets under management (AUM) of retail customers	4,238,409	4,194,074	1.1%
Balance of personal deposits	1,287,500	1,287,180	0.0%
Number of wealth management customers (in 10,000 accounts)	149.15	145.62	2.4%
Number of private banking customers (in 10,000 accounts)	10.56	9.68	9.1%
AUM balance of private banking customers	1,991,313	1,975,471	0.8%
Item	2025	2024	Year-on-year change
Average daily balance of personal deposits	1,296,805	1,263,150	2.7%

At the end of 2025, the Bank's retail customers[1] reached 127,896.3 thousand, representing an increase of 1.9% as compared with the end of the previous year and the assets under management (AUM) of retail customers amounted to RMB4,238.409 million, increased by 1.1% as compared with the end of last year.

Adhering to the customer-centric principle, the Bank established a wealth management service system covering all customer groups. While meeting customer needs for deposits and loans, the Bank continuously enriched product categories including wealth management and funds, and upgraded the operation and services model of "AI+T+Offline" (AI banking+Telebanking+Offline banking), to provide multi-product and multi-contact asset allocation solutions and accompanying services for customers.

Deposit business

At the end of 2025, the balance of personal deposits of the Bank amounted to RMB1,287,500 million. The AUM balance from customers of agency and batch business amounted to RMB1,166,090 million, up by 19.3% as compared with the end of the previous year; the balance of deposits from customers amounted to RMB393,871 million, up by 10.8% as compared with the end of the previous year. In 2025, the average daily balance of personal deposits was RMB1,296,805 million, increased by 2.7% as compared with 2024, with the average daily balance of personal demand deposits rising by 12.9% year-on-year compared to 2024; the average interest rate of personal deposits was 1.82%, down by 36 basis points from 2024.

The Bank strove to optimize the structure of retail deposits, and increased the balance of demand deposits through core businesses such as investment and wealth management, payroll business, payment and

[1] The number of retail customers includes that of debit card and credit card customers after deduplication.

settlement. As a result, the scale of personal deposits remained stable, and the structure and cost were continuously optimized. First, it upgraded the investment and wealth management scenarios, enriched product categories and drove the growth of demand deposits by advancing AUM. Second, it improved the service capability of payroll business, expanded public-private business linkage and other customer acquisition scenarios, focused on key sectors, designed service solutions and upgraded digital management platform for enterprises. It promoted the growth of term deposits. through the online and offline integrated management. Third, it strengthened the construction of master payment accounts, enriched debit card products, diversified credit card use scenarios and improved the payment operation system. It upgraded bank card acceptance and merchant businesses to drive capital retention for payment and settlement.

Private banking and wealth management

At the end of 2025, the Bank's wealth management customers reached 1,491.5 thousand, representing an increase of 2.4% as compared with the end of the previous year, in which private banking customers [2]reached 105.6 thousand, up by 9.1% as compared with the end of the previous year. The AUM balance of private banking customers amounted to RMB1,991,313 million, representing an increase of 0.8% as compared with the end of the previous year.

In 2025, the Bank's agency of sales of non-monetary publicly offered funds amounted to RMB104,753 million. The Bank adapted to changes in the capital market by focusing on equity and hybrid products with equity exposure, resulting in increased sales volume and market share for such products with equity features. At the end of 2025, the balance of customers' positions of retail wealth management products amounted to RMB816,100 million, a decrease of 5.9% from the end of last year. The balance of trust under the wealth management services amounted to RMB226,230 million, up by 21.2% from the end of last year. The number of trust customers under the wealth management services reached 44.3 thousand, an increase of 28.4% over the end of last year.

In 2025, the Bank's commission income from wealth management recorded RMB5,061 million, a year-on-year increase of 15.8%. This included the income of personal insurance agency of RMB1,292 million, the income of personal wealth management agency of RMB1,287 million, and the income of personal funds agency of RMB2,290 million, a year-on-year increase of 53.3%, 8.8% and 8.9% respectively.

The Bank actively seized the opportunities in the wealth management market, and strived to build "a warm global leader in wealth management host banks". In 2025, the Bank was awarded the "Best Private Bank"

[2] The standard of private banking customers is the average daily assets in any month of recent three months is more than RMB6 million.

by *Global Finance*, "Best for Philanthropic Advisory" by *Euromoney*, and "Best Investment Adviser" and "Best Private Bank in China for Global Wealth Management Services" by *The Asian Banker*.

In terms of products, the Bank continued to improve its capabilities in product screening, introduction, and customization, enriched and optimized product categories. At the same time, in line with the market environment, the Bank focused on increasing the share of products of medium and low-volatility strategies to meet customers' needs for stable investments. As for agency of wealth management products, the Bank continued to develop multi-term and multi-strategy product lines, increased the proportion of non-cash wealth management products, and enriched allocation choices for customers. As for agency of fund products, the Bank encouraged the allocation of equity-related products in light of market dynamics, launched products such as multi-level selective fixed income + products and balanced value-oriented active equity strategies, and actively laid out index-based products both online and offline. As for agency of insurance products, leveraging Ping An Group's advantages in healthcare and senior care, the Bank continued to enrich the insurance product offerings by introducing a variety of dividend insurance products and premium medical insurance products in response to market demand, providing customers with products and services of "insurance + home-based senior care" , "insurance + high-end senior care" and "insurance + medical and healthcare". As for cross-border and overseas investment business, the Bank built a full-spectrum cross-border and overseas product platform covering onshore and offshore products in either local or foreign currencies. It offered foreign currency deposits, wealth management products, and overseas public or private products to meet customers' needs for overseas asset allocation. Leveraging the "Cross-border Wealth Management Connect", it provided cross-regional asset allocation services tailored for customers in the Guangdong-Hong Kong-Macao Greater Bay Area.

In terms of services, the Bank deepened the strategy of tiered customer services, provided differentiated product and service portfolios by deepening integrated finance and strengthening public-private linkage, and promoted the dual improvement of customer value and bank value. For private banking customers, the Bank provided long-term and multi-strategy asset allocation plans and wealth inheritance plans, creating high-end medical and health care, children's education, charity planning and other leading non-financial benefits. In addition, it launched multi-scenario customer value-added services such as corporate operation, art and humanities, and sports. In 2025, the Bank delivered more than 100 thousand orders of high-end medical and health care services. At the end of 2025, the Bank served 125 thousand donators through its charity rights and interests, "Ping An Benevolence". For top private banking customers, focusing on the multi-dimensional needs at levels of individuals, families and enterprises, the Bank upgraded and created the "1+1+N" (one exclusive private banking financial consultant, one top private banking comprehensive or

investment consultant from the head office, and N segmentation experts) service model to provide comprehensive and personalized financial and non-financial services.

In terms of teams, by strengthening training for empowerment and upgrading marketing tools, the Bank strove to improve the teams' expertise and capability of internal development. First, the Bank upgraded the layered certification training system for wealth management, and promoted a professional and standardized action model for its teams through a systematic training mode of "training, practicing and counseling". Second, the Bank upgraded intelligent marketing service tools, strengthened online and offline synergy to empower team management, and effectively enhanced customer service experience. Third, the Bank enhanced the comprehensive operation capabilities of the wealth team and continued to upgrade customer services to provide all-round asset allocation services that can meet the needs of customers in terms of value increase, maintenance and inheritance.

(2) The foundation for two platforms

The Bank continued to iterate the capabilities of digital and integrated finance platforms, expanded customer marketing channels and service scope, and provided a multi-scenario and multi-ecosystem comprehensive operation model to constantly optimize customer experience.

- **Digital platform**

At the end of 2025, the registered customers of Ping An Pocket Bank APP reached 182,232.6 thousand, representing an increase of 4.7% as compared with the end of the previous year, among which the number of monthly active users (MAU) was 39,954.7 thousand.

The Bank strove to improve the refinement of operation, upgrade the digital customer business system underpinned by omni-channel coordination to optimize customer experience, promote customer engagement and upgrade integrated operations. First, it expanded customer acquisition channels by strengthening the development of ecosystem-based customer acquisition scenarios and building a digital front for customer acquisition centered around branches, enriching the ecosystem of merchants around the branches. It also introduced the "Ping An, Good Neighbor" online service brand to drive deeper integration among customers, merchants, and branches, and strengthen the linkage between online and offline channel operations. Second, it deepened customer operations by upgrading the service mode of "AI+T+Offline", relied on big data to gain agile insight into key customer groups' needs, and match them with multi-product portfolios and multi-channel coordinated strategies, continuously enhancing customer loyalty. At the same time, it enhanced digital marketing channels, built a comprehensive customer reach ecosystem covering mainstream social media platforms, strengthened differentiated content development in vertical fields across multiple scenarios and products, and improved the transformation efficiency from customer reach in the public domain to service in the private domain. Third, it strengthened platform construction by enhancing the

precision of APP traffic distribution, embedded the suitable products and services into the key customer demand scenarios leveraging AI algorithm for accurate recommendation. It also enhanced the introduction and acceptance of omnichannel traffic to promote traffic transformation and increase transaction activity.

- **Integrated finance platform**

Integrated finance made continuous value contribution to retail business in fields such as scales of customers, and assets under management (AUM) of retail customers. In 2025, the integrated finance contributed 50.2% of the newly acquired wealth management customers, 49.1% of the AUM of newly acquired customers, and 12.3% of increase in number of new credit card accounts.

The Bank continued to upgrade the integrated finance model. Leveraging the ecological advantages of "integrated finance + healthcare and senior care" of Ping An Group, it continuously deepened customer engagement. First, the Bank upgraded the community-based integrated finance service model, launched customized products and rights and interests through customer demand insight to improve systematic customer business model and enhance the capability of localized customer services. Second, the Bank improved service capability in diversified scenarios by adhering to the service philosophy of customer-centric, and continuously enhanced customer loyalty by providing a package of comprehensive service plans across all scenarios and the entire customer lifecycle.

3.3.2 Corporate business

Closely following the national strategic plan and focusing on serving the real economy, the Bank focused its efforts in industry finance, technology finance, supply chain finance, cross-border finance and inclusive finance, and continued to increase its financing support for key areas such as advanced manufacturing, green finance, technology finance, inclusive finance, infrastructure and rural revitalization. Adhering to the "customer-centric" principle and working on customer needs, the Bank fostered and strengthened its strategic customer groups through long-term in-depth management to consolidate its corporate business development base and support the development of the real economy.

The Bank's corporate business focused on "sector refinement, customer refinement and product refinement" to achieve steady business development. At the end of 2025, the balance of corporate deposits was RMB2,295,255 million, an increase of 2.2% as compared with the end of the previous year. The Bank prioritized developing low-cost liability sources, optimizing deposit structure and costs, and driving high-quality deposit growth. The balance of corporate loans was RMB1,663,546 million, an increase of 3.5% from the end of the previous year. Stringently following national policies and market trends, the Bank strategically selected key niche sectors and increased loan disbursement efforts, continued to optimize asset structure and promote balanced development of asset business.

(1) Sector refinement

The Bank continued to deepen its industry-focused operations, concentrating on the upgrading of traditional industries and the cultivation of emerging sectors. It selected key niche sectors such as public utilities, digital industries, manufacturing, healthcare, energy, and automotive, optimizing strategies across markets, products, and risk management. The Bank introduced customized industry-specific service solutions, establishing a differentiated competitive advantage. At the same time, through enhancements to industry operating teams, expansion of industrial databases, and optimization of approval processes, the Bank achieved deeper industry research and more professional customer management. By the end of 2025, the loan balances in these key niche sectors had increased by RMB50,146 million compared to the end of the previous year.

(2) Customer refinement

The Bank conformed to the trend of comprehensive, ecological and integrated management on corporate customers, adapted to changes in market environment and customer needs, and strengthened the customer-centric management concept. The Bank established a tiered customer management system for strategic customers, medium-sized customers and small customers, and strengthened the expansion of key customer segments such as institutional customers and technology-driven enterprises to promote the refinement of customers. At the end of 2025, the number of corporate customers was 966.0 thousand, representing an increase of 13.2% as compared to the end of last year.

For strategic customers, the Bank deepened cooperation with strategic group customers by adopting corporate-level engagement model, and customized exclusive service solutions for strategic group customers and their member companies, to meet the diversified investment and financing needs of enterprises. At the end of 2025, the Bank had 239 strategic customers at the head office level[3]. The balance of loans provided to strategic customers at the head office level was RMB373,129 million, representing an increase of 20.5% by the same standard as compared with the end of last year; and the balance of deposits of strategic customers at the head office level was RMB481,973 million, up by 2.4% by the same standard from the end of last year.

For institutional customers, the Bank concentrated on the three major areas of financial and social security, housing construction and people's livelihood, and judicial ecology, while continuously carrying out bidding for institutional business qualifications. At the end of 2025, the Bank has obtained an accumulative total of 1,232 business qualifications in financial and social security, housing funds, maintenance fund and other

[3] The list of strategic customers at the head office level has been changed, and the comparison data of loan and deposit balances has been adjusted accordingly.

areas; the average daily balance of institutional customer deposits throughout the year amounted to RMB426,489 million, up by 4.7% as compared with the end of the previous year.

For tech customers, the Bank actively built a business system featuring "customer base + policy + product + channel + organization + resource", and increased support for tech companies. At the end of 2025, the number of tech customers [4] of the Bank was 31,917, representing an increase of 21.1% by the same standard compared with the end of last year; and the balance of loans to tech enterprises was RMB306,582 million, up by 9.8% by the same standard from the end of last year.

(3) Product refinement

Focusing on core customer segments, the Bank went deep into industry scenarios, applied its "finance + technology" capabilities to strengthen the product portfolio with industrialization, differentiation and integration and optimize the financial service experience, so as to enhance comprehensive customer service capabilities.

Payment and settlement as well as cash management

In line with the needs of corporate customers in operation and management, the Bank focused on the three key directions, including payment and settlement, wealth management and digitalized operation, to comprehensively upgrade the operating strategy and improve the quality and efficiency of serving the real economy in financial services. In terms of payment and settlement, focusing on key customer segments such as brand chain and core supply chain enterprises, the Bank provided full-scenario payment and settlement solutions to meet the diversified settlement needs of enterprises, and promoted streamlined and mass-market products and services, such as the payment and reconciliation toolkit "Intelligent Collection" and the enterprise mobile payment tool "Mobile Payment", to expand the coverage of basic customer segments; in terms of wealth management, the Bank built its brand of corporate wealth management and innovative product portfolios, continued to enrich product categories, helped enterprises improve their capability of refined capital management, and met their needs of diversified wealth allocation; in terms of digitalized operation, with a focus on enterprises' transformation needs for "integrated business and finance", the Bank optimized and upgraded the integrated "digital treasury+" management platform which provided differentiated capital management and digitalized operation management services. By providing a full set of treasurer system solutions for large customers, exporting the Bank's characteristic product portfolio to mid-sized customers, creating a "miniaturized" functional module that can be quickly assembled for small and micro-sized customers the Bank successfully met enterprises' needs for digital and intelligent upgrading.

[4] Tech enterprises were statistically calculated based on the standard in the *Basic Information on Technology Finance* (《科技金融基本情况表》) of the National Financial Regulatory Administration.

At the end of 2025, the Bank's number of group customers signed under its digital treasury management platform reached 4,409, representing an increase of 48.2% as compared with the end of the previous year.

Supply chain finance

The Bank looked deep into supply chain scenarios, constantly innovated its business models by applying the "finance + technology" capabilities, and optimized its financial service experience. First, the Bank continued to strengthen its capabilities of "online operation, modeled approval and automated credit approval" for supply chain finance, promoted the upgrading and transformation of supply chain products, improved business processing efficiency, optimized customer experience, and maintained differentiated product advantages. Second, the Bank constructed the ecological supply chain finance, focused on key industries, continuously expanded new chains and new scenarios based on customer needs, deepened supply chain financial services, providing customers with an integrated industry-specific solution of "financing + payment and settlement" for ecological operation of core enterprises and their massive number of upstream and downstream enterprises. Third, the Bank strengthened the digital supply chain finance, continued to optimize the financing model that combines trading customer "entity credit", transaction information "data credit" and transaction target "credit of things" to promote supply chain business model innovation and provide convenient financial services to upstream and downstream micro, small and medium-sized enterprises along the supply chain, facilitating the development of the real economy. Fourth, the Bank doubled its effort to connect with industrial chain platforms. Through collaborative interaction between "industry and finance", the Bank deeply explored customer needs, enhanced customer acquisition effectiveness of the platforms, and built a new driving force for the development of supply chain finance. In 2025, the Bank's amount of supply chain finance financing incurred was RMB1,967,879 million, representing a year-on-year increase of 23.1%.

The Bank actively played the role of bills serving the real economy, constantly optimized bill business process and customer experience and created a first-class bill financial service brand. First, the Bank deeply embedded bill business into the supply chain ecosystem, and focused on national key industries, providing convenient and efficient bill settlement and financing services. Second, it extensively connected with the supply chain and industry chain platforms, met the financing needs of the platform, core enterprises and upstream and downstream enterprises by providing ultimate product process experience, and improved financial institutions' ability to serve the real economy. Third, the Bank used the dual-driver model of "direct discounting + re-discounting" to improve the transaction capability and the operation efficiency of direct discounting and re-discounting synergy, and built an efficient and comprehensive bill transaction ecosystem to meet the diversified bill financial needs of customers. In 2025, the Bank provided bills financing services for 34,587 enterprises, including bills discounting financing services for 23,830

enterprises; and the amount of bills direct discounting was RMB1,305,836 million, with a year-on-year increase of 1.5%.

Cross-border finance

The Bank focused on the cross-border financial service needs of enterprises, actively supporting the development of the real economy. First, the Bank fully leveraged its advantages in five major account sectors including onshore, offshore (OSA), free-trade zone (FT) accounts, domestic account of overseas institutions (NRA) and overseas branches. The Bank developed cross-border product systems such as "Cross-border Investing/Financing, Cross-border Trade Finance, Cross-border Payment and Settlement and Cross-border Fund Management", and provided enterprises (including investment, mergers and acquisitions (M&A) and trade) with one-stop, cross-border comprehensive financial services at home and abroad and in local and foreign currencies, so as to facilitate the global layout of enterprises. Second, giving full play to its advantage of the Chinese-funded offshore banking license, the Bank provided follow-up offshore financing and settlement services for enterprises to help enterprises achieve "domestic operation of overseas business and domestic management of overseas funds". Third, the Bank continued to upgrade the online service system for the whole process of cross-border business, and iterate cross-border online banking and "Cross-border Instant Profit Remittance" online service functions, to improve customer experience continuously. At the same time, the Bank enabled product iteration to further meet the needs of small and medium-sized foreign trade enterprises for cross-border payment and settlement and financing. In 2025, the Bank's amount of cross-border trade financing reached RMB325,965 million, a year-on-year increase of 30.1%.

Investment bank

The Bank actively implemented the national strategy, giving full play to Ping An Group's integrated financial advantages, and focusing on supporting the private economy, technology finance, green finance and other key areas, continuously enhanced professional investment banking capability to provide customers with one-stop and comprehensive solutions of "commercial bank + investment bank + investment". First, relying on the structure advantages of "product + customer + cross-border", the Bank strengthened the M&A and bank consortium ecosystem. At the end of 2025, the balance of merger and acquisition and bank consortium loans[5] reached RMB221,906 million, and the bank consortium loan balance reached RMB156,055 million. Second, the Bank deepened the integrated operation of "sourcing, execution and underwriting" for bonds, and carried out financial innovation in an orderly fashion. As one of the first batch of lead underwriters in the market for science and technology innovation bonds, the Bank

[5] Include merger and acquisition loans and bank consortium loans after deduplication.

leveraged its professional capabilities to support the development of the technology finance ecosystem. In 2025, the amount of non-financial bond underwriting business amounted to RMB113,498 million. Third, by utilizing the advantages of capital and information integration as well as the expertise of investment bank, the Bank built an ecosystem of "matchmaking+" to meet the diversified needs of enterprises.

The Bank deepened the management of customer groups and realized the in-depth bonding of "integrated finance+ industrial cooperation" relying on the diversified ecosystem layout of Ping An Group. The Bank actively implemented regulatory orientation, increased support for high-quality listed companies, developed whole-chain comprehensive service system of shareholders, listed companies and their subsidiaries, to support stable development of the capital market. In 2025, the Bank actively innovated product and service models, successfully implemented several "pre-IPO loans" to provide full lifecycle services for pre-IPO and listed companies.

3.3.3 Interbank capital business

The Bank's interbank capital business actively responded to changes in policies, markets and environment, continuously improved its investment transaction capabilities and continuously enriched customer services through its two-wheel driven mode of "investment transaction + customer business". In the field of investment transaction, the Bank continuously optimized the investment management mode, adopted a diversified asset allocation strategy to balance risk and return, while ensuring liquidity and security on the asset side. In the field of customer business, the Bank focused on relevant national strategic plans of activating capital market and serving the real economy, optimized financial products and service processes to meet financial service needs of interbank organizations and enterprises, promoting the high-quality development of the financial market. At the same time, the Bank adapted to market trends by focusing on operational scenarios centered on clearing and settlement businesses, and strengthened assessments of interest rate trends to flexibly adjust its interbank liability structure, promoting the accumulation of low-cost liabilities and reducing the interest rate of liabilities.

(1) Investment transaction

In 2025, a new wave of technological revolution led by artificial intelligence further accelerated, reshaping the global economic structure and growth momentum. Financial market volatility significantly increased amid technological disruption and macroeconomic developments. Domestically, the bond market exhibited a range-bound fluctuation pattern amid the interplay of bullish and bearish forces. Meanwhile, the foreign exchange and precious metals markets were influenced by intertwined geopolitical tensions and macroeconomic factors, leading to more intricate price dynamics and further widening the volatility in both directions.

The Bank closely monitored both domestic and international market developments. On one hand, it strengthened multi-product, cross-market asset allocation, adjusted position structures in a timely manner, and maintained a prudent investment stance. On the other hand, it leveraged its strengths in refined trading strategies and agile execution to actively capture cross-market and cross-variety structural trading opportunities. Adhering to the principle of steady investment transaction, the Bank supported real-time risk management and control throughout the whole trading process with precise quantitative analysis technology, and flexibly used trading tools and hedging strategies to balance risks arising from unilateral market fluctuations.

The Bank continuously refined electronic trading technology, fulfilled its responsibilities as a core dealer in the market, continued to provide bilateral quotations to the market, and supported stable market prices and higher market liquidity. The Bank continued to strengthen its core capabilities in routine quoting and market-making for interest rate securities, further refined credit bond market-making pricing models and yield curve construction, expanded the range of market-making instruments, and actively supported the high-quality development of the bond market.

(2) Customer business

Adhering to its customer-centric principle, the Bank integrated the resources of Ping An Group and itself in terms of products and channels to serve interbank customers in an integrated manner under the service operation model of multi-scene, multi-account and multi-product. Focusing on the national strategic plans of activating capital market and serving the real economy in financial services, the Bank made every effort to promote the characteristic trading services and support the high-quality development of the financial market. It exerted great efforts in fields such as institutional sales, assets custody and corporate risk aversion, and optimized financial products and service processes, so as to meet the financial service needs of interbank and corporate customers. The Bank was recognized as the bank “Best for Financial Institution Service” by China Financial Ranking (CFV) for its professional performance in areas such as institutional customer service. At the end of 2025, the number of inter-bank value customers of the Bank reached 1,512.

Trading services

The Bank continued to deepen its understanding of investment and trading needs from a broad range of domestic and international institutional investors, expanding the breadth and depth of its trading services. It integrated and upgraded its domestic and overseas sales and trading network, broadened customer coverage, enhanced the functionality of its electronic service platforms, and continuously improved service efficiency and optimized customer experience. In 2025, the Bank’s transaction volume of cash bond sold by domestic and overseas institutions amounted to RMB6.77 trillion, an increase of 49.1% over 2024. Of the transaction volume of cash bond, 52.8% was conducted on the “iDeal structured inquiry and offer” platform.

Institutional sales

In terms of agency of products, relying on its "ET-bank" platform and focusing on the diversified needs of customers within the industry, the Bank continued to enrich the professional product service matrix for institutional customers, iterate the platform trading system to build its sales brand among its peers. At the end of 2025, the "ET-bank" platform cooperated with 2,785 customers in total, and the asset management products sold through the "ET-bank" platform reached RMB267,142 million.

In terms of bond underwriting, relying on the advantages of ecological cooperation with other financial institutions, the Bank's interbank sales team worked with investment banks and trading teams to advance the development of the integrated model of "sourcing + underwriting + market making", building full-process service system in the bond market and effectively serving the bond issuance and financing needs of enterprises. In 2025, the bond sales volume through interbank channels reached RMB301,098 million, representing a year-on-year increase of 3.8%.

Assets custody

The Bank actively grasped the growth opportunities arising from capital markets and emerging industries, taking the "custody + service" strategy the core strategy to deepen its presence in core custody products such as public funds, WMPs, insurance, and trusts, and further optimize its product structure. In addition, it deepened play and customer service system of "custody + financing + investment" by relying on the operation capability of the whole business chain of assets custody to leverage its advantages in customer service, and promote the in-depth exploration and management of customer value. At the end of 2025, the Bank's asset management products under custody amounted to RMB5.07 trillion, an increase of 1.6% as compared with the end of last year.

Enterprise risk aversion

The Bank's "Ping An Risk Aversion" business took serving the real economy and developing the concept of risk neutrality as the main line. Relying on the Bank's capabilities of product pricing and differentiated risk aversion plan design, the Bank continuously improved its product matrix, and created a comprehensive risk aversion service for enterprises. On the one hand, the Bank enabled the linkage between domestic and overseas branches to provide corporate customers with differentiated risk aversion solutions, supporting corporate customers in managing foreign currency risks and providing guarantee for their global operations and cross-border investing and financing. On the other hand, it actively implemented the relevant national requirements for inclusive financial services, responded to the policy to reduce fees and make profit concessions, and effectively lowered the thresholds of risk aversion for micro, small and medium-sized enterprises. In 2025, the Bank's customers for foreign exchange spot and derivatives risk aversion business reached 16,735, representing a year-on-year increase of 11.7%.

3.3.4 Digital finance

The Bank actively promoted the development of digital finance. It continuously strengthened the foundational capabilities for digital finance, adhered to innovation-driven strategies, and accelerated the transformation of technological achievements, comprehensively enhancing the quality and efficiency of financial services. In 2025, the Bank spent RMB4,806 million on IT capital expenditure and expenses for ongoing integration and optimization of resources and improvement of R&D and management efficiency, providing strong backing for high-quality business growth.

(1) Supporting the development of digital and intelligent capabilities of business

In terms of retail business, the Bank remains customer-centric and leverages data-driven insights to deliver customers with comprehensive services that are "convenient, time-saving, and cost-effective". First, Ping'an Pocket Bank App 8.0 was launched to integrate high-frequency scenarios such as lifestyle services and promotional benefits, enhancing its overall account service capabilities. The app has been upgraded with a senior-friendly version and a multilingual version tailored for foreign residents, while also strengthening risk alerts and interception mechanisms for abnormal operations to improve user experience. Second, by utilizing generative artificial intelligence (AIGC), the Bank can support the creation of service content while improving customer experience through tailored interactions. Third, it upgraded the service mode of "AI + T + Offline" by leveraging AI assistant, intelligent voice outbound call and other digital tools to improve the efficiency of remote banking services. As at the end of 2025, nearly 8.6 million public customers have been provided with 24/7 "accompanying" services. In 2025, the Bank won several awards from *The Asian Banker* (《亞洲銀行家》) by virtue of its intelligent practical explorations in marketing, voice outbound service, customer service robot and other fields.

In terms of corporate business, the Bank closely followed the trend of digital transformation, and built intelligent engines at a faster pace to enhance clients' business management capabilities. In terms of customer marketing, the Bank integrated data across industries, ecosystems, clients, and products into AI large models to identify intelligent business opportunities, generate marketing plans, and align product strategies, empowering more efficient and higher-quality management. In management and operations, the Bank developed an AI-powered proposal assistant to help generate well-structured, standardized proposal documents, empowering business teams to improve bidding efficiency. In customer services, with optical character recognition (OCR) and natural language processing (NLP) technologies, the Bank achieved an accuracy rate exceeding 93% on intelligently reviewing cross-border documents by the end of 2025, helping ensure fund security for customers while lifting business process efficiency.

In terms of interbank capital business, the Bank focused on the investment and trading needs of financial institutions, attached great importance to the construction of electronic platforms, and enriched its service

scenarios. Relying on the upgraded AI technologies, the Bank promoted the digitization of the whole business process to improve the transaction execution efficiency. In 2025, the trading volume of cash bond conducted on “iDeal structured inquiry and offer” platform was about RMB3.6 trillion. It optimized the functions of “ET-bank” platform and upgraded AI assistant to support the interbank bond market counter business. At the end of 2025, the total number of contracted accounts of the “ET-bank” platform exceeded 9,700, an increase of over 20% from the end of last year.

In terms of risk control compliance, the Bank promoted the application of intelligent algorithms, and reinforced the foundation of an intelligent risk prevention and control system, enhancing the quality and efficiency of risk management. It continuously strengthened foundational capabilities for corporate banking, including the risk expert knowledge base, and established an AI-powered risk middle office to centrally build and embed intelligent agents into risk management processes, enhancing efficiency in end-to-end credit processing and risk decision-making. Leveraging large models and digital platforms, the Bank has built an intelligent retail risk control system covering key processes such as loan approval, collections, anti-fraud, and strategy operations. It better applied intelligent due diligence, and AI-powered calling robots to reinforce the integrated risk prevention and control capabilities. It upgraded the “Hui Xiao Miao” audit model, and developed an intelligent multi-dimensional review agent to assist with compliance checks on regulations, contracts, credit management and other areas, improving the quality and efficiency of audit and disciplinary inspection work. In 2025, the “Hui Xiao Miao” project was awarded the Second Prize in the Fintech Development Award by the People's Bank of China.

In terms of financial administration, the Bank empowered core scenarios of operation and management by continuously consolidating the database to improve the refinement of management. In terms of financial management, the Bank promoted the integration of the “Cai Zhi Tong” platform in terms of expenses, procurement and tax management, enhanced the analytical capabilities for financial activities across the entire pre-, during-, and post-event chain, and advanced paperless reimbursement processes. In 2025, the carbon emission reduction exceeded 1,100 tons. The Bank deepened the application of digitized electronic invoicing, and the online self-service invoicing rate of customers reached 87% at the end of 2025. In terms of human resources management, new functions were added for organization capacity forecasting and field staff compensation dashboard, enhancing the grid-based and refined management of the workforce. By the end of 2025, it launched a total of 471 personnel management indicators. In terms of office management, the Bank optimized the physical asset system to automatically match the supply and demand information of used assets of various institutions, and the rate of old asset utilization increased to 75% at the end of 2025.

In terms of operation management, the Bank continued to promote digital transformation and enhance operational efficiency with technologies such as digital humans. First, the Bank further advanced the

automation and intensification of operational tasks such as due diligence and corporate account opening by virtue of technologies such as AI agents and intelligent character recognition (ICR). Second, the Bank upgraded the smart review model to further improve consumer protection. By the end of 2025, the intelligent rate of consumer protection review was about 91%. Third, the Bank applied large language models along with professional knowledge databases to build an intelligent operation support platform, providing real-time answers and operational guidance to tellers and account managers, thereby improving operational efficiency. Fourth, it applied hybrid modeling technology to improve the accuracy of anti-fraud transaction monitoring and strengthen the capability of account risk prevention and control.

(2) Consolidating the foundation for digital finance

The Bank built an intelligent and agile R&D system to strengthen its technical support capabilities. First, it completed the upgrade of key systems. The new generation of distributed core system was successfully put into production, achieving full-stack localization and supporting the Bank's future business development demands featuring "billions of accounts and billions of daily transactions". It also completed the infrastructure upgrade of the financial markets valuation and risk measurement system, increasing the runtime speed of a single complex calculation by 4 to 6 times. Second, it enhanced the integrated platform for model R&D, operations, maintenance and application, accelerating the large-scale adoption of AI. In 2025, the R&D cycle for intelligent agent applications was shortened by over 60% year-on-year, and more than 390 large model application scenarios were implemented. Third, the Bank built an intelligent R&D efficiency system, deepening the integration of AI technologies into the R&D and testing processes. By the end of 2025, the Bank's AI-generated code accounted for more than 30% of total code output.

The Bank promoted the construction of new infrastructure to ensure the stable operation of the system. In terms of computing power infrastructure, the Bank built a unified computing power platform to achieve centralized scheduling and efficient management of various computing power resources. At the end of 2025, the Bank's average utilization rate of Graphics Processing Unit (GPU) increased by about 16 percentage points over the end of last year. In terms of network optimization, the Bank actively advanced the large-scale deployment of IPv6 (Internet Protocol version 6). By the end of 2025, IPv6 traffic accounted for over 30% of the total traffic on the Bank's internet leased lines. In terms of production guarantee, the Bank improved the operation and maintenance as well as disaster recovery system. In 2025, the availability rate of the Bank's key business system was maintained at more than 99.999%.

The Bank continued to strengthen its data management capabilities and solidified the foundation for secure data utilization. First, the Bank enhanced data governance and secure data sharing. It took a systematic approach to governing data security labeling, and adopted technologies such as text classification models and large language models to improve the coverage and accuracy of data security classification and grading

labels. Second, the Bank further refined its multi-layered data product system integrating AI and BI, enabling broader application across various business scenarios. Third, the Bank actively participated in industry pilot initiatives. It co-developed the national standard *Information Technology Services – Intelligent Operations and Maintenance – Part 2: Data Governance* (GB/T 43208.2-2025), and joined the "Data Elements X" pilot program led by the People's Bank of China and the National Data Administration, driving innovative data integration in key areas.

3.3.5 General information of Ping An Wealth Management

Ping An Wealth Management, a wholly-owned subsidiary of the Bank, was officially opened for business in August 2020. The registered capital of Ping An Wealth Management is RMB5,000 million, and its principal business activities include issuance of public and private wealth management products, wealth management advising and consulting service and other asset management-related businesses. By the end of 2025, Ping An Wealth Management had total assets of RMB14,522 million and net assets of RMB13,943 million, achieving a net profit of RMB1,476 million for the year. The balance of wealth management products managed by the Bank reached RMB1,092,211 million.

In 2025, Ping An Wealth Management remained committed to the bottom line of risk compliance, and focused on building core capabilities in channels, investment, and products, with all tasks progressing in an orderly manner. First, Ping An Wealth Management deepened its channel management, actively integrated into the Bank's business scenarios, and worked together with the Bank to build the service system of "Ping An is a great choice for wealth management". It supported the Bank to acquire customers and continuously delivered synergistic value. Second, the Bank adhered to a prudent investment strategy, with continuous improvement in investment management capabilities. In 2025, Ping An Wealth Management was awarded a number of honors, including the "Golden Bull Award", "Golden Wisdom Award", "Golden Wealth Management Award", "Gold-Shell Award", and "Golden Consultation Award", by respected financial media including *China Securities Journal* (《中國證券報》), *Financial World* (《金融界》), *Shanghai Securities News* (《上海證券報》), *21st Century Business Herald* (《21 世紀經濟報》), and *Xinhua Finance* (《新華財經》). Third, Ping An Wealth Management launched a new product brand system of "Peace of Mind: Steady and Far-reaching" and continuously optimized its product structure. By the end of 2025, the balance of non-cash management products accounted for 70.3% of total balance of wealth management products, an increase of 7.3 percentage points compared to the end of the previous year. The balance of products with a term of more than one year accounted for 16.9% of total balance of non-cash management products, an increase of 2.3 percentage points year-on-year. Fourth, it remained committed to the bottom line of risk compliance, continuously strengthened its risk management system, strictly controlled asset entry standards,

and enhanced risk early warning mechanisms, maintaining stable overall asset quality. Fifth, Ping An Wealth Management advanced comprehensive AI empowerment by building an intelligent agent-based AI platform architecture to improve efficiency in core business areas such as channel services, investment and research information collection, and risk control. Sixth, Ping An Wealth Management fulfilled its social responsibilities, upholding the principle of serving the real economy and benefiting the public. By the end of 2025, Ping An Wealth Management had provided over RMB240 billion in financial support to the real economy, with over RMB100 billion invested in ESG-related areas. The Bank deeply implemented the "Five Major Financial Initiatives", with focused efforts in areas such as technological innovation, green development, inclusive finance, pension services, and the digital economy, demonstrating a strong sense of responsibility and commitment.

3.4 Key issues of concern in operations

3.4.1 NIM

In 2025, NIM of the Group was 1.78%, representing a decrease of 9 basis points from 2024, mainly due to declining loan interest rates and adjusted business structure.

In terms of liabilities, the Bank was committed to balanced development of volume and price, focusing on structural adjustment and cost reduction, and realizing notable improvement in interest rates. First, the Bank actively implemented market pricing self-regulation requirements, strengthened the management of high-cost deposits, and adapted to the interest rate cut cycle and reduced the costs of interest payment. Second, the Bank enhanced customer service capabilities, expanded the breadth and depth of business cooperation, and increased customer stickiness, promoting steady growth in low-cost deposits such as settlement deposits. Third, the Bank regulated the pace of absorbing deposits and inter-bank liabilities agilely in line with market changes to optimize overall liability costs. In 2025, the average interest rate of deposits from customers was 1.65%, representing a year-on-year decrease of 42 basis points. The average interest rate of interest-bearing liabilities was 1.67%, representing a year-on-year decrease of 47 basis points.

In terms of assets, driven by declining market interest rates and adjusted asset structure, the return on assets experienced further downward pressure, with the pace of decline exceeding the optimization achieved on interest-bearing liabilities. On the one hand, the Bank kept up with the major national strategic planning to actively support the development of the real economy, enhanced credit support to key sectors, key areas and key customers, increased the proportion of high-quality customers, and drove continuous optimization of customer structure and asset structure. On the other hand, the returns on loans, bond investments, and

interbank assets, etc., registered year-on-year decreases, under the influence of persistent market rate declines, insufficient effective credit demand and effect of asset price resetting.

Against the backdrop of asset price resetting and supporting for the real economy, the Bank will continue to face the pressure of downward NIM. But the trend is likely to slow down. The Bank will continue to strengthen asset and liability portfolio management, conduct refined pricing management and provide effective forward-looking guidance to ease the downward pressure on the NIM. In terms of assets, the Bank will continue to perform effective major category assets allocation, and encourage credit supply for high-quality customer groups. In addition, the Bank will strengthen market assessment, and allocate interbank assets in a flexible and dynamic manner to improve the efficiency of capital utilization. On the liability side, the Bank will focus on guiding the absorption of low-cost deposits, and control high-cost deposits, to make every effort to control and lower the overall liability costs.

3.4.2 Asset quality

In 2025, the macro economy saw a stable performance with steady progress. Nevertheless, uncertainties persisted within the external environment. To respond to national strategy, the Bank actively served the real economy, enhanced asset quality controls, kept optimizing asset structure and strengthening efforts in disposal of problematic assets. As a result, the risk indicators remained at a sound level.

In 2025, the Bank continued to strengthen forward-looking assessment and agile adjustment of risk policies, actively implemented early warning and resolution of risks arising from legacy assets, and maintained overall stable asset quality. Furthermore, the Bank continuously optimized its asset structure of retail loans, and reduced the provision for impairment. The risk compensation capability remained at a good level. At the end of 2025, the NPL ratio of the Bank was 1.05%, down by 0.01 percentage point as compared with the end of last year; the NPL generation ratio[6] in 2025 was 1.63%, representing a decrease of 0.17 percentage point compared with that of last year; the provision coverage ratio was 220.88%, representing a decrease of 29.83 percentage points from the end of last year; and the provision to loan ratio was 2.33%, down by 0.33 percentage point from the end of last year. In addition, the Bank further improved the quality of non-loan assets, built a solid barrier against risks, achieved results in risk control of major customers, and continuously improved and optimized the asset quality and structure. The overall risk was controllable.

The Bank strengthened the collection and disposal of problematic assets, and further optimized the mechanism for non-performing assets management. In 2025, the Bank's written-off loans amounted to

[6] NPL generation ratio = NPL generation amount (adjusted for principal losses on write-off and NPL transfer within the reporting period) / (loan balance at the beginning of the year + balance of traditional off-balance-sheet credit such as bank acceptance bills, letters of credit and letters of guarantee at the beginning of the year).

RMB48,233 million; the total of recovered non-performing assets was RMB36,798 million, which included recovered written-off principal of RMB19,117 million for non-performing assets (including recovered written-off amount of RMB17,021 million for non-performing loans); and 97.2% of recovered amount for non-performing assets was recovered in cash and the rest was recovered in repayment by collateral.

In the future, the Bank will closely keep up with macroeconomic developments, constantly optimize asset structure, intensify risk controls and systematic monitoring in key areas, increase efforts in settlement and collection, ensure strong risk mitigations, and firmly protect the base line of asset quality.

3.4.3 Risk management on real estate industry

The Bank attached great importance to risk prevention and quality control of credit granting in the real estate industry. It continued to enhance its management and control measures for real estate loans. Adhering to the "project-centric" principle, the Bank optimized the structure of the real estate business, strengthened closed project management, and put equal emphasis on loans and management, to continuously improve the level of risk management and control.

At the end of 2025, the aggregate balance of credit risk-bearing businesses of the Group relating to real estate sector, including actual and contingent credits and loans, proprietary bond investments and proprietary non-standard investments, amounted to RMB251,357 million, representing a decrease of RMB21,980 million as compared with the end of last year; the aggregate balance of non-credit risk bearing businesses of the Group, including wealth management capital contribution, entrusted loans, trusts and funds management and consignment for cooperative institutions, and lead underwriting of debt financing instruments, amounted to RMB70,361 million, representing a decrease of RMB5,518 million as compared with the end of last year, among which:

(1) Credit risk-bearing business involving real estate sector mainly included the real estate loans to corporates, with a balance of RMB210,181 million, representing a decrease of RMB35,038 million as compared with the end of last year. Among them, the real estate development loans totaled RMB65,303 million, accounting for 1.9% of the total principal of loans and advances to customers. All real estate development loans were effectively mortgaged, with an average mortgage rate of 42.4%, and 98.6% of the loans were concentrated in the urban areas of first and second tier cities, the Greater Bay Area and the Yangtze River Delta region. The operating property loans, mergers and acquisitions loans and others totaled RMB144,878 million, mainly including mature property mortgages, with an average mortgage rate of 56.7%, and 90.9% of the loans were distributed in the urban areas of first and second tier cities, the Greater Bay Area and the Yangtze River Delta region. At the end of 2025, the NPL ratio of the Bank's real estate loans to corporates was 2.22%, up by 0.43 percentage point from the end of last year, mainly due to ongoing

stabilization of real estate market, as well as long sell-through period and continuous financial strains of certain real estate enterprises, under the influence of the external environment. The Bank continued to refine its management and control measures for real estate risks, and prudently made provisions. The overall risk was controllable.

(2) Non-credit risk bearing business involving real estate sector were mainly trusts and funds management and consignment for cooperative institutions, with a total of RMB31,769 million, representing a decrease of RMB914 million as compared with the end of last year. The product size of underlying assets corresponding to specific projects and assets with high-quality pledge of stock rights reached RMB21,713 million, 88.5% of which were concentrated in the urban areas of first and second tier cities, the Greater Bay Area and the Yangtze River Delta region. The other businesses mainly included high level private placement bond products.

The Chinese government has released various sustained policies for stabilized real estate market to reduce inventory, release demands, optimize supply and improve financing environment for the real estate industry. The Bank will continue to implement the CPC Central Committee's policy orientation and regulatory requirements, and align with the new real estate development model to support the construction of "high-quality housing". The Bank will provide equal treatment for reasonable financing needs of real estate enterprises with different ownership systems. The Bank will focus on supporting the development and construction of rigidly needed and improved commercial housing and government-subsidized housing, the construction and operation of rental housing, the acquisition of existing commercial housing as affordable housing, and the urban renewal. It will continue to support the financing coordination mechanism for urban real estates by expanding the scope and enhancing the effectiveness of the "white list", to better meet the reasonable financing needs of the projects and bring the sector back to a trajectory of steady growth.

3.4.4 Capital planning

At the end of 2025, the Group's core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio were 9.36%, 11.49% and 13.77%, up by 0.24, 0.80 and 0.66 percentage point, respectively, from the end of last year, which all met the regulatory requirements.

In 2025, the Bank continued to strengthen the internal supplementation of capital, continuously optimized on-and off-balance-sheet asset business structure, actively reduced inefficient and invalid capital occupation, and improved the efficiency of capital allocation and use. The capital adequacy ratios at all levels continued to meet the regulatory capital compliance requirements. In addition, the Bank maintained a certain safety margin and buffer range to provide solid capital support for its high-quality development. The Bank timely conducted capital replenishment in accordance with its medium- to long-term capital plan. In the first

quarter and the fourth quarter in 2025, the Bank issued non-fixed term capital bonds of RMB30 billion to supplement the Bank's other tier 1 capital, maintain reasonable capital structure, and consolidate capital strength.

The Bank will continue to strengthen capital management, enhance risk resilience, conduct forward-looking capital planning on a dynamic basis, and maintain an optimal balance between capital accumulation, business development, and shareholder returns. Simultaneously, the Bank will consolidate multi-channel capital replenishment mechanisms, continuously diversify and refine capital supplement channels, optimize capital structure, control capital costs, and constantly improve the long-term capital replenishment framework.

3.4.5 Bancassurance business

In the context of the growth of household wealth and the narrowing of bank interest margin, wealth management business has entered a period of rapid development, and the competition and cooperation in the industry have intensified, which prompts commercial banks to upgrade and restructure their bancassurance business with a wealth management perspective and fully roll out the transformation road of bancassurance business value. The Bank took the lead and launched the new bancassurance business reform in 2021. Leveraging the advantages of Ping An Group's comprehensive finance platform, the Bank cooperated deeply with Ping An Life Insurance for value creation to embed the insurance agency business into the wealth management system. The Bank improved the comprehensive and professional level of customer service, and opened up a new track for the development of the Bank's wealth management business in private banking. With the continuous deepening of reform, the Bank's bancassurance business continued to upgrade in terms of team building, products and services, further releasing its value contribution, and gradually became an important growth engine for the Bank's comprehensive wealth management business. In 2025, the Bank's premium from personal insurance agency increased by 35.3% year-on-year.

In terms of team building, in line with changes in market and customer needs, the Bank integrated the new wealth team and the original wealth team into one team in the first half of 2025 to continuously improve its comprehensive asset allocation capability including guarantee allocation, and further consolidated the strategic position of bancassurance in wealth management by integrating resources and improving services to create long-term value for customers. At the same time, the Bank upgraded the tiered asset allocation training system, strengthened the construction of a professional bancassurance advisory team, and took insurance as an important part of asset allocation with the support of a team of expert consultants including investment consultants, legal and tax experts and health care experts to meet the diversified asset allocation needs of customers.

In terms of the product and service system, the Bank deepened cooperation with Ping An Life Insurance, agilely tailored insurance products that met the needs of bank customers based on their demand on pension and inheritance, and provided customers with services such as “insurance + medical and healthcare”, “insurance + home-based senior care”, “insurance + high end senior care” and insurance trust by relying on Ping An Group’s resource endowment in “integrated finance + healthcare and senior care”, so as to increase product value. Meanwhile, the Bank continued to strengthen technological empowerment, upgraded bancassurance operation process, enhanced the online level for bancassurance services, and prioritized protection of customer rights to effectively safeguard customer interests. In 2025, the Bank responded to market trends by actively introducing multiple participating insurance products and exploring business collaboration with Ping An Health Insurance, further enriching its product portfolio and enhancing market competitiveness. The Bank is committed to delivering more customized, intelligent, and integrated wealth management solutions to clients, continuously improving customer experience and wealth well-being.

In the future, in line with the growing needs of customers for pension and wealth inheritance, the Bank will continue to focus on the value of Bancassurance, focus on upgrading driving factors such as teams, products and services, and promote the high-quality and sustainable development of bancassurance business.

3.5 Risk management

The Bank has established a risk governance structure with sound organizational structure and clear responsibility boundaries, and a multi-level, interconnected and balanced operation mechanism. The Bank has established a comprehensive risk management system to improve its comprehensive risk management and effectively safeguard healthy and sustainable development of its business. The Bank follows four fundamental principles including alignment, full coverage, independence, and effectiveness. First, the Bank sets up risk management objectives that balance risk and profit to align the risk management system with the Bank’s business development strategy and risk profile. Second, the Bank implements comprehensive risk management covering all businesses, risks, processes, organizations, and personnel. Third, the Bank maintains an independent risk management structure, that is, personnel, responsibilities, reporting route, and performance evaluation within the risk management function are independent, creating an effective check and balance with the business line. Fourth, the Bank effectively assesses the adequacy of its internal capital based on the results of risk management, and regularly conducts stress testing to ensure the alignment of its capital level with its risk appetite and risk management status to fully withstand various risk exposures.

During the reporting period, the Bank continued to improve its comprehensive risk management system. First, the Bank strengthened the construction of defense lines. It optimized the comprehensive evaluation indicators and rules for risk management centered on key areas of risk prevention and control, and

consolidated the risk prevention and control responsibilities of the first defense line. Second, the Bank ensured the comprehensive leading of risk appetite by continuing to improve the monitoring, deviation resolution and adjustment mechanism of various risk appetites. Third, the Bank continuously upgraded various risk management policies and procedures to match risk management capabilities with business development level and risk profile, and continued to strengthen risk management of off-balance-sheet business, maintaining a sound risk profile of off-balance-sheet business. Fourth, the Bank constantly advanced digital transformation of comprehensive risk management, strengthened data governance, consolidated the foundation for information, and accelerated the construction and application of AI-based large model risk mid-office tools to further enhance the efficiency of risk identification, control, and analysis.

3.5.1 Credit risk

Credit risk refers to the risk that borrowers or counterparties of the Bank cannot fulfill their obligations according to the agreement reached in advance. The risk management committee of the Bank's head office is in charge of overall plan on risk management at all levels. The professional departments of the head office, including the Risk Management Department, the Credit Approval Department and the Retail Credit Risk Management Department, are responsible for credit risk management. The Bank sticks to the principle of risk management of "coordination between risk and development, balance between risk and profit, adaptation between risk and capital", constantly improves the full-process management of credit risk, and effectively enhances the level of credit risk management.

During the reporting period, the Bank assessed the risk situation and proactively took various measures to enhance the capabilities of risk prevention and control, so as to enable stability of asset quality: First, the Bank controlled the incremental business. It optimized its asset structure, tracked changes in risks by industry, customer, region and product in real time, conducted policy and system review, strengthened forward-looking assessment and agile adjustment, dynamically adjusted customer access and industry early warning standards, optimized the requirements for risk management in related system, and controlled asset quality from the source. Second, the Bank managed existing businesses. It conducted tiered and grouped differentiation management from management dimensions such as industries, customers, and products, implemented the post-lending management actions, focused on controlling key issues, and intensified the pre-control on the recovery of loan principal and interest. It also strengthened early warning monitoring management, further improved the foresight of early warning, and improved the effectiveness of early warning management. Third, the Bank strengthened risk management in key areas. It focused on early risk detection, management and control of key institutions, key customer segments and major customers, and

deepened tiered management of customers and institutions. In addition, the Bank strictly implemented the package of debt relief policies, steadily mitigated the risks for existing debts, and strictly controlled the increase of debts on the platforms. It also seized opportunities in the new stage of debt resolution, implemented region-specific policies, and actively supported local efforts in integrated resolution of debt risks and high-quality development. Fourth, the Bank strengthened the collection and disposal of problematic assets. It focused on key areas and projects to strengthen basic management and collection, and explored innovative approaches to collection and disposal, to improve the quality and efficiency of collection and disposal of non-performing assets.

3.5.2 Large risk exposure

According to the *Administrative Measures on Large Risk Exposure of Commercial Banks* (《商業銀行大額風險暴露管理辦法》), large risk exposure refers to the credit exposure of a commercial bank to a single customer or a group of connected customers, which exceeds 2.5% of the bank's net tier 1 capital (including all kinds of credit risk exposure in the bank account and the trading book). The Bank has incorporated the large risk exposure into its comprehensive risk management system and has clarified the management responsibilities and process management plan for the large risk exposure. The Bank continuously improves customer credit management requirements, system construction and data governance, realizes automated statistics, monitoring, early warning and control for large risk exposure of customers, and dynamically controls customer concentration risk through technological means.

During the reporting period, except for customers exempted from supervision, the proportion of the Bank's risk exposure to net tier 1 capital for interbank single customers, interbank group customers, non-interbank single customers, and non-interbank group customers all met the regulatory requirements.

3.5.3 Market risk

Market risk refers to the risk of losses in a commercial bank's on-and off-balance-sheet positions arising from unfavorable changes in market prices (including interest rates, exchange rates, stock prices, and commodity prices). The main market risk faced by the Bank represents interest rate risk and exchange rate risk.

The Bank has established an effective market risk governance structure and division of management responsibilities. The Board is the ultimate decision-making body of market risk management and assumes the ultimate responsibility of market risk management. The senior management and its committees are responsible for approving the major issues of market risk management to the extent of the scope of Board authority and regularly listening to the reports on the implementation of market risk management. The Risk Management Department leads the management and specific implementation of market risk and is

independent of the front desk business department. The Bank has set up a robust market risk management system covering the whole process of market risk identification, measurement, monitoring, control and reporting. The Bank regularly examines various systems and management measures for assessing market risks and continuously perfects, improves and optimizes the processes according to the business and development status. The Bank has established a relatively complete market risk management process covering the entire process of risk management from the beforehand authorization management and book division of tradable products to the risk identification, measurement, monitoring and control in the process, and to the afterwards back-testing and stress testing.

During the reporting period, the Bank continued to strengthen market risk management. First, the Bank continuously refined its market risk management policies and framework, and implemented the requirements in the *Rules on Market Risk Management of Commercial Banks* (《商業銀行市場風險管理辦法》), to foster stable and sound business development. Second, the Bank strengthened proactive risk management through agile analysis of the impact of external hotspots, enabling timely risk alerts. Third, leveraging AI technologies, the Bank further enhanced its intelligent market risk control platform to improve the effectiveness of market risk management.

3.5.4 Liquidity risk

Liquidity risk refers to the risk that commercial banks are unable to obtain sufficient fund at reasonable cost and in a timely manner to pay debts as they fall due, meet other payment obligations and meet other funding requirements for normal business operations. According to the *Administrative Measures for Liquidity Risks of Commercial Banks* (《商業銀行流動性風險管理辦法》), the Bank adheres to a cautious liquidity risk management principle and a prudent management strategy, timely establishes a reasonable and effective liquidity risk management mechanism to achieve sufficient identification, accurate measurement, continuous monitoring, and effective control of liquidity risk, and ensures the availability of sufficient fund to address the growth in assets, the payment for debts as they fall due, and other payment obligations, whether the Bank is in normal condition or under pressure.

The Bank has established sound liquidity risk management and governance structure. The Board assumes the ultimate responsibility of liquidity risk management. The Supervisory Committee supervises and evaluates the performance of the Board and the senior management in liquidity risk management. The senior management is responsible for managing liquidity risk. The Asset and Liability Management Committee is the top management body of liquidity risk management. Under the guidance of the Asset and Liability Management Committee, the Asset and Liability Management Department is responsible for specific management of liquidity risk and forms an implementation system with all business management

departments and branches. The Audit and Supervision Department performs internal audit over liquidity risk management.

The Bank attaches great importance to liquidity risk management. It continuously optimizes the liquidity risk management framework and management strategy, and has a sound liquidity risk management system in place. First, the Bank enhances the management of liquidity risk indexes. It enhances cash flow monitoring and fund source management, promotes steady growth in core liabilities, constantly optimizes asset-liability structure, and reasonably manages the liquidity risk arising from mismatch. Second, the Bank optimizes the emergency management system on liquidity, assesses future liquidity demand on a prudent basis and maintains sufficient high-quality current assets. The Bank continuously improves the early warning mechanism for liquidity risk, and conducts emergency drills on liquidity risk to effectively guard against emergency liquidity risk. Third, the Bank continues to strengthen the analysis of macroeconomic situation and market liquidity and improves the forward-looking and initiative liquidity management to cope with market liquidity risk in time. Meanwhile, the Bank sets the liquidity risk index limit based on the regulatory standards for regulatory indexes, liquidity risk preference, liquidity risk management strategy, asset-liability structure, financing ability and other factors. The Bank sets stress scenarios under the principle of being reasonable and prudent, conducts liquidity risk stress tests on a regular basis, and assesses the Bank's ability to withstand liquidity risks under stress scenarios based on the Bank's asset-liability structure and product types.

During the reporting period, each of the Bank's businesses maintained stable development, with abundant high-quality current asset reserve, safe and prudent liquidity condition, and liquidity risk regulatory indexes meeting the regulatory requirements.

3.5.5 Operational risk

Operational risk occurs when losses arise from the deficiencies of internal procedures, employees and IT systems or the occurrence of external events. It covers legal risk, other than strategic risk and reputation risk.

The Bank has established a complete and independent operational risk management framework under which the Board assumes the ultimate responsibility of operational risk management, the Supervisory Committee assumes the responsibility of supervision and the senior management assumes the responsibility of implementation. The Legal Compliance Department is responsible for the establishment and implementation of the operational risk management system.

During the reporting period, the Bank improved the operational risk management system to implement the regulatory requirements related to operational risk, and enhanced the refinement and intelligence of operational risk management: First, the Bank continued to optimize the three management tools, i.e.,

operational risk self-assessment, key risk indicators and operational risk losses database, and strengthened risk early warning and tracking improvement, to improve the effectiveness of risk prevention and control. Second, the Bank strengthened the data-driven operational risk management system, integrated risk monitoring data, upgraded and improved the risk heat map, and continuously improved the intelligence of operational risk management. Third, the Bank comprehensively upgraded the operational risk capital measurement system to continuously meet the regulatory compliance requirements of the Operational Risk Standardized Approach. Fourth, the Bank strengthened business continuity management, improved the business continuity management system and enhanced the overall management of business continuity. Fifth, the Bank strengthened the operational risk training and publicity and continued to give business support and evaluation to institutions at all levels to cultivate a good culture of operational risk management.

3.5.6 Country risk

Country risk refers to the risk that the debtor of a foreign country or region has no capacity or refuses to repay the debts to a banking financial institution; or the banking financial institution suffers from business losses in the country or region or suffers from other losses, due to the political, economic, social changes and events of the country or region. The Bank incorporates country risk management into its comprehensive risk management system. Based on the regulatory requirements, the Bank has formulated country risk management policies and procedures to specify management responsibilities, management means and approval process, and standardized the management of country risks. According to the result of risk assessment, the Bank divides country risks into five classes: low, relatively low, medium, relatively high and high, and manages risks by their classes accordingly based on risk severity. The Bank integrates all business activities that bear overseas entity country risk into unified management under the country risk limit. The Bank checks country risk limit annually according to the result of country risk rating, country-specific economic development and business needs, and adjusts country risk rating and limit dynamically according to the changes in risks. The Bank has implemented the requirements of the *Measures for Management of Country Risks of Banking Financial Institutions* (《銀行業金融機構國別風險管理辦法》), and continuously improved the country risk management system to enhance the country risk management capabilities.

During the reporting period, the Bank maintained close vigilance over evolving global developments, updated and adjusted country risk rating and limit dynamically, and continued to strengthen country risk monitoring. The Bank's country risk exposure was mainly identified in countries or regions with relatively low risk. The limit was well implemented, and the overall risk was controllable.

3.5.7 Bank account interest rate risk

Bank account interest rate risk refers to the risk of losses of the overall income and economic value of bank account as a result of adverse changes in interest rate level, maturity structure and other factors. Based on the requirements of the *Guidelines for the Management of Interest Rate Risk in the Banking Book of Commercial Banks (Revised)* (《商業銀行銀行賬簿利率風險管理指引（修訂）》) and other laws and regulations, the Bank continues to improve the interest rate risk governance structure, optimizes the interest rate risk related systems, enriches the interest rate risk measurement framework and improves the refinement of management to ensure that the Bank can effectively identify, measure, monitor and manage and control interest rate risk assumed by various businesses. Following the principle of being reasonable and prudent, the Bank effectively measures bank account interest rate risk by means of gap analysis, duration analysis, scenario simulation, stress testing, etc. Based on the above measurements, the Bank has established and implemented bank account interest rate risk limit management system, continues to monitor interest rate risk exposure and limit usage, and regularly reports to the Board of Directors (or the special committees authorized by it) and the senior management. With a comprehensive consideration of interest rate risk characteristics and actual business development, the Bank strengthens the analysis and assessment of the market trend of interest rates. The Bank adjusts the asset-liability structure in a reasonable way and optimizes interest rate risk exposure.

During the reporting period, in the domestic market, the Loan Prime Rate (LPR) and deposit interest rates continued to decline. In international markets, interest rates for major foreign currencies gradually decreased amid the rate-cut cycle, enabling effective control of foreign currency liability costs and consequently easing the management challenges of foreign currency bank account interest rate risk. The Bank continuously paid attention to the changes in economic situation at home and abroad, and enhanced the assessment of macroeconomic and interest rate trends. Meanwhile, the Bank implemented active interest rate risk management strategy in response to evolving risk exposure trends. The Bank effectively managed bank account interest rate risk through timely adjustments to its asset and liability structures, among other measures. During the reporting period, all monitoring indicators of the Bank operated within the limit, and the level of bank account interest rate risk was stable on the whole.

3.5.8 Reputation risk

Reputation risk mainly refers to the risk of negative evaluation of the Bank by stakeholders, the public and the media as a result of the Bank's behaviors, the behaviors of its employees or external events, which may damage the Bank's brand value, adversely affect the Bank's ordinary course of business, or even affect market stability and social stability. Under the guidance of the regulatory authorities, the Bank has taken

active actions. In accordance with the *Administrative Measures for Reputation Risks of Banking and Insurance Institutions (for Trial Implementation)* (《銀行保險機構聲譽風險管理辦法（試行）》) and other regulatory requirements, guided by the basic principles of being "forward-looking, aligned, full-coverage and effective" as well as the implementation principles of "level-to-level management, division of responsibility, real-time monitoring, prevention-oriented, rapid response, classified disposal, being duty-bound for the work, and coordinated response", the Bank actively collaborates internal efforts across all levels under the guidance of the regulators to incorporate reputation risk management into its corporate governance and comprehensive risk management system, and continues to implement various reputation risk management work and improve the effectiveness of reputation risk management.

During the reporting period, the Bank further improved its reputation risk management system in terms of governance structure, operating activities, normalization construction, and supervision and management, mainly focusing on the seven specific tasks below: First, the Bank strengthened reputation risk screening and public opinion early warning. It upgraded the big data public opinion monitoring system, and formulated emergency plans and special monitoring mechanism against "the National People's Congress and the Chinese People's Political Consultative Conference", "3.15 Consumer Rights Protection Day", "Double 11 Shopping Festival", and other important nodes. Second, the Bank established a sound pre-assessment mechanism for major complaint letters and visits, class actions, or public opinion events, and made plans based on the evaluation results to effectively prevent risks. Third, the Bank properly handled reputation risk events. It adopted a three-dimensional and multi-level strategy for false information, clarified the truth in an appropriate form, and responded to the public concerns. Fourth, the Bank comprehensively implemented the guidance of positive public opinion and enhanced its brand image all around with a supplementary matrix of "traditional media" and "new media". Fifth, the Bank conducted drills for crisis response and disposal from time to time to strengthen the capacity building of all functional departments and branches to control reputation risk and handle public opinion. Sixth, the Bank strengthened assessment and accountability. It included the prevention and disposal of reputation risk events in the assessment scope of each unit through the improvement of the Bank's risk assessment mechanism, and strengthened governance from the source. Seventh, the Bank conducted three-dimensional and multi-level publicity on themes such as supporting the real economy, accomplishing the tasks in the "Five Major Financial Initiatives", protecting consumer rights and interests, and fulfilling its corporate social responsibilities, to enhance its brand image.

3.5.9 Strategic risk

The Bank adhered to the leadership of Party building, actively implemented the spirit of the 20th CPC

National Congress, the plenary sessions of the 20th CPC Central Committee, as well as the Central Economic Work Conference, and supported China's "15th Five-Year Plan" with high quality. The Bank followed the policy orientation and regulatory requirements, and adhered to the strategy of "strong retail banking, selective corporate banking, and specialized interbank business". It continued to reduce costs, improve efficiency, and implement strict governance. In the face of the new landscapes, on the one hand, the Bank closely followed the national strategic plan to unlock new drivers for its development, and on the other hand, it seized the opportunities presented in the era of technological revolution, positioning technology strategy as the core driving force for its growth. The Bank continued to improve the mechanism for reviewing strategy formulation and implementation. On the premise of adhering to the established strategic principles, the Bank systematically aligned the annual business plan with the strategic objectives, closely integrated the development and changes of the internal and external situation with its keen market insight, and continuously enriched and deepened the connotation of its strategy, so as to ensure that its operation management and business development was always focused on the strategic objectives and to actively push forward the comprehensive implementation and efficient execution of the strategic plan of the Bank.

The Bank's strategy is in line with the requirements of the Party and the country, the development and changes of macroeconomic landscape and the evolving changes in customer demands. The Bank's overall ability to execute strategy is improving, and its strategic risk control capabilities are continuously enhancing. The strategic risk is generally stable and controllable.

3.5.10 Compliance risk

Compliance risk refers to the possibility of financial institutions or their employees to bear criminal, administrative and civil legal liabilities, suffer property losses, reputation losses, and other negative impacts due to operation and management of financial institutions or performance of duties of employees in violation of compliance norms. The Board determines the compliance management objectives, and takes ultimate responsibility for the effectiveness of compliance management. The senior management implements the compliance management objectives and takes the leadership responsibility for compliance of the businesses in their charge. Departments and branches are responsible for implementing the compliance management objectives and bear the primary responsibilities for the compliance management within respective departments and organizations at their own levels. The Legal Compliance Department takes the lead in the compliance management work. The Bank deepens the construction of compliance culture, creates an atmosphere of "not daring to, not able to and not willing to" break the rules based on the concepts of compliance starting from the top to cover all staff to create value, and promotes effective

combination of internal compliance management with external regulatory guidance.

During the reporting period, the Bank carried out the "Year of Deepening Compliance Risk Governance" activities. Aiming at enhancing the effectiveness of internal control and compliance management, the Bank focused on improving the capabilities of business empowerment, risk control, and risk resolution, strengthened foundational aspects such as construction of culture, institution, teams, policies, and systems, upheld bottom lines of compliance, effectively managed compliance risks, and supported business sustainability.

3.5.11 Money laundering risk

Money laundering risk refers to the exposure to money laundering, terrorist financing, financing of proliferation and other criminal activities on the money laundering upstream, in the course of business and operation management. The Bank has established a robust money laundering risk management mechanism, including well-organized money laundering risk management structure, hierarchical anti-money laundering (AML) system, comprehensive and effective risk assessment and monitoring mechanism, professional and reliable technical support, long-term AML training and propaganda mechanism, for effective identification, assessment, monitoring, control and reporting of the money laundering risk, thereby preventing and controlling the risk effectively.

During the reporting period, the Bank continued to improve its AML and sanction compliance management system, further strengthened the control of money laundering and sanctions risks, and implemented new AML regulations and regulatory requirements: First, the Bank continued to optimize money laundering risk management policies and procedures, improved the AML working mechanism, and enhanced AML management capabilities. Second, the Bank gradually established a centralized AML management model that aligned with international standards and reflected the Bank's characteristics, and built a professional AML talent team to improve the quality and effectiveness of monitoring and analysis. Third, the Bank strengthened money laundering risk management in key areas, reinforced the fulfillment of core obligations, and enhanced risk prevention and control capabilities. Fourth, the Bank actively carried out AML advocacy and training to improve AML awareness and capabilities across the organization, and effectively prevent risks of money laundering. Fifth, the Bank explored the practical application of new technologies in the field of AML, improved the AML model monitoring and warning system, upgraded the AML system and analysis enabler, and continuously improved the capabilities of AML monitoring and warning.

3.5.12 Legal risk

Legal risk arises when a signed contract may be confirmed invalid according to laws due to violation of laws or administrative regulations; a liability for compensation may be prosecuted according to laws for a

lawsuit or an arbitration filed for breach of contract, infringement or other causes; or a criminal or administrative liability may be prosecuted according to laws for business and management activities in violation of laws, regulations or regulatory provisions. The Bank has established an effective legal risk governance structure and determined division of management responsibilities. The Board is the top decision-making body of legal risk management and assumes the ultimate responsibility of legal risk management. The senior management assumes the implementation responsibility of legal risk management and executes the resolutions of the Board of Directors. The president responsible for risk management takes the lead in legal risk management and maintains full independence. The Legal Compliance Department of the head office is responsible for the implementation and management of legal risk as a whole.

During the reporting period, the Bank continued to enhance legal risk control: First, the Bank continued to refine the format of legal instruments, and optimized the standard legal instruments for key businesses to prevent and control legal risk associated with the businesses. Second, the Bank upheld professional leadership, supported the integrated operation of branches, empowered business development, and upheld bottom lines of compliance. Third, the Bank conducted legal research and legal risk warning and prompting on key businesses to support healthy development of the businesses. Fourth, the Bank strengthened the refined management of litigation and arbitration cases, intensified the management and empowerment of major and difficult cases in the process, constantly enhanced the capabilities and level of case handling to prevent secondary risks arising from case resolution. Fifth, the Bank continued to improve the quality of lawyer resources, strengthened the risk control of lawyers in the library, and further standardized the process management and result evaluation of lawyers' agency work.

3.5.13 Information technology risk

Information technology risk refers to the operational risk, legal risk, reputation risk and other risks caused by natural factors, human factors, technical loopholes and management defects in the application of information technology in commercial banks. The Bank has incorporated information technology risk in its comprehensive risk management and established three information technology risk defense lines consisting of the Financial Technology Department and related units, the Information Technology Risk Management Department and the Audit and Supervision Department. The three lines of defense have a clear division of labor, and each department is relatively independent, responsible for its own responsibility and interlinked, to implement information technology risk control from three dimensions - before, during and after the event.

During the reporting period, the Bank continued to refine the information technology risk management system, constantly expanded the breadth and depth of risk management, and carried out the planned

information technology risk identification, assessment, monitoring, reporting, tracking and disposal. The Bank attached importance to network and data security risk management and control, continued to internalize external regulations, implemented network and data security responsibilities, and strengthened network security monitoring and emergency management, to effectively guarantee the capital and information security of its customers. The Bank paid attention to the risks and controls in the application of new technologies such as AI and cloud computing, and strengthened its ability to prevent technology risk. The Bank strengthened the construction of its information technology risk culture by enhancing the dissemination of information technology risk knowledge. During the reporting period, the Bank's information system was in good working condition, and the overall information technology risk was under control.

3.6 Outlook

Prediction of operating performance from January to March 2026

Warning and explanation regarding the possible loss in the cumulative net profit from the beginning of the year to the end of the next reporting period or significant change of such profit compared with that in the same period of the last year.

□Applicable √Not applicable

3.6.1 Outlook for the macro and industry environment

The year 2026 marks the beginning of the "15th Five-Year Plan". China will be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and thoroughly implement the guiding principles from the 20th National Congress of the Communist Party of China (CPC), the successive plenary sessions of the 20th CPC Central Committee, the Central Financial Work Conference, and the Central Economic Work Conference. China will fully and faithfully apply the new development philosophy on all fronts, move faster to create a new pattern of development, and strive to promote high-quality development. Adhering to the general principle of pursuing progress while ensuring stability, China will implement more proactive and effective macro policies to drive meaningful improvements in the quality of economic development and achieve reasonable growth in volume, aiming to lay a solid foundation for a good start to the "15th Five-Year Plan".

In 2026, fiscal policy is expected to become more proactive, while monetary policy will remain moderately accommodative, jointly driving high-quality development. The macro-economy is projected to maintain steady growth, with high-quality development continuing to advance steadily. The banking industry will deepen the leadership of Party building, thoroughly implement the decisions and plans of the CPC Central Committee and the State Council, and comply with the requirements of regulatory authorities. Banks will

continue to enhance their capabilities to serve the real economy, effectively advance the "Five Major Financial Initiatives", support the development of new productive forces, and help expand domestic demand. They will comprehensively strengthen risk prevention and control, deepen all-round digital transformation, and actively pursue high-quality development.

3.6.2 Business plan

In 2026, the Bank will continue to uphold the leadership of the Party, and adhere to the political and people-oriented nature of financial work. It will continuously deepen strategic transformation, and enhance its ability to serve the real economy. In addition, it will strengthen financial risk prevention and control, and further advance digital transformation, actively practicing high-quality financial development.

First, the Bank will continue to deepen Party-building leadership. It will continuously strengthen the leadership and construction of the Party, and fully implement major decisions and plans of the CPC Central Committee and the State Council as well as the requirements of regulatory authorities. The Bank will further integrate Party leadership into corporate governance, Party building into organizational development, and the spirit of the Party into cultural development, deepening the integration of Party work and business operations. It will fully implement strict governance of the Party, and comprehensively lead the high-quality development of the Bank's management and operations through high-quality Party building.

Second, the Bank will continue to enhance its ability to serve the real economy through financial services. Fully leveraging its resource endowments and distinctive advantages on operations and management, the Bank will actively advance the "Five Major Financial Initiatives", support the development of new productive forces, and contribute to the construction of a modern industrial system. It will continue to develop consumer finance and private banking wealth management businesses, actively supporting the expansion of domestic demand. The Bank will also further develop market-making operations in the financial markets and risk-hedging services for corporate clients, promoting market vitality and reducing operation risks of corporate clients.

Third, the Bank will continue to strengthen financial risk prevention and control. It will consistently regard asset quality as the "top priority for sustainable development", comprehensively enhancing risk prevention, control and systematic monitoring in key areas, and proactively managing and defusing risks in key sectors such as real estate. The Bank will advance the risk resolution of existing problematic assets, and intensify the collection and disposal of non-performing assets. It will optimize customer bases and asset structures, strengthen policy support and steadily promote the deployment of high-quality assets. The Bank will further leverage technology to upgrade its intelligent risk control platform system, and improve supporting risk mechanisms, boosting the efficiency and quality of risk management across the entire business process. It

will also refine systems, processes and mechanisms, and upgrade system platforms to strengthen interest rate risk management in all aspects. The Bank will fully reinforce compliance risk management by deepening the new "grid-based" compliance governance model, enhancing the three core capabilities in compliance governance, constraints and culture. It will comprehensively strengthen public opinion and reputation risk management, as well as petition management, while reinforcing the protection of financial consumers' rights and interests. Focusing on key areas and emphasizing root-cause governance, the Bank will effectively safeguard consumers' legitimate rights. It will also comprehensively reinforce workplace safety, emergency drills, technical and joint prevention measures to safeguard financial security and social stability.

3.7 Formulation and implementation of the market value management system and valuation enhancement plan

Whether the Bank has established a market value management system.

√Yes □No

Whether the Bank has disclosed a valuation enhancement plan.

√Yes □No

On 14 March 2025, the Bank held the 36th meeting of the 12th Board of Directors, which deliberated and approved the Market Value Management System of Ping An Bank Co., Ltd. and the Valuation Enhancement Plan of Ping An Bank Co., Ltd. The Bank's valuation enhancement plan includes the following specific initiatives: first, enhancing its ability to serve the real economy and practicing high-quality development; second, establishing a long-term incentive mechanism to promote sustained and stable development; third, reasonably planning the proportion and frequency of cash dividends to share development outcomes with shareholders; fourth, continuously optimizing information disclosure and responding to market concerns; fifth, strengthening investor relations management to enhance market recognition; sixth, maintaining stable shareholding by major shareholders to boost market confidence. For more details, please refer to the Valuation Enhancement Plan of Ping An Bank Co., Ltd. published by the Bank on 15 March 2025 in the *China Securities Journal* (《中國證券報》), *Securities Times* (《證券時報》), *Shanghai Securities News* (《上海證券報》), *Securities Daily* (《證券日報》), and on the CNINFO (巨潮資訊網: http://www.cninfo.com.cn).

The Bank continues to practice high-quality development, focusing on enhancing its investment value and profitability to strengthen investor confidence and safeguard the interests of all shareholders. For the specific measures, progress and results of the Bank's implementation of the value enhancement plan, please refer to Section III 3.1 Overall analysis of operations, and 3.3 Discussion and analysis of the main

businesses, Section IV 4.4 Directors, supervisors and senior management – 4.15 Profit distribution of ordinary shares and capital reserve converted into share capital of the Company, 4.21 Environmental and social responsibilities, and other related sections.

3.8 Implementation of the "Dual Improvement in Quality and Return" Action Plan

Whether the Bank has disclosed an announcement regarding the "Dual Improvement in Quality and Return" Action Plan.

√Yes □No

The Bank has formulated the "Dual Improvement in Quality and Return" Action Plan. The specific initiatives include: first, remaining true to its roots, embedding value-based culture at its core, and reinforcing the concept of delivering returns to investors; second, upholding its original mission, enhancing focus on principal operations, and effectively serving the real economy; third, driving innovation, advancing technological and digital transformation, and supporting the development of technology-driven enterprises; fourth, strengthening governance, establishing an governance structure under the "five-sphere integrated plan", and expanding channels for investor participation; fifth, focusing on investor needs, improving information disclosure, and enhancing communication with shareholders. For more details, please refer to the *Announcement on the "Dual Improvement in Quality and Return" Action Plan of Ping An Bank Co., Ltd.* published by the Bank on 29 February 2024 in the *China Securities Journal* (《中國證券報》), *Securities Times* (《證券時報》), *Shanghai Securities News* (《上海證券報》), *Securities Daily* (《證券日報》), and on the *CNINFO* (巨潮資訊網: http://www.cninfo.com.cn).

The Bank firmly establishes the awareness of delivering returns to shareholders and consistently upholds an investor-centered approach, ensuring the effective implementation of the "Dual Improvement in Quality and Return" Action Plan. For the specific measures, progress and results of the Bank's implementation of the action plan, please refer to Section III 3.1 Overall analysis of operations, and 3.3 Discussion and analysis of the main businesses, Section IV 4.4 Directors, supervisors and senior management – 4.15 Profit distribution of ordinary shares and capital reserve converted into share capital of the Company, 4.21 Environmental and social responsibilities, and other related sections.

Section IV Corporate Governance, Environment and Society

4.1 Basic situation of corporate governance

During the reporting period, the Bank was committed to further completing the corporate governance system and perfecting the corporate governance structure in accordance with the provisions of the *Company Law*, *Securities Law*, *Commercial Bank Law* and other relevant laws and regulations, as well as the regulatory requirements of the China Securities Regulatory Commission and the National Financial Regulation Administration. The Bank has established a number of corporate governance systems, including the Articles of Association, rules of procedures for the Shareholders' Meeting, the Board of Directors and the Supervisory Committee, working instructions for the Board of Directors and the Supervisory Committee and their special committees, work instructions for independent directors, information disclosure management system, investor relations system, measures for the administration of equity affairs, measures for the administration of shares held by directors, supervisors and senior management and changes in shareholding, registration management system for people with insider information, accountability system of major errors in annual report information disclosure, system of preventing major shareholders and related parties occupying the funds, performance evaluation methods of directors and supervisors, etc.

During the reporting period, the Shareholders' Meeting of the Bank has effectively played its functions in accordance with the relevant provisions of the *Company Law* and the Articles of Association. The Board of Directors shall be responsible for the Shareholders' Meeting, and bear the ultimate responsibility for the operation and management of the Bank, and shall hold the meeting in accordance with the legal procedures and exercise its functions and powers. The Supervisory Committee, with its responsible attitude towards all shareholders, shall maintain close contact and communication with the Board of Directors and the management, and carry out performance evaluation of directors, supervisors and senior management, to effectively perform the supervisory functions and duties. The management of the Bank abides by the principle of good faith, prudently and diligently performs its duties, and carries out management according to the decision of the Board of Directors.

On 16 December 2025, the Bank adopted and approved the proposal titled *Amendment to the Articles of Association of Ping An Bank Co., Ltd*. at the first Shareholders' Meeting of 2025. Subsequently, on 4 January 2026, the *Articles of Association of Ping An Bank Co., Ltd.* were officially approved by the National Financial Regulatory Administration. Following this regulatory approval, the Bank's Board of Supervisors and its individual supervisors were legally dissolved in accordance with the law, and all corporate

governance systems related to the Board of Supervisors, including its rules of procedures, were simultaneously invalidated.

Whether there is a significant difference between the actual situation of corporate governance and laws, administrative regulations and the regulations issued by the China Securities Regulatory Commission on the governance of listed companies

□ Yes √ No

4.2 Company's independence from the controlling shareholder and the actual controller in terms of ensuring the company's assets, personnel, finance, institutions, business, etc.

The Bank has no actual controller. The Bank is completely separated from its controlling shareholder in terms of assets, personnel, finance, institutions and business, and has an independent and complete business and independent operation ability. In terms of assets, the Bank's assets are complete, and the property relations are clear. The Bank has independent premises for business activities and property rights, trademark registration right, non-patented technology and other intangible assets. In terms of personnel, the Bank is independent of the controlling shareholder in labor, personnel, payroll management and other aspects; members of the operating management do not hold posts in the shareholders' units. In terms of finance, the Bank has established an independent financial management system and accounting system, with independent accounting and independent tax. In terms of organization, the Bank has an organization structure which is completely independent from the controlling shareholder. In terms of business, the Bank has an independent operation and sales system.

During the reporting period, there was no non-standard corporate governance situation such as the Bank's controlling shareholder interfering in the Bank's operation and management.

4.3 Competition in the same business

□ Applicable √ Not applicable

During the reporting period, the controlling shareholder of the Bank and other units it controls did not engage in businesses identical or similar to those of the Bank.

4.4 Directors, supervisors and senior management

4.4.1 General information

Name	Title	Service status	Gender	Age	Term	Shareholding at the beginning of the period (share)	Shareholding increased in the period (share)	Shareholding decreased in the period (share)	Other increase or decrease (share)	Shareholding at the end of the period (share)	Reason for the increase or decrease of shares
Xie Yonglin	Chairman	In-service	Male	57	From December 2016 to change of term	26,700	-	-	-	26,700	-
Ji Guangheng	Director, President of the Bank	In-service	Male	57	Director: From November 2023 to change of term President of the Bank: from November 2023 till now	-	-	-	-	-	-
Guo Xiaotao	Director	In-service	Male	54	From September 2024 to change of term	-	-	-	-	-	-
Fu Xin	Director	In-service	Female	46	From March 2024 to change of term	-	-	-	-	-	-
Cai Fangfang	Director	In-service	Female	51	From January 2014 to change of term	-	-	-	-	-	-
Xiang Youzhi	Director, Vice President of the Bank CFO	In-service	Male	61	Director: From January 2020 to change of term Vice President of the Bank: from June	26,000	-	-	-	26,000	-

					2020 till now CFO: from January 2018 till now						
Yang Zhiqun	Director, Vice President of the Bank	In-service	Male	55	Director: From January 2020 to change of term Vice President of the Bank: from April 2019 till now	50,000	-	-	-	50,000	-
Wu Zhipan	Independent Director	In-service	Male	69	From May 2023 to change of term	-	-	-	-	-	-
Liu Feng	Independent Director	In-service	Male	59	From April 2023 to change of term	-	-	-	-	-	-
Pan Min	Independent Director	In-service	Male	59	From May 2024 to change of term	-	-	-	-	-	-
Zhang Jie	Independent Director	In-service	Male	60	From March 2026 to change of term						
Fang Weihao	Vice President of the Bank	In-service	Male	52	From June 2025 till now	-	-	-	-	-	-
Zhou Qiang	Board Secretary	In-service	Male	53	From June 2014 till now	-	-	-	-	-	-
Guo Jian	Director	Left post	Male	61	From February 2017 to December 2025	-	-	-	-	-	-
Yang Jun	Independent Director	Left post	Male	67	From September 2020 to	-	-	-	-	-	-

					December 2025							
Ai Chunrong	Independent Director	Left post	Male	63	From September 2020 to December 2025	-	-	-	-	-	-	
Ye Wangchun	Chairman of Supervisory Committee Supervisor Employee	Left post	Male	70	From December 2022 to January 2026	-	-	-	-	-	-	
Che Guobao	Supervisor of Shareholder	Left post	Male	76	From December 2010 to January 2026	-	-	-	-	-	-	
Wang Chunhan	External supervisor	Left post	Male	74	From September 2020 to January 2026	-	-	-	-	-	-	
Han Xiaojing	External supervisor	Left post	Male	70	From September 2020 to January 2026	-	-	-	-	-	-	
Sun Yongzhen	Employee supervisor	Left post	Female	57	From October 2018 to January 2026	-	-	-	-	-	-	
Deng Hong	Employee supervisor	Left post	Female	51	From November 2022 to January 2026	-	-	-	-	-	-	
Total						102,700	-	-	-	102,700	-	

Note: (1) On 16 December 2025, the Bank's first Extraordinary General Meeting in 2025 deliberated and approved the proposal on change of Board of Directors. The qualifications of Mr. Zhang Jie and Mr. Yang Yunjie as Independent Directors are subject to the approval by the National Financial Regulation Administration (NFRA). Mr. Yang Jun and Mr. Ai Chunrong, Independent Directors of the 12th Board of Directors, will continue to perform their duties until the qualifications of the newly appointed Independent Directors are approved by the NFRA. They will cease to hold office on the date when the qualifications of Mr. Yang Yunjie and Mr. Zhang Jie as Independent Directors are approved by the NFRA. On 13 March 2026, the NFRA approved Mr. Zhang Jie's appointment as an independent director of the Bank.

(2) On 4 January 2026, the Articles of Association of Ping An Bank Co., Ltd. were approved by the National Financial

Regulatory Administration. Accordingly, the Bank's Supervisory Committee and its supervisors were legally abolished, and the Audit Committee of the Board of Directors assumed the responsibilities and authorities of the Supervisory Committee as stipulated under the Company Law of the People's Republic of China and relevant regulatory requirements.

(3) The persons mentioned in this table do not hold the Bank's stock options or restricted shares.

4.4.2 Whether there is any resignation of directors, supervisors and senior management within their term of office during the reporting period

□ Yes √ No

4.4.3 Changes in the directors, supervisors and senior management of the Company

Name	Role	Type	Date	Reason
Guo Jian	Non-executive Director	Left post due to expiration of appointment	16 December 2025	Change of term
Yang Jun	Independent Director	Left post due to expiration of appointment	16 December 2025	Change of term
Ai Chunrong	Independent Director	Left post due to expiration of appointment	16 December 2025	Change of term
Ye Wangchun	Chairman of Supervisory Committee, Employee Supervisor	Left post due to expiration of appointment	4 January 2026	Change of term
Che Guobao	Supervisor of Shareholder	Left post due to expiration of appointment	4 January 2026	Change of term
Wang Chunhan	External supervisor	Left post due to expiration of appointment	4 January 2026	Change of term
Han Xiaojing	External supervisor	Left post due to expiration of appointment	4 January 2026	Change of term
Sun Yongzhen	Employee supervisor	Left post due to expiration of appointment	4 January 2026	Change of term
Deng Hong	Employee supervisor	Left post due to expiration of appointment	4 January 2026	Change of term
Zhang Jie	Independent Director	Elected	13 March 2026	Regulatory approval
Yang Yunjie	Independent Director	Elected	16 December 2025	Change of term
Fang Weihao	Vice President	Appointment	22 June 2025	Regulatory approval

4.4.4 Professional background, main work experiences and current major responsibility in the Company of incumbent directors and senior management

Mr. Xie Yonglin, Non-executive Director and Chairman. Born in 1968, Mr. Xie holds a master's degree in science and doctor's degree in management from Nanjing University. Now he serves as the Executive

Director, General Manager and Co-CEO of China Ping An. He has been the Chairman of Ping An Bank since December 2016,

Mr. Xie Yonglin joined China Ping An in October 1994 as a grass-roots salesperson and successively worked as the Deputy General Manager of a Ping An Property & Casualty Insurance branch, Deputy General Manager and General Manager of a Ping An Life Insurance branch, and General Manager of the Marketing Department of Ping An Life Insurance. From June 2005 to March 2006, he was the Deputy Director of China Ping An Reform and Development Center. From March 2006 to November 2013, he was the Operation Director, HR Director and Vice President of Ping An Bank successively. From November 2013 to November 2016, he worked successively as the Special Assistant to Chairman, General Manager & CEO, and Chairman of Ping An Securities. From September 2016 to December 2019, he was the Deputy General Manager of China Ping An. He has been the Deputy Secretary of the CPC Committee of China Ping An since July 2018, Co-CEO of China Ping An since December 2018, and General Manager of China Ping An since December 2019. Since April 2020, he has worked as the Executive Director of China Ping An.

Mr. Ji Guangheng, Executive Director and President of the Bank. Born in 1968, Mr. Ji holds a bachelor's degree in economic geography, master's degree in human geography and doctor's degree in regional economics from Peking University. Now he is a senior economist.

Mr. Ji Guangheng joined China Ping An in April 2020. He successively served as the Secretary of the CPC Committee and General Manager of Shanghai Headquarters, Secretary of the CPC Committee and Chairman of Lufax Holding Ltd., and Deputy General Manager of China Ping An. Deputy Secretary of the CPC Committee of China Ping An since July 2022 Since June 2023, he has served as the Party secretary of Ping An Bank. Since November 2023, he has served as the Executive Director and President of Ping An Bank.

Before joining China Ping An, Mr. Ji served as the Vice Chairman and Co-President of Baoneng Group; Secretary of the CPC Committee and Chairman of Shanghai Rural Commercial Bank; member of CPC Committee and Vice President of Shanghai Pudong Development Bank, and Secretary of the CPC Committee and President of Beijing Branch; member of CPC Committee and Vice President of Industrial and Commercial Bank of China Beijing Branch, Office Director and Director of Party Affairs of Beijing Branch, Secretary of the CPC Committee and President of Chang'an Branch, Full-time Secretary of the Vice President of and Deputy Director of Market Development Department of Housing Credit Department of the Head Office; Director and Deputy General Manager of Shanghai Yingong Real Estate Development Co., Ltd.

Mr. Guo Xiaotao, Non-executive Director. Born in 1971, Mr. Guo is a master of business administration

from the University of New South Wales, Australia. Now he serves as the Executive Director, Co-CEO and Deputy General Manager of China Ping An. Since September 2024, he has been the Director of Ping An Bank.

Mr. Guo Xiaotao joined China Ping An in September 2019. From August 2022 to September 2023, he successively served as the Deputy Chief Human Resources Officer ("CHRO") and the CHRO of China Ping An. Before that, he worked as the Special Assistant to Chairman and the Standing Deputy General Manager of Ping An Property & Casualty Insurance successively. He has served as the Co-CEO of China Ping An since September 2023. He has served as the Deputy General Manager of China Ping An since December 2023, and the Executive Director of China Ping An since September 2024.

Before joining China Ping An, Mr. Guo Xiaotao served as Managing Director, Global Partner and Digital Technology Head, Greater China of the Boston Consulting Group, and Global Co-CEO of Capital Markets at Wills Towers Watson.

Ms. Fu Xin, Non-Executive Director. Born in 1979, Ms. Fu Xin holds a master degree in business administration in Shanghai Jiao Tong University. She is currently the Executive Director, the Deputy General Manager and CFO of China Ping An. She has served as the Director of Ping An Bank from March 2024 to present.

Ms. Fu Xin joined China Ping An in October 2017 as the General Manager in the Planning Department of China Ping An, and served as the Deputy CFO of China Ping An from March 2020 to March 2022 and the COO of China Ping An from March 2022 to September 2023, respectively. She has been the Deputy General Manager of China Ping An from August 2023 to present, the Executive Director of China Ping An from September 2024 to present, and the CFO (Head of Finance) of China Ping An from March 2025 to present.

Prior to joining China Ping An, Ms. Fu Xin was a partner of the financial sector at Roland Berger and an executive director at PricewaterhouseCoopers.

Ms. Cai Fangfang, Non-executive Director. Born in 1974, Ms. Cai is a master of accounting from the University of New South Wales, Australia. She is currently the Executive Director and Deputy General Manager of China Ping An. Since January 2014, she has been the Director of Ping An Bank.

Ms. Cai Fangfang joined China Ping An in July 2007. She worked successively as the Deputy General Manager and General Manager in the Compensation Planning and Management Department of Human Resource Center of China Ping An from October 2009 to February 2012. She was the Deputy CFO of China Ping An and General Manager of the Planning Department of China Ping An from February 2012 to September 2013. She was the Deputy CHRO of China Ping An from September 2013 to March 2015. She has served as the Executive Director of China Ping An since July 2014. She was the CHRO of China Ping

An from March 2015 to April 2023. Also, she has been the Deputy General Manager of China Ping An since December 2019.

Before joining China Ping An, Ms. Cai once worked as a consulting director in Watson Wyatt Consultancy (Shanghai) Co., Ltd. and an audit director specialized in financial industry in Britain Standards Institutions Management Systems Certification Co. Ltd.

Mr. Xiang Youzhi, Executive Director, Vice President of the Bank and CFO. Born in 1964, Mr. Xiang is a doctor of management from Xiamen University, a senior accountant and a non-practicing certified public accountant.

From July 1987 to September 1991, Mr. Xiang worked as a teaching assistant in Faculty of Economics and Management of East China Metallurgic Institute (now Anhui University of Technology); from September 1991 to July 1994, he got a master's degree in accounting from Xiamen University; from August 1994 to August 1995, he worked as a lecturer in Faculty of Economics and Management of East China Metallurgic Institute (now Anhui University of Technology); from September 1995 to August 1998, he pursued a doctorate in management from Xiamen University; from September 1998 to April 2007, he successively served as the Manager of the Accounting Department, assistant to General Manager, Deputy General Manager, and Deputy General Manager of Planning and Finance Department at the head office of China Merchants Bank; from April 2007 to July 2013, he successively worked as the Planning and Finance Director of Ping An Bank (formerly Shenzhen Development Bank), and also General Manager of Planning and Finance Management Department and General Manager of Asset and Liability Management Department of the Bank; from July 2013 to May 2014, he worked as General Manager of the Planning Department of China Ping An; from May 2014 to August 2017, he was Finance Director and General Manager of the Finance Department of China Ping An; he has worked in Ping An Bank since August 2017 and served as CFO of Ping An Bank since January 2018, Executive Director of Ping An Bank since January 2020, and Vice President and CFO of Ping An Bank since June 2020.

Mr. Yang Zhiqun, Executive Director and Vice President of the Bank. Born in 1970, Mr. Yang holds a doctor's degree in world economics from Nankai University and is now a senior economist.

From 1991 to October 1996, he served in Guangzhou Jiufo Electric Co., Ltd. and China Nanhai Petroleum United Service General Company; from October 1996 to September 2008, he served in China Minsheng Bank as a teller, Deputy Chief, Chief and Deputy General Manager of Division 1 under the Marketing Department of Guangzhou Branch (directing operations), Vice President of Tianhe Branch (directing operations), President of Tianhe Branch, Senior Assistant to President of the Branch, and Vice President of the Branch successively; from October 2008 to February 2011, he was the leader of the preparatory group of Former Ping An Bank Guangzhou Branch and President of the Branch; from March 2011 to March 2015, he

was President of Ping An Bank (formerly known as Shenzhen Development Bank) Guangzhou Branch; from March 2015 to November 2016, he served as General Manager of Ping An Securities Co., Ltd.; he has served as the Secretary of the CPC Committee of Ping An Bank Shenzhen Branch from November 2016 to December 2023; from May 2017 to December 2023, he was the President of Ping An Bank Shenzhen Branch; from May 2017 to April 2019, he was an assistant to President of Ping An Bank. He has served as the Vice President of Ping An Bank since April 2019, and Executive Director of Ping An Bank since January 2020. Since April 2025, he has concurrently served as Secretary of the CPC Committee of Beijing Branch and President.

Mr. Wu Zhipan, Independent Director. Born in 1956, Mr. Wu holds a doctor's degree in law and is now a Professor and Doctoral Supervisor in Peking University Law School. Since May 2023, he has been Independent Director of Ping An Bank.

Mr. Wu Zhipan joined the work in September 1975, studied in the Law Department of Peking University from 1978 to 1988, and obtained a bachelor's degree, master's degree and doctor's degree in law. Since 1988, he has worked at Peking University. He has successively served as a lecturer, associate professor and professor of the Law Department, deputy director and director of the Law Department, Dean of the Law School, and assistant president, vice president, executive deputy secretary and executive vice president of Peking University. He has also served as the Director of the Financial Law Research Center of Peking University and Dean of Guanghua School of Management.

Professor Wu Zhipan's research fields include financial law, international economic law and international financial law. He has published some monographs such as *Introduction to Financial Law* and *International Financial Law*. He served as a consultant to the drafting group of the Law of the People's Republic of China on the People's Bank of China and Law of the People's Republic of China on Commercial Banks, Vice Chairman of the China Law Society, and Vice Chairman of the China Finance Association, and participated in the drafting of Securities Law. Since 2020, he has worked as a senior advisory expert of the China Securities Regulatory Commission on the construction of the rule of law in the capital market. He concurrently worked as an Independent Director of BlueFocus Intelligent Communications Group Co., Ltd. and China Trust Protection Fund Co., Ltd. He also served as an Independent Director of Air China Limited, China Minsheng Banking Corp., Ltd., China National Petroleum Corporation, Henan Zhongfu Industry Co., Ltd. and Hwabao WP Fund Management Co., Ltd.

Mr. Liu Feng, Independent Director. Born in 1966, Mr. Liu holds a doctor's degree in economics (accounting) and now is a Professor of Accounting Department and Director of Accounting Development Research Center of Xiamen University. Since April 2023, he has served as an Independent Director of Ping An Bank.

Mr. Liu Feng was admitted to the Accounting Department of Xiamen University in 1983. He graduated from Xiamen University in 1987 and stayed on teaching. During that time, he obtained a doctor's degree in economics (accounting) in October 1994 and was promoted to professor in November 1997. From January 2000 to August 2010, he taught in the Accounting Department of School of Business of Sun Yat-sen University, and concurrently served as the Director of Modern Accounting and Finance Research Center of Sun Yat-sen University. Since September 2010, he has taught in the Accounting Department of Xiamen University. He successively served as Vice Dean of School of Business of Sun Yat-sen University, and Vice Dean of School of Management, Xiamen University. He is currently a Professor of Accounting Department and Director of Accounting Development Research Center of Xiamen University, and Chief Editor of *Contemporary Accounting Review*.

His long-term research fields include accounting theories, accounting standards and corporate governance. He successively undertook a number of national natural science fund and social science fund projects, and major base projects of the Ministry of Education. He was a member of the Accounting Standards Advisory Committee of the Ministry of Finance. From 2020 to 2025, he served as a member of the IFRS Advisory Council in China. Since 2020, he has been a member of the first and the second Accounting Professional Advisory Committee of Shenzhen Stock Exchange. He concurrently worked as an Independent Director of Xiamen ITG Group Corp., Ltd., Luckin Coffee (China) Co., Ltd., and China Jinmao Holdings Group Limited. He has been an Independent Director of Fujian Aonong Biological Technology Group Incorporation Limited, Debang Logistics Limited by Share Ltd, COSCO SHIPPING Corporation Limited Company (now renamed COSCO SHIPPING Specialized Carriers Co., Ltd.), Bank of Hangzhou Co., Ltd., Xiamen C&D Inc., Shanghai Rongtai Health Technology Corporation Limited, and Qingdao Haier Co., Ltd. (now renamed Haier Smart Home Co., Ltd.).

Mr. Pan Min, Independent Director. Born in 1966, Mr. Pan Min holds a doctoral degree in economics. He is now a Professor and Doctoral Supervisor of the Department of Finance, Economics and Management School of Wuhan University, and Director of Financial Development and Policy Research Center of Wuhan University. Since May 2024, Mr. Pan has been Independent Director of Ping An Bank.

Mr. Pan received a bachelor's degree in economics from Wuhan University in June 1987, a master's degree in economics from Wuhan University in June 1990 and a doctor's degree in economics from Kobe University in March 2000. From July 1990 to September 1995, he was Assistant Professor and Instructor of Finance, Management School of Wuhan University. From April 2000 to October 2003, he was Lecturer and Associate Professor of Business School of Wuhan University. Since November 2003, he has been Professor and Doctoral Supervisor of the Department of Finance, Economics and Management School of Wuhan University. During this period, Mr. Pan served as Deputy Director of Finance, Economics and Management

School of Wuhan University from June 2005 to June 2013, Associate Dean of Economics and Management School of Wuhan University from July 2013 to December 2017 and Executive Dean from January 2016 to December 2017. From September 2019 to June 2022, he concurrently served as Dean, Professor and Doctoral Supervisor of College of Finance and Statistics of Hunan University.

Mr. Pan is mainly specialized in financial economics, corporate finance and banking governance, monetary theory and policy, etc. He is also a member of the National Steering Committee for Postgraduate Education of Finance Degree, a member of council of the China International Finance Society, a member of council of the Chinese Finance Annual Meeting, etc. He has led more than 20 major and general project topics, published more than 70 papers and 3 academic works, winning the Outstanding Research Award of Hubei Province. He also serves as Independent Director of Fortune Trend and HF Wealth Management, and has served as Independent Director of Giantec and Hubei Bank.

Mr. Zhang Jie, Independent Director. Born in 1965, Mr. Zhang, a PhD in economics, is now a Professor and Doctoral Supervisor in the School of Finance of Finance and Economics of Renmin University of China. Since March 2026, Mr. Zhang Jie has been an Independent Director of Ping An Bank.

Mr. Zhang Jie successively obtained his Bachelor's, Master's, and Doctoral degrees in Economics from the Department of Finance at Shaanxi Institute of Finance and Economics in July 1984, July 1990, and July 1993, respectively. From July 1984 to April 2000, he served as teaching assistant, lecturer, associate professor, and professor at Shaanxi Institute of Finance and Economics, and held administrative positions including Executive Deputy Director and Director of the Department of Finance, and Dean of the School of Finance and Public Finance. From April 2000 to September 2002, he was Deputy Dean, Professor, Doctoral Supervisor, and Chairman of the Academic Committee at the School of Economics and Finance, Xi'an Jiaotong University, while also serving as Director of the Center for Financial Institutions and Development Research. Since September 2002, he has been teaching at the School of Finance, Renmin University of China, where he served as Director of the China Fiscal and Financial Policy Research Center from March 2007 to March 2010, Vice Dean of the School of Finance from September 2008 to August 2017, and Director of the International Monetary Institute (IMI) from December 2009 to June 2024. Currently, he is a Professor and Doctoral Supervisor at the School of Finance, Renmin University of China. He has been selected into the National High-Level Talent Program, enjoys the State Council Special Allowance, and serves concurrently as an executive council member of the China Society for Finance and Banking. He was previously a researcher at the Financial Research Center of the Counsellors' Office of the State Council.

Mr. Zhang Jie has long been dedicated to the study of institutional finance and issues related to China's financial system and financial development. His representative academic works include The Perplexity of Heaven and Earth: A Comprehensive Examination of China's Monetary History and Culture, The Structure

and Evolution of China's Financial System, and The Institutional Paradigm of Financial Analysis: An Introduction to Institutional Finance. He has received numerous honors, including the first-ever “University Young Faculty Award” from the Ministry of Education and the first Sun Yefang Financial Innovation Award for Academic Works. He previously served as External Supervisor at Industrial and Commercial Bank of China (ICBC), External Supervisor at Agricultural Bank of China (ABC), and Independent Director at Industrial Bank Co., Ltd.

Mr. Fang Weihao, Vice President. Born in 1973, Mr. Fang holds a bachelor’s degree in Mechanical Engineering and Automation from Beijing Institute of Technology, an MBA from China Europe International Business School (CEIBS), and a doctor in Applied Economics from Xi’an Jiaotong University. Mr. Fang joined Ping An Group in August 2012 and has successively served as Chairman and CEO of Ping An International Financial Leasing Co., Ltd., Vice Chairman and Director of Ping An Property & Casualty Insurance Company of China, Ltd., Chairman and CEO of Pingan Medical Health Management Co., Ltd., Chairman and CEO of Ping An Healthcare and Technology Company Limited, Secretary of the CPC Committee and Chairman of Ping An Trust Co., Ltd.

Prior to joining Ping An, Mr. Fang served as Executive Vice President of Far East Horizon Ltd., Standing Deputy General Manager of International Far Eastern Leasing Co., Ltd.; Deputy General Manager of Sinochem International Tendering Co., Ltd.; and Business Manager at Sinochem International Industrial Co., Ltd.

Mr. Zhou Qiang, Board Secretary. Born in 1972, Mr. Zhou graduated from the Department of International Finance, School of Economics, Nankai University, and holds a Ph.D. in Economics.

From July 2001 to April 2007, Mr. Zhou successively served as the Business Manager of Investment Banking Division of Ping An Securities Co., Ltd., Deputy General Manager and General Manager of Investment Banking Management Department; from April 2007 to October 2011, he served as the Deputy Director of Board Office and Securities Affairs Representative of China Ping An; from October 2011 to May 2014, he successively served as an Assistant to the General Manager and Deputy General Manager of Ping An Securities. Since June 2014, he has served as a Board Secretary of Ping An Bank.

4.4.5 Particulars of concurrent holding of Chairman and General Manager positions by the controlling shareholder and actual controller of a listed company

√Yes □No

4.4.6 Directors' service status in shareholder units

Name	Serving shareholder unit	Title	Term
Xie Yonglin	Ping An Insurance (Group) Company of China, Ltd.	Executive Director	From April 2020 till now
		General Manager	From December 2019 till now
		Co-CEO	From December 2018 till now
Guo Xiaotao	Ping An Insurance (Group) Company of China, Ltd.	Executive Director	From September 2024 till now
		Co-CEO	From September 2023 till now
		Deputy General Manager	From December 2023 till now
	Ping An Life Insurance Company of China, Ltd.	Non-executive Director	From May 2024 till now
Fu Xin	Ping An Insurance (Group) Company of China, Ltd.	Executive Director	From September 2024 till now
		Deputy General Manager	From August 2023 till now
		Chief Financial Officer (Financial Director)	From March 2025 till now
	Ping An Life Insurance Company of China, Ltd.	Non-executive Director	From September 2023 till now
Cai Fangfang	Ping An Insurance (Group) Company of China, Ltd.	Executive Director	From July 2014 till now
		Deputy General Manager	From December 2019 till now
	Ping An Life Insurance Company of China, Ltd.	Non-executive Director	From December 2013 till now

4.4.7 Directors and senior management staff's service status in other entities besides shareholder units

Name	Name of other entities	Title
Xie Yonglin	Ping An Assets Management Co., Ltd.	Non-executive Director
Guo Xiaotao	Ping An Property & Casualty Insurance Company of China, Ltd.	Non-executive Director
	OneConnect Financial Technology Co., Ltd.	Non-executive Director
	Ping An Healthcare and Technology Company Limited	Chairman
Fu Xin	Ping An Assets Management Co., Ltd.	Non-executive Director
	Ping An Healthcare and Technology Company Limited	Non-executive Director
	OneConnect Financial Technology Co., Ltd.	Non-executive Director
Cai Fangfang	Ping An Property & Casualty Insurance Company of China, Ltd.	Non-executive Director
	Ping An Health Insurance Company of China, Ltd.	Non-executive Director
	Ping An Assets Management Co., Ltd.	Non-executive Director
	Shenzhen Ping An Integrated Financial Services Co., Ltd.	Non-executive Director
	Lufax Holding Ltd.	Non-executive Director

Name	Name of other entities	Title
	Ping An Healthcare and Technology Company Limited	Non-executive Director
Wu Zhipan	Peking University	Professor of Law School, Doctoral Supervisor
	BlueFocus Intelligent Communications Group Co., Ltd.	Independent Director
	China Trust Protection Fund Co., Ltd.	Independent Director
Liu Feng	Xiamen University	Professor and Doctoral Supervisor of Accounting Department, Director of Accounting Development Research Center
	Xiamen ITG Group Corp., Ltd.	Independent Director
	Luckin Coffee Inc.	Independent Director
	China Jinmao Holdings Group Limited.	Independent Director
Pan Min	Wuhan University	Professor and Doctoral Supervisor of the Department of Finance
	Shenzhen Fortune Trend Technology Co., Ltd.	Independent Director
	HF Wealth Management Co., Ltd.	Independent Director
Zhang Jie	Renmin University of China	Professor and Doctoral Supervisor of the School of Finance

4.4.8 Penalties imposed by securities regulatory authorities in past three years on directors, supervisors and senior management staff in-service or leaving their posts during the reporting period

□ Applicable √ Not applicable

4.5 Directors, supervisors and senior management staff remuneration

Decision-making process, determining bases and actual payment of compensation for directors, supervisors and senior management staff of the Bank: the compensation plan for the Bank's senior management staff was deliberated and approved by board meeting of the Bank. The compensation plans for the Bank's directors and supervisors were deliberated and approved by the shareholder' meeting of the Bank after being deliberated and approved by the Board of Directors and the Supervisory Committee respectively.

Compensation for directors, supervisors and senior management staff during the reporting period:

(In RMB ten thousands)

Name	Gender	Age	Title	Service status	Total pre-tax remuneration obtained from the Company	Whether to obtain remuneration from the company's related parties
Xie Yonglin	Male	57	Chairman	In-service	-	Yes
Ji Guangheng	Male	57	Director, President	In-service	400.01	No

			of the Bank			
Guo Xiaotao	Male	54	Director	In-service	-	Yes
Fu Xin	Female	46	Director	In-service	-	Yes
Cai Fangfang	Female	51	Director	In-service	-	Yes
Xiang Youzhi	Male	61	Director, Vice President, CFO	In-service	264.96	No
Yang Zhiqun	Male	55	Director, Vice President	In-service	276.63	No
Wu Zhipan	Male	69	Independent Director	In-service	46.02	No
Liu Feng	Male	59	Independent Director	In-service	46.92	No
Pan Min	Male	59	Independent Director	In-service	45.86	No
Fang Weihao	Male	52	Vice President	In-service	239.44	No
Zhou Qiang	Male	53	Board Secretary	In-service	226.87	No
Guo Jian	Male	61	Director	Left post	33.23	Yes
Yang Jun	Male	67	Independent Director	Left post	46.42	No
Ai Chunrong	Male	63	Independent Director	Left post	46.70	No
Ye Wangchun	Male	70	Chairman of the Supervisory Committee, Employee supervisor	Left post	80.37	No
Che Guobao	Male	76	Supervisor of Shareholder	Left post	30.40	Yes
Wang Chunhan	Male	74	External supervisor	Left post	34.00	No
Han Xiaojing	Male	70	External supervisor	Left post	31.84	No
Sun Yongzhen	Female	57	Employee supervisor	Left post	211.49	No
Deng Hong	Female	51	Employee supervisor	Left post	203.67	No

Notes: (1) Directors Xie Yonglin, Guo Xiaotao, Fu Xin and Cai Fangfang serve in and receive compensation from China Ping An, the controlling shareholder of the Bank. See the 2025 Annual Report of Ping An Insurance (Group) Company of China, Ltd. for information about their compensation. Aforesaid persons did not receive compensation from the Bank.

(2) Compensations settled by the Bank during the reporting period for newly appointed staff or those who left post in the current year are calculated by their work time during the reporting period.

(3) The total pre-tax compensation of executive directors, employee supervisors and senior management staff who

work for the Bank is to be confirmed and others will be disclosed separately after confirmation.

(4) As a member company of China Ping An, the Bank's senior management staff and some core personnel can voluntarily participate in the Long-term Service Plan of Ping An Insurance (Group) Company of China, Ltd. and the Core Personnel Stock Ownership Plan of Ping An Insurance (Group) Company of China, Ltd. The source of funds is based on the amount of employee benefits payable and the final actual settlement is subject to the conditions specified in these plans.

Basis for performance assessment related to actual compensation received by all directors and senior management as of the end of the reporting period	Directors who receive allowances and directors who do not receive director compensation from the Bank are not subject to the performance-based compensation arrangement, the same applies below. The performance assessment scheme for the Bank's senior management is determined in conjunction with business planning, risk and compliance requirements, and social responsibility obligations. The assessment results are linked to the performance-based compensation, etc., of senior management.
Completion status of performance assessments related to actual compensation received by all directors and senior management as of the end of the reporting period	The evaluation of the performance of duties and the assessment results for the Bank's senior management during the reporting period are still in the process of confirmation. Details will be disclosed separately upon confirmation.
Deferred payment arrangements for actual compensation received by all directors and senior management as of the end of the reporting period	In accordance with the *Supervisory Guidelines on Sound Compensation in Commercial Banks* (《商業銀行穩健薪酬監管指引》) and the Bank's relevant regulations, a portion of the performance-based compensation for the Bank's senior management is subject to deferred payment. The deferral period is three years, with a deferral ratio of 50% for key senior management and 40% for other senior management. Total compensation settled by the Bank for its senior management during the reporting period includes portions that are deferred and not yet paid.
Clawback and recovery status related to actual compensation received by all directors and senior management as of the end of the reporting period	In accordance with laws and regulations such as the *Measures for Penalizing Financial Violations* (《金融違法行為處罰辦法》), the *Supervisory Guidelines on Sound Compensation in Commercial Banks* (《商業銀行穩健薪酬監管指引》), and the *Guiding Opinions on Establishing and Improving the Mechanism for Clawing Back Performance-based Compensation in Banking and Insurance Institutions* (《關於建立完善銀行保險機構績效薪酬追索扣回機制的指導意見》), the Bank has formulated management measures for the clawback and recovery of performance-based compensation. Based on the severity of abnormal risk exposure and violations of rules and discipline, corresponding clawback and recovery of performance-based compensation is executed. This ensures that the compensation levels for senior management are aligned with their risk-adjusted performance.

Equity incentive awarded to the Company's directors and senior management staff during the reporting period

□ Applicable √ Not applicable

4.6 Remuneration management structure and decision-making procedures

The Board of Directors has Remuneration and Appraisal Committee; the independent directors account for more than half of the members. The members of the Committee have professional knowledge. As per authorization of the Board of Directors, the Remuneration and Appraisal Committee performs its duties in accordance with the Articles of Association and the Working Rules of the Remuneration and Appraisal Committee under the Board of Directors of Ping An Bank. It mainly reviews the remuneration management system and policy of the Bank, drafts remuneration plan for directors and senior management staff, proposes suggestions on the remuneration plan to the Board of Directors, and supervises the implementation of the plan.

4.7 Evaluation and incentive mechanism of senior management staff

During the reporting period, the Bank made performance evaluation on senior management staff according to the achievement of the annual business plan from five dimensions including compliant operation, risk management, operational efficiency, development and transformation, as well as social responsibilities. The bonuses of senior management staff were closely linked to the evaluation results. At the same time, the Bank established a mechanism of recourse deduction in performance compensation of senior management and key positions, in order for compensation incentives in line with risk-adjusted performance. This, in turn, promotes steady operation and sustainable development. The Bank will continue to improve the performance evaluation and incentive and restraint mechanisms of senior management staff.

4.8 Implementation of responsibilities of directors during the reporting period

4.8.1 Participation of directors in the board meetings and Shareholders' Meetings

Participation of directors in the board meetings and Shareholders' Meetings							
Name of director	Number of participations in the board meetings during the reporting period	On-site attendance	Attendance with written circular	Entrusted attendance	Absence	Failure to participate in the meetings for two successive times in person	Number of participations in Shareholders' Meetings
Xie Yonglin	13	6	7	0	0	No	2
Ji Guangheng	13	6	7	0	0	No	2

Guo Xiaotao	13	6	7	0	0	No	2
Fu Xin	13	6	7	0	0	No	2
Cai Fangfang	13	6	7	0	0	No	2
Guo Jian	12	5	7	0	0	No	2
Xiang Youzhi	13	6	7	0	0	No	2
Yang Zhiqun	13	6	7	0	0	No	2
Yang Jun	13	6	7	0	0	No	2
Ai Chunrong	13	6	7	0	0	No	2
Wu Zhipan	13	6	7	0	0	No	2
Liu Feng	13	6	7	0	0	No	2
Pan Min	13	6	7	0	0	No	2

Note: Description of failure to participate in the meetings for two successive times by themselves: None.

4.8.2 Objections raised by the directors on related issues of the Company

□ Yes √ No

4.8.3 Other descriptions of the directors' implementation of responsibilities

Are the suggestions related to the Bank proposed by the directors accepted?

√ Yes □ No

In 2025, the directors of the Bank made a number of comments and suggestions during the meeting and adjournment, which were accepted or responded by the Bank. The independent directors of the Bank attended 4 independent directors' meetings, at which they approved 13 proposals. The independent directors of the Bank actively, effectively and independently performed duties in accordance with the relevant laws, regulations, rules and requirements of the Bank's Articles of Association, made independent judgments and decisions on major issues, and gave objective and impartial opinions on a total of 24 items, thereby safeguarding the overall interests of the Bank, especially protecting the legal rights and interests of minority shareholders from being violated, and making due contributions to the corporate governance optimization and the construction, operation and management of the Board of Directors of the Bank.

4.9 Information about the special committees set under the Board of Directors during the reporting period

The Board of Directors of the Bank set up six special committees: Strategic Development and Consumer Rights Protection Committee of the Board of Directors, Audit Committee, Risk Management Committee, Related Transaction Control Committee, Nomination Committee, and Remuneration and Appraisal Committee. The special committees under the Board of Directors held 32 meetings, approved 82 proposals, and listened to or reviewed 63 reports and documents available for inspection.

Name of the committee	Members	Number of meetings	Date of meeting	Contents
Strategic Development and Consumer Rights Protection Committee	Chairman: Ji Guangheng Committee members: Fu Xin, Cai Fangfang, Guo Jian and Ai Chunrong	5	2025 31 March 18 April 27 June 22 August 24 September	Deliberated and approved the General Authorization for Issuing Financial Bonds, Annual Work Summary and Planning for Consumer Rights Protection, Integrated Complaints Governance Plan, Capital Bond Issuance Plan and Related Authorization, Capital Plan (2025-2029), Revision of Management Measures for Green Finance Business, Exercise of Preference Shares Redemption Rights, Work Report on Consumer Complaints Management and Work Report on Consumer Rights Protection
Audit Committee	Chairman: Liu Feng Committee members: Fu Xin, Cai Fangfang, Ai Chunrong and Wu Zhipan	5	2025 13 March 31 March 18 April 21 August 24 October 2023	Deliberated and approved the regular reports and their summaries, Financial Statements and Audit Report, Profit Distribution Proposal, Final Financial Report and Financial Budget Report, Internal Control Self-Evaluation Report, Special Audit Report on Business Continuity Management, Internal Audit Work Report and Work Plan & Budget, Pillar III Report, Appointment of Accounting Firm for the Year 2025, Report on the Management of Consolidated Financial Statements for the year, and Interim Profit Distribution Plan Listened to and reviewed Interim Review Report, Quarterly Agreed Procedure Report, Compliance Work Report, Data Governance Work Report, Practitioner Behavior Assessment Report, and Internal Audit Work Report
Risk Management Committee	Chairman: Cai Fangfang Committee members: Xiang Youzhi, Yang Zhiqun, Yang Jun and Pan Min	9	2025 18 February 13 March 31 March 17 April 27 June 21 August 24 September	Deliberated and approved the Management Measures for Retail Risk Model, Comprehensive Risk Management Report, Risk Preference Statement, Revision of the Management Measures for Comprehensive Risks, Expected Credit Loss Model Optimization Scheme, Revision of the Management Measures for the Credit Risk, Important Strategies, Systems and Procedures for the Sale of Financing Products, Development of Management Measures for Controlling the Scope of Agency

			22 October 29 December	Sales of Wealth Management Products, Revision of Management Measures for Agency Sales Business through Corporate Channels, Revision of Management Measures for Agency Sales of Wealth Management Products through Corporate Channels, Revision of Management Measures for Agency Sales of Publicly Offered Funds through Corporate Channels, Revision of Management Measures for Agency Sales of Wealth Management Products through Retail Channels, Revision of Management Measures for Agency Sales of Wealth Management Products through Interbank Channels, Assessment of the Risk Prevention and Control in Relation to Criminal Cases, Capital Adequacy Ratio Management Plan, Internal Capital Adequacy Assessment Report, and Revision of the Administrative Measures for Information Technology Risk, Revision of the Management Measures for Internet Loan, Revision of Management Measures for Business Continuity, 2025 Annual Recovery Plan, Revision of Management Measures for the Valuation of Financial Instruments, Basic Measures for Market Risk Management, Development of Management Measures for the “Orange-e-Loan” Personal Loan Product, Revision of the Management Measures for Cooperation Institutions in Retail Loan Internet Business, Revision of the Management Measures Related to Agency Sales of Wealth Management Products, Revision of the Anti-money Laundering Management Measures, and Evaluation Report on the Development of Derivatives Business and Risk Management Listened to and reviewed the Expected Credit Loss Model Optimization Scheme Pre-production Verification Report, Expected Credit Loss Model Optimization Scheme Post-production Verification Report, Report on the Management of Interest Rate Risk in the Banking Book, Report on the Classification of Financial Asset Risks, Liquidity Risk Management Report, Report on Quality of Liabilities Management, Report on Wealth Management Business Operations, Information Technology Work Report, Report on the Implementation Management of the Expected Credit Loss Method, Report on the Assessment of Internet-Based Loan Business, Report on Anti-Money Laundering Work, Report on Risk Assessment of Information Technology Outsourcing, Risk Assessment Report on the Launch of the New Distributed Core Banking System, and Report on Major Operational Risk Incidents

Related Transaction Control Committee	Chairman: Ai Chunrong Committee members: Guo Xiaotao, Xiang Youzhi, Liu Feng and Pan Min	5	2025 18 February 13 March 31 March 30 June 24 September	Deliberated and approved the Annual Related-party Transactions and Related-party Transaction Management System Execution Report, Report on Annual List of Related Parties, 2025 Forecast of Daily Related Party Transactions with China Ping An and its Related Parties, Related Party Transactions with Directors, Supervisors, Senior Management and Their Related Parties, Related Party Transactions with Ping An Securities Co., Ltd., Lufax Holding Ltd., Anke Technology Co., Ltd., and Ping An International Financial Leasing Co., Ltd., China Ping An, Shenzhen Chuangfan Enterprise Management Co., Ltd., Founder Securities Co., Ltd., New Founder Holding Development Company Limited, and Far East Horizon Ltd., etc.
Nomination Committee	Chairman: Wu Zhipan Committee members: Ji Guangheng, Guo Xiaotao, Yang Jun and Pan Min	4	2025 10 March 21 March 24 October 26 November	Deliberated and approved the Appointment of Mr. Wang Jun as an assistant to President, and the Proposal Regarding Nomination of Mr. Fang Weihao as Vice President, Candidate for Director of the 13th Session of the Board of Directors and Candidate for Independent Director of the 13th Session of the Board of Directors
Remuneration and Appraisal Committee	Chairman: Yang Jun Committee members: Fu Xin, Wu Zhipan and Liu Feng	4	2025 13 March 4 June 8 July 10 December	Deliberated and approved the Revision of Management Measures for Recourse Deduction in Performance Compensation, Report on Recourse Deduction in Performance Compensation for the year of 2024, Compensation and Incentives of Senior Management Staff, and Proposal Regarding Compensation of Certain Senior Management Staff Listened to and reviewed Report on Advance Payment and Settlement of 2024 Annual Performance Bonus for Senior Management Staff, and Settlement Plan of Bonus for Senior Management Staff. Listened to and reviewed Report on Senior Management's Participation in the Long-term Service Plan

Note: The Bank held the 1st meeting of the 13th session of the Board of Directors on 16 December 2025, and deliberated and approved the Proposal on the Establishment and Composition of the Special Committees of the 13th session of Board of Directors. Mr. Zhang Jie and Mr. Yang Yunjie's appointments to the Special Committees of the 13th session of Board of Directors will take effect upon the approval of their qualifications as Independent Directors by the NFRA. Mr. Yang Jun and Mr. Ai Chunrong, Independent Directors of the 12th Board of Directors, will continue to perform their duties in the Special Committees of the Board of Directors and will leave post on the day when Mr. Zhang Jie and Mr. Yang Yunjie's qualifications as Independent Directors are approved by the NFRA. On 13 March 2026, the NFRA approved Mr. Zhang Jie's appointment as an independent director of the Bank.

Important comments and suggestions proposed by the special committees under the Board: the special committees of the Board of Directors of the Bank agreed to the proposals in accordance with regulatory regulations and work rules, and made comments and suggestions on relevant work;

Other implementations of responsibilities: none;

Details of objection: none.

4.10 Information about the Audit Committee

Whether the Audit Committee found any risks in the Bank during the supervision activities during the reporting period

□ Yes √ No

The Audit Committee had no objection to the supervision issues during the reporting period.

4.11 Information about the Supervisory Committee

Whether the Supervisory Committee found any risks in the Bank during the supervision activities during the reporting period

□ Yes √ No

The Supervisory Committee had no objection to the supervision issues during the reporting period.

4.11.1 Composition and working condition of the Supervisory Committee

During the reporting period, the Supervisory Committee, with its responsible attitude towards all shareholders and employees, fulfilled its duties, pursued diligence and responsibility, and conducted compliance operation according to the law in accordance with the *Company Law*, the *Securities Law*, various guidelines of regulatory authorities, the Bank's Articles of Association, and various rules and regulations of the Supervisory Committee. A relatively comprehensive supervision system encompassing meeting supervision, strategic supervision, tour inspection and investigation supervision, performance evaluation supervision, external audit check supervision and communication and meeting supervision was set up, which positively promoted the robust development of the Bank's business, enhancement of risk control, and improvement of corporate governance structure.

The 11th Supervisory Committee set up 2 special committees: Audit and Oversight Committee and Nomination and Appraisal Committee. In 2025, the Supervisory Committee held 4 meetings of the Supervisory Committee and 5 meetings of special committees of the Supervisory Committee (including 4 meetings of Audit and Oversight Committee, and 1 meeting of Nomination and Appraisal Committee), and

expressed opinions on the Bank's financial accounting, responsibility performances of directors, supervisors and senior management, as well as related reports and conclusions. The Chairman of the Supervisory Committee and members of the Supervisory Committee also attended 6 meetings of the Board of Directors throughout the year, 9 meetings of the special committees of the Board of Directors and 2 Shareholders' Meeting. The Supervisor representatives directly participated in most of business line meetings, compliance, internal control and case preventing meetings and risk control meetings of the Bank, and effectively exercised the performance supervision of the Board of Directors and the senior management, as well as the supervision of the Bank's financial management, risk management and internal control.

4.11.2 Working situation of external supervisors

During the reporting period, external supervisors of the Bank actively, effectively and independently performed supervisory duties in accordance with the relevant laws, regulations, rules and requirements of the Bank's Articles of Association, gave independent opinions, safeguarded the overall interests of the Bank, and made due contributions to the corporate governance optimization of the Bank and improvement of the supervision mechanism.

Participation of external supervisors in the meetings of the Supervisory Committee:

Name	Number of participations in the meetings of the Supervisory Committee during the reporting period	Attendance in person	Entrusted attendance	Absence	Failure to participate in the meetings for two successive times in person
Wang Chunhan	4	4	0	0	No
Han Xiaojing	4	4	0	0	No

4.12 Particulars about reception of researches, visits and interviews

During the reporting period, the Bank conducted a number of communications about the Bank's operations, financial position and other matters with the institutional investors through the results announcements, the analyst meeting and the acceptance of investor research, and individual investors could make inquiry by phone. The communications mainly involved topics on the Bank's operations and development strategy, periodic reports and interim announcements and their explanations. The Bank and the parties subject to the information disclosure obligation have strictly followed the principle of fair information disclosure with no violation. The Bank's primary receptions of investors during the reporting period are as follows:

Date	Location	Mode	Type of visiting party	Visiting party	Topics discussed and materials provided	Reference
16 January 2025	Shenzhen	Onsite visit	Institution(s)	Domestic investor(s)	The Bank's operations and development strategies, regular reports and interim announcements and their explanations	CNINFO (http://www.cninfo.com.cn) Record Chart of Investor Relationship Activities of Ping An Bank Co., Ltd.
17 March 2025	Shenzhen	Results release press	Institution(s)	Domestic and foreign investor(s)		
18-19 March 2025	Guangzhou, Shenzhen	Onsite visit	Institution(s)	Domestic investor(s)		
18-19 March 2025	Beijing, Shanghai	Onsite visit	Institution(s)	Domestic investor(s)		
19 May 2025	Shenzhen	Onsite visit	Institution(s)	Domestic investor(s)		
8 July 2025	Shenzhen	Onsite visit	Institution(s)	Domestic investor(s)		
25 August 2025	Shenzhen	Onsite visit	Institution(s)	Domestic and foreign investor(s)		
28 August 2025	Shenzhen	Onsite visit	Institution(s)	Domestic investor(s)		
28-29 August 2025	Beijing, Shanghai	Onsite visit	Institution(s)	Domestic investor(s)		
6 November 2025	Beijing	Onsite visit	Institution(s)	Domestic investor(s)		
18 November 2025	Shenzhen	Onsite visit	Institution(s)	Domestic investor(s)		
2 December 2025	Shenzhen	Onsite visit	Institution(s)	Foreign investor(s)		

4.13 Information about organizations and employees

4.13.1 Establishment of organizations

The Bank continued to promote the AI-enabled upgrade of its outlets and optimize its branch distribution and physical presence. As at the end of 2025, the Bank had 110 branches (including Hong Kong Branch) and a total of 1,108 outlets. Information about the Bank's organizations (including head office, branches and special-purpose organizations) is as follows:

Name	Address	Number	Asset size (In RMB million)	Number of employees
Head office	No. 5047, Shennan East Road, Luohu District, Shenzhen	1	2,249,458	6,920
Shenzhen Branch	No. 1099, Shennan Middle Road, Futian District, Shenzhen	97	727,101	4,286
Shanghai Branch	No. 1333, Lujiazui Ring Road, Pudong New Area, Shanghai	64	346,278	2,107
Beijing Branch	No. 158, Fuxingmennei Street, Xicheng District, Beijing	53	301,043	1,849
Guangzhou Branch	No. 1, Huaqiang Road, Zhujiang New Town, Tianhe District, Guangzhou	39	289,113	1,561
Hangzhou Branch	No. 280, Minxin Road, Shangcheng District, Hangzhou	26	185,824	1,199
Shanghai Pilot Free Trade Zone Branch	No. 799, Yanggao South Road, Pudong New Area, Shanghai	1	108,526	152
Hong Kong Branch	Connaught Place 8, Central, Hong Kong	1	93,648	122
Wuhan Branch	No. 54, Zhongbei Road, Wuchang District, Wuhan	28	89,264	827
Nanjing Branch	No. 128, Shanxi Road, Gulou District, Nanjing	17	80,820	843
Foshan Branch	District Five, Foshan News Center, Yuhe Road, Dongping New City, Foshan	26	68,273	713
Xi'an Branch	No. 240, Dongxin Street, Xincheng District, Xi'an	19	63,666	632
Tianjin Branch	No. 347 & 349, Nanjing Road, Nankai District, Tianjin	25	62,732	759
Qingdao Branch	No. 28, Miaoling Road, Laoshan District, Qingdao	17	62,177	641
Chengdu Branch	No. 99, Second Tianfu Street, Hi - tech Zone, Chengdu	26	58,423	780
Zhengzhou Branch	No. 20, Middle Ring Road, Longhu Financial Island, Jinshui District, Zhengzhou	19	52,921	657

Dalian Branch	No. 21, Ganglong Road, Zhongshan District, Dalian	21	51,235	599
Chongqing Branch	No. 778, Jingwei Avenue, Yuzhong District, Chongqing	27	50,291	576
Dongguan Branch	No. 200, Hongfu Road, Nancheng Street, Dongguan	11	47,748	421
Fuzhou Branch	No. 109, Wusi Road, Gulou District, Fuzhou	22	44,539	572
Ningbo Branch	No. 139, Haiyan North Road, Yinzhou District, Ningbo	14	44,036	520
Changsha Branch	No. 112, Chazishan East Road, Guanshaling Sub-district, Yuelu District, Changsha	17	43,327	447
Suzhou Branch	No. 9, Wangmao Street, Suzhou Industrial Park, Suzhou	14	39,434	378
Xiamen Branch	No. 82, Zhanhong Road, Siming District, Xiamen	12	38,756	443
Shenzhen Qianhai Branch	No. 63, Qianwan First Road, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen	1	38,625	67
Shijiazhuang Branch	No. 78, Xinhua Road, Xinhua District, Shijiazhuang	12	38,590	437
Taiyuan Branch	No. 345, Changzhi Road, Xiaodian District, Taiyuan	10	36,059	339
Wenzhou Branch	No. 168, Shifu Road, Nanhui Sub-district, Lucheng District, Wenzhou	19	34,429	468
Huizhou Branch	No. 8, Maidi East Road, Huicheng District, Huizhou	7	33,983	270
Zhuhai Branch	No. 79 and 115, Huixing Street, Xiangzhou District, Zhuhai	11	32,504	310
Jinan Branch	No. 13777, Jingshi Road, Lixia District, Jinan	14	31,638	537
Beijing Municipal Administrative Center Sub - branch	Building 33, Linheli, Tongzhou District, Beijing	2	30,442	57
Hefei Branch	No. 999, Dongliu Road West, Shushan District, Hefei	10	30,402	336
Wuxi Branch	No. 15, 1st Financial Street, Taihu New City, Binhu District, Wuxi	9	30,360	220
Nanchang Branch	No. 88, Shangdu Road, Honggutan New District, Nanchang	10	27,620	327
Haikou Branch	No. 22, Jinlong Road, Longhua District, Haikou	10	23,509	317

Kunming Branch	No. 1101, Dianchi Road, Kunming Dianchi National Tourist Resort, Kunming	16	21,540	502
Quanzhou Branch	No. 109, Binhai Street, Fengze District, Quanzhou	14	19,279	349
Guiyang Branch	No. 81, Chengxin North Road, Guanshanhu District, Guiyang	6	18,769	221
Changzhou Branch	No. 19, Dongjing 120 Road, Tianning District, Changzhou	9	17,003	192
Yiwu Branch	No. 877, Chengbei Road, Yiwu City, Jinhua	9	16,613	172
Nanning Branch	No. 9, Zhongxin Road, Qingxiu District, Nanning	5	15,540	197
Shenyang Branch	No. 34, Taian Road, Heping District, Shenyang	11	14,578	278
Zhongshan Branch	No. 1, Xingzheng Road, East District, Zhongshan	10	14,445	252
Changchun Branch	No. 10606, Renmin Street, Nanguan District, Changchun	3	12,195	163
Shaoxing Branch	No. 711-713, Jiefang Avenue, Yuecheng District, Shaoxing	5	11,710	100
Weifang Branch	No. 1070, Minsheng East Street, Kuiwen District, Weifang	4	10,857	86
Dongying Branch	No. 55, Fuqian Street, Dongying District, Dongying	2	10,523	41
Yantai Branch	No. 96, Huanshan Road, Zhifu District, Yantai	8	10,367	112
Tangshan Branch	No. 31, Xinhua West Street, Lubei District, Tangshan	5	9,793	105
Harbin Branch	No. 193, Zhongshan Road, Nangang District, Harbin	3	9,788	136
Hohhot Branch	No. 56, Ruyihe Street, Ruyi Development Zone, Hohhot	4	9,218	150
Taizhou Branch	No. 39, Qingnian South Road, Hailing District, Taizhou	3	9,134	81
Urumqi Branch	No. 1119, Huizhan Avenue, Shuimogou District, Urumqi	4	8,998	150
Nantong Branch	No. 38, Yuelong Road, Chongchuan District, Nantong	4	8,867	111
Taizhou Branch	No. 181, Baiyunshan South Road, Taizhou Economic Development Zone, Taizhou	6	8,515	104

Huzhou Branch	No. 72, Lianjiaxiang Road, Building 1, Shangzuo, Tianyuanyicheng, Wuxing District, Huzhou	3	8,508	56
Yinchuan Branch	No. 619, Shanghai East Road, Xingqing District, Yinchuan	3	7,693	108
Sanya Branch	No. 128, Xinfeng Road, Jiyang District, Sanya	2	7,463	36
Fujian Pilot Free Trade Zone Fuzhou Branch	No. 68, Jiangbin East Avenue, Mawei Town, Mawei District, Fuzhou	1	7,421	21
Guangdong Pilot Free Trade Zone Nansha Branch	No. 106, Fengze East Road, Nansha District, Guangzhou	1	7,289	18
Fuyang Branch	No. 666, Yinghuai Avenue, Yingzhou District, Fuyang	2	7,282	38
Wuhu Branch	Podium Building, Weixing Times Financial Center at the intersection of Beijing Middle Road and Jiuhua Middle Road, Jinghu District, Wuhu	3	7,080	51
Linyi Branch	No. 10, Jinqueshan Road, Lanshan District, Linyi	4	6,809	76
Cangzhou Branch	Tianchi International Business Office Building, South-western Corner of Junction of Shanghai Road and Jilin Avenue, Yunhe District, Cangzhou	2	6,631	57
Guangdong-Macao In-Depth Cooperation Zone in Hengqin Branch	No. 3018, Huandao East Road, Hengqin New Area, Zhuhai	1	6,589	12
Zhangzhou Branch	No. 68, Nanchang Middle Road, Xiangcheng District, Zhangzhou	5	6,445	65
Lanzhou Branch	No. 4286, Yantan Road, Chengguan District, Lanzhou	4	6,296	127
Xuzhou Branch	No. 2, Xi'an North Road, Quanshan District, Xuzhou	2	5,711	72
Leshan Branch	No. 358 & 370, Southern Section of Chunhua Road, Shizhong District, Leshan	3	5,624	44
Tianjin Pilot Free Trade Zone Branch	No. 168, Xisi Road, Tianjin Pilot Free Trade Zone (Tianjin Airport Economic Area), Tianjin	1	5,585	29
Yancheng Branch	No. 611, Century Avenue, Chengnan New District, Yancheng	2	5,487	61

Jingzhou Branch	No. 249, Beijing Road, Shashi District, Jingzhou	4	5,374	58
Weihai Branch	No. 75, Qingdao North Road, Huancui District, Weihai	3	5,073	44
Zhenjiang Branch	No. 8, Hejiawan Road, Runzhou District, Zhenjiang	1	4,996	42
Liuzhou Branch	No. 17, Wenchang Road, Yufeng District, Liuzhou	1	4,912	29
Kaifeng Branch	No. 169, Jinming Avenue, Longting District, Kaifeng	2	4,744	35
Yichang Branch	No. 179, Yiling Avenue, Wujiagang District, Yichang	3	4,661	45
Luoyang Branch	No. 123, Changxing Street, Luolong District, Luoyang	4	4,630	64
Xiangyang Branch	No. 10, Chunyuan West Road, Fancheng District, Xiangyang	4	4,539	64
Hengyang Branch	No. 21, Jiefang Avenue, Zhengxiang District, Hengyang	1	4,516	30
Yangzhou Branch	No. 447, Jiangyang Middle Road, Economic Development Zone, Yangzhou	3	4,107	63
Ganzhou Branch	No. 18 Xinganzhou Avenue, Zhanggong District, Ganzhou	3	3,971	55
Mianyang Branch	No. 116, Northern Section of Huoju West Street, Hi-tech Zone, Mianyang	2	3,853	39
Jining Branch	No. 14, Gongqingtuan Road, Rencheng District, Jining	2	3,807	48
Langfang Branch	No. 83, Aimin East Road, Guangyang District, Langfang	3	3,107	69
Putian Branch	No. 521, Meiyuan East Road, Zhenhai Sub-district, Licheng District, Putian	3	2,937	54
Tai'an Branch	No. 286-1, Dongyue Street, Taishan District, Tai'an	2	2,725	41
Zibo Branch	No. 1, Zhongrun Avenue, High-tech District, Zibo	3	2,558	50
Shantou Branch	No. 95, Changping Road, Longhu District, Shantou	3	2,422	74
Jiujiang Branch	No. 293, Lushan South Road, Xunyang District, Jiujiang	1	2,301	28
Nanyang Branch	No. 122, Zhongzhou Road, Wolong District, Nanyang	2	2,289	38

Rizhao Branch	No. 89, Taian Road, Donggang District, Rizhao	2	2,274	31
Chongqing Pilot Free Trade Zone Branch	No. 1, Caifu Avenue, Yubei District, Chongqing	1	2,129	14
Xinxiang Branch	No. 680, Jinsui Avenue (East), Hongqi District, Xinxiang	1	2,118	30
Fujian Pilot Free Trade Zone Xiamen Area Branch	No. 99, Xiangyu Road, Huli District, Xiamen	1	2,016	10
Baoding Branch	No. 588, Chaoyang North Avenue, Jingxiu District, Baoding	2	2,010	70
Zhanjiang Branch	No. 71, Middle Renmin Avenue, Zhanjiang Economic and Technological Development Zone, Zhanjiang	2	1,884	52
Xianyang Branch	No. 11, Renmin East Road, Weicheng District, Xianyang	1	1,842	35
Baotou Branch	No. 4-1, Gangtie Street, Qingshan District, Baotou	2	1,819	33
Yueyang Branch	No. 9, Jin'e Middle Road, Yueyanglou District, Yueyang	2	1,794	29
Handan Branch	No. 455, Renmin East Road, Congtai District, Handan	1	1,786	46
Zunyi Branch	No. 183, Tian'an Mansion, Xiamen Road, Huichuan District, Zunyi	2	1,623	39
Deyang Branch	No. 308, First Section of Changjiang West Road, Jingyang District, Deyang	2	1,540	32
Changde Branch	No. 448, Longgang Road, Wuling District, Changde	1	1,453	26
Jinzhong Branch	No. 233, Xinjian North Road, Yuci District, Jinzhong	2	1,245	30
Honghe Branch	No. 101, Building 3, Jin'an Pincheng, Junction of Chaoyang Road and Xuehai Road, Mengzi, Honghe Hani and Yi Autonomous Prefecture	2	1,186	35
Jiangmen Branch	No. 79, Fazhan Avenue, Pengjiang District, Jiangmen	2	1,033	37
Anshan Branch	27A, Shengli South Road, Tiedong District, Anshan	1	870	38
Qingdao Free Trade Zone Branch	No. 75, Honghe Road, Huangdao District, Qingdao	1	808	28

Huanggang Branch	No. 17, Zhonghuan Road, Huangzhou District, Huanggang	1	280	19
Treasury Operation Center	No. 1333, Lujiazui Ring Road, Pudong New Area, Shanghai	1	479,368	160
Credit Card Center	No. 1, Liyumen Street, Qianwan First Road, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen	78	390,351	1,518
Automobile Consumption Financial Center	No. 4036, Jintian Road, Fuzhong Community, Futian District, Shenzhen	68	298,825	1,881
Total		**1,108**	/	**41,225**

Notes: (1) The number of organizations was counted according to the business licenses.

(2) The netting amount for branch current payments was not deducted from the "Asset size" above.

4.13.2 Information about employees

As of the end of 2025, the total number of in-service employees of the Group was 41,698 (including employees on secondment) including 41,225 in-service employees of the Bank and 473 in-service employees of Ping An Wealth Management, and the number of retired ex-employees who shall be paid pensions was 79. Professional composition: 32,945 business personnel, 6,518 professional and technical personnel, 2,235 management support personnel. Education distribution: 94.72% of the personnel hold bachelor's degrees or higher degrees, and 99.46% of the personnel have college degrees or higher degrees.

(1) Employee compensation policy

To support the Bank's medium and long-term strategic development goals, and to give full play to compensation resources' guiding effects on strategic transformation requirements and stimulation of business vitality, by improving compensation incentive mechanism and reasonably designing compensation structure and level, the Bank has developed a compensation policy focusing on "reasonable structure in alignment with the market, implementing gross amount-based management and tolerating individual differences and deferred risks".

On the basis of good corporate governance requirements, the Bank has brought risk factors into incentive mechanism for assessment and appraisal. The Bank has set multidimensional indexes to comprehensively evaluate the performance of each business unit. A linkage mechanism of compensation resources with assessment results has also been established. At the same time, the Bank has set up a mechanism linking employee bonuses with individual performance and organization performance to fully arouse the enthusiasm of organizations and employees.

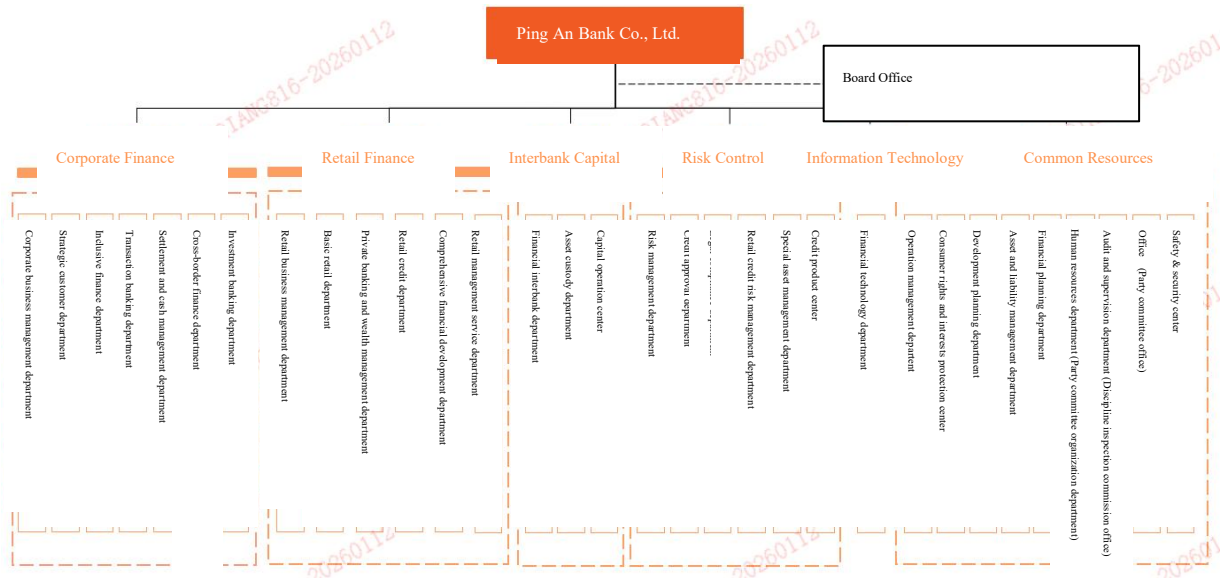
To better prevent risks, improper incentives or over incentives, the Bank has developed the mechanisms related to delay and recourse deduction in performance compensation, which is applicable to a wide range

of employees including but not limited to senior management staff and those having significant influence on risks. The period of the delay payment of performance compensation matches with the period of risk exposure and is not shorter than 3 years. Exceptional risk exposures, the seriousness of violations against rules and disciplines, etc., will be used to decide whether the payment will be made when due and how much the payment proportion will be.

(2) Employee cultivation and development

In 2025, with developing future-oriented, integrated financial talents to power organizational transformation and business growth as the main line, the Bank conducted nearly 7,000 online and offline training sessions around cadre leadership, agile business, and mid-office standardization certification to enhance employees' professional competence and comprehensive quality in all aspects, in response to the requirements for strategic and business development as well as talent cultivation. In line with the evolution of AI, the Bank fully scaled up AI training initiatives through its online learning platform and internal AI tools, leveraging platforms such as business product knowledge Q&A assistants and AI mentors to enhance the efficiency and effectiveness of training. Simultaneously, the Bank engaged over 800 cadres to attend public programs offered by Ping An Group, as well as training sessions hosted by the People's Bank of China and the China Banking Association, expanding their vision and deepening their professional expertise across the board.

4.14 Department setting at the end of the reporting period



4.15 Profit distribution of ordinary shares and capital reserve converted into share capital of the Company

4.15.1 Formulation, implementation or adjustment of profit distribution policy, particularly cash dividend policy during the reporting period

The Bank deliberated and approved the *Plan of Returns to Shareholders of Ping An Bank Co., Ltd. (2024-2026)* at the 2023 Annual Shareholders' Meeting held on 24 May 2024. From 2024 to 2026, the profit distributed in cash every year is between 10% and 35% of the distributable profit achieved in the current year. In addition to annual profit distribution, interim cash dividends can also be made by the Bank. Unless otherwise decided by the Shareholders' Meeting, the Board of Directors are authorized to approve the interim cash dividend plan in accordance with the conditions of cash dividends, upper limit of proportion and amount determined in this Plan.

The 2025 profit distribution proposal is as follows:

In 2025, the audited net profit of the Bank was RMB41,158 million, and the profit available for distribution as at the end of 2025 was RMB266,023 million. The net profit attributable to shareholders of the Bank presented in the Bank's audited consolidated financial statements was RMB42,633 million. The net profit attributable to ordinary shareholders of the Bank in the consolidated financial statements, less dividends on "PYY01" preference shares (RMB874 million) and interests on non-fixed term capital bonds (RMB1,645 million) paid in 2025, was RMB40,114 million. According to the above profit situation and relevant national regulations, the Bank has distributed the profit for 2025 as below:

1. The statutory surplus reserve balance of the Bank has exceeded 50% of the share capital, and the statutory surplus reserve will not be withdrawn for the time being.

2. The general reserve will be withdrawn based on the difference of 1.5% of the balance of risk assets at the end of the period, amounting to RMB986 million.

After the above profit distribution, the Bank's general reserve was RMB66,284 million, and the balance of undistributed profit was RMB265,037 million as of 31 December 2025.

3. Taking into account factors such as shareholders' returns on investment, the regulatory authorities' requirements on capital adequacy ratio and the sustainable development of the Bank's businesses, in addition to the above statutory profit distribution, the Bank proposes to distribute cash dividends of RMB5.96 (tax inclusive) for every 10 shares in 2025, based on the total share capital of 19,405,918,198 shares of the Bank as at 31 December 2025, with a total cash dividend of RMB11,566 million, accounting for 28.83% of net profit attributable to ordinary shareholders of the Bank in the consolidated financial statements, and 27.13% of net profit attributable to shareholders of the Bank in the consolidated financial statements. Specifically, the Bank has distributed cash dividends of RMB2.36 (tax inclusive) for every 10

shares, with a total cash dividend of RMB4,580 million, for the interim period of 2025. And it proposes to distribute cash dividends of RMB3.60 (tax inclusive) for every 10 shares, with a total cash dividend of RMB6,986 million, at the end of 2025.

If the total share capital of the Bank changes before the shareholding registration date under the profit distribution plan, the distribution ratio shall be adjusted accordingly based on unchanged total distribution.

The 2025 profit distribution proposal of the Bank was in compliance with the *Articles of Association of Ping An Bank Co., Ltd.* and the *Plan of Returns to Shareholders of Ping An Bank Co., Ltd. (2024-2026)*.

The above proposal shall be reviewed and approved at the 2025 Annual Shareholders' Meeting.

The 2024 annual profit distribution plan of the Bank was based on the total share capital of 19,405,918,198 shares of the Bank as at 31 December 2024, and cash dividends of RMB6.08 (tax inclusive) were distributed for every 10 shares. Specifically, the Bank distributed cash dividends of RMB2.46 (tax inclusive) for every 10 shares for the interim period of 2024, and cash dividends of RMB3.62 (tax inclusive) for every 10 shares at the end of 2024, without issuing bonus shares or converting reserve funds into share capital. The Bank issued the *Announcement on the Implementation of 2024 Interim Interest Distribution of Ping An Bank Co., Ltd.* and the *Announcement on the Implementation of 2024 Annual Interest Distribution of Ping An Bank Co., Ltd.* on 26 September 2024 and 5 June 2025. The profit distribution plan of the Bank for 2024 was implemented.

The 2025 interim profit distribution plan of the Bank was based on the total share capital of 19,405,918,198 shares of the Bank as at 30 June 2025, and cash dividends of RMB2.36 (tax inclusive) were distributed for every 10 shares. There was no proposal to issue bonus shares or to convert reserve funds into share capital. The Bank issued the *Announcement on the Implementation of 2025 Interim Interest Distribution of Ping An Bank Co., Ltd.* on 30 September 2025. The date of record of the profit distribution was 14 October 2025 and the ex-dividend date was 15 October 2025. The 2025 interim profit distribution plan of the Bank was implemented during the reporting period.

Special description of cash dividend policy	
Whether it complies with the provisions of the Articles of Association or the requirements of resolutions of the Shareholders' Meeting:	Yes
Whether the dividend standards and proportions are definite and clear:	Yes
Whether the relevant decision-making processes and mechanisms are complete:	Yes
Whether the independent directors perform their duties and play their due role:	Yes
If no cash dividends were made, disclose the specific reasons and the next steps it plans to take to increase investor returns:	Not applicable

Whether the minority shareholders have the opportunity to fully express their opinions and demands and whether their legitimate rights and interests are adequately protected:	Yes
Whether the conditions and procedures for adjusting and changing the cash dividend policy are compliant and transparent:	Yes

4.15.2 Table of cash dividends on ordinary shares in recent three years

(In RMB million)

Dividend-receiving year	Amount of cash dividends (tax inclusive)	Net profit attributable to shareholders of the Bank in the dividend-receiving year	Proportion accounting for net profit attributable to shareholders of the Bank	Amount of cash dividends paid in other ways	Proportion of cash dividends paid in other ways
2025	11,566	42,633	27%	Not applicable	Not applicable
2024	11,799	44,508	27%	Not applicable	Not applicable
2023	13,953	46,455	30%	Not applicable	Not applicable

4.15.3 During the reporting period, the Bank has profits and the parent company has positive undistributed profit, however, the proposal for cash dividend distribution is not made

□ Applicable √ Not applicable

4.15.4 Whether the Board of Directors has reviewed and approved the profit distribution plan (including scenarios of no cash dividend distribution and no capitalization of reserves)

√ Yes □ No

4.15.5 Proposal of profit distribution and capital reserve converted into share capital at the end of the reporting period

√ Applicable □ Not applicable

Number of bonus shares per 10 ordinary shares (share)	-
Number of dividends per 10 ordinary shares (RMB) (tax inclusive)	3.60
Number of shares converted into share capital per 10 ordinary shares (share)	-
Base of share capital in distribution proposal (share)	19,405,918,198
Total cash dividends (RMB) (tax inclusive)	6,986,130,551

Amount of cash dividends distributed in other forms (such as share repurchases) (RMB)	-
Total cash dividends (including other forms) (RMB)	6,986,130,551
Distributable profit (RMB)	266,023,278,159
Proportion of total cash dividends to total profit distribution	100%
Conditions of the cash dividends	
If the Bank has developed to a mature stage and there are major capital expenditure arrangements, when distributing profit, the proportion of cash dividends to the profit distribution shall be at least 40%.	
Description of details on proposal of profit distribution or capital reserve converted into share capital	
2025 annual profit distribution proposal of Ping An Bank Co., Ltd.: the Bank proposes to distribute cash dividends of RMB5.96 (tax inclusive) for every 10 shares in 2025, based on the total share capital of 19,405,918,198 shares of the Bank as at 31 December 2025. The Bank has distributed cash dividends of RMB2.36 (tax inclusive) for every 10 shares for the interim period of 2025, and it proposes to distribute cash dividends of RMB3.60 (tax inclusive) for every 10 shares at the end of 2025. There was no proposal to issue bonus shares or to convert capital reserve into share capital. The proposal shall be reviewed and approved by the Bank at the 2025 Annual Shareholders' Meeting.	

4.16 During the reporting period, there were no equity incentive plan, employee stock ownership plan or other incentive measures for employees and their implementation for the Bank

4.17 Construction and implementation of internal control system during the reporting period

4.17.1 Construction and implementation of internal control

In the reporting period, the Bank continued to optimize its internal control management system and improve the level of internal control management. First, the Legal Compliance Department, as the functional department of internal control management of the Bank, took the lead in the overall planning of the internal control management system of the Bank, optimized and improved the internal control management policies, frameworks, tools, processes, operation norms, etc., deepened the construction of the long-term control mechanism, gave full play to the role of laying solid foundation for the internal control system, and continued to improve the capability to prevent and address significant risks. Second, the Bank established and improved the internal control management mechanism with balanced supervision and restriction and clear separation of duties and responsibilities, enhanced the authorization control, risk monitoring, business inspection, internal control report and correction mechanism, and strengthened the core capacity of internal control. Third, the Bank promoted the construction of informatization, strengthened internal control

management by applying technological means and iteratively upgraded the internal control management system to enhance the refined and intelligent management tools. Fourth, the Bank improved the effectiveness of internal control, organized and promoted the self-assessment of internal control, and inspected the implementation of internal control. Fifth, the Bank strengthened the effectiveness of internal control management, followed up and monitored the internal control management status to enhance the ability to operate in accordance with the laws and regulations and resist risks. Sixth, the Bank promoted the construction of internal control management culture and cultivated a favorable culture of internal control within the Bank.

4.17.2 Details about significant deficiencies in internal control identified during the reporting period

□ Yes √ No

4.18 Management control over subsidiaries during the reporting period

Company name	Integration plan	Integration progress	Problems encountered	Measures taken	Progress of resolution	Subsequent resolution plans
Ping An Wealth Management Co., Ltd.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Whether any exceptions have been identified in the management control over subsidiaries.

□Yes √No

4.19 Internal control self-evaluation report or internal control audit report

4.19.1 Internal control self-evaluation report

Disclosure date of internal control self-evaluation report		21 March 2026
Disclosure index of internal control self-evaluation report		CNINFO http://www.cninfo.com.cn
Proportion of total assets included in the evaluation scope in those of the Company's consolidated financial statements		100%
Proportion of operating income included in the evaluation scope in that of the Company's consolidated financial statements		100%
Identification standard for deficiencies		
Type	Financial report	Non-financial report
Qualitative standard	**Material deficiency:** It may have or has caused a significant amount of misstatement of financial report; **Significant deficiency**: It may have or has caused a	**Material deficiency:** 1. It has a serious impact on the realization of the Bank's overall control objectives; 2. It may have or has caused a significant amount of financial loss; 3. It is in violation of the relevant laws and regulations or

	larger amount of misstatement of financial report; **General deficiency**: It may have or has caused a smaller amount of misstatement of financial report.	regulatory requirements and the circumstances are very serious, thus causing severe punishment from the regulatory authorities or other very serious legal consequences; 4. It may lead to serious business or service problems, affecting a number of key products or causing failure in the provision of services to key customers; 5. It has a wide range of negative impacts, thus causing widespread public concern at home and abroad, and having serious negative impacts on the Bank's reputation and stock price. **Significant deficiency**: 1. It has a certain impact on the realization of the Bank's overall control objectives; 2. It may have or has caused a larger amount of financial loss; 3. It is in violation of the relevant laws and regulations as well as regulatory requirements and the circumstances are serious, thus causing more serious punishment from the regulatory authorities or other more serious legal consequences; 4. It may lead to business or service problems, causing a significant decline in the quality of one or several key products or the services provided to key customers; 5. The negative impact spreads in and out of the industry, thus causing public concern, and bringing a greater negative impact on the Bank's reputation in some areas. **General deficiency:** 1. It has a slight impact or basically no impact on the realization of the Bank's overall control objectives; 2. It may have or has caused a smaller amount of financial loss; 3. It is in violation of the relevant laws and regulations or regulatory requirements, and the circumstances are minor, thus causing lighter punishment from the regulatory authorities or other minor legal consequences; 4. It may lead to business or service problems, affecting one or several key products/key customer groups; the impact can be immediately controlled; 5. The negative impact is limited to a certain range, the degree of public concern is lower, and it brings a smaller negative impact on the Bank's reputation.
Quantitative standard	**Material deficiency:**	**Material deficiency:**

	The proportion of the misstatement amount in the financial statements to the total assets at the end of the year is greater than or equal to 0.25%, or to the total annual profit is greater than or equals to 5%; **Significant deficiency:** The proportion of the misstatement amount in the financial statements to the total assets at the end of the year falls within the range of 【0.0125%, 0.25%), or to the total annual profit falls within the range of 【0.25%, 5%); **General deficiency**: The proportion of the misstatement amount in the financial statements to the total assets at the end of the year is lower than 0.0125%, or to the total annual profit is lower than 0.25%.	The proportion of the financial loss to the annual operating income is greater than or equals to 1%; **Significant deficiency:** The proportion of the financial loss to the annual operating income falls within the range of 【0.05%, 1%); **General deficiency:** The proportion of the financial loss to the annual operating income is lower than 0.05%.
Number of material deficiencies in financial reporting (Nr.)	0	
Number of material deficiencies in non-financial reporting (Nr.)	0	
Number of significant deficiencies in financial reporting (Nr.)	0	
Number of significant deficiencies in non-financial reporting (Nr.)	0	

4.19.2 Internal control audit report

√ Applicable □ Not applicable

Review comments in the internal control audit report	
We believe that Ping An Bank has maintained effective internal control over financial reports in all material aspects in accordance with the *Basic Norms of Enterprise Internal Control* (《企業內部控制基本規範》) and relevant regulations on 31 December 2025.	
Disclosure of internal control audit report	Disclosure
Disclosure date of internal control audit report	21 March 2026
Disclosure index of internal control audit report	CNINFO http://www.cninfo.com.cn
Opinion type of internal control audit report	Unqualified
Whether there are material deficiencies in non-financial reporting	No

Whether the accounting firm issues an internal control audit report with modified opinion

□ Yes √ No

Whether the internal control audit report issued by the accounting firm shares the same opinion with the self-evaluation report of the Board of Directors

√ Yes □ No

Whether a modified opinion on internal control was issued for the reporting period or the previous year.

□Yes √No

4.20 Rectification of problems in self-inspection of special actions on governance of listed companies

□ Yes √ No

4.21 Environmental and social responsibilities

The Bank upholds the philosophy of "Building a Harmonious Society through Sharing, and Achieving Sustainable Development through Responsibility". Centered on serving the real economy, the Bank drives high-quality development through digital transformation, creating diversified value for its shareholders, customers, employees, partners, communities and the environment. It is committed to building a bank that embodies value, environmental friendliness, digital intelligence, humanity, and strong branding. Its goal is

to deliver higher-quality, more efficient, convenient, and intelligent financial services, contributing to the high-quality development of the economy, society, and the environment.

The Board of Directors, as the top decision-making and responsible body of environmental, social and governance (ESG) affairs of the Bank, attaches close attention to ESG work and continuously improves the governance structure of ESG. The committees under the Bank's management, including the Committee for Consumer Rights Protection, the Committee for Fintech Development and Management, the Committee for Personal Information Protection, the Committee for Supporting the Real Economy, and the Committee for Inclusive Finance Management, jointly undertake the responsibility of implementing the Bank's ESG development strategy and objectives. They organize and guide the relevant executing units in carrying out ESG initiatives, and report related work progress to the Board of Directors and its specialized committees. In 2025, MSCI upgraded the Bank's ESG rating to AA.

See the 2025 Sustainable Development Report of Ping An Bank Co., Ltd. published by the Bank on the CNINFO (http://www.cninfo.com.cn) on 21 March 2026 for further information.

4.21.1 Disclosure of environmental information

Whether the listed company and its major subsidiaries are included in the list of enterprises required to disclose environmental information legally.

□ Yes √ No

4.21.2 Green finance

The Bank firmly acted upon the requirements of green development proposed at the 20th CPC National Congress, earnestly implemented the national strategy to achieve carbon neutrality, deeply laid out the industrialized development of green finance, built a diversified product system covering green credit, green bonds and carbon finance, and provided all-round financial support for the green and low-carbon circular economy. By the end of 2025, the balance of the Bank's green loans[7] was RMB266,433 million, representing an increase of 12.2% from the end of last year on the same standard.

First, the Bank upgraded its green finance governance system to strengthen the strategic leadership and the ability of coordinated advancement. The Board has established a robust organizational management system for green finance. The Board made the strategy and decisions for green finance development, monitored and evaluated the results of strategy implementation, and engaged special committees for promoting the

[7] Green loans are statistically calculated in accordance with the *Circular of the Statistics and Analysis Department of the People's Bank of China on Adjusting the Special Statistical Requirements for Green Loans* (《中國人民銀行調查統計司關於調整綠色貸款專項統計的內容通知》) and other relevant requirements.

development of green finance business, increased support for key areas such as green economy, low-carbon economy, circular economy, and biodiversity protection, In parallel, the Bank constructed a customer management model based on green finance strategies, iteratively refining business processes and service standards to empower in-depth client management.

Second, the Bank deepened its integrated green financial services to support enterprise's low-carbon development and residents' green consumption. The Bank continuously optimized its green credit portfolio and customer structure. Through business models like green medium to long-term loans and syndicated loans, the Bank advanced green initiatives in sectors including urban rail transit, new energy vehicle parts manufacturing, wastewater treatment and reuse, and clean energy power generation. Building on a solid foundation of green credit, the Bank expanded its engagement across customers' industrial chains, supply chains, and ecosystems to support the high-quality development of green industries. In addition, the Bank continued to provide green retail products and services, increased lending in areas such as new energy vehicle consumer loans and green housing mortgage loans, and advocated a green lifestyle.

Third, the Bank improved its green finance support system, strengthened coordinated resource allocation and centralized risk management. On the resource side, the Bank fully leveraged the People's Bank of China's carbon emission reduction supporting tools, and applied dedicated green finance resources to further reduce financing costs for green enterprises and guide credit allocation toward green fields. On the risk front, the Bank incorporated ESG risk of credit customers into its comprehensive risk management. It established mechanisms for ESG risk monitoring, early warning, and limit control to ensure that investment of credit funds in line with national requirements for green and low-carbon development.

4.21.3 Serving the real economy

The Bank actively implemented various regulatory requirements by strengthening organizational leadership, increasing resource support, accelerating business layout, vigorously making practical efforts in the "Five Major Financial Initiatives", continuously increasing support for the real economy, and promoting the high-quality development of inclusive finance, manufacturing and tech enterprises. At the end of 2025, the Bank's total on-and off-balance-sheet credit facilities amounted to RMB4,893,277 million.

Improving the inclusive financial service capability to fulfill the overall requirements of "ensuring sufficient supply, enhancing quality, stabilizing price and optimizing structure". First, the Bank optimized its inclusive product and service as well as risk management systems. It enhanced the promotion of credit loans and sci-tech innovation loans to address the financial requirements of micro, small and medium-sized enterprises in an all-round way. Second, the Bank actively implemented loan interest subsidy policies for service sector entities and reduced the financing costs of small and micro-sized enterprises. Third, the Bank

strategically developed a scenario-based business model centered around the "circle, chain, and platform" framework, while effectively managing the customer segment of micro, small and medium-sized enterprises. At the end of 2025, the Bank had 909,400 small and micro-sized enterprise customers with inclusive loans[8], totaling RMB484,522 million. In 2025, the Bank's newly issued loans to inclusive small and micro-sized enterprises amounted to RMB286,126 million, representing a year-on-year increase of 29.5%; the weighted average interest rate of new loans decreased by 0.05 percentage point year-on-year; and the NPL ratio was controlled within a reasonable range.

Deepening finance innovation and technology empowerment for upgrading the service model of manufacturing enterprises. First, the Bank continued to optimize online product system and process based on the upstream and downstream supply chains of the real economy, such as providing accounts receivable financing for upstream manufacturing suppliers based on the payment capabilities and transaction credit of Internet industry leaders, and extending inclusive credit financing to downstream distributors by capitalizing on the brand strength and channel management capabilities of leading manufacturing companies, combined with transaction data. Second, the Bank carried out development and iteration of model strategies through data-driven approaches, established strategy groups according to the characteristics of various customer segments, and improved the efficiency of approval and lending to enhance customer experience. At the end of 2025, the Bank's balance of medium and long-term loans to manufacturing increased by 9.1% from the end of last year.

Enhancing the operation of technology finance for further innovation of tech enterprises. First, the Bank enhanced credit loan support to tech enterprises. It developed sci-tech innovation scorecards and special risk policies based on the technology attributes of enterprises, and provided targeted financial solutions and models for technology enterprises demonstrating high technology content and strong sci-innovation capabilities. Second, the Bank enriched the whole lifecycle service system of tech enterprises, and provided relay and diversified financial services for tech enterprises through exclusive products such as "sci-tech innovation loan" and "pre-IPO loan". Third, the Bank constructed a gradient development system for professional teams of technology finance, and provided targeted and professional service support for tech enterprises. Fourth, the Bank continued to build an ecosystem of technology finance, built a communication platform to deepen industry-finance integration, continuously consolidated resources from all parties, boosted the development of new quality productive forces, and promoted high-level technology self-reliance and self-empowerment. At the end of 2025, the number of tech customers of the Bank was 31,917, representing an increase of 21.1% by the same standard compared with the end of the previous year, and the balance of loans to tech enterprises was RMB306,582 million, up by 9.8% by the same standard from the

[8] Each with a credit line not more than RMB10 million excluding bill financing.

end of last year.

4.21.4 Pension finance

To actively implement the spirit of the Central Financial Work Conference, the Bank built the matrix of diversified pension finance products and built systematic pension service solutions, with a view to comprehensively improving customers' sense of gain and satisfaction.

Firstly, the Bank accelerated the high-quality development of personal pension business, focusing on the upgrading of the functions of the personal pension zone on Ping An Pocket Bank APP. This provides customers with one-stop pension finance services including account opening, cash deposit, product allocation and withdrawals.

Secondly, the Bank enriched its product offerings, where it preferred products featuring stability, long-term suitability, and inclusiveness to precisely meet the needs of diversified pension wealth management of customers. At the end of 2025, the Bank provided 243 personal pension products covering pension savings, pension WMPs and pension funds.

Thirdly, the Bank enhanced elderly-friendly services. On the digital front, the Bank continued developing the senior-friendly version of the Ping An Pocket Bank APP, and leveraged Ping An Group's integrated healthcare and elderly care ecosystem to expand modules including insurance services, medical benefits, and healthy living support, delivering comprehensive financial services for aging populations. In terms of offline experience, the Bank provided barrier-free access channels and age-appropriate facilities at physical branches, assigned dedicated staff to guide seniors in using smart devices, delivered financial fraud prevention education, and offered exclusive service lanes for elderly customers to further enhance the overall customer experience.

4.21.5 Rural revitalization

The Bank earnestly acted upon the spirit of the CPC, continuing to implement the national strategy of rural revitalization by enhancing the quality and efficiency of financial services for rural reform, thereby supporting the high-quality growth of the real economy. In 2025, the Bank invested funds of RMB51,118 million for supporting rural revitalization, with a total investment of RMB203,365 million. It issued 39.8 thousand rural revitalization debit cards, with a progressive total of 296.2 thousand.

Improving service quality and efficiency to continuously support rural revitalization. First, the Bank continuously increased credit allocation in the "agriculture, rural areas and rural residents" sector. At the end of 2025, the balance of agriculture-related loans[9] of the Bank was RMB116,053 million, representing

[9] Agriculture-related loans were statistically calculated in accordance with the *Statement of Loans to Priority Sectors of Inclusive Finance in Banking Industry* (《銀行業普惠金融重點領域貸款情況表》) issued by the National Financial Regulatory Administration and other

an increase of RMB1,358 million over the end of last year on the same standard. Second, the Bank developed characteristic businesses such as "grain processing loan", "agricultural science and technology support loan", "cotton farmer support loan" and "oat enterprise loan", to provide funding support to industries including grain processing, seed breeding, cotton cultivation, and oat production, thereby contributing to national food security and the revitalization of the seed industry.

Providing financial support for urban-rural integration and serving the "high-quality development of 100 counties, 1,000 towns and 10,000 villages" project in Guangdong Province. First, the Bank launched specialized loan products such as "toy loan" and "fishery loan" focusing on the production, processing, and distribution in respect of the "agriculture, rural areas and rural residents" sector, as well as county-specific industries to support the development of local competitive industries. Second, the Bank continuously built and operated inclusive finance service stations to extend banking services to factories, communities, and towns and villages. By the end of 2025, 18 inclusive finance service stations have been established and registered in Guangdong province.

Strengthening corporate-private business linkage and promoting rural economic development. The Bank continued to improve the service system of "equity + public welfare" for rural revitalization, and smooth the channels of customer value-added services, public welfare and charity, to support rural development. In 2025, the Bank organized a cultural tour group named "Visiting Beautiful Villages with Ping An" for customers to visit Baise (Guangxi), Shibadong Village (West Hunan), Manzhang Village (Xishuangbanna, Yunnan), Huoxian Village (South Gansu) and Luyuanping (Enshi, Hubei) and carry out public welfare tourism activities, so as to promote the development of rural cultural tour and help farmers increase income.

4.21.6 Protection of consumer rights and interests

The Bank has made the protection of rights and interests of financial consumers (hereinafter referred to as consumer protection) a key initiative to embody the political and people-oriented nature of financial work, continuously enhancing the quality and effectiveness of consumer protection efforts.

Innovating financial education and public awareness campaigns to enhance financial literacy. The Bank has sustained its normalized, innovative and centralized consumer protection education and publicity initiatives. It launched targeted campaigns such as "Senior Executive's Talk on Consumer Protection" and "Consumer Protection Public Welfare Services", released a series of thematic books and videos on financial consumer protection, and organized distinctive activities for the "elderly and youth" groups, including "Financial Law Training Camps" and the "Fourth National Anti-Fraud Knowledge Competition for the Elderly". In 2025, the Bank organized about 20,000 education and publicity activities, reaching approximately 480 million

requirements.

consumers. The Bank's anti-telecommunication fraud public awareness video won an award in the Ministry of Public Security's national short video contest, and the "Financial Education in Schools" initiative was recognized as a model case of "Service for the People" by the China National Financial Regulatory Administration.

Strengthening service support mechanisms and optimizing the experience of special customer groups. The Bank has upgraded its service mechanisms for elderly customers, persons with disabilities, and foreign visitors. On the offline front, it established "green channels" and "care windows" at branches, introduced the "zero-wallet" cash service at counters, and deployed approximately 70,800 zero-wallets in 2025. It also promoted upgrades to payment acceptance devices at key merchants to support overseas card transactions. On the online front, the Bank deepened accessibility improvements by launching a voice screen reader function in the Ping An Pocket Bank APP, offering features such as voice prompts and dynamic display of key information to enhance the user experience.

Strengthening diversified resolution of disputes and solidifying the foundation of mediation work. The Bank has improved its financial dispute mediation mechanism by launching the "Dispute mediation" function in the Ping An Pocket Bank APP. In 2025, it partnered with mediation organizations to establish 35 mediation service zones, expanding its integrated online and offline mediation network and significantly enhancing the efficiency of dispute resolution.

Collaborating across sectors to combat "black and gray" markets in finance The Bank has actively participated in joint efforts led by public security and financial regulators to crack down on "black and gray" market activities in the financial sector. It established a dedicated task force and leveraged advanced technologies such as artificial intelligence (AI) and optical character recognition (OCR) to analyze suspicious text and seals, enabling the tracing of key leads related to "black and gray" operations. In 2025, the Bank provided intelligence and filed reports with public security and regulatory authorities, resulting in 137 judicial warnings, 12 administrative cases initiated, and 24 criminal cases filed against organized "black and gray" operations.

Deepening the application of financial technology and enhancing the consumer protection management. The Bank has applied AI large model technology to match customers with appropriate solutions for complaints, significantly improving complaint resolution effectiveness. It has also rapidly and accurately identified potential issues by leveraging its intelligent consumer protection review model, enabling proactive optimization of products and services. Additionally, the Bank became the first in the industry to launch the Customer Inquiry and Complaint Interaction Platform, offering self-service features including real-time tracking of complaint progress, escalation requests, and access to information on dispute mediation organizations, enhancing overall customer experience.

Improving complaint management and strengthening root-cause governance The Bank optimized its complaint handling process by publicly disclosing complaint channels at branches, on its official website, and within the Ping An Pocket Bank APP. It strengthened complaint root-cause governance, carry out rectification and optimization for areas where problems occurred frequently, and reduce the occurrence of complaints. At the same time, the Bank ensured adequate staffing for consumer protection functions and enhanced its digital complaint management system, securing sufficient resource allocation to ensure efficient resolution of complaints. In 2025, the Bank accepted 180,841 complaints in total, including complaints transferred from regulatory authorities, complaints from customer service line 95511, complaints from the credit card center and complaints from other channels within the Bank. Business categories involved in complaints mainly included 48.0% of credit card business complaints, 19.5% of loan business complaints, 13.3% of debit card business complaints, 9.7% of debt collection business complaints, and 2.0% of bank agency business complaints. The specific distribution of complaints by region is shown in the table below:

Region	Number of complaints	Region	Number of complaints	Region	Number of complaints
Beijing	1,994	Fujian	1,116	Yunnan	681
Tianjin	1,240	Jiangxi	549	Tibet	0
Hebei	1,369	Shandong	1,898	Shaanxi	1,080
Shanxi	524	Henan	1,906	Gansu	140
Inner Mongolia	211	Hubei	1,811	Qinghai	0
Liaoning	759	Hunan	1,191	Ningxia	129
Jilin	163	Guangdong	5,880	Xinjiang	196
Heilongjiang	335	Guangxi	356	Dalian	690
Shanghai	2,153	Hainan	361	Ningbo	306
Jiangsu	2,806	Chongqing	1,054	Xiamen	586
Zhejiang	2,205	Sichuan	1,141	Qingdao	1,303
Anhui	640	Guizhou	489	Shenzhen	4,045

Note: The above table does not include the data of Head Office level and the credit card center, and the data of Dalian, Ningbo, Xiamen, Qingdao and Shenzhen are listed separately.

Section V Significant Matters

5.1 Commitments

5.1.1 Commitments that have been fulfilled during the reporting period and have not yet been fulfilled as at the end of the reporting period by parties including actual controllers, shareholders, related parties, purchasers and the Company

√ Applicable □ Not applicable

Commitment causes	Commitment type	Commitment party	Contents of commitment	Time of commitment	Duration of commitment	Performance
Commitment made during the asset reorganization	Commitment on competition in the same business, related party transaction and independence	Ping An Insurance (Group) Company of China, Ltd.	China Ping An subscribes 1,638,336,654 shares issued by the Bank in a non-public offering (the Major Asset Reorganization) with 90.75% of its original shares of Ping An Bank and the cash of RMB2,690,052,300: 1. After the completion of the Major Asset Reorganization, during the period when Ping An is a controlling shareholder of Shenzhen Development Bank, if Ping An and other enterprises controlled by Ping An intend to engage in or substantially get the same business or commercial opportunities as those of Shenzhen Development Bank in the future, and the assets and business formed by such business or commercial opportunities may constitute a potential competition in the same business with Shenzhen Development Bank, Ping An and other enterprises controlled by Ping An will not engage in the same or similar business as that of Shenzhen Development Bank to avoid a direct or indirect competition with the business operation of Shenzhen Development Bank. 2. After the completion of the Major Asset Reorganization, for matters that occur between Ping An and other enterprises controlled by Ping An and Shenzhen Development Bank and constitute a related party transaction of Shenzhen Development Bank, by following the principle of openness, fairness and impartiality of market transactions, Ping An and other enterprises controlled by Ping An will perform transactions with Shenzhen Development Bank at a fair and reasonable market price, and fulfill the decision-making processes in accordance with the provisions of relevant laws, regulations and normative documents and fulfill the obligation of information disclosure according to the law. Ping An guarantees that Ping An and other enterprises controlled by Ping An will not obtain any improper benefits or make	29 July 2011	Long-term	Performance in progress

			Shenzhen Development Bank undertake any unfair obligation through the transactions with Shenzhen Development Bank. 3. After the completion of the Major Asset Reorganization, during the period of Ping An as a controlling shareholder of Shenzhen Development Bank, Ping An will maintain the independence of Shenzhen Development Bank and ensure that the personnel, assets, finance, organization and business of Shenzhen Development Bank are independent of those of Ping An and other enterprises controlled by Ping An.			
Other commitments made for medium and small shareholders of the company	Other commitments	The Bank	The company has not made a performance commitment for the preference share issue. The company will take effective measures to improve the use efficiency of funds raised to further enhance the profitability of the company, thereby minimizing the impact of the preference share issue on the return to ordinary shareholders and fully protecting the legitimate rights and interests of shareholders of the company, especially the minority shareholders.	14 March 2016	Long-term	Performance in progress
Whether the commitments are performed timely	Yes					
Specific reasons of failing to complete the performance and next plan (if any)	Not applicable					

5.1.2 If the profit forecast can be carried out for the Company's assets or projects and the reporting period is within the period of profit forecast, the Company shall explain whether the assets or projects can realize the original profit forecast and the reasons

□ Applicable √ Not applicable

5.1.3 Whether any performance commitment is involved

□Applicable √Not applicable

5.2 Occupation of funds of the listed company for non-operating purposes by controlling shareholders and their related parties

□ Applicable √ Not applicable

During the reporting period, there was no occupation of funds of the listed company for non-operating purpose by controlling shareholders and other related parties at the Bank.

5.3 Description of the Board of Directors on the latest "modified audit report"

□ Applicable √ Not applicable

5.4 Description of the Board of Directors, and independent directors (if any) on the "modified audit report" issued by the accounting firm during the reporting period

□ Applicable √ Not applicable

5.5 Description of changes in accounting policies and accounting estimates or correction of major accounting errors as compared to the financial reports for the previous year

□ Applicable √ Not applicable

5.6 Reason for changes in the scope of the consolidated financial statements as compared to the financial report for last year

□ Applicable √ Not applicable

5.7 Employment and dismissal of accounting firms

Currently appointed accounting firm

The Bank held the 2024 Shareholder's Meeting on 23 May 2025, which deliberated and approved the PAB Proposal for the Appointment of Accounting Firm for 2025. The Bank continued to engage Ernst & Young Hua Ming LLP as its auditor for the year of 2025 to provide audit and relevant services.

Name of domestic accounting firm	Ernst & Young Hua Ming LLP
Remuneration of domestic accounting firm (including subsidiaries)	RMB9.14 million
Duration of audit service provided by domestic accounting firm	5
Names of CPAs of domestic accounting firm	Chen Sheng, Luo Yang
Duration of audit service provided by CPAs of domestic accounting firm	1
Name of foreign accounting firm (if any)	Not applicable
Remuneration of foreign accounting firm (if any)	Not applicable
Duration of audit service provided by foreign accounting firm (if any)	Not applicable
Name of CPAs of foreign accounting firm (if any)	Not applicable
Duration of audit service provided by CPAs of foreign accounting firm	Not applicable

Whether the employment of the accounting firm has been changed at the current period

□ Yes √ No

Employment of accounting firm, financial consultant and sponsor for internal control audit

Name of accounting firm for internal control audit	Ernst & Young Hua Ming LLP
Remuneration of accounting firm for internal control audit (including subsidiaries)	RMB1.5 million
Name of financial consultant	Not applicable
Remuneration of financial consultant	Not applicable
Name of sponsor	Not applicable
Remuneration of sponsor	Not applicable

5.8 Delisting after disclosure of the annual report

□ Applicable √ Not applicable

5.9 Matters related to bankruptcy reorganization

□ Applicable √ Not applicable

During the reporting period, there were no bankruptcy reorganization related matters within the Bank.

5.10 Major litigation and arbitration matters

In 2025, there was no litigation and arbitration matter that had significant impact on the operation of the Bank. At the end of 2025, there were 410 pending litigations in which the Bank and its subsidiaries acted as the defendant, involving an amount of RMB2,521 million.

5.11 Punishment and rectification

During the reporting period, the Bank was not under investigation for suspected criminal activities. Neither the Bank, its controlling shareholders, directors, supervisors, nor senior management were subject to criminal penalties, investigated by the CSRC for suspected violations of laws and regulations, or subject to administrative penalties from other competent authorities that would have a significant impact on the Bank's operations. Furthermore, the Bank’s controlling shareholders, directors, supervisors, and senior management were not subjected to compulsory measures due to suspected criminal offenses, nor were they investigated by disciplinary inspection agencies for serious violations of discipline, law, or official duty misconduct that would affect their ability to perform their duties. Additionally, the Bank’s directors, supervisors, and senior management were not subjected to compulsory measures by other competent authorities due to suspected violations of laws and regulations in a manner that would impact their job performance.

5.12 Integrity conditions of the company and its controlling shareholder

During the reporting period, there was no case where the obligations determined by the legal documents in force by the court were not fulfilled and a large amount of debt was due and unpaid for the Bank and its controlling shareholder.

5.13 Matters on major related party transactions

1. See “IX. Related Party Relationships and Transactions” in “Section VIII Financial Report” for details about “transactions between the Bank and China Ping An and its related parties”, “transactions between the Bank and other major shareholders and their related parties”, “main transactions between the Bank and related natural persons” and “main transactions between the Bank and enterprises controlled, jointly controlled, or significantly influenced by key management personnel or their close family members”.

2. Websites for disclosure of interim report on major related party transactions

During the reporting period, the Board of Directors deliberated and approved nine major Proposals on Related Party Transactions, including those with China Ping An, Ping An International Financial Leasing Co., Ltd., Lufax Holding Ltd., Shenzhen Chuangfan Enterprise Management Co., Ltd., and Anke

Technology Co., Ltd, New Founder Holding Development Company Limited, as well as the Proposal Regarding the Estimation of Routine Related Party Transactions with China Ping An and its related parties. Please refer to the Announcement of Ping An Bank Co., Ltd. on Related Party Transactions and other related notices published on China Securities Journal, Securities Times, Shanghai Securities News and on the website of CNINFO (http://www.cninfo.com.cn) on 22 February, 4 April and 27 September 2025 respectively for further information.

5.14 Major contracts and their performance

1. Major entrustment, underwriting or lease: There was no major entrustment, underwriting or lease during the reporting period.

2. Major guarantee: Apart from the guarantee business within its operating scope approved by the NFRA, the Bank had no other major guarantee.

3. Other major contracts and their performance: The Bank had no major contract dispute during the reporting period.

5.15 Usage of raised funds

□ Applicable √ Not applicable

The Bank had no usage of raised funds during the reporting period.

5.16 Major entrusted wealth management

During the reporting period, the Bank had no entrusted wealth management business outside the normal scope of business. See notes in “Section VIII Financial Report” for details about the entrusted wealth management business.

5.17 Other significant events

Upon the approval of the relevant regulatory authorities, the Bank issued the “Non-fixed Term Capital Bonds (the first tranche) (Bond Connect) of Ping An Bank Co., Ltd. in 2025” in the National Interbank Market. The bonds were recorded and filed on 4 March 2025, and the issuance was completed on 6 March 2025. The total amount of bonds issued in the current period is RMB30 billion, and the coupon rate is 2.27% for the first 5 years, which shall be adjusted every 5 years. The issuer shall have a conditional redemption right on each interest payment date in the 5th year and thereafter. The funds raised from this bond issue will be used to supplement the Bank’s other tier 1 capital upon approval by regulatory authorities in accordance with applicable laws.

Upon the approval of the relevant regulatory authorities, the Bank issued the "First Tranche of Special Financial Bonds (Bond Connect) of Ping An Bank Co., Ltd. for Loans to Micro and Small-sized Enterprises in 2025" in the National Interbank Market. The bonds were recorded and filed on 19 May 2025, and the issuance was completed on 21 May 2025. The total amount of bonds issued in the current period was RMB30 billion, and the bonds have a maturity of 3 years, with a fixed coupon rate of 1.74%. The funds raised from this bond issue will be earmarked for special loans to micro and small-sized enterprises upon approval by regulatory authorities in accordance with applicable laws.

Upon the approval of the relevant regulatory authorities, the Bank issued the "First Tranche of Green Financial Bonds (Bond Connect) of Ping An Bank Co., Ltd. for Loans to Micro and Small-sized Enterprises in 2025" in the National Interbank Market. The bonds were recorded and filed on 19 September 2025, and the issuance was completed on 23 September 2025. The total amount of bonds issued in the current period was RMB30 billion, and the bonds have a maturity of 3 years, with a fixed coupon rate of 1.78%. The funds raised from this bond issue will be used for the green industry projects specified in the Catalog of Green Bond Support Projects (2021) upon the approval from regulatory authorities in accordance with applicable laws.

Upon the approval of the relevant regulatory authorities, the Bank issued the "Non-fixed Term Capital Bonds (the second tranche) (Bond Connect) of Ping An Bank Co., Ltd. in 2025" in the National Interbank Market. The bonds were recorded and filed on 19 November 2025, and the issuance was completed on 21 November 2025. The total amount of bonds issued in the current period is RMB30 billion, and the coupon rate is 2.32% for the first 5 years, which shall be adjusted every 5 years. The issuer shall have a conditional redemption right on each interest payment date in the 5th year and thereafter. The funds raised from this bond issue will be used to supplement the Bank's other tier 1 capital upon approval by regulatory authorities in accordance with applicable laws.

Upon the approval of the relevant regulatory authorities, the Bank issued the "Technology Innovation Bonds (Bond Connect) of Ping An Bank Co., Ltd. in 2025" in the National Interbank Market. The bonds were recorded and filed on 17 December 2025, and the issuance was completed on 19 December 2025. The total amount of bonds issued in the current period was RMB6.5 billion, and the bonds have a maturity of 3 years. The coupon rate is linked to the 1-year LPR minus 115 basis points. The coupon rate for the initial period is 1.85%. The funds raised from this bond issue will be directed towards the science and technology innovation sector, as specified in the "Overall Statistical System for the "Five Major Financial Initiatives" (Trial)". These funds will be used specifically to support science and technology innovation related businesses, including the issuance of technology loans and investments in bonds issued by technology innovation enterprises.

5.18 Significant events of the subsidiary of the Company

□ Applicable √ Not applicable

There were no significant events that should be disclosed by Ping An Wealth Management Co., Ltd., the Bank's subsidiary.

Section VI Changes in Shares and Shareholders

6.1 Changes in shares

6.1.1 Changes in shares

(Unit: Share)

Type of shares	Before change		Change					After change	
	Number of shares	Percentage (%)	Issue of new shares	Bonus issue	Transfer from reserve	Others	Subtotal	Number of shares	Percentage (%)
I. Restricted shares	346,348	Around 0	-	-	-	(28,803)	(28,803)	317,545	Around 0
1. Shareholding of the state	-	-	-	-	-	-	-	-	-
2. Shareholding of state-owned legal entity	-	-	-	-	-	-	-	-	-
3. Shareholding of other domestic investors	346,348	Around 0	-	-	-	(28,803)	(28,803)	317,545	Around 0
Including: Shareholding of domestic legal entity	156,145	Around 0	-	-	-	-	-	156,145	Around 0
Shareholding of domestic natural person	190,203	Around 0	-	-	-	(28,803)	(28,803)	161,400	Around 0
4. Shareholding of foreign investors	-	-	-	-	-	-	-	-	-
Including: Shareholding of overseas legal entity	-	-	-	-	-	-	-	-	-
Shareholding of foreign natural person	-	-	-	-	-	-	-	-	-
II. Unrestricted shares	19,405,571,850	Around 100	-	-	-	28,803	28,803	19,405,600,653	Around 100
1. RMB ordinary shares	19,405,571,850	Around 100	-	-	-	28,803	28,803	19,405,600,653	Around 100
2. Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-
III. Total	19,405,918,198	100	-	-	-	-	-	19,405,918,198	100

Reason for the change in shares

√ Applicable □ Not applicable

During the reporting period, the change of restricted shares of senior executives resulted in a decrease of 28,803 shares held by domestic natural persons of the Bank, resulting in a decrease of 28,803 shares of the Bank.

Approval for the change in shares

□ Applicable √ Not applicable

Transfer registration related to shares change

□ Applicable √ Not applicable

Progress for share repurchase

□ Applicable √ Not applicable

Progress for reducing repurchased shares by means of centralized bidding

□ Applicable √ Not applicable

Effect of shares change on the financial indicators such as basic and diluted earnings per share and net assets per share attributable to ordinary shareholders of the Company in the latest fiscal year and period

□ Applicable √ Not applicable

Other disclosure deemed necessary by the Company or required by the securities regulators

□ Applicable √ Not applicable

6.1.2 Statement of changes in restricted shares

(Unit: Share)

Name of shareholder	Number of restricted shares at the beginning of the period	Number of shares release from sales restriction in the current period	Number of increased restricted shares in the current period	Number of restricted shares at the end of the period	Reason for sales restriction	Unlocking date
Shenzhen Tefa Communication Development Co., Ltd.	113,089	-	-	113,089	Share reform	-
Shenzhen Tourism Association	30,504	-	-	30,504	Share reform	-
Shenzhen Futian District Agriculture Development Service Company Yannan Agricultural Machine Agency	12,552	-	-	12,552	Share reform	-
Total	156,145	-	-	156,145	-	-

Notes: (1) The lock-up period of the restricted shares held by Shenzhen Tefa Communication Development Co., Ltd., Shenzhen Tourism Association and Shenzhen Futian District Agriculture Development Service Company Yannan Agricultural Machine Agency expired on 20 June 2008, but the relevant shareholders have not yet delegated the Company to apply for handling unlocking procedures.

(2) The figures in the table above do not include 161,400 executive lock-up shares held by directors and senior management personnel.

6.2 The issuance and listing of securities

Conditions on securities issuance (excluding preference shares) during the reporting period

□ Applicable √ Not applicable

Description of total number of shares of the Company, changes in shareholder structure and changes in the Company's asset and liability structure

□ Applicable √ Not applicable

Shares of existing internal staff

□ Applicable √ Not applicable

6.3 Shareholders and actual controller

6.3.1 Number of shareholders and shareholding conditions

(Unit: Share)

Total number of ordinary shareholders as at the end of the reporting period	441,142	Total number of ordinary shareholders as at the end of the month before the release of the annual report	462,824	Total number of preference shareholders with restored voting rights as at the end of the reporting period (if any)	-	Total number of preference shareholders with restored voting rights as at the end of the month before the release of the annual report (if any)	-

Shareholding of shareholders holding more than 5% shares or the top 10 shareholders (excluding shares lent through refinancing)

Name of shareholder	Nature of shareholder	Number of shares held at the end of the reporting period	Shareholding (%)	Changes during the reporting period	Number of restricted shares held	Number of unrestricted shares held	Pledged, tagged or frozen	
							Status of shares	Number of shares
Ping An Insurance (Group) Company of China, Ltd. - the Group - proprietary fund	Domestic legal entity	9,618,540,236	49.56	-	-	9,618,540,236	-	-
Ping An Life Insurance Company of China, Ltd. - proprietary fund	Domestic legal entity	1,186,100,488	6.11	-	-	1,186,100,488	-	-
Hong Kong Securities Clearing Company Limited	Overseas legal entity	628,291,149	3.24	(118,590,574)	-	628,291,149	-	-
Ping An Life Insurance Company of China, Ltd. - traditional - ordinary insurance product	Domestic legal entity	440,478,714	2.27	-	-	440,478,714	-	-
China Securities Finance Corporation Limited	Domestic legal entity	429,232,688	2.21	-	-	429,232,688	-	-
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 ETF	Domestic legal entity	160,276,703	0.83	(7,240,800)	-	160,276,703	-	-
China Construction Bank Corporation - E Fund Seeded CSI 300 ETF	Domestic legal entity	114,314,244	0.59	(1,236,600)	-	114,314,244	-	-
Industrial and Commercial Bank	Domestic legal entity	87,230,277	0.45	10,419,200	-	87,230,277	-	-

of China Limited - Hua Xia CSI 300 ETF								
Shenzhen Enqing Investment Development Co., Ltd.	Domestic legal entity	85,800,000	0.44	85,800,000	-	85,800,000	-	-
Bank of China Limited - Harvest CSI 300 ETF	Domestic legal entity	75,190,793	0.39	2,418,531	-	75,190,793	-	-
Details of strategic investors or general legal persons becoming top 10 shareholders for issuing new shares (if any)	None							
Explanations of the related party relationship or acting-in-concert relationship among the above shareholders	1. Ping An Life Insurance Company of China, Ltd. is a controlled subsidiary and person acting in concert of Ping An Insurance (Group) Company of China, Ltd. “Ping An Insurance (Group) Company of China, Ltd. - the Group - proprietary fund”, “Ping An Life Insurance Company of China, Ltd. - proprietary fund” and “Ping An Life Insurance Company of China, Ltd. - traditional - ordinary insurance product” are related. 2. The Bank is not aware of any related-party relationship or parties acting in concert among other shareholders.							
Explanation of the entrusting/entrusted voting rights and abstaining from voting rights involving the above shareholders	None							
Special explanation of the existence of special repurchase accounts in top 10 shareholders	None							

Shareholdings of the top 10 shareholders not subject to restrictions (excluding shares lent through refinancing and senior executive lock-up shares)

Name of shareholder	Number of unrestricted shares held	Type of shares	
		Type of shares	Number of shares
Ping An Insurance (Group) Company of China, Ltd. - the Group - proprietary fund	9,618,540,236	RMB ordinary shares	9,618,540,236
Ping An Life Insurance Company of China, Ltd. - proprietary fund	1,186,100,488	RMB ordinary shares	1,186,100,488
Hong Kong Securities Clearing Company Limited	628,291,149	RMB ordinary shares	628,291,149
Ping An Life Insurance Company of China, Ltd. - traditional - ordinary insurance product	440,478,714	RMB ordinary shares	440,478,714
China Securities Finance Corporation Limited	429,232,688	RMB ordinary	429,232,688

		shares	
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 ETF	160,276,703	RMB ordinary shares	160,276,703
China Construction Bank Corporation - E Fund Seeded CSI 300 ETF	114,314,244	RMB ordinary shares	114,314,244
Industrial and Commercial Bank of China Limited - Hua Xia CSI 300 ETF	87,230,277	RMB ordinary shares	87,230,277
Shenzhen Enqing Investment Development Co., Ltd.	85,800,000	RMB ordinary shares	85,800,000
Bank of China Limited - Harvest CSI 300 ETF	75,190,793	RMB ordinary shares	75,190,793
Description of the related party relationship or acting-in-concert arrangement among the top 10 shareholders of unrestricted shares, and between the top 10 shareholders of unrestricted shares and the top 10 shareholders	1. Ping An Life Insurance Company of China, Ltd. is a controlled subsidiary and person acting in concert of Ping An Insurance (Group) Company of China, Ltd. “Ping An Insurance (Group) Company of China, Ltd. - the Group - proprietary fund”, “Ping An Life Insurance Company of China, Ltd. - proprietary fund” and “Ping An Life Insurance Company of China, Ltd. - traditional - ordinary insurance product” are related. 2. The Bank is not aware of any related-party relationship or parties acting in concert among other shareholders.		
Description of the top 10 ordinary shareholders who engage in securities margin trading business	The Bank's shareholder, Shenzhen Enqing Investment Development Co., Ltd., holds 85,800,000 shares through a customer credit-backed securities trading account under a securities company, with an actual total holding of 85,800,000 shares.		

Whether any of the top 10 ordinary shareholders or top 10 ordinary shareholders holding unrestricted shares conducted agreed repurchase transactions during the reporting period

□ Yes √ No

Participation of the shareholders holding more than 5%, the top 10 shareholders and the top 10 shareholders of unrestricted shares in the refinancing of shares

□ Applicable √ Not applicable

Changes in the top 10 shareholders and the top 10 shareholders of unrestricted shares arising from lending through refinancing/returning as compared with the prior period

□ Applicable √ Not applicable

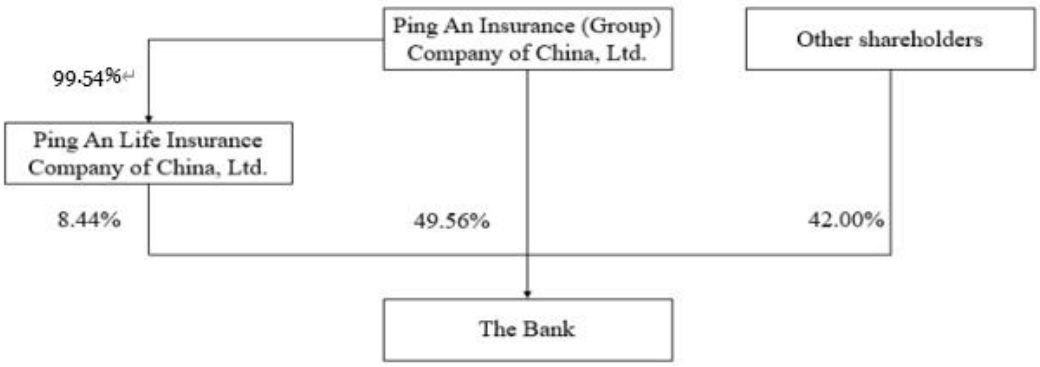
6.3.2 Particulars of the controlling shareholder of the Bank

Name of controlling shareholder	Legal representative	Establishment date	Organization code	Main business
Ping An Insurance (Group) Company of China, Ltd.	Ma Mingzhe	21 March 1988	Unified social credit code: 91440300100012316L	Investment in insurance enterprises; supervision and management of various domestic and international businesses of investment holding enterprises; management of insurance funds; conducting of domestic and international insurance businesses with the approval; conducting of other businesses approved by the NFRA and the relevant state departments.
Equity of other domestic and foreign listed companies controlled and equity participation by the controlling shareholder during the reporting period	The controlling shareholder of the Bank, Ping An Insurance (Group) Company of China, Ltd., was listed on the Main Board of the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange respectively. As of the reporting date, China Ping An has not yet disclosed its 2025 Annual Report. See the *2025 Annual Report of Ping An Insurance (Group) Company of China, Ltd.* for details when it becomes available.			

6.3.3 Change in the controlling shareholder of the Bank during the reporting period

The controlling shareholder of the Bank is Ping An Insurance (Group) Company of China, Ltd. There was no change in the controlling shareholder of the Bank during the reporting period. As at the end of the reporting period, Ping An Group and its controlled subsidiary Ping An Life Insurance, as the controlling shareholders of the Bank, held 58% of the shares of the Bank in total, of which Ping An Group held 49.56% of the shares of the Bank, and Ping An Life Insurance held 8.44%. Ping An Group dispatched directors to the Bank. Ping An Group was established on 21 March 1988. Its registered address is 47F, 48F, 109F, 110F, 111F and 112F, Ping An Financial Center, No. 5033, Yitian Road, Futian District, Shenzhen. The registered capital is RMB18,107,641,995. The legal representative is Ma Mingzhe. The scope of business includes investment in insurance enterprises; supervision and management of various domestic and international businesses of investment holding enterprises; management of insurance funds; conducting of domestic and international insurance businesses with the approval; conducting of other businesses approved by the NFRA and the relevant state departments. With a relatively loose shareholding structure, Ping An Group has neither controlling shareholder, nor any actual controller or ultimate beneficiary. There are no equity interests of the Bank pledged by Ping An Group and its controlled subsidiary Ping An Life Insurance Company of China, Ltd.

A box diagram showing the relationship between the Bank and its controlling shareholder is as follows:



As at 31 December 2025, shareholders who directly or indirectly held more than 5% equities of China Ping An were Charoen Pokphand Group Co., Ltd. and Shenzhen Investment Holdings Co., Ltd. As of the reporting date, China Ping An has not yet disclosed its 2025 Annual Report. See the 2025 Annual Report of Ping An Insurance (Group) Company of China, Ltd. for details when it becomes available.

6.3.4 Actual controller

The Bank has no actual controller. With a relatively loose shareholding structure, Ping An Group, the Bank's controlling shareholder, has neither controlling shareholder, nor any actual controller or ultimate beneficiary. Considering the Bank's shareholding structure and corporate governance practices, no single party is capable of exercising de facto control over the Bank through resolutions at the shareholders' meeting or board of directors, or through daily management and operational matters. Furthermore, there is no circumstance where any shareholder and its acting-in-concert parties (if any) exert control over the Bank through means such as contractual control or shareholding entrustment.

6.3.5 The cumulative number of shares that the Company's controlling shareholder or the largest shareholder and its acting-in-concert parties have pledged accounted for 80% of the number of shares of companies held by them

□ Applicable √ Not applicable

6.3.6 Other corporate shareholders with more than 10% shares held

□ Applicable √ Not applicable

6.3.7 Restrictions on shareholding reduction by controlling shareholder, actual controller, restructuring parties and other commitment entities

□ Applicable √ Not applicable

6.3.8 Other major shareholders prescribed by the *Interim Measures for Equity Interests Management of Commercial Banks* (《商業銀行股權管理暫行辦法》)

(1) China Electronics Investment Shenzhen Company. As at 15 December 2025, China Electronics Investment Shenzhen Company held 62,523,366 shares of the equity interest of the Bank and dispatched directors to the Bank. On 16 December 2025, the Bank's first temporary Shareholders' Meeting for 2025 approved the relevant proposals concerning the board of directors' renewal. China Electronics Investment Shenzhen Company will no longer appoint directors to the Bank and is therefore no longer considered a major shareholder under the *Interim Measures for Equity Interests Management of Commercial Banks* (《商業銀行股權管理暫行辦法》) China Electronics Investment Shenzhen Company was founded on 19 May 1982. The registered address is No. 2070 and No. 2072, Shennan Middle Road, Futian District, Shenzhen. The registered capital is RMB3,341.25 million. The legal representative is Zhang Ruixin. The scope of business includes: 1) General business operations: import and export of proprietary and outsourced goods and technology (Operating upon the document Wai Jing Mao Zheng Shen Han Zi [97] No. 1980). Economic cooperation business with foreign enterprises (Operating upon the document Wai Jing Mao He Han [2001] No. 500). Sales of textiles, groceries, industry production materials (excluding gold, silver, auto mobile and hazardous chemical), petroleum products (excluding refined oil), hardware, AC electrical materials, chemical products (excluding hazardous chemical), construction materials and art crafts (excluding gold accessories), and domestic sales of goods under import and export operation; labor service, information consulting, packaging service, property management and sales and rental service of self-owned properties; domestic freight forwarders; international freight forwarders; wholesale and retail of auto mobile, auto parts and engineering equipment; investment in and establishment of industries (specific projects are subject to additional approval); and start-up investment. Integrated circuit design; integrated circuit manufacturing; sales of integrated circuits; integrated circuit chip design and services; manufacturing of integrated circuit chips and products; sales of integrated circuit chips and products; semiconductor discrete device manufacturing; sales of semiconductor discrete devices; sales of special electronic materials; research and development of special electronic materials; sales of special electronic equipment; supply chain management services. Sales of Class II medical devices. (Except for projects requiring prior approval, the Company may independently conduct business operations in accordance with its business license) , permitted business operations include: road transportation services. (Projects requiring prior approval may only be conducted after obtaining approval from relevant authorities; specific business activities shall be subject to the approval documents or licenses issued by the relevant departments). China Electronics International Information Service Co., Ltd. is the controlling shareholder of China Electronics Investment Shenzhen Company. China Electronics Corporation is the actual controlling party and ultimate beneficiary

of China Electronics Investment Shenzhen Company. China Electronics Investment Shenzhen Company does not pledge any equity interest of the Bank.

(2) Shenzhen Yingzhongtai Investment Co., Ltd. As at the end of the reporting period, Shenzhen Yingzhongtai Investment Co., Ltd. held 10,200 shares of the equity interest of the Bank and dispatched a supervisor to the Bank. On 4 January 2026, the *Articles of Association of Ping An Bank Co., Ltd.* were approved by the National Financial Regulatory Administration. As a result, the Bank's Board of Supervisors and its supervisors were legally dissolved, and Shenzhen Yingzhongtai Investment Co., Ltd. is no longer considered a major shareholder under the *Interim Measures for Equity Interests Management of Commercial Banks* (《商業銀行股權管理暫行辦法》) Shenzhen Yingzhongtai Investment Co., Ltd. was founded on 29 December 2001. The registered address is Room 102 (Office), B46 Longxiang Villa, Longxiang North Road, Fuyong Sub-district, Baoan District, Shenzhen. The legal representative is Che Guobao. The registered capital is RMB10 million. The scope of business includes investment and establishment of industries (specific projects are subject to additional approval); domestic commerce, goods supply and marketing (excluding franchised goods, controlled products and monopolized goods). Mr. Che Guobao is the controlling shareholder and the actual controller of Shenzhen Yingzhongtai Investment Co., Ltd. Mr. Che Guobao and Mr. Che Guoquan are the ultimate beneficiaries of Shenzhen Yingzhongtai Investment Co., Ltd. Shenzhen Yingzhongtai Investment Co., Ltd. does not pledge any equity interest of the Bank.

6.4 Specific implementation of share repurchases during the reporting period

Progress for share repurchase

□ Applicable √ Not applicable

Progress for reducing repurchased shares by means of centralized bidding

□ Applicable √ Not applicable

6.5 Preference Shares

6.5.1 Issuance and listing of preference shares in the recent three years at the end of the reporting period

Mode of issue	Date of issue	Issue price (RMB/share)	Dividend yield	Issuing number (share)	Listing date	Trading number approved for listing (share)	Termination date of listing	Query index of use progress of funds raised	Query index of changes of funds raised
Non-public offering	7 March 2016	100	4.37%	200,000,000	25 March 2016	200,000,000	-	For details, please refer to the *Special Report on the Deposit and Actual Use of Fund Raised of Ping An Bank Co., Ltd. in 2016* published by the Bank on the CNINFO (http://www.cninfo.com.cn) on 17 March 2017.	-

Note: On 9 March 2026, the Bank redeemed in full 200 million preference shares, with a par value of RMB100 per share and a total size of RMB20 billion. The redemption price was the par value of the preference shares (RMB100 per share) plus the current dividend payable (RMB4.37 per share), amounting to a total of RMB20,874 million.

6.5.2 Number and shareholdings of preference shareholders of the Company

(Unit: Share)

Total number of preference shareholders at the end of the reporting period	38	Total number of preference shareholders at the end of the month before the release of the annual report	40

Shareholding of shareholders holding more than 5% preference shares or the top 10 preference shareholders

Name of shareholder	Nature of shareholder	Shareholding (%)	Number of shares held at the end of the reporting period	Changes during the reporting period	Number of restricted shares held	Number of unrestricted shares held	Pledged or frozen	
							Status of shares	Number of shares
Ping An Life Insurance Company of China, Ltd. - dividend - dividends for individual insurance	Domestic legal entity	29.00	58,000,000	-	-	58,000,000	-	-
Ping An Life Insurance Company of China, Ltd. - universal - individual universal insurance	Domestic legal entity	19.34	38,670,000	-	-	38,670,000	-	-
Ping An Property & Casualty Insurance Company of China, Ltd. - traditional - ordinary insurance product	Domestic legal entity	9.67	19,330,000	-	-	19,330,000	-	-
CITIC Securities -	Domestic	5.48	10,950,000	-	-	10,950,000	-	-

Postal Savings Bank of China - CITIC Securities Star No. 28 Collective Asset Management Plan	legal entity							
Everbright Securities Asset Management (“EBSAM”) - China Everbright Bank - EBSAM Xinyou Collective Asset Management Plan	Domestic legal entity	3.05	6,105,000	-	-	6,105,000	-	-
Bank of Communications Schroder Asset Management - Bank of Communications - Bank of Communications Schroder Asset Management Zhuoyuan No. 1 Collective Asset Management Plan	Domestic legal entity	2.51	5,020,000	(10,350,000)	-	5,020,000	-	-
Everbright Securities Asset Management (“EBSAM”) - China Everbright Bank - EBSAM Xinyou No. 4 Collective Asset Management Plan	Domestic legal entity	2.40	4,800,000	4,800,000	-	4,800,000	-	-
Zhongcheng Trust Co., Ltd. - Zhongcheng Trust - Huiying No. 128 Collective Capital Trust Plan	Domestic legal entity	2.36	4,720,000	4,720,000	-	4,720,000	-	-
China Fund - Bank of China - China Fund - BOC Youxiang No. 32 Collective Asset Management Plan	Domestic legal entity	2.23	4,465,000	-	-	4,465,000	-	-
China Fund - Bank of China - China Fund - BOC Youxiang No. 33 Collective Asset Management Plan	Domestic legal entity	1.86	3,710,000	3,710,000	-	3,710,000	-	-
Description of different requirements on other terms of preference shares held other than dividend distribution and residual property distribution		Not applicable						
Explanations of the related party relationship or person acting-in-concert among top 10 preference shareholders and between top 10 preference shareholders and top 10 ordinary shareholders		1. Ping An Life Insurance Company of China, Ltd. and Ping An Property & Casualty Insurance Company of China, Ltd. are controlled subsidiaries and persons acting in concert of the Ping An Insurance (Group) Company of China, Ltd. “Ping An Insurance (Group) Company of China, Ltd. - the Group - proprietary fund”, “Ping An Life Insurance Company of China, Ltd. - proprietary fund”, “Ping An Life Insurance Company of China, Ltd. - traditional - ordinary insurance product”, “Ping An Life Insurance Company of China, Ltd. - dividend - dividends for individual insurance”, “Ping An Life Insurance Company of China, Ltd. - universal - individual universal insurance” and “Ping An Property & Casualty Insurance Company of China, Ltd. - traditional - ordinary insurance product” are related.						

	2. The Bank is not aware of any related-party relationship or parties acting in concert among other shareholders.

6.5.3 Profit distribution of preference shares of the Company

√ Applicable □ Not applicable

(In RMB million)

Time of distribution	Dividend yield	Amount of distribution (tax inclusive)	Conformity with distribution requirements and procedures	Method of dividend payment	Accumulation of dividend	Participation in surplus profit distribution
7 March 2025	4.37%	874	Yes	Paid in cash per annum	No	No

Preference share distribution in recent three years

(In RMB million)

Distribution year	Amount of distribution (tax inclusive)	Net profit attributable to shareholders of the Bank in the distribution year	Proportion accounting for net profit attributable to shareholders of the Bank	Description of amount included in the next accounting year due to the insufficiency of distributable profits or participating in surplus profit distribution
2025	874	42,633	2.05%	Not applicable
2024	874	44,508	1.96%	Not applicable
2023	874	46,455	1.88%	Not applicable

Whether profit distribution policies of preference shares are adjusted or changed

□ Yes √ No

During the reporting period, the Company had profits and the parent company had positive undistributed profits, however, there was no profit distribution for preference shares

□ Applicable √ Not applicable

Other descriptions regarding preference shares distribution

□ Applicable √ Not applicable

6.5.4 Repurchase or conversion of preference shares

□ Applicable √ Not applicable

There was no repurchase or conversion of preference shares during the reporting period.

6.5.5 Recovery of voting rights of preference shares during the reporting period

Recovery and exercise of voting rights of preference shares

□ Applicable √ Not applicable

There was no recovery of voting rights of preference shares during the reporting period.

Shareholders and actual controllers involved in the recovery of voting rights of preference shares

□ Applicable √ Not applicable

6.5.6 Accounting policies and reasons adopted for preference shares

√ Applicable □ Not applicable

See "12. Equity instruments" under "III. Significant accounting policies and estimates" in "Section VIII Financial Report" for accounting policies and reasons adopted for preference shares.

Section VII Corporate Bonds

□ Applicable √ Not applicable

Section VIII Financial Report

1. Audit Report.

2. Financial Statements.

3. Notes to the Financial Statements.

4. Supplementary Information to the Financial Statements.

(Please see appendixes)

The Board of Directors of Ping An Bank Co., Ltd.

21 March 2026

PING AN BANK CO., LTD.

Audited Financial Statements
For the year ended 31 December 2025

PING AN BANK CO. , LTD.

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AUDITOR'S REPORT

Ernst & Young Hua Ming (2026) Shen Zi No. 70036697_H01
PING AN BANK CO., LTD.

To the shareholders of Ping An Bank Co., Ltd.:

I. Opinion

We have audited the financial statements of Ping An Bank Co., Ltd., which comprise the consolidated and bank balance sheets as at 31 December 2025, the consolidated and bank income statements, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and bank's financial position as at 31 December 2025, and the consolidated and bank's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Ping An Bank Co., Ltd. in accordance with the *Chinese Certified Public Accountants' Independence Standard No. 1 - Requirements for*

Independence in Financial Statement Audits and Review Engagements and the *Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants* ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We have complied with the independence requirements applicable to audits of public interest entities during our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

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

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the Audit of the Financial Statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

III. Key Audit Matters (Continued)

Key Audit Matters	How our audit addressed the matter:
Expected credit losses (ECL) of loans and advances to customers, investment on debts and credit commitments	
In ECL measurement, Ping An Bank Co., Ltd. applied multiple models and assumptions, such as: 1. Significant increase in credit risk: selecting criteria for significant increase in credit risk is highly dependent on judgments and could exert significant impacts on ECL of loans and investment on debts with long lifetime. 2. Models and parameters: the model used in the measurement of ECL is highly complex in nature. It needs many input parameters and the parameters evaluation involves more judgments and assumptions; 3. Forward-looking information: predict the macroeconomics, and considering how ECL will be impacted under the weight of different economic scenarios; 4. Individual impairment assessment: many factors should be considered in determining whether loans or investment on debts have credit impairment. Individual impairment evaluation depends on the estimation of future cash flows. Since the impairment assessment of loans and advances to customers, investment on debts and credit commitments in the ECL model involves significant judgment and assumptions, and in view of the significance of the amount (as at 31 December 2025, total loans and advances to customers (including accrued interest) amounted to RMB3,398,831 million, and impairment provision for loans and advances to customers amounted to RMB78,861 million. Investment on debts (including accrued interest) amounted to RMB788,850 million, and impairment provision for investment on debts amounted to RMB6,889 million. Credit commitment balances amounted to RMB2,034,197 million, and related provisions amounted to RMB5,121 million), we consider the estimation a key audit matter.	We understood, assessed and tested the design and operating effectiveness of key internal control (including data quality and information system) related to the ECL of loans and advances to customers, investment on debts and credit commitments. We adopted a risk-based sampling approach, chose samples to implement review procedures to loans and advances to customers and investment on debts. Based on post-loan or post-investment investigation report, the debtor's financial information, collateral valuation reports and other available information, we analyzed the debtor's repayment ability and assessed Ping An Bank Co., Ltd.'s rating results to loans and advances to customers and investment on debts. With the help of internal specialist, we assessed and tested the key parameters, the management's significant judgments and related assumptions used in the ECL model. 1. ECL model: ● Considering the macroeconomic fluctuations, we assessed the reasonableness of the methodology of ECL model and related parameters, including default probability, default loss rate, risk exposure, significant increase in credit risk, etc. ● We evaluated the forward-looking information used by the management in determining the ECL, including the forecasts of macroeconomic variables and assumptions and weight of multiple economic scenarios.

III. Key Audit Matters (Continued)

Key Audit Matters	How our audit addressed the matter:
ECL of loans and advances to customers, investment on debts and credit commitments (Continued)	
For related disclosures, please refer to Note III 8.4, Note III 34(ii), Note IV 6, Note IV 8, Note IV 29, Note VI 2 and Note VIII 1.2 to the financial statements.	● We assessed models and related assumptions used in individual impairment assessment, and analyzed the amount, timing and likelihood of estimated future cash flows, especially the recoverable amount of collaterals. 2. Design and operating effectiveness of key controls: ● We evaluated and tested the data and processes used to confirm the provision for ECL, including loans and advances to customers, investment on debts and credit commitment business data, internal credit rating data, macroeconomic data, etc., as well as the impairment related system calculation logic, data input, system interface, etc. ● We evaluated and tested key controls for the ECL model, including model change approvals, ongoing monitoring of model performance, model validation, and parameter calibration. Furthermore, we evaluated and tested the design and operating effectiveness of internal controls related to disclosures of Ping An Bank Co., Ltd.'s credit risk exposures and ECL.

III. Key Audit Matters (Continued)

Key Audit Matters	How our audit addressed the matter:
Consolidation assessment of structured entities	
In conducting businesses such as financial investments, asset management and credit asset transfer, Ping An Bank Co., Ltd. had interests in various structured entities, including wealth management products, funds, asset management plans, trust plans and asset-backed securities. Ping An Bank Co., Ltd. determines whether or not to consolidate these structured entities based on the assessment of whether the Bank has control taking into consideration power arising from rights, variable returns, and link between power and returns. The assessment of the existence of Ping An Bank Co., Ltd.'s control over structured entities involves significant judgment on factors such as the purpose of setting up structured entities, its ability to direct the relevant activities, direct and indirect beneficial interests and returns, performance fee, remuneration and exposure to loss from providing credit enhancement or liquidity support. A comprehensive analysis of these factors and the conclusion of whether any controls exist involves the management's significant judgments and estimates. Due to the significance of the control and the complexity of judgment exercised by the management, it is considered a key audit matter. For related disclosures, please refer to Note III 5, Note III 34(iv), and Note IV 53 to the financial statements.	We understood, assessed and tested the effectiveness of design and implementation of internal key controls related to evaluating the consolidation of structured entities. These internal controls mainly included approval of transaction structures and contract terms, and review and approval of consolidation assessment and results. In addition, we checked supporting documents of structured entities managed or invested by Ping An Bank Co., Ltd. on a sampling basis, including related contracts, internal documents and information obtained as an investor or disclosed to investors, and assessed whether Ping An Bank Co., Ltd. had control over the structured entities by conducting the following audit procedures: 1. We acquired an understanding of the purpose of setting up the structured entities and the participation of Ping An Bank Co., Ltd. in the structured entities, and assessed the management's judgment regarding whether Ping An Bank Co., Ltd. had power over the structured entities; 2. We checked the structure design of risks and rewards by the structured entities, including any assets owned in the structured entities by Ping An Bank Co., Ltd. or guarantee for its income, arrangement for providing liquidity support, payment of expenses and allocation of income, etc., to assess the magnitude and variability of the variable returns from the structured entities owned by Ping An Bank Co., Ltd. as judged by the management; 3. We determined Ping An Bank Co., Ltd.'s role in the aforesaid activities as an agent or a principal in charge based on whether the Bank was able to influence the amount of return by exercising its rights over the structured entities, including analyzing Ping An Bank Co., Ltd.'s decision scope, rewards gained, other interests, and other participators' rights.

IV. Other Information

The management of Ping An Bank Co., Ltd. is responsible for other information. Other information comprises all of the information included in annual report of Ping An Bank other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read other information and, in doing so, consider whether other information is materially inconsistent with the 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 other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of the management and those charged with governance for the financial statements

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the ability of Ping An Bank Co., Ltd. to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of Ping An Bank Co., Ltd.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs 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 financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the 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.
(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
(4) Conclude on the appropriateness of the management's 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 ability of Ping An Bank Co., Ltd. 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 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 Ping An Bank Co., Ltd. to cease to continue as a going concern.
(5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Ping An Bank Co., Ltd. to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

(No text on this page)

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Chen Sheng
(Engagement Partner)

Chinese Certified Public Accountant: Luo Yang

Beijing, the People's Republic of China

20 March 2026

PING AN BANK CO., LTD.
CONSOLIDATED BALANCE SHEET
31 December 2025
(All amounts in RMB million unless otherwise stated)

	Note IV	The Group	
		31 December 2025	31 December 2024
Assets			
Cash and balances with the Central Bank	1	254,225	268,973
Deposits with banks and other financial institutions	2	143,705	132,090
Precious metals		30,850	12,620
Placements to banks and other financial institutions	3	273,791	267,252
Derivative financial assets	4	28,157	65,412
Financial assets held under resale agreements	5	59,526	32,719
Loans and advances to customers	6	3,320,386	3,294,053
Financial investments:			
Financial assets held for trading	7	765,101	629,571
Investment on debts	8	781,961	785,075
Other investment on debts	9	163,904	176,655
Other equity instrument investment	10	4,727	5,773
Investment properties	12	289	298
Fixed assets	13	11,155	8,634
Right-of-use assets	14	4,001	5,048
Intangible assets	15	5,760	6,238
Goodwill	16	7,568	7,568
Deferred income tax assets	17	50,259	52,329
Other assets	18	20,412	18,962
Total assets		5,925,777	5,769,270

The accompanying notes to financial statements form an integral part of these financial statements.

	Note IV	The Group	
		31 December 2025	31 December 2024
Liabilities			
Borrowings from the Central Bank	20	223,537	86,110
Deposits from banks and other financial institutions	21	565,370	447,877
Placements from banks and other financial institutions	22	53,367	55,641
Financial liabilities held for trading	23	186,031	137,356
Derivative financial liabilities	4	27,391	64,553
Financial assets sold under repurchase agreements	24	80,856	131,181
Deposits from customers	25	3,633,569	3,592,313
Employee benefits payable	26	14,959	16,163
Taxes payable	27	5,501	14,172
Debt securities issued	28	544,534	695,200
Lease liabilities	14	4,255	5,410
Accrued liabilities	29	5,221	5,828
Other liabilities	30	30,002	22,624
Total liabilities		5,374,593	5,274,428
Shareholders' equity			
Share capital	31	19,406	19,406
Other equity instruments	32	99,953	69,948
Including: Preference shares		19,953	19,953
Perpetual bonds		80,000	49,995
Capital reserve	33	80,642	80,713
Other comprehensive income	47	136	2,127
Surplus reserve	34	10,781	10,781
General reserve	35	69,478	68,262
Undistributed profit	36	270,788	243,605
Total shareholders' equity		551,184	494,842
Total liabilities and shareholders' equity		5,925,777	5,769,270

The accompanying notes to financial statements form an integral part of these financial statements.

The financial statements have been signed by:

Legal Representative	President	Vice president and CFO	Head of accounting department
Xie Yonglin	Ji Guangheng	Xiang Youzhi	Yu Chen

PING AN BANK CO., LTD.
BANK BALANCE SHEET
31 December 2025
(All amounts in RMB million unless otherwise stated)

	Note IV	The Bank	
		31 December 2025	31 December 2024
Assets			
Cash and balances with the Central Bank	1	254,225	268,973
Deposits with banks and other financial institutions	2	142,017	130,851
Precious metals		30,850	12,620
Placements to banks and other financial institutions	3	273,791	267,252
Derivative financial assets	4	28,157	65,412
Financial assets held under resale agreements	5	59,021	32,719
Loans and advances to customers	6	3,320,386	3,294,053
Financial investments:			
Financial assets held for trading	7	695,533	588,204
Investment on debts	8	781,961	784,795
Other investment on debts	9	157,257	172,583
Other equity instrument investment	10	4,727	5,773
Long-term equity investments	11	5,000	5,000
Investment properties	12	289	298
Fixed assets	13	11,109	8,602
Right-of-use assets	14	4,001	5,048
Intangible assets	15	5,760	6,238
Goodwill	16	7,568	7,568
Deferred income tax assets	17	50,207	52,231
Other assets	18	20,237	18,773
Total assets		5,852,096	5,726,993

The accompanying notes to financial statements form an integral part of these financial statements.

	Note IV	The Bank	
		31 December 2025	31 December 2024
Liabilities			
Borrowings from the Central Bank	20	223,537	86,110
Deposits from banks and other financial institutions	21	565,431	447,904
Placements from banks and other financial institutions	22	53,367	55,641
Financial liabilities held for trading	23	185,315	137,356
Derivative financial liabilities	4	27,391	64,553
Financial assets sold under repurchase agreements	24	17,001	96,806
Deposits from customers	25	3,633,572	3,592,314
Employee benefits payable	26	14,550	15,742
Taxes payable	27	5,393	14,050
Debt securities issued	28	544,534	695,200
Lease liabilities	14	4,255	5,410
Accrued liabilities	29	5,221	5,828
Other liabilities	30	30,287	22,745
Total liabilities		5,309,854	5,239,659
Shareholders' equity			
Share capital	31	19,406	19,406
Other equity instruments	32	99,953	69,948
Including: Preference shares		19,953	19,953
Perpetual bonds		80,000	49,995
Capital reserve	33	80,651	80,718
Other comprehensive income	47	130	2,084
Surplus reserve	34	10,781	10,781
General reserve	35	66,284	65,298
Undistributed profit	36	265,037	239,099
Total shareholders' equity		542,242	487,334
Total liabilities and shareholders' equity		5,852,096	5,726,993

The accompanying notes to financial statements form an integral part of these financial statements.

PING AN BANK CO., LTD.
CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2025
(All amounts in RMB million unless otherwise stated)

		Note IV	The Group 2025	2024
I.	**Operating income**			
	Interest income	37	169,863	198,381
	Interest expense	37	(81,842)	(104,954)
	Net interest income	37	88,021	93,427
	Fee and commission income	38	27,240	27,844
	Fee and commission expenses	38	(3,346)	(3,732)
	Net fee and commission income	38	23,894	24,112
	Investment income	39	20,474	24,604
	Including: Gains from derecognition of financial assets measured at amortized cost		1,539	759
	Gains or losses on changes in fair value	40	(2,518)	3,104
	Exchange gains or losses	41	960	880
	Other operating income	42	294	382
	Gains or losses on disposal of assets		252	8
	Other income		65	178
	Total operating income		131,442	146,695
II.	**Operating expenses**			
	Taxes and surcharges	43	(1,271)	(1,479)
	Business and administrative expenses	44	(38,196)	(40,582)
	Total operating expenses		(39,467)	(42,061)
III.	**Operating profit before impairment losses**		91,975	104,634
	Impairment losses on credit	45	(40,407)	(48,939)
	Impairment losses on other assets		(160)	(489)
IV.	**Operating profit**		51,408	55,206
	Add: Non-operating income		32	37
	Less: Non-operating expenses		(281)	(505)
V.	**Profit before tax**		51,159	54,738
	Less: Income tax expenses	46	(8,526)	(10,230)
VI.	**Net profit**		42,633	44,508
(I)	Net profit from continuing operations		42,633	44,508
(II)	Net profit from discontinued operations		-	-

The accompanying notes to financial statements form an integral part of these financial statements.

	Note IV	The Group 2025	The Group 2024
VII. Net value of other comprehensive income after tax	47		
(I) Other comprehensive income that will not be reclassified to profit or loss			
Changes in fair value of other equity instrument investment		(604)	403
(II) Other comprehensive income that may be reclassified to profit or loss			
1. Changes in fair value of financial assets designated at fair value and changes included into other comprehensive income		(1,008)	694
2. Provision for credit losses on financial assets designated at fair value and changes included into other comprehensive income		(466)	(1,508)
3. Exchange differences on translation of foreign currency financial statements		(23)	37
Sub-total		(1,497)	(777)
Total other comprehensive income		(2,101)	(374)
VIII. Total comprehensive income		40,532	44,134
IX. Earnings per share			
Basic earnings per share (EPS) (RMB/share)	48	2.07	2.15
Diluted earnings per share (RMB/share)	48	2.07	2.15

The accompanying notes to financial statements form an integral part of these financial statements.

PING AN BANK CO., LTD.
BANK INCOME STATEMENT
For the year ended 31 December 2025
(All amounts in RMB million unless otherwise stated)

		Note IV	The Bank 2025	The Bank 2024
I.	**Operating income**			
	Interest income	37	169,736	198,274
	Interest expense	37	(81,844)	(104,955)
	Net interest income	37	87,892	93,319
	Fee and commission income	38	25,267	26,169
	Fee and commission expenses	38	(3,631)	(4,799)
	Net fee and commission income	38	21,636	21,370
	Investment income	39	20,487	24,218
	Including: Gains from derecognition of financial assets measured at amortized cost		1,539	759
	Gains or losses on changes in fair value	40	(2,753)	3,185
	Exchange gains or losses	41	960	880
	Other operating income	42	294	382
	Gains or losses on disposal of assets		252	8
	Other income		63	144
	Total operating income		128,831	143,506
II.	**Operating expenses**			
	Taxes and surcharges	43	(1,257)	(1,461)
	Business and administrative expenses	44	(37,465)	(39,784)
	Total operating expenses		(38,722)	(41,245)
III.	**Operating profit before impairment losses**		90,109	102,261
	Impairment losses on credit	45	(40,399)	(48,944)
	Impairment losses on other assets		(160)	(489)
IV.	**Operating profit**		49,550	52,828
	Add: Non-operating income		32	37
	Less: Non-operating expenses		(254)	(498)
V.	**Profit before tax**		49,328	52,367
	Less: Income tax expenses	46	(8,170)	(9,781)
VI.	**Net profit**		41,158	42,586
(I)	Net profit from continuing operations		41,158	42,586
(II)	Net profit from discontinued operations		-	-

The accompanying notes to financial statements form an integral part of these financial statements.

	Note IV	The Bank 2025	The Bank 2024
VII. Net value of other comprehensive income after tax	47		
(I) Other comprehensive income that will not be reclassified to profit or loss			
Changes in fair value of other equity instrument investment		(604)	403
(II) Other comprehensive income that may be reclassified to profit or loss			
1. Changes in fair value of financial assets designated at fair value and changes included into other comprehensive income		(970)	652
2. Provision for credit losses on financial assets designated at fair value and changes included into other comprehensive income		(467)	(1,508)
3. Exchange differences on translation of foreign currency financial statements		(23)	37
Sub-total		(1,460)	(819)
Total other comprehensive income		(2,064)	(416)
VIII. Total comprehensive income		39,094	42,170

The accompanying notes to financial statements form an integral part of these financial statements.

PING AN BANK CO., LTD.
CONSOLIDATED AND BANK STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2025
(All amounts in RMB million unless otherwise stated)

2025

	Note IV	The Group							
		Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Undistributed profit	Total shareholders' equity
I. Balance at 1 January 2025		19,406	69,948	80,713	2,127	10,781	68,262	243,605	494,842
II. Changes in the current year									
(I) Net profit		-	-	-	-	-	-	42,633	42,633
(II) Other comprehensive income	47	-	-	-	(2,101)	-	-	-	(2,101)
Total comprehensive income		-	-	-	(2,101)	-	-	42,633	40,532
(III) Capital invested and reduced by shareholders									
1. Capital invested by other equity instruments holders	32	-	60,000	(3)	-	-	-	-	59,997
2. Capital reduced by other equity instruments holders	32	-	(29,995)	(5)	-	-	-	-	(30,000)
(IV) Profit distribution									
1. Appropriation to surplus reserve	34	-	-	-	-	-	-	-	-
2. Appropriation to general reserve	35	-	-	-	-	-	1,216	(1,216)	-
3. Cash dividends on ordinary shares	36	-	-	-	-	-	-	(11,605)	(11,605)
4. Dividends on preference shares	36	-	-	-	-	-	-	(874)	(874)
5. Interest on perpetual bonds	36	-	-	-	-	-	-	(1,645)	(1,645)
(V) Transfer within shareholders' equity									
1. Other comprehensive income transferred to retained earnings	47	-	-	-	110	-	-	(110)	-
(VI) Others									
1. Long-term service plan	33	-	-	(57)	-	-	-	-	(57)
2. The core personnel stock ownership plan	33	-	-	(6)	-	-	-	-	(6)
III. Balance at 31 December 2025		19,406	99,953	80,642	136	10,781	69,478	270,788	551,184

The accompanying notes to financial statements form an integral part of these financial statements.

PING AN BANK CO., LTD.
CONSOLIDATED AND BANK STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)
For the year ended 31 December 2025
(All amounts in RMB million unless otherwise stated)

2025

	Note IV	The Bank							
		Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Undistributed profit	Total shareholders' equity
I. Balance at 1 January 2025		19,406	69,948	80,718	2,084	10,781	65,298	239,099	487,334
II. Changes in the current year									
(I) Net profit		-	-	-	-	-	-	41,158	41,158
(II) Other comprehensive income	47	-	-	-	(2,064)	-	-	-	(2,064)
Total comprehensive income		-	-	-	(2,064)	-	-	41,158	39,094
(III) Capital invested and reduced by shareholders									
1. Capital invested by other equity instruments holders	32	-	60,000	(3)	-	-	-	-	59,997
2. Capital reduced by other equity instruments holders	32	-	(29,995)	(5)	-	-	-	-	(30,000)
(IV) Profit distribution									
1. Appropriation to surplus reserve	34	-	-	-	-	-	-	-	-
2. Appropriation to general reserve	35	-	-	-	-	-	986	(986)	-
3. Cash dividends on ordinary shares	36	-	-	-	-	-	-	(11,605)	(11,605)
4. Dividends on preference shares	36	-	-	-	-	-	-	(874)	(874)
5. Interest on perpetual bonds	36	-	-	-	-	-	-	(1,645)	(1,645)
(V) Transfer within shareholders' equity									
1. Other comprehensive income transferred to retained earnings	47	-	-	-	110	-	-	(110)	-
(VI) Others									
1. Long-term service plan	33	-	-	(53)	-	-	-	-	(53)
2. The core personnel stock ownership plan	33	-	-	(6)	-	-	-	-	(6)
III. Balance at 31 December 2025		19,406	99,953	80,651	130	10,781	66,284	265,037	542,242

The accompanying notes to financial statements form an integral part of these financial statements.

PING AN BANK CO., LTD.
CONSOLIDATED AND BANK STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)
For the year ended 31 December 2025
(All amounts in RMB million unless otherwise stated)

2024

	Note IV	The Group							
		Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Undistributed profit	Total shareholders' equity
I. Balance at 1 January 2024		19,406	69,944	80,761	2,264	10,781	67,917	221,255	472,328
II. Changes in the current year									
(I) Net profit		-	-	-	-	-	-	44,508	44,508
(II) Other comprehensive income	47	-	-	-	(374)	-	-	-	(374)
Total comprehensive income		-	-	-	(374)	-	-	44,508	44,134
(III) Capital invested and reduced by shareholders									
1. Capital invested by other equity instruments holders	32	-	20,000	(2)	-	-	-	-	19,998
2. Capital reduced by other equity instruments holders	32	-	(19,996)	(4)	-	-	-	-	(20,000)
(IV) Profit distribution									
1. Appropriation to surplus reserve	34	-	-	-	-	-	-	-	-
2. Appropriation to general reserve	35	-	-	-	-	-	345	(345)	-
3. Cash dividends on ordinary shares	36	-	-	-	-	-	-	(18,727)	(18,727)
4. Dividends on preference shares	36	-	-	-	-	-	-	(874)	(874)
5. Interest on perpetual bonds	36	-	-	-	-	-	-	(1,975)	(1,975)
(V) Transfer within shareholders' equity									
1. Other comprehensive income transferred to retained earnings	47	-	-	-	237	-	-	(237)	-
(VI) Others									
1. Long-term service plan	33	-	-	(42)	-	-	-	-	(42)
III. Balance at 31 December 2024		19,406	69,948	80,713	2,127	10,781	68,262	243,605	494,842

The accompanying notes to financial statements form an integral part of these financial statements.

PING AN BANK CO., LTD.
CONSOLIDATED AND BANK STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)
For the year ended 31 December 2025
(All amounts in RMB million unless otherwise stated)

2024

	Note IV	The Bank							
		Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Undistributed profit	Total shareholders' equity
I. Balance at 1 January 2024		19,406	69,944	80,763	2,263	10,781	65,233	218,391	466,781
II. Changes in the current year									
(I) Net profit		-	-	-	-	-	-	42,586	42,586
(II) Other comprehensive income	47	-	-	-	(416)	-	-	-	(416)
Total comprehensive income		-	-	-	(416)	-	-	42,586	42,170
(III) Capital invested and reduced by shareholders									
1. Capital invested by other equity instruments holders	32	-	20,000	(2)	-	-	-	-	19,998
2. Capital reduced by other equity instruments holders	32	-	(19,996)	(4)	-	-	-	-	(20,000)
(IV) Profit distribution									
1. Appropriation to surplus reserve	34	-	-	-	-	-	-	-	-
2. Appropriation to general reserve	35	-	-	-	-	-	65	(65)	-
3. Cash dividends on ordinary shares	36	-	-	-	-	-	-	(18,727)	(18,727)
4. Dividends on preference shares	36	-	-	-	-	-	-	(874)	(874)
5. Interest on perpetual bonds	36	-	-	-	-	-	-	(1,975)	(1,975)
(V) Transfer within shareholders' equity									
1. Other comprehensive income transferred to retained earnings	47	-	-	-	237	-	-	(237)	-
(VI) Others									
1. Long-term service plan	33	-	-	(39)	-	-	-	-	(39)
III. Balance at 31 December 2024		19,406	69,948	80,718	2,084	10,781	65,298	239,099	487,334

The accompanying notes to financial statements form an integral part of these financial statements.

PING AN BANK CO., LTD.
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2025
(All amounts in RMB million unless otherwise stated)

	Note IV	The Group 2025	The Group 2024
I. Cash flows from operating activities			
Net decrease in amounts due from the Central Bank and deposits with banks and other financial institutions		42,583	10,686
Net increase in borrowings from the Central Bank		137,675	-
Net increase in deposits from customers and deposits from banks and other financial institutions		165,882	94,486
Net increase in placements from banks and other financial institutions		-	6,602
Net increase in financial assets sold under repurchase agreements		-	72,924
Net decrease in financial assets held under resale agreements		-	4,024
Cash received from interest, fee and commission income		187,685	218,979
Net decrease in financial assets held for trading		12,071	-
Cash received relating to other operating activities	50	79,462	123,106
Sub-total of cash inflows		625,358	530,807
Net decrease in borrowings from the Central Bank		-	(121,484)
Net increase in loans and advances to customers		(97,655)	(56,129)
Net increase in placements to banks and other financial institutions		(159)	(62,516)
Net decrease in placements from banks and other financial institutions		(438)	-
Net increase in financial assets held under resale agreements		(2,684)	-
Net decrease in financial assets sold under repurchase agreements		(50,320)	-
Net increase in financial assets held for trading		-	(79,103)
Cash payments for interest, fee and commission expenses		(79,882)	(84,014)
Cash paid to and on behalf of employees		(20,285)	(20,152)
Payments of taxes and surcharges		(25,048)	(23,827)
Cash paid relating to other operating activities	51	(33,029)	(20,246)
Sub-total of cash outflows		(309,500)	(467,471)
Net cash flows from operating activities		315,858	63,336

The accompanying notes to financial statements form an integral part of these financial statements.

	Note IV	The Group 2025	The Group 2024
II. Cash flows from investing activities			
Cash received from investments upon disposal/maturity		864,286	609,720
Cash received from returns on investments		30,272	36,812
Cash received from disposal of fixed assets, intangible assets and other long-term assets		402	345
Sub-total of cash inflows		894,960	646,877
Cash payments for investments		(971,103)	(676,348)
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(2,893)	(2,388)
Sub-total of cash outflows		(973,996)	(678,736)
Net cash flows used in investing activities		(79,036)	(31,859)
III. Cash flows from financing activities			
Cash received from debt securities and other equity instruments issued		725,935	733,997
Sub-total of cash inflows		725,935	733,997
Cash payments for principal of debt securities and other equity instruments		(854,348)	(778,465)
Cash payments for interest on debt securities		(4,382)	(5,231)
Cash payments for dividend and profit distribution		(14,124)	(21,576)
Cash payments for lease liabilities		(2,243)	(2,611)
Cash paid relating to other financing activities		(74)	(47)
Sub-total of cash outflows		(875,171)	(807,930)
Net cash flows used in financing activities		(149,236)	(73,933)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(1,897)	1,183
V. Net increase/(decrease) in cash and cash equivalents		85,689	(41,273)
Add: Cash and cash equivalents at the beginning of the year		256,946	298,219
VI. Cash and cash equivalents at the end of the year	49	342,635	256,946

The accompanying notes to financial statements form an integral part of these financial statements.

	Note IV	The Group 2025	The Group 2024
Supplementary information			
1. Reconciliation of net profit to cash flows from operating activities			
Net profit		42,633	44,508
Adjustments:			
Impairment losses on credit	45	40,407	48,939
Impairment losses on other assets		160	489
Interest income arising from financial assets that have been impaired		(189)	(112)
Depreciation of investment properties		13	15
Depreciation of fixed assets	44	1,328	1,591
Depreciation of right-of-use assets	44	1,927	2,247
Amortization of intangible assets	44	849	814
Amortization of long-term prepaid expenses		514	609
Net gains or losses from disposal of fixed assets, intangible assets and other long-term assets		19	32
Gains or losses on changes in fair value of financial instruments		1,622	(3,385)
Gains or losses on changes in fair value of foreign exchange derivative financial instruments		(138)	(2,799)
Interest income and profits from investment		(32,690)	(36,707)
Decrease/(Increase) in deferred income tax assets	46	2,718	(6,507)
Interest expenses on lease liabilities		137	186
Interest expenses on debt securities issued	37	12,125	16,568
Increase in operating receivables		(12,365)	(202,985)
Increase in operating payables		256,763	199,898
Provision/(Reversal) for expected litigation losses		25	(65)
Net cash flows from operating activities		315,858	63,336
2. Net increase/(decrease) in cash and cash equivalents			
Cash at the end of the year	49	4,057	3,421
Less: Cash at the beginning of the year		(3,421)	(3,687)
Add: Cash equivalents at the end of the year	49	338,578	253,525
Less: Cash equivalents at the beginning of the year		(253,525)	(294,532)
Net increase/(decrease) in cash and cash equivalents		85,689	(41,273)

The accompanying notes to financial statements form an integral part of these financial statements.

PING AN BANK CO., LTD.
BANK CASH FLOW STATEMENT
For the year ended 31 December 2025
(All amounts in RMB million unless otherwise stated)

	Note IV	The Bank 2025	The Bank 2024
I. Cash flows from operating activities			
Net decrease in amounts due from the Central Bank and deposits with banks and other financial institutions		42,583	10,686
Net increase in borrowings from the Central Bank		137,675	-
Net increase in deposits from customers and deposits from banks and other financial institutions		165,918	94,466
Net increase in placements from banks and other financial institutions		-	6,602
Net increase in financial assets sold under repurchase agreements		-	56,650
Net decrease in financial assets held under resale agreements		-	4,024
Cash received from interest, fee and commission income		185,537	217,113
Net decrease in financial assets held for trading		9,889	-
Cash received relating to other operating activities	50	78,746	123,071
Sub-total of cash inflows		620,348	512,612
Net decrease in borrowings from the Central Bank		-	(121,484)
Net increase in loans and advances to customers		(97,655)	(56,129)
Net increase in placements to banks and other financial institutions		(159)	(62,516)
Net decrease in placements from banks and other financial institutions		(438)	-
Net increase in financial assets held under resale agreements		(2,684)	-
Net decrease in financial assets sold under repurchase agreements		(79,800)	-
Net increase in financial assets held for trading		-	(77,175)
Cash payments for interest, fee and commission expenses		(80,013)	(86,284)
Cash paid to and on behalf of employees		(19,809)	(19,737)
Payments of taxes and surcharges		(24,597)	(22,907)
Cash paid relating to other operating activities	51	(32,732)	(19,890)
Sub-total of cash outflows		(337,887)	(466,122)
Net cash flows from operating activities		282,461	46,490

The accompanying notes to financial statements form an integral part of these financial statements.

	Note IV	The Bank 2025	The Bank 2024
II. Cash flows from investing activities			
Cash received from investments upon disposal/maturity		836,946	600,836
Cash received from returns on investments		30,145	36,232
Cash received from disposal of fixed assets, intangible assets and other long-term assets		402	345
Sub-total of cash inflows		867,493	637,413
Cash payments for investments		(911,227)	(650,378)
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(2,862)	(2,371)
Sub-total of cash outflows		(914,089)	(652,749)
Net cash flows used in investing activities		(46,596)	(15,336)
III. Cash flows from financing activities			
Cash received from debt securities and other equity instruments issued		725,935	733,997
Sub-total of cash inflows		725,935	733,997
Cash payments for principal of debt securities and other equity instruments		(854,348)	(778,465)
Cash payments for interest on debt securities		(4,382)	(5,231)
Cash payments for dividend and profit distribution		(14,124)	(21,576)
Cash payments for lease liabilities		(2,243)	(2,611)
Cash paid relating to other financing activities		(70)	(45)
Sub-total of cash outflows		(875,167)	(807,928)
Net cash flows used in financing activities		(149,232)	(73,931)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(1,897)	1,183
V. Net increase/(decrease) in cash and cash equivalents		84,736	(41,594)
Add: Cash and cash equivalents at the beginning of the year		255,707	297,301
VI. Cash and cash equivalents at the end of the year	49	340,443	255,707

The accompanying notes to financial statements form an integral part of these financial statements.

	Note IV	The Bank 2025	The Bank 2024
Supplementary information			
1. Reconciliation of net profit to cash flows from operating activities			
Net profit		41,158	42,586
Adjustments:			
Impairment losses on credit	45	40,399	48,944
Impairment losses on other assets		160	489
Interest income arising from financial assets that have been impaired		(189)	(112)
Depreciation of investment properties		13	15
Depreciation of fixed assets	44	1,315	1,579
Depreciation of right-of-use assets	44	1,927	2,247
Amortization of intangible assets	44	849	814
Amortization of long-term prepaid expenses		514	609
Net gains or losses from disposal of fixed assets, intangible assets and other long-term assets		19	32
Gains or losses on changes in fair value of financial instruments		1,857	(3,466)
Gains or losses on changes in fair value of foreign exchange derivative financial instruments		(138)	(2,799)
Interest income and profits from investment		(32,559)	(36,127)
Decrease/(Increase) in deferred income tax assets	46	2,661	(6,472)
Interest expenses on lease liabilities		137	186
Interest expenses on debt securities issued	37	12,125	16,568
Increase in operating receivables		(14,601)	(201,168)
Increase in operating payables		226,789	182,630
Provision/(Reversal) for expected litigation losses		25	(65)
Net cash flows from operating activities		282,461	46,490
2. Net increase/(decrease) in cash and cash equivalents			
Cash at the end of the year	49	4,057	3,421
Less: Cash at the beginning of the year		(3,421)	(3,687)
Add: Cash equivalents at the end of the year	49	336,386	252,286
Less: Cash equivalents at the beginning of the year		(252,286)	(293,614)
Net increase/(decrease) in cash and cash equivalents		84,736	(41,594)

The accompanying notes to financial statements form an integral part of these financial statements.

I. General information of the Bank

Ping An Bank Co., Ltd. (formerly known as Shenzhen Development Bank Co., Ltd.) (hereinafter referred to as the Bank) was established in Shenzhen Special Economic Zone in the People's Republic of China (the PRC) as a result of the restructuring of six rural credit cooperatives into a joint stock commercial bank with limited liability. The Bank was established on 22 December 1987 after the initial public offering of its RMB ordinary shares on 10 May 1987. The Bank was listed on the Shenzhen Stock Exchange on 3 April 1991 and the stock code is 000001. As at 31 December 2025, the share capital of the Bank amounted to RMB19,406 million, with a face value of RMB1 per share.

Board resolutions on *Proposal of SDB on the Scheme of Merger of the Controlling Subsidiary Ping An Bank Co., Ltd. through Absorption and Proposal of SDB on Signing the Absorption Merger Agreement with Ping An Bank Co., Ltd.* signed between the Bank and the former Ping An Bank Company Limited (hereinafter referred to as Former Ping An Bank) were approved during the first extraordinary Shareholders' Meeting held on 9 February 2012. The absorption and merger plan had been approved by the National Financial Regulatory Administration (NFRA, formerly named as China Banking and Insurance Regulatory Commission) in accordance with *China Banking Regulatory Commission's Approval of Absorption of Ping An Bank Co., Ltd. by Shenzhen Development Bank Co., Ltd.* (Yin Jian Fu [2012] No. 192).

On 12 June 2012, the Shenzhen Market Supervision and Management Bureau approved Former Ping An Bank's deregistration application. In July 2012, as approved by the NFRA in accordance with *China Banking Regulatory Commission's Approval for the Renaming of Shenzhen Development Bank* (Yin Jian Fu [2012] No. 397), the Chinese name of the Bank, "深圳发展银行股份有限公司", was changed to "平安银行股份有限公司". The English name of "Shenzhen Development Bank Co., Ltd." was changed to "Ping An Bank Co., Ltd.".

On 16 December 2019, the Bank opened a branch in Hong Kong Special Administrative Region, China ("Hong Kong"). On 31 December 2025, the Bank had branches in Mainland China and Hong Kong. The Bank's Head Office and domestic branches are collectively referred to as "domestic institutions" and its overseas branches are collectively referred to as "overseas institutions".

The registered office of the Bank is located at No. 5047, Shennan Road East, Luohu District, Shenzhen, Guangdong Province, the PRC. Headquartered in Shenzhen, the Bank operates its business in Mainland China. The institution number of the Bank on No. 00386413 financial license issued by the NFRA is B0014H144030001. The business license of the Bank was issued by Shenzhen Market Supervision and Management Bureau with uniform social credit code 91440300192185379H.

On 19 August 2020, the Bank received the *Approval from CBIRC on the Opening of Ping An Wealth Management Co., Ltd.* (Yin Bao Jian Fu [2020] No. 513), which approved the opening of Ping An Wealth Management Co., Ltd., a wholly-owned subsidiary of the Bank. According to the approval of the NFRA, the registered capital of Ping An Wealth Management Co., Ltd. is RMB5,000 million. It is principally engaged in the businesses related to asset management such as the issuance of public financing products, the issuance of private financing products, financial advisory and consulting.

On 4 January 2026, the Bank received the *Approval from the National Financial Regulatory Administration Regarding the Amendment to Ping An Bank's Articles of Association* (Jin Fu [2026] No. 9). The Approval confirmed that, since the date that the amended *Articles of Association* was approved, the Bank's Supervisory Committee and supervisors would be legally dissolved, and the Audit Committee of the Board of Directors assumed the duties previously exercised by the Supervisory Committee in accordance with the *Company Law of the People's Republic of China* and applicable regulatory requirements.

I. General information of the Bank (Continued)

The Bank is principally engaged in authorized commercial banking activities. The ultimate holding company of the Bank and its subsidiaries (collectively referred to as the Group) is Ping An Insurance (Group) Company of China, Ltd.

The financial statements were approved and authorized for issue by the Board on 20 March 2026.

II. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with the *Accounting Standard for Business Enterprises - Basic Standard*, various specific accounting standards, interpretations of Accounting Standards for Business Enterprises and other relevant regulations (hereinafter collectively referred to as ASBEs) issued by the Ministry of Finance of the People's republic of China (hereinafter referred to as the Ministry of Finance) on 15 February 2006 and in subsequent periods and the disclosure requirements in the *Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 - General Rules on Financial Reporting* (revised in 2023) issued by the China Securities Regulatory Commission (hereinafter referred to as the CSRC).

The financial statements have been prepared on a going concern basis.

III. Significant accounting policies and estimates

1. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements present truly and completely consolidated and bank financial positions of and the Group as at 31 December 2025, and consolidated and bank financial performance and the cash flows for the year then ended and relevant information in accordance with Accounting Standards for Business Enterprises.

2. Accounting year

The accounting year of the Group is a calendar year, i.e., from 1 January to 31 December.

3. Functional currency

The functional currency of the Group’s domestic branches is RMB and the functional currency of the Group’s overseas branches is determined based on the currency of the primary economic environment in which they operate. The currency adopted for preparation of the financial statements by the Group is RMB. All amounts in financial statements are presented in RMB million unless otherwise stated.

4. Business combinations

Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

III. Significant accounting policies and estimates (Continued)

4. Business combinations (Continued)

Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. In a business combination involving entities under common control, the entity that, at the combination date, obtains control of another combining entity is the absorbing entity, while that other combining entity is the entity being absorbed. The combination date is the date on which the absorbing entity effectively obtains control on the entity being absorbed.

The assets and liabilities that are obtained by the absorbing entity in a business combination involving entities under common control shall be measured on the basis of their carrying amounts in the financial statements of the entity being absorbed at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued) by the absorbing entity shall be adjusted to share premium under capital reserves. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations not involving entities under common control

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. In a business combination not involving entities under common control, the entity that, on the acquisition date, obtains control of another combining entity is the acquirer, while that other combining entity is the acquiree. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The acquirer shall measure the acquiree’s identifiable assets, liabilities and contingent liabilities acquired in a business combination not involving entities under common control at their fair values on the acquisition date.

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. The acquirer shall recognize the positive difference between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree as goodwill and recognize the negative difference in profit or loss of the current period. Costs incurred by the acquirer directly attributable to the combination should also be included in cost of business combination.

III. Significant accounting policies and estimates (Continued)

5. Consolidated financial statements

The consolidated financial statements have been prepared on the basis of where control is achieved, including the Group and all its subsidiaries (including the structured entities).

Subsidiaries are the entities controlled by the Group. Control means having power over an investee, enjoying variable returns through involvement in relevant activities of the investee, and being able to impact the amount of such variable returns by using the power over the investee.

A structured entity refers to an entity of which, when controller of an entity is determined, the voting rights or similar rights do not compose a decisive factor affecting the design of entity structure (e.g., the voting rights are only related to administrative affairs), and relevant activities of the entity are carried out in accordance with contracts or corresponding arrangements.

For subsidiaries acquired through business combinations not involving entities under common control, the financial performance and cash flows of the acquiree shall be consolidated from the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. While preparing the consolidated financial statements, the Group shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

For subsidiaries acquired through business combinations involving entities under common control, the financial performance and cash flows of the entity being absorbed shall be consolidated from the beginning of the period in which the combination occurs. While preparing the comparative financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity after the combination has been in existence since the date the ultimate controlling party first obtained the control.

All significant intra-group balances, transactions and unrealized profits are eliminated in the consolidated financial statements. A subsidiary's shareholders' equity, net gains or losses and comprehensive income for the period not attributable to the Bank are recognized as non-controlling interests, profits and losses attributable to minority interests and total comprehensive income attributable to minority interests, and are presented separately in the consolidated financial statements under shareholders' equity, net profit and total comprehensive income respectively. Where a subsidiary's loss for the current period attributed to the non-controlling shareholders exceed their share of owners' equity of the subsidiary at the beginning of the period, the excess shall be allocated to non-controlling interests. Unrealized gains or losses resulting from the sales of assets by the Bank to its subsidiaries are fully eliminated against net profit attributable to owners of the Bank. Unrealized gains or losses resulting from the sales of assets by a subsidiary to the Bank are eliminated and allocated between net profit attributable to owners of the Bank and non-controlling interests by the allocation ratio of the Bank with respect to the subsidiary. Unrealized gains or losses resulting from the sales of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the Bank and non-controlling interests by the allocation ratio of the Bank with respect to the subsidiary.

If a transaction is accounted for by the Bank or its subsidiary in a way different from the Group, it is adjusted to conform to the way of the Group.

III. Significant accounting policies and estimates (Continued)

6. Foreign currency translation

The Group translates foreign currency transactions into its functional currency.

Foreign currency transactions are on initial recognition translated to RMB at the exchange rates quoted by the People's Bank of China ("the spot exchange rates") prevailing on the day in which the transactions take place. Monetary items denominated in foreign currencies are translated at the spot exchange rates ruling at the balance sheet date. Differences arising on settlement or translation of monetary items are recognized in "Exchange gains or losses" or "Other comprehensive income" in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions; non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The resulting exchange differences are recognized in "Exchange gains or losses" or "Other comprehensive income" in the income statement.

Assets and liabilities from overseas institutions in the balance sheet are translated using the spot exchange rate at the balance sheet date, and equity items other than undistributed profit are translated at the spot exchange rates at the dates of transactions. Revenue and expense items in income statement from overseas institutions are translated using the spot exchange rates prevailing on the dates of the transactions. The resulting exchange differences are recognized in other comprehensive income. Cash flows arising from transactions in a foreign currency are translated using the spot exchange rates at the dates on which the transactions take place. The effect of exchange rate changes on cash is separately presented in the statement of cash flows.

7. Precious metals

The Group's precious metals mainly include gold. Precious metals that are not related to the Group's precious metals trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realizable value. Precious metals acquired by the Group for trading purposes are initially measured at fair value and subsequent changes in fair value are recorded in profit or loss for the period.

8. Financial assets and liabilities

8.1 Initial recognition and measurement of financial instruments

Financial assets or liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, financial assets and liabilities are measured at fair value by the Group. For financial assets or financial liabilities not designated at fair value and changes included into the profits and losses for the period, transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities are added or deducted. Transaction costs for financial assets and liabilities designated at fair value and changes included into the profits and losses for the period are recognized in profit or loss for the period. After initial recognition, for financial assets measured at amortized cost and investments in debt instruments designated at fair value and changes included into other comprehensive income, their expected credit losses are immediately recognized in profit or loss.

III. Significant accounting policies and estimates (Continued)

8. Financial assets and liabilities (Continued)

8.1 Initial recognition and measurement of financial instruments (Continued)

When the fair value of the financial assets and liabilities at initial recognition is different from their transaction costs, the Group confirms the difference in the following ways:

(i) If the fair value is determined based on the quoted price in active markets (i.e., Level 1 inputs) for identical assets or liabilities or based on valuation techniques using only observable market data, the difference is recognized in profit or loss.
(ii) In other cases, the Group defers the difference. The Group recognises the deferred difference as a gain or loss in the corresponding accounting period based on the extent to which a factor changes in the corresponding accounting period. Such factors shall be limited to the factors that market participants will consider when pricing the financial instrument, including time, etc.

8.2 Classification and subsequent measurement of financial assets

Classification

The Group classifies its financial assets into the following categories:

(i) Financial assets at fair value through profit or loss (FVTPL)
(ii) Financial assets at fair value through other comprehensive income (FVTOCI)
(iii) Financial assets measured at amortized cost

Financial assets are classified based on the business model governing those financial assets and the characteristics of the corresponding contractual cash flows.

The business model reflects how the Group manages its financial assets to generate cash flows. In other words, it reflects whether the Group's goal is only collecting contractual cash flows of the assets, or both collecting contractual cash flows and trading the financial assets. If neither of the above is applicable (e.g., holding the financial assets for trading), the financial asset group falls into the category of "others" for business model and is classified as financial assets designated at fair value and changes included into the profits and losses for the period.

If the business model is collecting contractual cash flows, or includes both collecting contractual cash flows and trading the financial assets, the Group will assess whether the cash flows of financial instruments are solely payments of principal and interest. In the assessment, the Group considers whether the contractual cash flows are consistent with basic lending arrangements, that is, the interest only includes the time value of currency, credit risk, other basic lending risks and considerations for profit rates in compliance with the basic lending arrangements. If contract terms lead to risks or volatility exposures inconsistent with basic lending arrangements, the relevant financial assets should be classified as financial assets designated at fair value and changes included into the profits and losses for the period.

For financial assets containing embedded derivatives, the Group should analyze them as a whole when confirming if the contractual cash flows are solely payments of principal and interest.

III. Significant accounting policies and estimates (Continued)

8. Financial assets and liabilities (Continued)

8.2 Classification and subsequent measurement of financial assets (Continued)

Subsequent measurement

Debt instruments

Debt instruments refer to those instruments complying with the definition of financial liabilities analyzed from the view of the issuers, such as loans, government bonds and corporate bonds.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The Group classifies debt instruments using the following three measurement methods:

- Measured at amortized cost: Assets that are held for receiving contractual cash flows and whose cash flows are solely payments of principal and interest are classified into financial assets measured at amortized cost. The interest income of such financial assets is recognized by the Group based on the effective interest method. The Group's debt instruments measured at amortized cost mainly comprise balances with the Central Bank, deposits with banks and other financial institutions, placements with and loans to banks and other financial institutions that are measured at amortized cost, financial assets held under resale agreements, loans and advances to customers that are measured at amortized cost, investment on debts and other receivables.

  The amortized cost of a financial asset shall be measured at the initial recognition amount after making the following adjustments: (i) minus the principal repayments; (ii) plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount; (iii) minus the cumulative loss provision (only applicable to financial assets). The Group calculates the interest income of the asset using the effective interest method and presents it as "interest income".

  The effective interest rate is the interest rate at which the estimated future cash flows of a financial asset or financial liability in the expected lifetime is discounted to the book balance of the financial asset (i.e., the amortized cost before deduction of loss provision) or the amortized cost of the financial liability. When calculating the effective interest rate, the expected credit losses are not taken into account, while the transaction costs, premiums or discounts, and fees paid or received that are an integral part of the effective interest rate are included.

III. Significant accounting policies and estimates (Continued)

8. Financial assets and liabilities (Continued)

8.2 Classification and subsequent measurement of financial assets (Continued)

Subsequent measurement (Continued)

Debt instruments (Continued)

- Designated at fair value and changes included into other comprehensive income: Assets that are held for receiving contractual cash flows and for sale and whose cash flows are solely payments of principal and interest are classified into financial assets designated at fair value and changes included into other comprehensive income. Such assets are subsequently designated at fair value with impairment losses or gains relating to the amortized cost of the financial asset, interest calculated using the effective interest method, exchange gains or losses recognized in profit or loss for the current period. Besides, other changes in the carrying amount are included in other comprehensive income. Where a financial asset is derecognized, the accumulated gains or losses that are previously recognized in other comprehensive income are transferred from equity to profit or loss. Interest income from these financial assets is calculated at effective interest rate and recognized in profit or loss. The Group's debt instruments designated at fair value and changes included into other comprehensive income mainly comprise placements with and loans to banks and other financial institutions designated at fair value and changes included into other comprehensive income, loans and advances to customers designated at fair value and changes included into other comprehensive income and other investment on debts.

  The fair value of a financial asset is the price obtained from selling an asset or paid for transferring a liability in an orderly transaction among market participants on measurement date. An orderly transaction refers to a transaction in which related assets or liabilities are traded in customary market activities in a period before the measurement date. Compulsory transactions such as liquidation are not orderly transactions.

- Designated at fair value and changes included into the profits and losses for the period: Financial assets not measured at amortized cost or not designated at fair value and changes included into other comprehensive income are classified as financial assets designated at fair value and changes included into the profits and losses for the period. Such assets are subsequently designated at fair value and changes included into the profits and losses for the period.

  Financial assets designated at fair value and changes included into the profits and losses for the period held by the Group include financial assets held for trading and financial assets recognized as financial assets designated at fair value and changes included into the profits and losses for the period for they are not qualified as financial assets measured at amortized cost or financial assets designated at fair value and changes included into other comprehensive income. These financial assets are included in "Financial assets held for trading" in the balance sheet. Interest on financial investments included in financial assets held for trading calculated based on coupon rate is recognized in "investment income".

III. Significant accounting policies and estimates (Continued)

8. Financial assets and liabilities (Continued)

8.2 Classification and subsequent measurement of financial assets (Continued)

Subsequent measurement (Continued)

Equity instruments

Equity instruments refer to the instruments that meet the definition of equity from the perspective of the issuer, that is, an instrument that does not contain contractual obligation to make a payment but is entitled to the net assets and residual income of the issuer, such as a common stock.

All equity instrument investments held by the Group are subsequently measured at fair value. The Group can elect to classify irrevocably its equity instrument investments which are not held for trading as equity investments designated at fair value through other comprehensive income. Only the relevant dividend income (except the dividend income that is clearly recovered as part of the investment cost) is included in the current profit and loss, and the subsequent changes in the fair value are included in other comprehensive income, without the need for provision of impairment. Upon derecognition of the financial assets, cumulative gains or losses previously recognized in other comprehensive income are transferred and reclassified into retained earnings for the period.

8.3 Classification and measurement of financial liabilities

Financial liabilities held for trading

Financial liabilities held for trading refer to financial liabilities designated at fair value and changes included into the profits and losses for the period.

Such financial liabilities are measured at fair value and their gains or losses are recognized in profit or loss for the period. For financial liabilities designated at fair value and changes included into the profits and losses for the period, gains or losses should be recognized as follows:

(i) For changes in fair value of the financial liabilities that arise from changes in the Group's own credit risk, the relevant amount should be recognized in other comprehensive income;
(ii) Other changes in the fair value of the financial liabilities are recognized in profit or loss.

Where a financial liability designated at fair value and changes included into the profits and losses is derecognized, the accumulated gains or losses that are previously recognized in other comprehensive income are transferred from other comprehensive income to retained earnings.

A financial liability may be designated, on initial recognition, as at fair value included into profit or loss only when one of the following conditions is satisfied:

(i) The designation eliminates or significantly reduces the inconsistent treatment that would otherwise rise from measuring the assets or liabilities or recognizing the gains or losses on them on a different basis.
(ii) As stated in formal written document with respect to risk management or investment strategy, the portfolio of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, and the information is reported on that basis to the Group's key management personnel.
(iii) A hybrid instrument embedded with one or more derivatives, unless the embedded derivative does not significantly modify the cash flows of the hybrid instrument, or it is clear that a separation of the hybrid instrument from the embedded derivative is obviously inappropriate.

III. Significant accounting policies and estimates (Continued)

8. Financial assets and liabilities (Continued)

8.3 Classification and measurement of financial liabilities (Continued)

The designation can not be revoked once made.

Convertible corporate bonds

Convertible corporate bonds include the liability component and the equity component. Liability component represents the obligation to pay the fixed principal and interest and is classified as a liability with fair value calculated using the market interest rate of a similar liability that does not have an equity conversion option, and subsequently measured at amortized cost using the effective interest method. Equity component represents the embedded option to convert liability into ordinary share, which is recognized in the owners' equity based on the difference between the total income arising from issuance of the convertible corporate bond and its liability component. Direct transaction costs are allocated in proportion of the liability component and equity component to the proceeds of issuance.

On conversion of the corporate bonds into shares, the amount transferred to "Share capital" is calculated as the par value of the shares multiplied by the number of shares converted. The difference between the book balance of the related components of the converted corporate bonds and the amount transferred to "Share capital" is recognized in "Capital reserve - Share premium".

Other financial liabilities

After initial recognition, such financial liabilities are measured at amortized cost using the effective interest method.

8.4 Impairment of financial instruments

For debt instrument assets measured at amortised cost and at fair value through other comprehensive income, as well as loan commitments and financial guarantee contracts, the Group assesses expected credit losses based on forward-looking information. The Group recognizes relevant impairment provision at each reporting date. The measurement of expected credit losses reflects the following factors:

(i) Unbiased probability weighted amount determined based on the assessment of a series of possible results;
(ii) Time value of money; and
(iii) Reasonable and supportable information that is related to past events, current situation and forecasting on future economic conditions and is available without undue cost or effort at the reporting date.

Provisions for credit losses on loan commitments and financial guarantee contracts are presented in provisions. However, for an instrument that includes both loans and unused commitments, and the expected credit losses of loans cannot be distinguished from that of unused commitments by the Group, the loss provision for both loans and unused commitments should be presented in the loss provision for loans. However, if the total loss provision surpasses the book balance of the loans, the loss provision should be presented in the provisions.

For measurement method of expected credit losses, refer to Note VIII 1.2.

III. Significant accounting policies and estimates (Continued)

8. Financial assets and liabilities (Continued)

8.5 Modification of loan contracts

The Group will renegotiate or modify customer loan contracts due to certain special circumstances at times, which will in turn lead to changes in contract cash flows. In such cases, the Group will assess if there is a substantial change in the revised contractual terms.

If there is a substantial change in the revised contractual terms, the Group will derecognize the original financial asset and recognize a new financial asset at fair value. Meanwhile, a new effective interest rate is recalculated for the new asset. In this case, when applying impairment requirements to the modified financial asset, including when determining whether there is a significant increase in credit risk, the aforesaid modification date of contract will be regarded as the initial recognition date. For the above newly recognized financial asset, the Group is required to assess whether the asset is credit impaired at initial recognition, especially when the modification of contract occurs when the borrower fails to fulfill the initially agreed payment arrangement. Any change in carrying amount is recognized as gains or losses arising from derecognition, and is included into profit or loss for the period.

If there is no substantial change in the revised contractual terms, the modification of contract will not lead to de-recognition of the financial asset. The Group will recalculate the book balance of the financial asset in accordance with the revised contractual cash flows, and include gains or losses arising from the modification into profit or loss for the period. When recalculating the book balance, the original effective interest rate (or the credit-adjusted effective interest rate for purchased or originated credit-impaired financial asset) is adopted to discount the revised cash flows.

8.6 Derecognition other than modification of loan contracts

A financial asset or a part of a financial asset is derecognized when the contractual rights to receive the cash flows from the financial asset have expired or been transferred, and (i) all the substantial risks and rewards of ownership of the financial asset have been transferred, or (ii) the Group has neither transferred nor retained substantially all risks and rewards of the ownership of the financial asset and retained no control over the financial asset.

In certain transactions, the Group retains the contractual rights to receive the cash flows, but bears the contractual obligation to transfer the received cash flows to the final payee, and has transferred all the substantial risks and rewards of ownership of the financial asset. In such case, the Group can derecognize the financial asset if the following conditions for transfer arrangement are met:

(i) The obligation to pay the received cash flows to the final payee only exists when equivalent cash flows are received from the financial asset;
(ii) Sale or mortgage of the financial asset is prohibited; and
(iii) The Group has obligation to transfer all cash flows received from the financial asset to the final payee as early as possible.

When the contractual rights to receive the cash flows from the financial asset have been transferred, and the Group has neither transferred nor retained substantially all risks and rewards of the ownership of the financial asset and retained control over the financial asset, the transferred asset shall be accounted for using the continuing involvement method, and is recognized based on the extent to which the asset is involved. Relevant liabilities are recognized accordingly to reflect the rights or obligations the Group has retained.

III. Significant accounting policies and estimates (Continued)

8. Financial assets and liabilities (Continued)

8.6 Derecognition other than modification of loan contracts (Continued)

Based on the standard repurchase agreement and collaterals (shares or bonds) provided under securities margin trading, the Group will exercise the repurchase right at a predetermined price, and retain all the substantial risks and rewards of ownership of the collaterals, the requirements for derecognition therefore are not met.

9. Financial guarantee contracts and loan commitments

Financial guarantee contracts are those contracts that require a payment to be made by the issuer to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially recognized at fair value and subsequently measured at the higher of the following amounts:

(i) Impairment provision calculated using the method in Note III 8.4;
(ii) Initially recognized amount net of revenue recognized under *Accounting Standard for Business Enterprises No.14 - Revenue*.

Loan commitments provided by the Group are measured at impairment provision calculated using the method in Note III 8.4.

The Group does not commit to granting loans at a price lower than the market interest rate nor settling loan commitments on a net basis by making cash payment or issuing other financial instruments.

10. Derivative financial instruments and hedging accounting

A derivative financial instrument is a financial instrument, the value of which is derived from an index associated with another “underlying” financial instrument or the value of other variables. Typically, an “underlying” financial instrument is a share, commodity, bond price, an index value or an exchange and interest rate. The Group uses derivative financial instruments such as foreign exchange category, interest rate category, precious metals and other derivative financial instruments.

Derivative financial instruments are initially recognized at fair value on the date on which the Group becomes a contractual party of a derivative contract and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Certain derivative financial instruments, such as debt for equity swap in convertible corporate bonds and interest rate based interest payments embedded in structured deposits, are embedded into hybrid contracts. In the case of a hybrid contract whose host contract is a financial asset, it is classified and measured as a whole. In the case of a hybrid contract whose host contract is not a financial asset, the embedded derivatives are separated as independent derivatives if the following criteria are met:

(i) The economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract;
(ii) The instruments that have the same terms but exist independently meet the definition of derivatives; and
(iii) The hybrid instruments are not measured at fair value and changes included into the profits and losses for the period.

III. Significant accounting policies and estimates (Continued)

10. Derivative financial instruments and hedging accounting (Continued)

The Group can either measure the separated embedded derivatives as at fair value and changes included into the profits and losses for the period or measure the hybrid contract whose host contract is not related to financial assets as at fair value and changes included into the profits and losses for the period.

For the purpose of hedge accounting, the Group's hedges are classified as:

(i) fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (except for currency risk);
(ii) cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or a currency risk in an unrecognized firm commitment;

At the beginning of a hedge relationship, the Group formally designates and documents the hedge relationship, the risk management objective and its strategy for undertaking the hedge. The documentation includes the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess the hedge effectiveness. Hedge effectiveness is the degree to which changes in the fair value or cash flows of hedging instruments can offset the fair value or cash flow of hedged items caused by hedged risk. Such hedges are assessed on an ongoing basis to determine that they actually have been highly effective throughout the accounting periods for which they were designated.

If the hedging instrument expires or is sold, terminated or exercised without rollover or replacement (as part of the hedging strategy) or when the hedging relationship is not consistent with the risk management objective as the risk management objective has changed or when the hedge no longer meets other criteria of the hedge accounting, the Group will discontinue the hedge accounting.

If a hedging relationship ceases to meet the hedge effectiveness requirements due to the hedge ratio but the risk management objective of designating the hedging relationship remains unchanged, the hedging relationship is rebalanced by the Group.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The gains or losses arising from the hedging instrument are recognized in profit or loss for the current period. The gain or loss on the hedged item resulting from hedged exposures is recognized in profit or loss and the carrying amount of the hedged item not measured at fair value is adjusted at the same time.

For fair value hedges relating to debt instruments measured at amortized cost, the adjustment to the carrying amount of the hedged items is amortized through profit or loss over the remaining term of the hedge using the effective interest method. Amortization using the effective interest method may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is a debt instrument measured at fair value through other comprehensive income, the accumulation of recognized hedged gains or losses shall be amortized in the same manner and recognized in profit or loss, while no adjustment is made to the book value of financial assets. If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

III. Significant accounting policies and estimates (Continued)

10. Derivative financial instruments and hedging accounting (Continued)

Cash flow hedges

For a derivative financial instrument designated as and meets the criteria as a cash flow hedging instrument, the portion of the fair value changes on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income. The gain or loss on the ineffective portion of the hedging instrument is recognized as profit or loss.

The cumulative gain or loss recognized in equity is transferred to profit or loss in the period when the hedged item affects profit or loss, and recognized as income or expense of the hedged item.

When a hedging instrument expires or is sold, or the hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss recognized in equity continues to remain in equity until the hedged item affects profit or loss when it is recognized in profit or loss. When the forecast transaction is no longer expected to occur (for example, the hedged assets previously recognized have been sold), the cumulative gain or loss recognized in other comprehensive income shall be immediately reclassified into profit or loss.

11. Offsetting of financial instruments

Financial assets and liabilities are presented separately in the balance sheet and cannot be offset. However, the net amount after offset shall be presented in balance sheet if the following conditions are met:

(i) The enterprise has the statutory right to offset the recognized amount, and the statutory right is executable;
(ii) The enterprise plans a netting settlement, or meanwhile to sell the financial asset and pay off the financial liability.

When transferring the financial assets that not satisfying derecognition conditions, the transferor shall not offset the transferred financial assets and related liabilities.

12. Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

A financial instrument shall be classified as equity instrument if the following conditions are met: (1) the financial instrument does not include delivery of cash or other financial assets to other parties or contractual obligations of exchanging financial assets or financial liabilities with other parties in potential adverse conditions; and (2) if the financial instrument will or may be settled in the Group's own equity instruments, it is a non-derivative financial instrument that includes no contractual obligations for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Other equity instruments issued by the Group are recognized at the actual issue price, and the transaction expenses directly attributable to equity transactions are deducted from the capital reserve.

Dividend distribution for other equity instruments in the duration is accounted for as profit distribution.

III. Significant accounting policies and estimates (Continued)

13. Long-term equity investments

Long-term equity investments comprise the Bank's long-term equity investments in its subsidiaries.

Subsidiaries are the investees over which the Bank is able to exercise control. Investments in subsidiaries are measured using the cost method in the company's financial statements, and adjusted by using the equity method when preparing the consolidated financial statements.

Determination of investment cost

For long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the share of the carrying amount of owners' equity of the absorbed party in the consolidated financial statements of the ultimate controlling party at the combination date; for long-term equity investments acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investments acquired by payment in cash, the initial investment cost is the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued.

Subsequent measurement and recognition of profit or loss

Under the cost method, the long-term equity investment is measured at its initial investment cost. When additional investment is made or the investment is recouped, the cost of long-term equity investment is adjusted accordingly. Cash dividends or profit distributions declared by the investee are recognized as investment income in profit or loss for the current period.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the net gains or losses of the investee for the period as investment income or loss for the period. The Group's share of net losses of the investee is recognized to the extent that the carrying amount of the investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. However, if the Group has obligations for additional losses and the criteria for recognition of provisions are satisfied, the Group continues to recognize the loss amount it expects to undertake. The Group's share of changes in the investee's owners' equity other than those arising from its net gains or losses, other comprehensive income and profit distribution is recognized in capital reserve with a corresponding adjustment to the carrying amount of the long-term equity investment. The carrying amount of the long-term equity investment is reduced by the Group's share of the profit distributions from or cash dividends declared by the investee. The Group's portion in the unrealized profits or losses arising from transactions between the Group and the investee is calculated by the proportion of the Group's equity interests in the investee and eliminated, before the Group recognizes its investment gains or losses. With respect to the portion of losses from internal transactions between the Group and its investee that is attributable to asset impairment losses, its corresponding unrealized losses are not eliminated.

III. Significant accounting policies and estimates (Continued)

13. Long-term equity investments (Continued)

Basis for determining existence of control, joint control or significant influence over investees

Control is the power over an investee to obtain variable returns from its involvement with the investee, and the ability to use this power to influence the amount of the returns.

Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the Group and those sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts. Once an impairment loss of long-term equity investments is recognized, it shall not be reversed in a subsequent period.

14. Investment properties

Investment properties are properties that are held for rent or capital appreciation, or both, and can be measured and sold separately. The investment properties of this Group mainly consist of buildings that can be sold separately and have been leased out, along with the corresponding land use rights. Investment properties are recognized only when the related economic benefits are likely to flow into the Group and the costs can be reliably measured.

The investment properties are initially measured at cost and subsequently measured using the cost model. Depreciation of investment property is calculated using the straight-line method.

	Useful life	Estimated net residual value ratio	Annual depreciation rate
Buildings	15 to 35 years	1%-5%	2.7%-6.6%

15. Fixed assets and accumulated depreciation

A fixed asset is recognized only when the economic benefits associated with the asset will probably flow into the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for fixed assets that meet the conditions are included in the cost of the fixed assets and the carrying amount of the parts that are replaced is derecognized. Otherwise, subsequent expenditures are recognized in the income statement in the period in which they are incurred.

The Group's fixed assets are initially measured at actual cost at the time of acquisition. All fixed assets are stated at cost less any accumulated depreciation and any impairment provision. The cost of an asset comprises the purchase price, related taxes, and any directly attributable expenditure of bringing the asset to working condition for its intended use, such as delivery and handling costs, installation costs and professional fees.

III. Significant accounting policies and estimates (Continued)

15. Fixed assets and accumulated depreciation (Continued)

Depreciation is calculated using the straight-line method. The Group reasonably determines the useful lives and estimated net residual values of the fixed assets according to the natures and use patterns of the fixed assets as follows:

	Useful life	Estimated net residual value ratio	Annual depreciation rate
Buildings			
Including: Properties	15 to 35 years	1%-5%	2.7%-6.6%
Including: Owner-occupied property improvements	5 or 10 years	-	20.0% or 10.0%
Transportation vehicles	5 to 8 years	3%-5%	11.9%-19.4%
Office and electronic equipment	3 to10 years	0%-5%	9.5%-33.3%

The useful life and estimated net residual value of fixed assets and the depreciation method applied are reviewed at each balance sheet date, and adjusted prospectively, if appropriate.

16. Construction in progress

The costs of construction in progress are determined based on the actual costs incurred, including various necessary construction costs and other related expenses during the construction period. Construction in progress is not depreciated.

Construction in progress is reclassified to the appropriate category of fixed assets, or long-term prepaid expenses when completed and ready for use. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below the carrying amount.

17. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance owned or controlled by the Group.

An intangible asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. As for any intangible asset acquired in a combination, if its fair value can be measured reliably, it shall be separately recognized as an intangible asset and shall be measured at its fair value. The useful life of an intangible asset is determined according to the period over which it is expected to generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

III. Significant accounting policies and estimates (Continued)

17. Intangible assets (Continued)

An intangible asset with definite useful life is amortized over its useful life on the straight-line basis.

	Useful life	Annual depreciation rate
Software and others	3 to 40 years	2.5%-33.3%
Core deposit	20 years	5.0%

The useful life and amortization method of intangible assets with finite useful lives are reviewed at each balance sheet date. If the expected useful life of the asset or the amortization method differs significantly from previous assessments, the amortization period or amortization method is changed accordingly as a change in accounting estimate.

The useful life of intangible assets with indefinite useful lives is reassessed at each balance sheet date. If there is evidence that the useful life of the asset becomes definite, the accounting policies for intangible assets with definite useful life described above are then applied.

Expenditure incurred for an internal research and development project is recorded as expenditure on the research phase and development phase by the Group, respectively. Expenditure on the research phase is recognized in profit or loss for the period in which it occurs. Expenditure on the development phase is capitalized only when the following conditions are satisfied:

(i) It is technically feasible to complete the intangible asset so that it will be available for use or sale;
(ii) The Group intends to complete the intangible asset and use or sell it;
(iii) The Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
(iv) There are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
(v) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

Expenditure on the development phase which does not meet all of the above conditions is recognized in profit or loss in the period in which it is incurred.

18. Long-term prepaid expenses

Long term prepaid expenses are those prepaid expenses with an amortization period of more than one year (excluding one year), mainly including leasehold improvements.

Long term prepaid expenses are amortized evenly according to the shorter one of their beneficial periods and legal periods of validity.

When long term prepaid expenses no longer provide future economic benefits, the unamortized amount is recognized in profit or loss for the period.

III. Significant accounting policies and estimates (Continued)

19. Foreclosed assets

Foreclosed assets are initially recognized at fair value. At the balance sheet date, the foreclosed assets are measured at the lower of their carrying amount and the recoverable amount. When the recoverable amount is lower than the carrying amount, a provision for impairment of foreclosed assets is made and recognized in “Impairment losses on other assets” in the income statement.

20. Impairment of assets

For assets excluding financial assets and debt-expiated assets, the Group assesses impairment of assets as follows:

At each balance sheet date, the Group assesses whether there is any indication that assets may be impaired. If there is any indication that an asset may be impaired, the Group will estimate the recoverable amount and conduct impairment test for the asset. Goodwill arising from a business combination and an intangible asset with an indefinite useful life are tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. Intangible assets not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication of impairment.

The recoverable amount is the higher of an asset’s fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset.

Where the measurement result of the recoverable amount indicates that an asset’s recoverable amount is lower than its carrying amount, the carrying amount of the asset shall be recorded down to the recoverable amount, and the reduced amount shall be recognized in profit or loss for the current period. Simultaneously, a provision for asset impairment shall be made accordingly.

For impairment test of goodwill, the carrying amount of goodwill acquired in a business combination shall be reasonably allocated since the acquisition date to related asset unit or to related combination if it cannot be allocated to the asset unit. When making an impairment test on the goodwill related asset portfolio or combination of asset portfolios, if there is an indication that the portfolio or combination may be impaired, the impairment test is firstly conducted for the asset portfolio or combination of asset portfolios unrelated to goodwill, with its recoverable amount calculated and the impairment loss recognized.

Then the Group shall make an impairment test for the goodwill related asset portfolio or combination of asset portfolios by comparing the carrying amount with the recoverable amount. If the recoverable amount is lower than its carrying amount, the impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset portfolio or combination of asset portfolios, and then deducted from the carrying amount of other assets within the asset portfolio or combinations of asset portfolios in proportion to the carrying amount of assets other than goodwill.

Once an impairment loss is recognized, it shall not be reversed in a subsequent period.

III. Significant accounting policies and estimates (Continued)

21. Recognition of income and expense

Income is the total inflow of economic benefits arising from the ordinary activities of an enterprise that would result in an increase in owners' equity and that are unrelated to the capital invested by owners. Expense is the total outflow of economic benefits arising from the ordinary activities of the enterprise that would result in a decrease in owners' equity and that are unrelated to the distribution of profits to owners.

Interest income and interest expense

Interest income is calculated at the book balance of a financial asset multiplied by the effective interest rate, except for the following cases:

(i) For an originated or purchased credit-impaired financial asset, the interest income is calculated at the amortized cost of the asset multiplied by the credit-adjusted original effective interest rate.

(ii) For a financial asset that is not an originated or purchased credit-impaired financial asset, but subsequently suffers from credit impairment (or "Stage 3"), the interest income is calculated at the amortized cost (i.e., net of the provision for impairment losses) multiplied by the effective interest rate.

The effective interest rate is the interest rate at which the estimated future cash inflow or outflow of a financial asset or financial liability in the expected lifetime is discounted to the book balance of the financial asset (i.e., the amortized cost before deducting the provision for impairment losses) or the amortized cost of the financial liability. The calculation of effective interest rate takes into account all contractual terms of the financial instrument and includes all fees and transaction costs that are an integral part of the effective interest rate.

Fee and commission income

The Group earns fee and commission income from a diverse range of services provided to its specific customers. Fee income can be divided into the following two categories:

(i) Fee income earned from services that are provided over a certain period of time
Fees earned for the provision of services are be measured on accrual basis over that period of time. These fees include commission income and asset management, custody and other management and advisory fees.

(ii) Fee income from providing specific transaction services
Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

The award credits granted by the Group to the bank card holders under customer loyalty programs are recognized at fair value as contract liabilities. When the award credits are redeemed or expired, the amount originally recognized as contract liabilities that is related to redeemed or expired credits is recognized in profit or loss for the period.

Dividend income

Dividends are recognized when the right to receive the dividends is established.

III. Significant accounting policies and estimates (Continued)

22. Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax return, financial subsidy, etc.

Government grants are recognized when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value.

If it is unable to obtain its fair value reliably, it will be measured at its nominal amount. Government grants related to assets refer to government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets.

Government grants related to income refer to the government grants other than those related to assets. Government grants related to assets are either deducted against the carrying amount of the assets, or recorded as deferred income and recognized in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognized in profit or loss for the period, or deducted against related costs, expenses or losses in reporting the related expenses; government grants related to income that compensate the incurred costs, expenses or losses are recognized in profit or loss for the period, or deducted against related costs, expenses or losses directly in current period. The Group applies the presentation method consistently to the similar government grants in the financial statements.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

23. Income tax

Income tax includes current income tax and deferred income tax. Except for goodwill arising from a business combination and to the extent that the tax arises from a transaction or event which is recognized directly in other comprehensive income, all the income tax should be expensed or credited to profit or loss for the period as appropriate.

Current income tax

Current income tax is the amount of income taxes payable in respect of the taxable profit for a period. Taxable profit is the profit for a period, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable.

The current income tax liabilities or assets for the current period or previous periods are measured at the amount expected to be paid or recoverable according to the requirements of tax law.

III. Significant accounting policies and estimates (Continued)

23. Income tax (Continued)

Deferred income tax

Deferred income tax is provided using the balance sheet liability method on temporary differences between the carrying amount of an asset or liability on balance sheet date and the tax base, and the difference between the tax base and the carrying amount of those items that are not recognized as assets or liabilities but have a tax base that can be determined according to tax laws.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

(i) Where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or deductible loss, and the initial recognition of such asset and liability does not result in equal amounts of taxable temporary differences and deductible temporary differences;
(ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

For deductible temporary differences and unused deductible losses and tax credits that can be carried forward to subsequent years, the Group recognizes the corresponding deferred income tax asset to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, the deductible losses and tax credits can be utilized. However, no deferred income tax asset arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible loss, is recognized.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be utilized.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, in accordance with the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

At the balance sheet date, the Group reviews the carrying amount of a deferred income tax asset. The carrying amount of a deferred income tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available in future periods to allow the benefit of the deferred income tax asset to be utilized. At the balance sheet date, unrecognized deferred income tax assets are reassessed and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow part or full of the deferred income tax assets to be recovered.

Deferred income tax assets and liabilities are offset and presented as net amount if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income tax relates to the same taxable entity and the same taxation authority.

III. Significant accounting policies and estimates (Continued)

24. Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits and early retirement benefits provided in various forms of consideration in exchange for service rendered by employees or compensations for the termination of employment relationship.

Short-term employee benefits

Short-term employee benefits include employee wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs, short-term paid absences. The short-term employee benefit liabilities are recognized in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Employee benefits which are non-monetary benefits are measured at fair value.

Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. In the reporting period, defined contribution plans include basic pensions insurance, enterprise pension fund, unemployment insurance, etc.

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentages prescribed by the relevant local authorities. When employees retire, the local labor and social security institutions are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognized as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period.

Early retirement benefits

For certain local employees, the Group accounts for the early retirement benefits in accordance with the treatment of termination benefits, in which the salaries and social security contributions to be paid to and for the early retired employees from the off-duty date to the normal retirement date are recognized as liabilities with a corresponding charge to the profit or loss for the current period. The differences arising from the changes in the respective actuarial assumptions of the early retirement benefits and the adjustments of benefit standards are recognized in profit or loss for the period in which they occur. There are no capital injections into the early retirement benefits. The cost of benefits is determined by using the projected unit credit actuarial valuation method.

III. Significant accounting policies and estimates (Continued)

25. Cash equivalents

Cash equivalents are short term, highly liquid monetary assets held by the Group that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the cash flow statement, cash equivalents comprise investments that have a short maturity of generally within three months since acquired, the unrestricted balance with the Central Bank, and deposits with banks and other financial institutions, placements with and loans to banks and other financial institutions and financial assets held under resale agreements that have a short original maturity of generally within three months.

26. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party in making financial and operating decisions, they are regarded as related parties. Two or more parties are also regarded as related parties if they are subject to control or joint control from the same party.

27. Fiduciary activities

Where the Group acts in a fiduciary capacity such as nominee, trustee or agent, assets arising there on together with the related undertakings to return such assets to customers are excluded from the financial statements.

Entrusted loans granted by the Group on behalf of third-party lenders are recorded as off-balance sheet items. The Group acts as an agent and grants such entrusted loans to borrowers under the direction of the third-party lenders who fund these loans. The Group has been contracted by the third-party lenders to manage the administration and collection of these loans on their behalf. The third-party lenders determine both the underwriting criteria for and the terms of all entrusted loans including their purposes, amounts, interest rates, and repayment schedules. The Group charges a commission related to the management of the entrusted loans. The commission income is recognized averagely over the period in which the service is provided. The risk of loan loss is borne by the third-party lenders.

28. Leases

Lease refers to the contract that the lessor obtains consideration through transferring asset use right to the lessee for a certain period of time.

As lessee

Right-of-use assets are recognized at the commencement date of the lease term. Right-of-use assets of the Group comprise buildings under leases. Right-of-use assets are initially measured at cost. The cost includes the initially measured amount of lease liabilities, lease payments made at or before the commencement date and initial direct costs, net of the received lease incentives. When a leased asset can be reasonably determined that its ownership will be transferred at the end of the lease term, it is depreciated over its remaining useful life; otherwise, the leased asset is depreciated over the shorter of the lease term and its remaining useful life. The carrying amounts of right-of-use assets are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts.

III. Significant accounting policies and estimates (Continued)

28. Leases (Continued)

As lessee (Continued)

Lease liabilities are recognized based on the present value of the outstanding lease payments at the commencement date of the lease term. Lease payments include fixed payments and amounts payable under reasonable determination of the exercise of the option to purchase or termination of the option to lease. The variable rental determined based on a certain percentage of sales is not included in lease payments but recognized into the profits and losses for the period when incurred. The Group remeasures lease liabilities at the present value of the revised lease payments and correspondingly adjusts the carrying amounts of the right-of-use assets upon a change in any of the following: in-substance fixed payments, or the assessment or exercise of the purchase option, the renewal option or the option to terminate the lease. When the carrying amount of the right-of-use asset is reduced to zero, and there is a further reduction in the measurement of the lease liability, the Group recognizes the remaining amount of the remeasurement in profit or loss.

For short-term lease with a lease term within 12 months and low-value asset lease with a lower value when a single leased asset is new, the right-of-use assets and lease liabilities are not recognized by the Group, and the relevant rental expenses are included into the profits and losses for the current period or the cost of relevant assets on a straight-line basis over each period during the lease term.

The Group shall account for a lease modification as a separate lease if both: (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and (2) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

For a lease modification that is not accounted for as a separate lease, the Group shall redetermine the lease term at the effective date of the lease modification, and remeasure the lease liability by discounting the revised lease payments using a revised discount rate. For a lease modification which decreases the scope of the lease or shortens the lease term, the Group decreases the carrying amount of the right-of-use asset, and recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease. For other lease modifications which lead to the remeasurement of lease liabilities, the Group correspondingly adjusts the carrying amounts of the right-of-use assets.

As lessor

Rental income from an operating lease is recognized in profit or loss for the current period on a straight-line basis over the lease term.

III. Significant accounting policies and estimates (Continued)

29. Segment information

The Group identifies operating segments based on the internal organization structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (i) the component is able to earn revenues and incur expenses from its ordinary activities; (ii) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (iii) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

30. Contingent liabilities

A contingent liability is a possible obligation that arises from past transactions or events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events. It can also be a present obligation arising from past transactions or events but is not recognized because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

31. Accrued liabilities

An obligation related to a contingency is recognized as provisions when all of the following conditions are satisfied, except for contingent consideration and contingent liabilities assumed in the business combination:

(i) The obligation is a present obligation of the Group;
(ii) It is probable that an outflow of economic benefits from the Group will be required to fulfil the obligation;
(iii) The amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money as a whole. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The Group reviews the carrying amount of a provision at each balance sheet date. Where there is clear evidence that the carrying amount of a provision does not reflect the current best estimate, the carrying amount is adjusted to the current best estimate.

With regard to loss provision for the Group's loan commitments and financial guarantee contracts, the expected credit losses are assessed taking into account the forward-looking information. For the measurement of loss provision for this regarding, please refer to Note III 8.4 and Note VIII 1.2.

32. Trade date accounting

All regular way purchases and sale of financial assets are recognized on the trade date, that is, the date on which the Group commits to purchasing or selling the asset. A regular way purchase or sale of financial assets is the purchase or sale of financial assets that requires delivery of assets within the time frame generally established by regulation or convention in the marketplace.

III. Significant accounting policies and estimates (Continued)

33. Dividends

Dividends that are declared or approved for distribution after the balance sheet date are not recognized as liability of the balance sheet date, but disclosed as an event after the balance sheet date. Dividend payable is recognized as liability for the period when the dividend is approved.

34. Significant accounting judgments and estimates

The preparation of the Group's financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the balance sheet date. The result of the uncertainties of these assumptions and estimates may cause a significant adjustment to the carrying amount of the assets or liabilities affected in the future.

(i) Classification of financial assets

Significant judgments involved in the Group's classification of financial assets include business model and analysis on contractual cash flow characteristics.

The Group determines the business model for financial asset management on the grouping basis, and factors to be considered include the methods of evaluation on financial asset performance and reporting of financial asset performance to key management personnel, risks affecting financial asset performance and management methods for such risks, the ways in which related business management personnel are remunerated, etc.

When assessing whether contractual cash flow characteristics of financial assets are consistent with basic lending arrangement, key judgments made by the Group include: the possibility of changes in timing or amount of the principal during the duration due to reasons such as repayment in advance; whether interest only include time value of money, credit risks, other basic lending risks and considerations for costs and profits; whether the repayment in advance reflects the principal outstanding and corresponding interest and reasonable compensation paid for early termination of the contract.

(ii) Credit risk management

For financial assets measured at amortized cost and designated at fair value and changes included into other comprehensive income, as well as credit commitments, the Group measures the impairment provision using the expected credit loss model that involves the establishment and regular review of key definitions, parameters and assumptions, such as estimates on future macroeconomic conditions and borrowers' credit behavior (e.g., possibility and corresponding losses of customer default). The measurement of expected credit losses requires a lot of the management's significant judgments and assumptions. Specific information is set out in Note VIII 1.2.

(iii) Income tax

Determining income tax provision requires the Group to estimate the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provision accordingly. In addition, deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. This requires significant estimates on the tax treatments of certain transactions and also significant assessment on the probability that adequate future taxable profits will be available for the deferred income tax assets to be recovered.

III. Significant accounting policies and estimates (Continued)

34. Significant accounting judgments and estimates (Continued)

(iv) Judgment of control over structured entities

Where the Group acts as asset manager of structure entities, the Group makes judgment on whether it is the principal or an agent for the structure entities. In the case that the asset manager serves as the agent, it exercises decision-making power mainly on behalf of other parties (other investors in the structured entity) and thus has no control over the structured entity. In the case that the asset manager is considered to exercise decision-making power mainly on behalf of itself, it serves as the trustee and has control over the structured entity. During the evaluation, the Group considers many factors and re-evaluate regularly to assess whether it takes the role as the principal or agent, such as: the scope of asset manager's decision-making power, rights held by other parties, salary levels as management service provider, and any other arrangements (such as direct investment) which could affect the exposure to variable returns from its involvement.

For the unconsolidated structured entities that the Group has rights in or provides liquidity support to, disclosures are shown in Note IV 53.

(v) Fair value of financial instruments

For financial instruments not traded in active markets, fair value is determined using appropriate valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where practicable, the valuation techniques should make maximum use of market inputs. However, where market inputs are not available, the management needs to make estimates on areas such as credit risk (both the Group's and the counterparty's), volatility and correlation. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

(vi) Impairment of goodwill

The Group performs impairment tests on goodwill annually and also when there is an indication of potential impairment. For the purpose of an impairment test, the goodwill is allocated to its corresponding cash-generating unit or a group of cash-generating units, whose recoverable amount is the higher of fair value less costs to sell and the present value of the expected future cash flows, and an appropriate discount rate is selected to calculate the present value of future cash flows.

(vii) Core deposit

The Group reviews the reasonableness of core deposits' remaining useful life on each balance sheet date. The review involves making necessary adjustments on relevant parameters and assumptions based on the actual development of relevant fact patterns, so as to amortize the core deposits over an appropriate remaining useful life.

III. Significant accounting policies and estimates (Continued)

35. Taxation

The main categories and rates of taxes applicable to the Group are set out as follows:

Category of tax	Basis of tax computation	Tax rate
Corporate income tax (Note)	Taxable income	25%
Value-added tax (VAT)	VAT payable	3%, 5%, 6%, 9%, 13%
City maintenance and construction tax	Amount of VAT paid	5%, 7%

Note: Pursuant to the Circular on Corporate Income Tax Policy Concerning Deductions for Equipment and Appliances (Announcement of the Ministry of Finance and the State Taxation Administration [2023] No. 37), during the period from 1 January 2024 to 31 December 2027, newly purchased fixed assets except buildings with a unit price of no more than RMB5 million can be fully deducted against taxable income in a one-off manner as costs and expenses in the current period, instead of being depreciated over the years.

36. Determination of materiality criteria and basis of selection

The Group assesses the materiality of financial information from the perspectives of nature and amount of an item, depending on specific environment where it operates. When determining the materiality of nature of the item, the Group mainly considers whether the item is a daily activity in nature and whether it significantly affects the Group's financial position, financial performance and cash flows; When determining the materiality of amount of the item, the Group considers the proportion of the amount in that of a directly related item such as total assets, total liabilities, total owner's equity, total operating income, total operating costs, net profit and total comprehensive income, or the proportion of such amount in that of a separate item in the financial statements.

IV. Notes to key items in the financial statements

1. Cash and balances with the Central Bank

	The Group and the Bank	
	31 December 2025	31 December 2024
Cash on hand	4,057	3,421
Statutory reserves with the Central Bank - RMB	178,849	201,048
Statutory reserves with the Central Bank - foreign currencies	2,511	1,773
Unrestricted balance with the Central Bank	68,300	61,055
Other deposits with the Central Bank - fiscal deposits	417	1,574
Sub-total	254,134	268,871
Add: Accrued interest	91	102
Total	254,225	268,973

Based on the related RMB and foreign currency deposits, the Group placed respective statutory reserves with the People's Bank of China in accordance with the requirements from the People's Bank of China. These reserve deposits were not available for use in the Group's daily operations. As at 31 December 2025, the RMB deposit reserve ratio was 5.5% (31 December 2024: 6.0%), and the foreign currency deposit reserve ratio was 4.0% (31 December 2024: 4.0%).

Fiscal deposits represent the amounts received from government-related bodies that are required to be deposited with the People's Bank of China according to the relevant regulations.

2. Deposits with banks and other financial institutions

Summarized by locations and types of banks and other financial institutions

	The Group	
	31 December 2025	31 December 2024
Domestic banks and other financial institutions	106,822	107,040
Other domestic financial institutions	12,999	6,618
Overseas banks and other financial institutions	23,542	18,173
Other overseas financial institutions	190	252
Sub-total	143,553	132,083
Add: Accrued interest	332	353
Less: Impairment provision (Note IV 19)	(180)	(346)
Total	143,705	132,090

IV. Notes to key items in the financial statements (Continued)

2. Deposits with banks and other financial institutions (Continued)

Summarized by locations and types of banks and other financial institutions (Continued)

	The Bank	
	31 December 2025	31 December 2024
Domestic banks and other financial institutions	105,134	105,801
Other domestic financial institutions	12,999	6,618
Overseas banks and other financial institutions	23,542	18,173
Other overseas financial institutions	190	252
Sub-total	141,865	130,844
Add: Accrued interest	331	352
Less: Impairment provision (Note IV 19)	(179)	(345)
Total	142,017	130,851

3. Placements to banks and other financial institutions

Summarized by locations and types of banks and other financial institutions

	The Group and the Bank	
	31 December 2025	31 December 2024
Placements to banks and other financial institutions measured at amortized cost		
Domestic banks and other financial institutions	4,655	2,637
Other domestic financial institutions	229,690	214,013
Overseas banks and other financial institutions	39,110	50,019
Sub-total	273,455	266,669
Add: Accrued interest	1,229	1,739
Less: Impairment provision (Note IV 19)	(893)	(1,156)
Total	273,791	267,252

IV. Notes to key items in the financial statements (Continued)

4. Derivative financial instruments

At the balance sheet date, the derivative financial instruments held by the Group and the Bank are as follows:

	The Group and the Bank						
	Notional amounts summarized by maturity					Fair value	
	Within 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total	Assets	Liabilities
31 December 2025							
Non-hedging instruments							
Foreign exchange derivatives:							
Foreign exchange forward and swap contracts and options	944,763	767,367	51,871	-	1,764,001	11,621	(9,937)
Interest rate derivatives:							
Interest rate swap and other interest rate derivatives	1,274,690	2,202,491	2,343,210	20,926	5,841,317	13,155	(13,682)
Precious metals derivatives	59,999	8,163	-	-	68,162	3,372	(3,771)
Hedging instruments (Note IV 4a)							
Interest rate derivatives	-	1,432	2,463	-	3,895	9	(1)
Total	2,279,452	2,979,453	2,397,544	20,926	7,677,375	28,157	(27,391)

IV. Notes to key items in the financial statements (Continued)

4. Derivative financial instruments (Continued)

	The Group and the Bank						
	Notional amounts summarized by maturity					Fair value	
	Within 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total	Assets	Liabilities
31 December 2024							
Non-hedging instruments							
Foreign exchange derivatives:							
Foreign exchange forward and swap contracts and options	1,319,400	1,163,432	193,183	-	2,676,015	38,540	(37,032)
Interest rate derivatives:							
Interest rate swap and other interest rate derivatives	1,420,354	2,057,017	2,045,145	45,408	5,567,924	25,440	(26,143)
Precious metals derivatives	76,712	21,846	-	-	98,558	1,391	(1,377)
Hedging instruments (Note IV 4a)							
Interest rate derivatives	489	720	1,980	-	3,189	41	(1)
Total	2,816,955	3,243,015	2,240,308	45,408	8,345,686	65,412	(64,553)

The nominal amount of a derivative only provides a basis for comparing the fair values of the on-balance sheet assets or liabilities, and does not represent the future cash flows involved or the current fair values. Therefore, it cannot reflect the credit risk or market risk that the Group is exposed to.

IV. Notes to key items in the financial statements (Continued)

4. Derivative financial instruments (Continued)

(a) Fair value hedges

The Group and the Bank use interest rate swaps to hedge changes in fair value arising from changes in interest rates, and interest rate risk is generally the most significant component affecting changes in fair value. The hedged items are fixed-rate bonds invested by the Group and the Bank, which are included in Note IV 9 “Other investment on debts”.

For the year ended 31 December 2025 and 2024, the net gains and losses on changes in the fair value of the hedging instruments, the net gains and losses on the hedged items resulting from hedged exposures, as well as the gains and losses arising from the ineffective portion of the hedging instruments recognized in gains or losses on changes in fair value are insignificant.

5. Financial assets held under resale agreements

(a) Summarized by type of banks and other financial institutions

	The Group	
	31 December 2025	31 December 2024
Banks and other financial institutions	10,922	20,078
Other financial institutions	48,617	12,662
Sub-total	59,539	32,740
Add: Accrued interest	4	4
Less: Impairment provision (Note IV 19)	(17)	(25)
Total	59,526	32,719

	The Bank	
	31 December 2025	31 December 2024
Banks and other financial institutions	10,722	20,078
Other financial institutions	48,312	12,662
Sub-total	59,034	32,740
Add: Accrued interest	4	4
Less: Impairment provision (Note IV 19)	(17)	(25)
Total	59,021	32,719

IV. Notes to key items in the financial statements (Continued)

5. Financial assets held under resale agreements (Continued)

(b) Summarized by collateral type

	The Group	
	31 December 2025	31 December 2024
Bonds	48,917	24,862
Bills	10,622	7,878
Sub-total	59,539	32,740
Add: Accrued interest	4	4
Less: Impairment provision (Note IV 19)	(17)	(25)
Total	59,526	32,719

	The Bank	
	31 December 2025	31 December 2024
Bonds	48,412	24,862
Bills	10,622	7,878
Sub-total	59,034	32,740
Add: Accrued interest	4	4
Less: Impairment provision (Note IV 19)	(17)	(25)
Total	59,021	32,719

IV. Notes to key items in the financial statements (Continued)

6. Loans and advances to customers

6.1 Summarized by corporate and individual

	The Group and the Bank	
	31 December 2025	31 December 2024
Loans and advances to customers measured at amortized cost		
Loans and advances to corporates:		
Loans	1,336,742	1,147,206
Loans and advances to individuals:		
Mortgage loans	355,148	326,098
Credit card receivables	405,442	434,997
Consumer loans	463,017	474,663
Operating loans	503,687	531,410
Sub-total	1,727,294	1,767,168
Total loans and advances to customers measured at amortized cost	3,064,036	2,914,374
Add: Accrued interest	7,991	8,593
Less: Loans impairment provision (Note IV 6.6)	(78,445)	(88,643)
Total loans and advances to customers measured at amortized cost	2,993,582	2,834,324
Loans and advances to customers designated at fair value and changes included into other comprehensive income		
Loans and advances to corporates:		
Loans	215,339	274,000
Discounted bills	111,465	185,729
Total loans and advances to customers designated at fair value and changes included into other comprehensive income	326,804	459,729
Carrying amount of loans and advances to customers	3,320,386	3,294,053

For the year ended 31 December 2025, the Group and the Bank disposed of and derecognized loans of RMB1,479 million by transferring to third parties (2024: RMB760 million). The Group and the Bank disposed of and transferred loans of RMB30,003 million (2024: RMB19,432 million) by credit asset securitization and transfer of right to earnings, and derecognized these loans.

As at 31 December 2025, the impairment provision of the Group and the Bank for loans and advances to customers designated at fair value and changes included into other comprehensive income amounted to RMB416 million (31 December 2024: RMB957 million). Refer to Note IV 6.6.

IV. Notes to key items in the financial statements (Continued)

6. Loans and advances to customers (Continued)

6.2 Summarized by industry

	The Group and the Bank	
	31 December 2025	31 December 2024
Agriculture, husbandry and fisheries	3,682	3,179
Mining	32,895	24,418
Manufacturing	228,378	223,654
Energy	49,791	44,745
Transportation, post and telecommunications	87,854	70,333
Wholesale and retail	131,757	141,044
Real estate	210,181	245,219
Social service, technology, culture and sanitary industries	434,953	343,692
Construction	81,534	65,974
Personal loans	1,727,294	1,767,168
Others	402,521	444,677
Total loans and advances to customers	3,390,840	3,374,103
Add: Accrued interest	7,991	8,593
Less: Loans impairment provision (Note IV 6.6)	(78,445)	(88,643)
Carrying amount of loans and advances to customers	3,320,386	3,294,053

6.3 Summarized by type of collateral held or other credit enhancements

	The Group and the Bank	
	31 December 2025	31 December 2024
Unsecured loans	1,358,798	1,303,521
Guaranteed loans	337,982	287,436
Loans secured by collateral	1,582,595	1,597,417
Including: Loans secured by collateral	1,200,649	1,253,212
Pledged loans	381,946	344,205
Sub-total	3,279,375	3,188,374
Discounted bills	111,465	185,729
Total loans and advances to customers	3,390,840	3,374,103
Add: Accrued interest	7,991	8,593
Less: Loans impairment provision (Note IV 6.6)	(78,445)	(88,643)
Carrying amount of loans and advances to customers	3,320,386	3,294,053

IV. Notes to key items in the financial statements (Continued)

6. Loans and advances to customers (Continued)

6.4 Summarized by overdue loans (excluding accrued interest)

	The Group and the Bank				
	31 December 2025				
	Overdue for 1 day to 90 days (inclusive 90 days)	Overdue for 90 days to 1 year (inclusive 1 year)	Overdue for 1 year to 3 years (inclusive 3 years)	Overdue for more than 3 years	Total
Unsecured loans	13,887	5,563	471	75	19,996
Guaranteed loans	448	780	550	9	1,787
Loans secured by collateral	20,354	9,403	2,964	44	32,765
Including: Loans secured by collateral	14,350	6,532	965	44	21,891
Pledged loans	6,004	2,871	1,999	-	10,874
Total	34,689	15,746	3,985	128	54,548

	The Group and the Bank				
	31 December 2024				
	Overdue for 1 day to 90 days (inclusive 90 days)	Overdue for 90 days to 1 year (inclusive 1 year)	Overdue for 1 year to 3 years (inclusive 3 years)	Overdue for more than 3 years	Total
Unsecured loans	16,076	8,256	379	54	24,765
Guaranteed loans	681	497	444	3	1,625
Loans secured by collateral	21,813	11,462	885	584	34,744
Including: Loans secured by collateral	18,446	9,223	568	584	28,821
Pledged loans	3,367	2,239	317	-	5,923
Total	38,570	20,215	1,708	641	61,134

Overdue loans refer to the loans with either principal or interest being overdue for one day or more. For the overdue loans presented above, if loans and advances to customers are repayable by installments and part of such installments is overdue, the total amount of loans is deemed overdue.

For loans repaid on an installment basis, only the amount which is not repaid upon maturity (not the total amount of loans) is deemed overdue. As at 31 December 2025, there were RMB45,479 million loans that had been deemed overdue according to this criterion (31 December 2024: RMB51,276 million).

IV. Notes to key items in the financial statements (Continued)

6. Loans and advances to customers (Continued)

6.5 Summarized by geographical region

	The Group and the Bank	
	31 December 2025	31 December 2024
Eastern Region	832,897	796,244
Southern Region	671,686	688,882
Western Region	310,204	304,678
Northern Region	526,282	525,982
Headquarters	991,215	1,009,888
Overseas	58,556	48,429
Total loans and advances to customers	3,390,840	3,374,103
Add: Accrued interest	7,991	8,593
Less: Loans impairment provision (Note IV 6.6)	(78,445)	(88,643)
Carrying amount of loans and advances to customers	3,320,386	3,294,053

Details of the above geographical regions:

"Eastern Region": Shanghai Branch, Hangzhou Branch, Yangzhou Branch, Yiwu Branch, Taizhou Branch, Shaoxing Branch, Huzhou Branch, Ningbo Branch, Wenzhou Branch, Nanjing Branch, Wuxi Branch, Changzhou Branch, Suzhou Branch, Nantong Branch, Taizhou Branch, Fuzhou Branch, Zhangzhou Branch, Fujian Pilot Free Trade Zone Fuzhou Branch, Xiamen Branch, Fujian Pilot Free Trade Zone Xiamen Branch, Quanzhou Branch, Shanghai Pilot Free Trade Zone Branch, Hefei Branch, Wuhu Branch, Xuzhou Branch, Nanchang Branch, Yancheng Branch, Putian Branch, Zhenjiang Branch, Fuyang Branch, Ganzhou Branch, Jiujiang Branch;

"Southern Region": Shenzhen Branch, Shenzhen Qianhai Branch, Guangzhou Branch, Guangdong Pilot Free Trade Zone Nansha Branch, Zhuhai Branch, Hengqin Guangdong-Macao In-depth Cooperation Zone Branch, Foshan Branch, Dongguan Branch, Huizhou Branch, Zhongshan Branch, Haikou Branch, Changsha Branch, Hengyang Branch, Yueyang Branch, Nanning Branch, Sanya Branch, Changde Branch, Liuzhou Branch, Shantou Branch, Zhanjiang Branch, Jiangmen Branch;

"Western Region": Chongqing Branch, Chengdu Branch, Deyang Branch, Leshan Branch, Mianyang Branch, Kunming Branch, Honghe Branch, Wuhan Branch, Jingzhou Branch, Xiangyang Branch, Yichang Branch, Xi'an Branch, Xianyang Branch, Guiyang Branch, Chongqing Pilot Free Trade Zone Branch, Zunyi Branch, Huanggang Branch;

IV. Notes to key items in the financial statements (Continued)

6. Loans and advances to customers (Continued)

6.5 Summarized by geographical region (Continued)

"Northern Region": Beijing Branch, Dalian Branch, Tianjin Branch, Tianjin Pilot Free Trade Zone Branch, Jinan Branch, Linyi Branch, Weifang Branch, Dongying Branch, Qingdao Branch, Yantai Branch, Rizhao Branch, Zhengzhou Branch, Luoyang Branch, Shenyang Branch, Shijiazhuang Branch, Taiyuan Branch, Tangshan Branch, Zibo Branch, Jining Branch, Jinzhong Branch, Langfang Branch, Nanyang Branch, Weihai Branch, Hohhot Branch, Kaifeng Branch, Taian Branch, Baoding Branch, Urumchi Branch, Anshan Branch, Lanzhou Branch, Cangzhou Branch, Harbin Branch, Qingdao Free Trade Zone Branch, Yinchuan Branch, Xinxiang Branch, Handan Branch, Baotou Branch, Changchun Branch, Beijing City Sub-center Branch;

"Headquarters": The departments of Head Office including credit card center and auto consumer finance center, etc.;

"Overseas": Hong Kong Branch.

6.6 Movements in impairment provision for loans

	The Group and the Bank	
	2025	2024
Loans and advances to customers measured at amortized cost		
Balance at the beginning of the year	88,643	97,353
Provision for the current year	47,156	54,743
Write-off and disposal in the current year (Note)	(73,873)	(81,086)
Recovery of loans and advances to customers in the current year written off previously	16,797	17,753
Decrease of loans and advances to customers due to rise in discount value	(189)	(112)
Other changes in the current year	(89)	(8)
Sub-total (Note IV 19)	78,445	88,643
Loans and advances to customers designated at fair value and changes included into other comprehensive income		
Balance at the beginning of the year	957	2,692
Reversal in the current year	(745)	(1,819)
Write-off and disposal in the current year (Note)	(20)	(40)
Recovery of loans and advances to customers in the current year written off previously	224	124
Sub-total (Note IV 19)	416	957
Total	78,861	89,600

IV. Notes to key items in the financial statements (Continued)

6. Loans and advances to customers (Continued)

6.6 Movements in impairment provision for loans (Continued)

Note: For the year ended 31 December 2025, the outstanding contract amount corresponding to the assets written off during the year was RMB48,233 million (2024: RMB63,294 million). The Group and the Bank still seek to fully recover the legally-owned creditor's rights.

7. Financial assets held for trading

	The Group	
	31 December 2025	31 December 2024
Bonds		
Governments	157,411	164,336
Policy banks	122,299	55,880
Banks and other financial institutions	66,865	88,479
Corporates	19,222	35,921
Funds	171,544	186,186
Asset management plans	220,796	92,451
Trust plans	1,784	3,729
Asset-backed securities	1,716	1,719
Equity investments and others	3,464	870
Total	765,101	629,571

	The Bank	
	31 December 2025	31 December 2024
Bonds		
Governments	157,350	162,110
Policy banks	122,134	55,767
Banks and other financial institutions	66,865	88,479
Corporates	19,222	35,921
Funds	166,773	181,533
Asset management plans	156,225	58,076
Trust plans	1,784	3,729
Asset-backed securities	1,716	1,719
Equity investments and others	3,464	870
Total	695,533	588,204

IV. Notes to key items in the financial statements (Continued)

8. Investment on debts

	The Group	
	31 December 2025	31 December 2024
Bonds		
Governments	598,324	645,630
Policy banks	1,323	6,547
Banks and other financial institutions	1,686	1,687
Corporates	24,158	32,391
Asset management plans	4,580	8,300
Trust plans	86,984	70,178
Asset-backed securities	1,604	2,123
Other debt financing products	64,200	26,020
Sub-total	782,859	792,876
Add: Accrued interest	5,991	7,158
Less: Impairment provision (Note IV 19)	(6,889)	(14,959)
Total	781,961	785,075

	The Bank	
	31 December 2025	31 December 2024
Bonds		
Governments	598,324	645,630
Policy banks	1,323	6,547
Banks and other financial institutions	1,686	1,488
Corporates	24,158	32,311
Asset management plans	4,580	8,300
Trust plans	86,984	70,178
Asset-backed securities	1,604	2,123
Other debt financing products	64,200	26,020
Sub-total	782,859	792,597
Add: Accrued interest	5,991	7,157
Less: Impairment provision (Note IV 19)	(6,889)	(14,959)
Total	781,961	784,795

IV. Notes to key items in the financial statements (Continued)

9. Other investment on debts

	The Group	
	31 December 2025	31 December 2024
Bonds		
Governments	53,234	32,201
Central Bank	854	1,339
Policy banks	17,619	11,893
Banks and other financial institutions	42,047	81,054
Corporates	16,424	19,561
Asset-backed securities	31,769	28,539
Asset management plans	563	589
Trust plans	172	214
Sub-total	162,682	175,390
Add: Accrued interest	1,222	1,265
Total	163,904	176,655

	The Bank	
	31 December 2025	31 December 2024
Bonds		
Governments	50,816	29,969
Central Bank	854	1,339
Policy banks	14,456	10,106
Banks and other financial institutions	41,075	81,054
Corporates	16,424	19,561
Asset-backed securities	31,769	28,539
Asset management plans	563	589
Trust plans	172	214
Sub-total	156,129	171,371
Add: Accrued interest	1,128	1,212
Total	157,257	172,583

IV. Notes to key items in the financial statements (Continued)

9. Other investment on debts (Continued)

	The Group			
	31 December 2025			
	Amortized cost	Fair value	Changes in fair value charged to other comprehensive income	Total impairment provision (Note IV 19)
Debt instruments	163,777	163,904	127	(486)

	The Bank			
	31 December 2025			
	Amortized cost	Fair value	Changes in fair value charged to other comprehensive income	Total impairment provision (Note IV 19)
Debt instruments	157,137	157,257	120	(485)

	The Group			
	31 December 2024			
	Amortized cost	Fair value	Changes in fair value charged to other comprehensive income	Total impairment provision (Note IV 19)
Debt instruments	175,190	176,655	1,465	(566)

	The Bank			
	31 December 2024			
	Amortized cost	Fair value	Changes in fair value charged to Amount of change	Total impairment provision (Note IV 19)
Debt instruments	171,176	172,583	1,407	(566)

IV. Notes to key items in the financial statements (Continued)

10. Other equity instrument investment

	The Group and the Bank		
	31 December 2025		
	Cost	Fair value	Changes in fair value charged to other comprehensive income
Listed	291	186	(105)
Non-listed	5,317	4,541	(776)
Total	5,608	4,727	(881)

	The Group and the Bank		
	31 December 2024		
	Cost	Fair value	Changes in fair value charged to other comprehensive income
Listed	292	288	(4)
Non-listed	5,704	5,485	(219)
Total	5,996	5,773	(223)

For the year ended 31 December 2025, the Group and the Bank disposed of certain equity instruments designated at fair value and changes included into other comprehensive income with fair value of RMB263 million at the disposal date (2024: RMB1,284 million). The disposed accumulated losses and resulting transfer from other comprehensive income to retained earnings amounted to RMB110 million (2024: accumulated Loss of RMB237 million).

11. Long-term equity investments

	The Bank	
	31 December 2025	31 December 2024
Subsidiaries	5,000	5,000
Less: Provision for impairment of long-term equity investments	-	-
Total	5,000	5,000

IV. Notes to key items in the financial statements (Continued)

11. Long-term equity investments (Continued)

(a) Main subsidiaries of the Group

Name of subsidiaries	Place of major business	Place of registration	Nature of business	Shareholding		Method of acquisition
				Direct	Indirect	
Ping An Wealth Management Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Asset management	100%	-	Established

On 19 August 2020, the Bank received the *Approval from CBIRC on the Opening of Ping An Wealth Management Co., Ltd.* (Yin Bao Jian Fu [2020] No. 513). The NFRA approved the opening of Ping An Wealth Management Co., Ltd., a wholly-owned subsidiary of the Bank, with a registered capital of RMB5,000 million.

12. Investment properties

	The Group and the Bank	
	2025	2024
Original cost:		
Balance at the beginning of the year	464	518
Transfer to fixed assets (Note IV 13)	(89)	(130)
Transfer from fixed assets (Note IV 13)	97	76
Balance at the end of the year	472	464
Accumulated depreciation:		
Balance at the beginning of the year	166	183
Provision for the current year	13	15
Transfer to fixed assets (Note IV 13)	(25)	(54)
Transfer from fixed assets (Note IV 13)	29	22
Balance at the end of the year	183	166
Carrying amount:		
Balance at the end of the year	289	298
Balance at the beginning of the year	298	335

As at 31 December 2025 and 31 December 2024, there were not any investment properties for which the corresponding registration certificates had not been obtained.

For the year ended 2025 and for the year ended 2024, the gross rental income earned from the investment properties and the accrued direct operating expenses were both insignificant.

IV. Notes to key items in the financial statements (Continued)

13. Fixed assets

	The Group			
	Buildings	Transportation vehicles	Office and electronic equipment	Total
Original cost:				
1 January 2025	11,102	71	9,168	20,341
Increase in the current year	177	1	864	1,042
Transfer from investment properties (Note IV 12)	89	-	-	89
Transfer to investment properties (Note IV 12)	(97)	-	-	(97)
Transfer from construction in progress (Note IV 18d)	3,177	-	-	3,177
Decrease in the current year	(352)	(8)	(908)	(1,268)
31 December 2025	14,096	64	9,124	23,284
Accumulated depreciation:				
1 January 2025	4,337	66	7,304	11,707
Increase in the current year (Note IV 44)	459	1	868	1,328
Transfer from investment properties (Note IV 12)	25	-	-	25
Transfer to investment properties (Note IV 12)	(29)	-	-	(29)
Decrease in the current year	(325)	(8)	(569)	(902)
31 December 2025	4,467	59	7,603	12,129
Carrying amount:				
31 December 2025	9,629	5	1,521	11,155
1 January 2025	6,765	5	1,864	8,634

IV. Notes to key items in the financial statements (Continued)

13. Fixed assets (Continued)

	The Bank			
	Buildings	Transportation vehicles	Office and electronic equipment	Total
Original cost:				
1 January 2025	11,102	71	9,088	20,261
Increase in the current year	177	1	836	1,014
Transfer from investment properties (Note IV 12)	89	-	-	89
Transfer to investment properties (Note IV 12)	(97)	-	-	(97)
Transfer from construction in progress (Note IV 18d)	3,177	-	-	3,177
Decrease in the current year	(352)	(8)	(896)	(1,256)
31 December 2025	14,096	64	9,028	23,188
Accumulated depreciation:				
1 January 2025	4,337	66	7,256	11,659
Increase in the current year (Note IV 44)	459	1	855	1,315
Transfer from investment properties (Note IV 12)	25	-	-	25
Transfer to investment properties (Note IV 12)	(29)	-	-	(29)
Decrease in the current year	(325)	(8)	(558)	(891)
31 December 2025	4,467	59	7,553	12,079
Carrying amount:				
31 December 2025	9,629	5	1,475	11,109
1 January 2025	6,765	5	1,832	8,602

IV. Notes to key items in the financial statements (Continued)

13. Fixed assets (Continued)

	The Group			
	Buildings	Transportation vehicles	Office and electronic equipment	Total
Original cost:				
1 January 2024	10,947	82	9,779	20,808
Increase in the current year	32	-	572	604
Transfer from investment properties (Note IV 12)	130	-	-	130
Transfer to investment properties (Note IV 12)	(76)	-	-	(76)
Transfer from construction in progress (Note IV 18d)	142	-	-	142
Decrease in the current year	(73)	(11)	(1,183)	(1,267)
31 December 2024	11,102	71	9,168	20,341
Accumulated depreciation:				
1 January 2024	3,921	74	6,998	10,993
Increase in the current year (Note IV 44)	450	2	1,139	1,591
Transfer from investment properties (Note IV 12)	54	-	-	54
Transfer to investment properties (Note IV 12)	(22)	-	-	(22)
Decrease in the current year	(66)	(10)	(833)	(909)
31 December 2024	4,337	66	7,304	11,707
Impairment provision:				
1 January 2024	1	-	-	1
Decrease in the current year	(1)	-	-	(1)
31 December 2024 (Note IV 19)	-	-	-	-
Carrying amount:				
31 December 2024	6,765	5	1,864	8,634
1 January 2024	7,025	8	2,781	9,814

IV. Notes to key items in the financial statements (Continued)

13. Fixed assets (Continued)

	The Bank			
	Buildings	Transportation vehicles	Office and electronic equipment	Total
Original cost:				
1 January 2024	10,947	82	9,714	20,743
Increase in the current year	32	-	556	588
Transfer from investment properties (Note IV 12)	130	-	-	130
Transfer to investment properties (Note IV 12)	(76)	-	-	(76)
Transfer from construction in progress (Note IV 18d)	142	-	-	142
Decrease in the current year	(73)	(11)	(1,182)	(1,266)
31 December 2024	11,102	71	9,088	20,261
Accumulated depreciation:				
1 January 2024	3,921	74	6,961	10,956
Increase in the current year (Note IV 44)	450	2	1,127	1,579
Transfer from investment properties (Note IV 12)	54	-	-	54
Transfer to investment properties (Note IV 12)	(22)	-	-	(22)
Decrease in the current year	(66)	(10)	(832)	(908)
31 December 2024	4,337	66	7,256	11,659
Impairment provision:				
1 January 2024	1	-	-	1
Decrease in the current year	(1)	-	-	(1)
31 December 2024 (Note IV 19)	-	-	-	-
Carrying amount:				
31 December 2024	6,765	5	1,832	8,602
1 January 2024	7,025	8	2,753	9,786

As at 31 December 2025, the buildings with original cost of RMB196 million (31 December 2024: RMB74 million) and net book value of RMB130 million (31 December 2024: RMB12 million) were in use by the Group and the Bank without having the registration certificates of property.

IV. Notes to key items in the financial statements (Continued)

14. Lease contracts

(a) Recognized in the balance sheet

	The Group and the Bank	
	2025	2024
Original cost of right-of-use assets:		
Balance at the beginning of the year	11,914	12,642
Increase in the current year	1,530	1,635
Decrease in the current year	(2,640)	(2,363)
Balance at the end of the year	10,804	11,914
Accumulated depreciation of right-of-use assets:		
Balance at the beginning of the year	6,866	6,866
Increase in the current year (Note IV 44)	1,927	2,247
Decrease in the current year	(1,990)	(2,247)
Balance at the end of the year	6,803	6,866
Carrying amount of right-of-use assets:		
Balance at the end of the year	4,001	5,048
Balance at the beginning of the year	5,048	5,776

	The Group and the Bank	
	31 December 2025	31 December 2024
Lease liabilities	4,255	5,410

(b) As at 31 December 2025, there were not any lease payments related to lease contracts signed but unexecuted by the Group and the Bank (31 December 2024: RMB3 million).

IV. Notes to key items in the financial statements (Continued)

15. Intangible assets

	The Group and the Bank			
	Core deposit (Note)	Land use rights	Software and others	Total
Cost/valuation:				
1 January 2025	5,757	4,011	7,180	16,948
Additions in the current year	-	-	68	68
Transfer from development expenditure	-	-	307	307
Decrease in the current year	-	-	(64)	(64)
31 December 2025	5,757	4,011	7,491	17,259
Amortization:				
1 January 2025	3,882	377	6,451	10,710
Amortization in the current year (Note IV 44)	287	111	451	849
Decrease in the current year	-	-	(60)	(60)
31 December 2025	4,169	488	6,842	11,499
Carrying amount:				
31 December 2025	1,588	3,523	649	5,760
1 January 2025	1,875	3,634	729	6,238

IV. Notes to key items in the financial statements (Continued)

15. Intangible assets (Continued)

	The Group and the Bank			
	Core deposit (Note)	Land use rights	Software and others	Total
Cost/valuation:				
1 January 2024	5,757	4,011	6,751	16,519
Additions in the current year	-	-	191	191
Transfer from development expenditure	-	-	239	239
Decrease in the current year	-	-	(1)	(1)
31 December 2024	5,757	4,011	7,180	16,948
Amortization:				
1 January 2024	3,595	265	6,037	9,897
Amortization in the current year (Note IV 44)	287	112	415	814
Decrease in the current year	-	-	(1)	(1)
31 December 2024	3,882	377	6,451	10,710
Carrying amount:				
31 December 2024	1,875	3,634	729	6,238
1 January 2024	2,162	3,746	714	6,622

Note: Core deposits were accounts that a financial institution expected to maintain for an extended period of time due to ongoing business relationships. The intangible asset value associated with core deposits reflected the present value of additional cash flows from the use of the deposits as an alternative source of funding at a lower cost in future periods.

IV. Notes to key items in the financial statements (Continued)

16. Goodwill

	The Group and the Bank				
	2025				
	1 January 2025	Increase in the current year	Decrease in the current year	31 December 2025	Impairment provision
Former Ping An Bank	7,568	-	-	7,568	-

	The Group and the Bank				
	2024				
	1 January 2024	Increase in the current year	Decrease in the current year	31 December 2024	Impairment provision
Former Ping An Bank	7,568	-	-	7,568	-

Former Ping An Bank was acquired by the Group in July 2011 and the goodwill acquired from this business combination amounted to RMB7,568 million. The goodwill acquired from the business combination was allocated to the eastern district, southern district, western district, northern district and credit card center cash-generating units for impairment test so as to compare the recoverable amount with the carrying amount of the cash-generating units. Those cash-generating units were consistent with the cash-generating units recognized at the acquisition date and during the impairment test of goodwill in prior years.

The recoverable amounts of the cash-generating units were determined based on the present value of the expected future cash flows of the cash-generating units. The expected future cash flows were determined based on the expected cash flows from the 5 years' budget plan as approved by the management. The cash flows beyond the 5 years' period were extrapolated based on the long-term average growth rates within the operating geographic locations and industries of the cash-generating units. The discount rate for future cash flow is 10.08% (31 December 2024: 11.03%), which is pre-tax and reflects specific risks relating to the relevant asset groups.

According to the results of impairment tests, as at 31 December 2025, there was no indication that goodwill may be impaired (31 December 2024: not impaired).

IV. Notes to key items in the financial statements (Continued)

17. Deferred income tax assets

The Group's temporary differences of deferred income tax assets and liabilities before offsetting are shown below:

	The Group			
	31 December 2025		31 December 2024	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Deferred income tax assets				
Provision for impairment of assets	193,952	48,488	202,204	50,551
Salaries and bonuses	9,484	2,371	10,752	2,688
Changes in fair value of financial assets and liabilities held for trading, derivatives and precious metals	32	8	268	67
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	796	199	-	-
Lease liabilities	4,255	1,064	5,410	1,353
Others	4,928	1,232	6,484	1,621
Sub-total	213,447	53,362	225,118	56,280
Deferred income tax liabilities				
Identifiable assets acquired in business combination of Former Ping An Bank at fair value	(1,680)	(420)	(1,988)	(497)
Changes in fair value of financial assets and liabilities held for trading, derivatives and precious metals	(5,604)	(1,401)	(6,120)	(1,530)
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	(8)	(2)	(1,184)	(296)
Right-of-use assets	(4,001)	(1,000)	(5,048)	(1,262)
Others	(1,120)	(280)	(1,464)	(366)
Sub-total	(12,413)	(3,103)	(15,804)	(3,951)
Net book value	201,034	50,259	209,314	52,329

IV. Notes to key items in the financial statements (Continued)

17. Deferred income tax assets (Continued)

The Bank's temporary differences of deferred income tax assets and liabilities before offsetting are shown below:

	The Bank			
	31 December 2025		31 December 2024	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Deferred income tax assets				
Provision for impairment of assets	193,944	48,486	202,200	50,550
Salaries and bonuses	9,296	2,324	10,564	2,641
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	796	199	-	-
Lease liabilities	4,255	1,064	5,410	1,353
Others	4,896	1,224	6,464	1,616
Sub-total	213,187	53,297	224,638	56,160
Deferred income tax liabilities				
Identifiable assets acquired in business combination of Former Ping An Bank at fair value	(1,680)	(420)	(1,988)	(497)
Changes in fair value of financial assets and liabilities held for trading, derivatives and precious metals	(5,604)	(1,401)	(6,120)	(1,530)
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	-	-	(1,128)	(282)
Right-of-use assets	(4,001)	(1,000)	(5,048)	(1,262)
Others	(1,076)	(269)	(1,432)	(358)
Sub-total	(12,361)	(3,090)	(15,716)	(3,929)
Net book value	200,826	50,207	208,922	52,231

IV. Notes to key items in the financial statements (Continued)

17. Deferred income tax assets (Continued)

	The Group			
	2025			
	1 January 2025	Recognized in profit or loss (Note IV 46)	Recognized in other comprehensive income (Note IV 47)	31 December 2025
Deferred income tax assets				
Provision for impairment of assets	50,551	(2,218)	155	48,488
Salaries and bonuses	2,688	(317)	-	2,371
Changes in fair value of financial assets and liabilities held for trading, derivatives and precious metals	67	(59)	-	8
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	-	-	199	199
Lease liabilities	1,353	(289)	-	1,064
Others	1,621	(389)	-	1,232
Sub-total	56,280	(3,272)	354	53,362
Deferred income tax liabilities				
Identifiable assets acquired in business combination of Former Ping An Bank at fair value	(497)	77	-	(420)
Changes in fair value of financial assets and liabilities held for trading, derivatives and precious metals	(1,530)	129	-	(1,401)
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	(296)	-	294	(2)
Right-of-use assets	(1,262)	262	-	(1,000)
Others	(366)	86	-	(280)
Sub-total	(3,951)	554	294	(3,103)
Net book value	52,329	(2,718)	648	50,259

IV. Notes to key items in the financial statements (Continued)

17. Deferred income tax assets (Continued)

	The Bank			
	2025			
	1 January 2025	Recognized in profit or loss (Note IV 46)	Recognized in other comprehensive income (Note IV 47)	31 December 2025
Deferred income tax assets				
Provision for impairment of assets	50,550	(2,220)	156	48,486
Salaries and bonuses	2,641	(317)	-	2,324
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	-	-	199	199
Lease liabilities	1,353	(289)	-	1,064
Others	1,616	(392)	-	1,224
Sub-total	56,160	(3,218)	355	53,297
Deferred income tax liabilities				
Identifiable assets acquired in business combination of Former Ping An Bank at fair value	(497)	77	-	(420)
Changes in fair value of financial assets and liabilities held for trading, derivatives and precious metals	(1,530)	129	-	(1,401)
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	(282)	-	282	-
Right-of-use assets	(1,262)	262	-	(1,000)
Others	(358)	89	-	(269)
Sub-total	(3,929)	557	282	(3,090)
Net book value	52,231	(2,661)	637	50,207

IV. Notes to key items in the financial statements (Continued)

17. Deferred income tax assets (Continued)

	The Group			
	2024			
	1 January 2024	Recognized in profit or loss (Note IV 46)	Recognized in other comprehensive income (Note IV 47)	31 December 2024
Deferred income tax assets				
Provision for impairment of assets	43,941	6,107	503	50,551
Salaries and bonuses	2,790	(102)	-	2,688
Changes in fair value of financial assets and liabilities held for trading, derivatives and precious metals	46	21	-	67
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	142	-	(142)	-
Lease liabilities	1,553	(200)	-	1,353
Others	1,657	(36)	-	1,621
Sub-total	50,129	5,790	361	56,280
Deferred income tax liabilities				
Identifiable assets acquired in business combination of Former Ping An Bank at fair value	(574)	77	-	(497)
Changes in fair value of financial assets and liabilities held for trading, derivatives and precious metals	(1,802)	272	-	(1,530)
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	-	-	(296)	(296)
Right-of-use assets	(1,444)	182	-	(1,262)
Others	(552)	186	-	(366)
Sub-total	(4,372)	717	(296)	(3,951)
Net book value	45,757	6,507	65	52,329

IV. Notes to key items in the financial statements (Continued)

17. Deferred income tax assets (Continued)

	The Bank			
	2024			
	1 January 2024	Recognized in profit or loss (Note IV 46)	Recognized in other comprehensive income (Note IV 47)	31 December 2024
Deferred income tax assets				
Provision for impairment of assets	43,939	6,108	503	50,550
Salaries and bonuses	2,756	(115)	-	2,641
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	142	-	(142)	-
Lease liabilities	1,553	(200)	-	1,353
Others	1,655	(39)	-	1,616
Sub-total	50,045	5,754	361	56,160
Deferred income tax liabilities				
Identifiable assets acquired in business combination of Former Ping An Bank at fair value	(574)	77	-	(497)
Changes in fair value of financial assets and liabilities held for trading, derivatives and precious metals	(1,802)	272	-	(1,530)
Changes in fair value of financial instruments designated at fair value and changes included into other comprehensive income	-	-	(282)	(282)
Right-of-use assets	(1,444)	182	-	(1,262)
Others	(545)	187	-	(358)
Sub-total	(4,365)	718	(282)	(3,929)
Net book value	45,680	6,472	79	52,231

IV. Notes to key items in the financial statements (Continued)

18. Other assets

(a) Summarized by nature

	The Group	
	31 December 2025	31 December 2024
Prepayments and guarantee deposits (Note IV 18b)	847	1,124
Deposit of litigation fees	851	811
Fees receivable	3,960	2,745
Foreclosed assets (Note IV 18c)	4,674	5,095
Construction in progress (Note IV18d)	243	2,529
Long-term prepaid expenses (Note IV 18e)	933	1,195
Settlement receivables	9,351	6,370
Development expenditure	189	136
Interest receivable	1,037	831
Others	2,851	2,729
Total other assets	24,936	23,565
Less: Impairment provision		
Foreclosed assets (Note IV 18c)	(1,518)	(1,947)
Others	(3,006)	(2,656)
Total impairment provision	(4,524)	(4,603)
Net value of other assets	20,412	18,962

	The Bank	
	31 December 2025	31 December 2024
Prepayments and guarantee deposits (Note IV 18b)	834	1,106
Deposit of litigation fees	851	811
Fees receivable	3,797	2,576
Foreclosed assets (Note IV 18c)	4,674	5,095
Construction in progress (Note IV18d)	243	2,529
Long-term prepaid expenses (Note IV 18e)	933	1,195
Settlement receivables	9,351	6,370
Development expenditure	189	136
Interest receivable	1,037	831
Others	2,844	2,726
Total other assets	24,753	23,375
Less: Impairment provision		
Foreclosed assets (Note IV 18c)	(1,518)	(1,947)
Others	(2,998)	(2,655)
Total impairment provision	(4,516)	(4,602)
Net value of other assets	20,237	18,773

IV. Notes to key items in the financial statements (Continued)

18. Other assets (Continued)

(b) Prepayments and guarantee deposits

Summarized by aging

	The Group			
	31 December 2025		31 December 2024	
	Amount	Percentage	Amount	Percentage
Less than 1 year	386	45.58%	570	50.71%
1 to 2 years	87	10.27%	148	13.17%
2 to 3 years	56	6.61%	64	5.69%
Over 3 years	318	37.54%	342	30.43%
Total	847	100.00%	1,124	100.00%

	The Bank			
	31 December 2025		31 December 2024	
	Amount	Percentage	Amount	Percentage
Less than 1 year	375	44.97%	566	51.17%
1 to 2 years	85	10.19%	142	12.84%
2 to 3 years	56	6.71%	61	5.52%
Over 3 years	318	38.13%	337	30.47%
Total	834	100.00%	1,106	100.00%

(c) Foreclosed assets

	The Group and the Bank	
	31 December 2025	31 December 2024
Land and buildings	4,672	5,093
Others	2	2
Sub-total	4,674	5,095
Less: Provision for impairment of foreclosed assets (Note IV 19)	(1,518)	(1,947)
Net value of foreclosed assets	3,156	3,148

For the year ended 31 December 2025, the Group and the Bank took possession of collateral held as a security with a carrying amount of RMB202 million (2024: RMB3,449 million). For the year ended 31 December 2025, the Group and the Bank disposed debt assets of RMB623 million (2024: RMB147 million). The Group and the Bank planned to dispose of the repossessed assets through auctions, bidding or transfers in the subsequent years.

IV. Notes to key items in the financial statements (Continued)

18. Other assets (Continued)

(d) Construction in progress

	The Group and the Bank	
	2025	2024
Balance at the beginning of the year	2,529	1,846
Increase in the current year	1,049	1,066
Transfer to fixed assets (Note IV 13)	(3,177)	(142)
Transfer to long-term prepaid expenses (Note IV 18e)	(158)	(241)
Balance at the end of the year	243	2,529

Major construction in progress of the Group and the Bank is listed as follows:

	The Group and the Bank					
	2025					
	Budget	Balance at 1 January 2025	Increase in the current year	Decrease in the current year	Balance at 31 December 2025	Percentage of engineering investment to budget
Project of Zhongbei Road, Wuhan	1,609	1,222	309	(1,531)	-	95.15%
Construction of Ping An Credit Card Global Technology Building	1,900	1,116	479	(1,595)	-	83.95%

(e) Long-term prepaid expenses

	The Group and the Bank	
	2025	2024
Balance at the beginning of the year	1,195	1,379
Increase in the current year	144	204
Transfer from construction in progress (Note IV 18d)	158	241
Amortization in the current year	(514)	(609)
Other decreases in the current year	(50)	(20)
Balance at the end of the year	933	1,195

IV. Notes to key items in the financial statements (Continued)

19. Provision for impairment of assets

		The Group							
		2025							
	Note IV	1 January 2025	Provision/ (Reversal) in the current year	Write-off in the current year	Recovery of assets written off previously in the current year	Transfer upon asset disposal in the current year	Changes in value of loans due to discount	Other changes	31 December 2025
Impairment provision for deposits with banks and other financial institutions	2	346	(165)	-	-	-	-	(1)	180
Impairment provision for placements to banks and other financial institutions measured at amortized cost	3	1,156	(261)	-	-	-	-	(2)	893
Impairment provision for financial assets held under resale agreements	5	25	(8)	-	-	-	-	-	17
Impairment provision for loans and advances to customers measured at amortized cost	6	88,643	47,156	(48,213)	16,797	(25,660)	(189)	(89)	78,445
Impairment provision for loans and advances to customers measured at fair value and changes included into other comprehensive income	6	957	(745)	(20)	224	-	-	-	416
Impairment provision for investment on debts	8	14,959	(5,766)	(2,899)	1,936	(1,296)	-	(45)	6,889
Impairment provision for other investment on debts	9	566	(75)	-	-	-	-	(5)	486
Impairment provision for foreclosed assets	18c	1,947	160	-	-	(589)	-	-	1,518
Impairment provision for others		2,771	850	(694)	160	(12)	-	-	3,075
Total		111,370	41,146	(51,826)	19,117	(27,557)	(189)	(142)	91,919

IV. Notes to key items in the financial statements (Continued)

19. Provision for impairment of assets (Continued)

		The Bank							
		2025							
	Note IV	1 January 2025	Provision/ (Reversal) in the current year	Write-off in the current year	Recovery of assets written off previously in the current year	Transfer upon asset disposal in the current year	Changes in value of loans due to discount	Other changes	31 December 2025
Impairment provision for deposits with banks and other financial institutions	2	345	(165)	-	-	-	-	(1)	179
Impairment provision for placements to banks and other financial institutions measured at amortized cost	3	1,156	(261)	-	-	-	-	(2)	893
Impairment provision for financial assets held under resale agreements	5	25	(8)	-	-	-	-	-	17
Impairment provision for loans and advances to customers measured at amortized cost	6	88,643	47,156	(48,213)	16,797	(25,660)	(189)	(89)	78,445
Impairment provision for loans and advances to customers measured at fair value and changes included into other comprehensive income	6	957	(745)	(20)	224	-	-	-	416
Impairment provision for investment on debts	8	14,959	(5,766)	(2,899)	1,936	(1,296)	-	(45)	6,889
Impairment provision for other investment on debts	9	566	(76)	-	-	-	-	(5)	485
Impairment provision for foreclosed assets	18c	1,947	160	-	-	(589)	-	-	1,518
Impairment provision for others		2,771	843	(694)	160	(12)	-	-	3,068
Total		111,369	41,138	(51,826)	19,117	(27,557)	(189)	(142)	91,910

IV. Notes to key items in the financial statements (Continued)

19. Provision for impairment of assets (Continued)

		The Group							
		2024							
	Note IV	1 January 2024	Provision/ (Reversal) in the current year	Write-off in the current year	Recovery of assets written off previously in the current year	Transfer upon asset disposal in the current year	Changes in value of loans due to discount	Other changes	31 December 2024
Impairment provision for deposits with banks and other financial institutions	2	588	(242)	-	-	-	-	-	346
Impairment provision for placements to banks and other financial institutions measured at amortized cost	3	932	221	-	-	-	-	3	1,156
Impairment provision for financial assets held under resale agreements	5	109	(84)	-	-	-	-	-	25
Impairment provision for loans and advances to customers measured at amortized cost	6	97,353	54,743	(63,254)	17,753	(17,832)	(112)	(8)	88,643
Impairment provision for loans and advances to customers measured at fair value and changes included into other comprehensive income	6	2,692	(1,819)	(40)	124	-	-	-	957
Impairment provision for investment on debts	8	11,840	3,672	(759)	712	(530)	-	24	14,959
Impairment provision for other investment on debts	9	842	(353)	-	53	-	-	24	566
Impairment provision for fixed assets	13	1	-	-	-	-	-	(1)	-
Impairment provision for foreclosed assets	18c	1,587	489	-	-	(129)	-	-	1,947
Impairment provision for others		2,674	269	(224)	52	(1)	-	1	2,771
Total		118,618	56,896	(64,277)	18,694	(18,492)	(112)	43	111,370

IV. Notes to key items in the financial statements (Continued)

19. Provision for impairment of assets (Continued)

		The Bank							
		2024							
	Note IV	1 January 2024	Provision/ (Reversal) in the current year	Write-off in the current year	Recovery of assets written off previously in the current year	Transfer upon asset disposal in the current year	Changes in value of loans due to discount	Other changes	31 December 2024
Impairment provision for deposits with banks and other financial institutions	2	587	(242)	-	-	-	-	-	345
Impairment provision for placements to banks and other financial institutions measured at amortized cost	3	932	221	-	-	-	-	3	1,156
Impairment provision for financial assets held under resale agreements	5	108	(83)	-	-	-	-	-	25
Impairment provision for loans and advances to customers measured at amortized cost	6	97,353	54,743	(63,254)	17,753	(17,832)	(112)	(8)	88,643
Impairment provision for loans and advances to customers measured at fair value and changes included into other comprehensive income	6	2,692	(1,819)	(40)	124	-	-	-	957
Impairment provision for investment on debts	8	11,836	3,676	(759)	712	(530)	-	24	14,959
Impairment provision for other investment on debts	9	842	(353)	-	53	-	-	24	566
Impairment provision for fixed assets	13	1	-	-	-	-	-	(1)	-
Impairment provision for foreclosed assets	18c	1,587	489	-	-	(129)	-	-	1,947
Impairment provision for others		2,674	269	(224)	52	(1)	-	1	2,771
Total		118,612	56,901	(64,277)	18,694	(18,492)	(112)	43	111,369

IV. Notes to key items in the financial statements (Continued)

20. Borrowings from the Central Bank

	The Group and the Bank	
	31 December 2025	31 December 2024
Medium-term borrowing facility	21,830	32,720
Selling repurchase bills to the Central Bank	111	6,606
Selling repurchase bonds to the Central Bank	191,360	40,000
Others	9,755	6,039
Sub-total	223,056	85,365
Add: Accrued interest	481	745
Total	223,537	86,110

21. Deposits from banks and other financial institutions

	The Group	
	31 December 2025	31 December 2024
Domestic banks and other financial institutions	89,112	80,162
Other domestic financial institutions	474,057	365,264
Overseas banks and other financial institutions	1,445	599
Other overseas financial institutions	-	61
Sub-total	564,614	446,086
Add: Accrued interest	756	1,791
Total	565,370	447,877

	The Bank	
	31 December 2025	31 December 2024
Domestic banks and other financial institutions	89,112	80,162
Other domestic financial institutions	474,118	365,291
Overseas banks and other financial institutions	1,445	599
Other overseas financial institutions	-	61
Sub-total	564,675	446,113
Add: Accrued interest	756	1,791
Total	565,431	447,904

IV. Notes to key items in the financial statements (Continued)

22. Placements from banks and other financial institutions

	The Group and the Bank	
	31 December 2025	31 December 2024
Placements from banks and other financial institutions measured at amortized cost		
Domestic banks and other financial institutions	28,753	32,027
Overseas banks and other financial institutions	17,987	15,120
Add: Accrued interest	117	163
Sub-total	46,857	47,310
Placements from banks and other financial institutions designated at fair value and changes included into the profits and losses for the period		
Domestic banks and other financial institutions	2,923	4,319
Other domestic financial institutions	2,124	617
Overseas banks and other financial institutions	1,463	3,395
Sub-total	6,510	8,331
Total	53,367	55,641

23. Financial liabilities held for trading

	The Group	
	31 December 2025	31 December 2024
Payables of bond lending	179,283	134,524
Financial liabilities arising from precious metals	6,748	2,832
Total	186,031	137,356

	The Bank	
	31 December 2025	31 December 2024
Payables of bond lending	178,567	134,524
Financial liabilities arising from precious metals	6,748	2,832
Total	185,315	137,356

IV. Notes to key items in the financial statements (Continued)

24. Financial assets sold under repurchase agreements

(a) Summarized by type of banks and other financial institutions

	The Group	
	31 December 2025	31 December 2024
Banks and other financial institutions	62,279	120,120
Other financial institutions	18,575	11,048
Sub-total	80,854	131,168
Add: Accrued interest	2	13
Total	80,856	131,181

	The Bank	
	31 December 2025	31 December 2024
Banks and other financial institutions	16,999	96,793
Add: Accrued interest	2	13
Total	17,001	96,806

(b) Summarized by collateral type

	The Group	
	31 December 2025	31 December 2024
Bonds	80,854	131,168
Add: Accrued interest	2	13
Total	80,856	131,181

	The Bank	
	31 December 2025	31 December 2024
Bonds	16,999	96,793
Add: Accrued interest	2	13
Total	17,001	96,806

Financial assets transferred as collateral under repurchase agreements are not derecognized.

IV. Notes to key items in the financial statements (Continued)

25. Deposits from customers

	The Group	
	31 December 2025	31 December 2024
Demand deposits		
Corporate customers	850,231	833,144
Individual customers	379,266	358,073
Sub-total	1,229,497	1,191,217
Time deposits		
Corporate customers	1,445,024	1,413,354
Individual customers	908,234	929,107
Sub-total	2,353,258	2,342,461
Add: Accrued interest	50,814	58,635
Total	3,633,569	3,592,313

	The Bank	
	31 December 2025	31 December 2024
Demand deposits		
Corporate customers	850,234	833,145
Individual customers	379,266	358,073
Sub-total	1,229,500	1,191,218
Time deposits		
Corporate customers	1,445,024	1,413,354
Individual customers	908,234	929,107
Sub-total	2,353,258	2,342,461
Add: Accrued interest	50,814	58,635
Total	3,633,572	3,592,314

IV. Notes to key items in the financial statements (Continued)

26. Employee benefits payable

	The Group	
	31 December 2025	31 December 2024
Short-term employee benefits payable (a)	14,886	16,089
Defined contribution plans and defined benefit plans payable (b)	72	73
Termination benefits payable	1	1
Total	14,959	16,163

	The Bank	
	31 December 2025	31 December 2024
Short-term employee benefits payable (a)	14,478	15,669
Defined contribution plans and defined benefit plans payable (b)	71	72
Termination benefits payable	1	1
Total	14,550	15,742

(a) Short-term employee benefits payable

	The Group			
	2025			
	1 January 2025	Increase in the current year	Payment in the current year	31 December 2025
Salaries, bonuses, allowances and subsidies	15,433	13,754	(14,942)	14,245
Staff welfare and other social insurance	586	1,622	(1,636)	572
Housing funds	-	1,238	(1,238)	-
Labor union and training expenses	70	396	(397)	69
Total	16,089	17,010	(18,213)	14,886

IV. Notes to key items in the financial statements (Continued)

26. Employee benefits payable (Continued)

(a) Short-term employee benefits payable (Continued)

	The Bank			
	2025			
	1 January 2025	Increase in the current year	Payment in the current year	31 December 2025
Salaries, bonuses, allowances and subsidies	15,015	13,382	(14,558)	13,839
Staff welfare and other social insurance	585	1,601	(1,615)	571
Housing funds	-	1,216	(1,216)	-
Labor union and training expenses	69	387	(388)	68
Total	15,669	16,586	(17,777)	14,478

	The Group			
	2024			
	1 January 2024	Increase in the current year	Payment in the current year	31 December 2024
Salaries, bonuses, allowances and subsidies	16,449	13,565	(14,581)	15,433
Staff welfare and other social insurance	588	1,699	(1,701)	586
Housing funds	-	1,285	(1,285)	-
Labor union and training expenses	74	375	(379)	70
Total	17,111	16,924	(17,946)	16,089

	The Bank			
	2024			
	1 January 2024	Increase in the current year	Payment in the current year	31 December 2024
Salaries, bonuses, allowances and subsidies	16,096	13,153	(14,234)	15,015
Staff welfare and other social insurance	586	1,682	(1,683)	585
Housing funds	-	1,268	(1,268)	-
Labor union and training expenses	73	366	(370)	69
Total	16,755	16,469	(17,555)	15,669

IV. Notes to key items in the financial statements (Continued)

26. Employee benefits payable (Continued)

(b) Defined contribution plans and defined benefit plans payable

	The Group			
	2025			
	1 January 2025	Increase in the current year	Payment in the current year	31 December 2025
Defined contribution plans	35	1,908	(1,907)	36
Defined benefit plans	38	1	(3)	36
Total	73	1,909	(1,910)	72

	The Bank			
	2025			
	1 January 2025	Increase in the current year	Payment in the current year	31 December 2025
Defined contribution plans	34	1,877	(1,876)	35
Defined benefit plans	38	1	(3)	36
Total	72	1,878	(1,879)	71

	The Group			
	2024			
	1 January 2024	Increase in the current year	Payment in the current year	31 December 2024
Defined contribution plans	39	1,931	(1,935)	35
Defined benefit plans	38	4	(4)	38
Total	77	1,935	(1,939)	73

	The Bank			
	2024			
	1 January 2024	Increase in the current year	Payment in the current year	31 December 2024
Defined contribution plans	39	1,907	(1,912)	34
Defined benefit plans	38	4	(4)	38
Total	77	1,911	(1,916)	72

IV. Notes to key items in the financial statements (Continued)

27. Taxes payable

	The Group	
	31 December 2025	31 December 2024
Corporate income tax payable	3,032	11,332
VAT payable	2,010	2,343
Additional taxes and surcharges payable	273	326
Others	186	171
Total	5,501	14,172

	The Bank	
	31 December 2025	31 December 2024
Corporate income tax payable	2,973	11,245
VAT payable	1,968	2,314
Additional taxes and surcharges payable	268	322
Others	184	169
Total	5,393	14,050

28. Debt securities issued

	The Group and the Bank	
	31 December 2025	31 December 2024
Debt securities issued		
Financial bonds (Note 1)	116,494	99,996
Tier 2 capital bonds (Note 2)	59,995	59,995
Sub-total	176,489	159,991
Deposit receipts and certificates of deposit issued by banks and other financial institutions (Note 3)	366,033	533,451
Add: Accrued interest	2,012	1,758
Total	544,534	695,200

IV. Notes to key items in the financial statements (Continued)

28. Debt securities issued (Continued)

As at 31 December 2025 and 31 December 2024, the Group and the Bank did not have any defaults of principal, interest or other breaches with respect to debt securities issued.

Note 1: As approved by the PBOC and the NFRA, the Bank issued financial bonds amounting to RMB20 billion, RMB5 billion, RMB5 billion, RMB20 billion, RMB30 billion, RMB15 billion, RMB5 billion,RMB30 billion, RMB30 billion and RMB6.5 billion respectively in the inter-bank market on 17 October 2022, 28 October 2022, 28 October 2022, 8 November 2022, 10 April 2023, 5 February 2024, 5 February 2024, 19 May 2025, 19 September 2025 and 17 December 2025. All of these bonds are three-year instruments. The financial bond issued on 17 December 2025, is a floating-rate bond, while the remainder are fixed-rate bonds. The fixed-rate bonds have coupon rates of 2.45%, 2.45%, 2.45%, 2.45%, 2.77%, 2.46%, 2.46%, 1.74%, and 1.78%, respectively. The floating-rate bond is priced at a spread of 115 basis points below the 1-year Loan Prime Rate (LPR), with an initial coupon rate of 1.85%. In October and November 2025, the 2022 financial bonds above were redeemed upon maturity. As at 31 December 2025, the book balance of the Bank's financial bonds were RMB30,000 million, RMB14,999 million, RMB5,000 million, RMB299,98 million, RMB29,997 million and RMB6,499 million, respectively.

Note 2: As approved by the PBOC and the NFRA, the Bank issued Tier 2 capital bonds amounting to RMB30 billion, RMB27 billion and RMB3 billion respectively in the inter-bank market on 9 November 2021, 9 July 2024 and 9 July 2024. These subordinated bonds have 10 years,10 years and 15 years respectively to maturity with fixed coupon rates. The Bank has the option to redeem these bonds at the end of the fifth year, fifth year and tenth year respectively on certain conditions and the corresponding coupon rates are 3.69%, 2.32%, and 2.50% respectively. As at 31 December 2025, the book balance of the Bank's Tier 2 capital bonds was RMB29,998 million, RMB26,998 and RMB3,000 million respectively.

When the triggering event occurs, the Bank has the right to irrevocably fully write down the principals of bonds and other Tier 1 capital instruments issued in the current period, without the consent from bondholders, from the day following the triggering event. Any unpaid accumulated interest payable will no longer be paid. Once the principals of bonds are written down, the bonds are permanently canceled, no longer be restored in any condition. The triggering event is the earlier of following: (i) if the principals are not written down, the issuer will be prohibited from operating by the NFRA; (ii) with no capital injection or equivalent support from the public sector, the issuer will be prohibited from operating by the NFRA.

Note 3: As at 31 December 2025, the original term of deposit receipts and certificates of deposit issued by banks and other financial institutions but unmatured was from 3 months to 1 year, and the annual interest rate was from 1.53% to 3.90% (31 December 2024: the original term was from 3 months to 1 year, and the annual interest rate was from 1.60% to 5.04%).

IV. Notes to key items in the financial statements (Continued)

29. Accrued liabilities

	The Group and the Bank	
	31 December 2025	31 December 2024
Provision for expected credit losses of credit commitments	5,121	5,753
Expected litigation losses	100	75
Total	5,221	5,828

30. Other liabilities

	The Group	
	31 December 2025	31 December 2024
Settlement & clearing and pending payables	13,465	8,635
Accrued and payable expenses	7,570	7,124
Inactive deposit account balances	18	20
Dividends payable (Note)	12	12
Amounts payable for custody	1,693	849
Contract liabilities	2,424	2,574
Quality warranties and deposits	129	141
Others	4,691	3,269
Total	30,002	22,624

	The Bank	
	31 December 2025	31 December 2024
Settlement & clearing and pending payables	13,465	8,635
Accrued and payable expenses	7,855	7,245
Inactive deposit account balances	18	20
Dividends payable (Note)	12	12
Amounts payable for custody	1,693	849
Contract liabilities	2,424	2,574
Quality warranties and deposits	129	141
Others	4,691	3,269
Total	30,287	22,745

Note: As at 31 December 2025 and 31 December 2024, the dividends payable of RMB12 million above had been overdue for more than 1 year as the related shareholders had not collected the dividends.

IV. Notes to key items in the financial statements (Continued)

31. Share capital

As at 31 December 2025, the number of the Group and the Bank's ordinary shares registered and fully paid was RMB19,406 million, with a par value of RMB1 per share. The nature and the structure of the share capital are as follows:

	The Group and the Bank				
	1 January 2025	Percentage	Movements in the year	31 December 2025	Percentage
Share capital of ordinary shares	19,406	100.00%	-	19,406	100.00%

32. Other equity instruments

	The Group and the Bank	
	31 December 2025	31 December 2024
Preference shares (Note 1)	19,953	19,953
Perpetual bonds (Note 2)	80,000	49,995
Total	99,953	69,948

Note 1:

Outstanding financial instruments	Dividend rate	Issue price (In RMB)	Number of shares issued (Million)	Issued amount (In RMB millions)	Maturity date or renewal	Conversion
Preference shares	4.37%	100	200	20,000	No maturity date	No conversion

On 7 March 2016, the Bank issued 200 million preference shares at par. In the duration, in the case that relevant requirements are satisfied, the Bank has the option to redeem the whole or part of the preference shares on annual dividend payment date after expiry of 5 years after the approval of the NFRA. The redemption right for the preference shares is owned by the Bank after the approval of the NFRA. The nominal dividend rate of the preference shares is 4.37%, and the dividend is paid by cash at fixed rate annually.

As authorized by the Shareholders' Meeting, the Board of Directors has the sole discretion to declare and distribute dividends on preference shares. No profit will be distributed to ordinary shareholders unless the Bank decides to completely distribute the current dividends on preference shares. The preference shares are non-cumulative preference shares and the Bank has the option to cancel a portion or all of the dividend distribution. Preference shareholders shall not participate in the distribution of residual profits with ordinary shareholders. As approved by the NFRA, the existing preference shares issued by the Bank will be completely or partially converted to ordinary shares of the Bank when the following triggering events of mandatory conversion happen:

IV. Notes to key items in the financial statements (Continued)

32. Other equity instruments (Continued)

(1) Where the triggering events of other Tier 1 capital instruments happen, namely when the core Tier 1 capital adequacy ratio falls to 5.125% (or lower), the preference shares will be completely or partially converted to A shares at once as agreed in the contract to restore the Bank's core Tier 1 capital adequacy ratio above the triggering point.

(2) Where the triggering events of Tier 2 capital instruments happen, the preference shares will be mandatorily converted to A shares. If the triggering conditions for mandatory conversion are all met, the existing preference shares will be completely or partially converted to A shares at agreed conversion price after approval of the regulator. Since the issuing scheme for preference shares is approved by the Board of Directors, where such conditions as bonus shares (excluding the option of cash dividend distribution), transfer to paid-in capital, issuance of new shares (excluding transfer to paid-in capital from issuance of financial instruments (e. g., preference shares, convertible bonds, etc.) with the terms of being convertible to ordinary shares) and allotment of shares happen, the Bank will make accumulative adjustments for mandatory conversion price successively following the sequential order of the above conditions without consideration of cash dividends on ordinary shares.

The preference shares issued by the Bank are classified as equity instruments and presented in shareholders' equity in balance sheet. Based on relevant provisions of the NFRA, the preference shares meet all the criteria of qualified other Tier 1 capital instruments.

Note 2: As approved by the PBOC and the NFRA, the Bank proposed to issue non-fixed term capital bonds totaling RMB80 billion with write-down features by installment in the national inter-bank market. On 21 February 2020, the Bank issued non-fixed term capital bonds with write-down features amounting to RMB30 billion in the national inter-bank market, and the issuance was completed on 25 February 2020. The par value per unit of the bonds was RMB100 and the coupon rate is 3.85% for the first 5 years, which shall be adjusted every 5 years. The Bank has redeemed the whole perpetual bonds on 25 February 2025 after the approval of the NFRA. On 5 November 2024, the Bank issued non-fixed term capital bonds with write-down features amounting to RMB20 billion in the national inter-bank market, and the issuance was completed on 7 November 2024. The par value per unit of the bonds was RMB100 and the coupon rate is 2.45% for the first 5 years, which shall be adjusted every 5 years. On 4 March 2025, the Bank issued non-fixed term capital bonds with write-down features amounting to RMB30 billion in the national inter-bank market, and the issuance was completed on 6 March 2025. The par value per unit of the bonds was RMB100 and the coupon rate is 2.27% for the first 5 years, which shall be adjusted every 5 years. On 19 November 2025, the Bank issued non-fixed term capital bonds with write-down features amounting to RMB30 billion in the national inter-bank market, and the issuance was completed on 21 November 2025. The par value per unit of the bonds was RMB100 and the coupon rate is 2.32% for the first 5 years, which shall be adjusted every 5 years.

IV. Notes to key items in the financial statements (Continued)

32. Other equity instruments (Continued)

Lifetime of the bonds is consistent with that of the Bank to continue as a going concern. The Bank has the option to redeem the whole or part of such bonds on annual interest payment date 5 years after the issuance date, provided that prerequisite for redemption is met and such redemption is approved by the NFRA. When the operation prohibited triggering event occurs, the Bank has the right to partially or fully write down the principals of the above existing bonds issued, which is not subject to the consent from bondholders. The above bonds are written down by the proportion of remaining par value to total remaining par value of other Tier 1 capital instruments subject to the same triggering event. The operation prohibited triggering event is the earlier of following: (i) if the principals are not written down, the issuer will be prohibited from operating by the NFRA; (ii) with no capital injection or equivalent support from the public sector, the issuer will be prohibited from operating by relevant department. The written down part is irreversible. The principals of the bonds rank after depositors, general creditors and subordinated debts of higher ranks than bonds issued in the current period, but before shares held by shareholders when liquidated. Bonds and other Tier 1 capital instruments with the same liquidation ranks are liquidated in sequence.

Payment of interest on the above bonds is non-cumulative and the Bank has the right to cancel a portion or all of the interest distribution, which will not constitute a breach of contract. The Bank can dominate the bond interest canceled for timely repayment of other debts. No interests shall be distributed to ordinary shareholders before the Bank decides to distribute interests in full amount to bondholders again.

The amount of funds raised by above bonds will be used to replenish other Tier 1 capital and to improve capital adequacy ratio.

IV. Notes to key items in the financial statements (Continued)

32. Other equity instruments (Continued)

Changes in outstanding perpetual bonds:

	1 January 2025		Movements in the year		31 December 2025	
	Number of bonds	Carrying amount	Number of bonds	Carrying amount	Number of bonds	Carrying amount
	Million	In RMB millions	Million	In RMB millions	Million	In RMB millions
Perpetual bonds	500	49,995	300	30,005	800	80,000

Equity attributable to holders of equity instruments is summarized as follows:

	The Group	
	31 December 2025	31 December 2024
Equity attributable to holders of ordinary shares	451,231	424,894
Equity attributable to holders of other equity	99,953	69,948
Total	551,184	494,842

	The Bank	
	31 December 2025	31 December 2024
Equity attributable to holders of ordinary shares	442,289	417,386
Equity attributable to holders of other equity	99,953	69,948
Total	542,242	487,334

33. Capital reserve

	The Group	
	31 December 2025	31 December 2024
Share premium	80,816	80,816
Core personnel stock ownership plan (Note)	(6)	-
Long-term service plan and others (Note)	(168)	(103)
Total	80,642	80,713

	The Bank	
	31 December 2025	31 December 2024
Share premium	80,816	80,816
Core personnel stock ownership plan (Note)	(6)	-
Long-term service plan and others (Note)	(159)	(98)
Total	80,651	80,718

IV. Notes to key items in the financial statements (Continued)

33. Capital reserve (Continued)

Note: The Group and the senior management and some core personnel of the Bank may voluntarily participates in the long-term service plan and core personnel stock ownership plan adopted by Ping An Insurance (Group) Company of China, Ltd. (hereafter referred to as China Ping An), its parent company.

Under the core personnel stock ownership plan, the Group purchases shares of China Ping An through the market. Such shares shall vest and become eligible for ownership by the approved core personnel only upon meeting certain performance targets. For the year ended 31 December 2025, the share purchase costs incurred by the Group and the Bank in connection with participation in the core personnel stock ownership plan amounted to RMB7 million (for the year ended 31 December 2024: Nil).

Under the long-term service plan, the Group purchases shares of China Ping An through the market. The vesting of benefits under the plan can only be applied for when a long-term service plan participant retires from the Group and the Bank, and finally granted upon confirmation. For the year ended 31 December 2025, the Group as the participant paid RMB68 million of share purchase costs attributable to the long-term service plan (for the year ended 31 December 2024: RMB47 million). For the year ended 31 December 2025, the Bank's payments for share purchase costs payable under the long-term service plan amounted to RMB65 million (for the year ended 31 December 2024: RMB45 million).

For the year ended 31 December 2025 and 31 December 2024, the expenses incurred by the Group's and the Bank's the core personnel stock ownership plan and long-term service plan, as well as the employee services in exchange, were insignificant.

34. Surplus reserve

In accordance with the Company Law, the Bank is required to appropriate 10% of its profit after tax to its statutory surplus reserve until the reserve balance exceeds 50% of its registered capital. Subject to the approval at the Shareholders' Meeting, the statutory surplus reserve may be used to offset accumulated losses or be converted to the Bank's paid-in capital. When converting the statutory surplus reserve to paid-in capital, new shares can be distributed to shareholders according to the original share proportion, provided that the balance of the statutory surplus reserve after such capitalization is not less than 25% of the registered capital. The Bank may also appropriate its profit after tax to the discretionary surplus reserve upon approval at the Shareholders' Meetings. As at 31 December 2025 and 31 December 2024, the amount of the surplus reserve represented the statutory surplus reserve.

35. General reserve

According to the relevant regulations of the Ministry of Finance, the Bank's general reserve balance shall be 1.5% of the ending balance of gross risk assets. The general reserve also includes the general reserve drawn by the Bank's subsidiaries in accordance with the applicable regulations within their industry or region.

36. Undistributed profit

According to a resolution at the meeting of the Board of Directors dated 20 March 2026, the Bank will appropriate RMB986 million to the general reserve based on net profit of 2025 audited by domestic certified public accountant. No appropriation was made to the statutory surplus reserve temporarily as the balance of statutory surplus reserve exceeds 50% of the registered capital. The above distribution is pending for the approval by the Shareholders' Meeting.

IV. Notes to key items in the financial statements (Continued)

36. Undistributed profit (Continued)

The Bank passed its profit distribution resolution for the year of 2024 at the 2024 Shareholders' Meeting held on 23 May 2025. According to the profit distribution plan, the Bank appropriated cash dividend of RMB7,025 million for the end of 2024.

On 22 August 2025, the Board of Directors of the Bank deliberated and adopted the 2025 interim under which the Bank would distribute cash dividends of RMB4,580 million.

On 7 March 2025, the Bank distributed RMB4.37 (inclusive of tax) per preference share as dividends based on the amount of issued preference shares of 200 million (with a face value of RMB100 per share), and calculated with a nominal dividend rate of 4. 37%. The calculation period for the dividends on preference shares was from 7 March 2024 to 6 March 2025. The total amount of the dividends distributed was RMB874 million (inclusive of tax). The Bank distributed dividends directly to preference shareholders.

As at 25 February 2025, the Bank paid the interest on perpetual bonds amounting to RMB1,155 million at 3.85%, the bond interest rate for the calculation period as determined by the terms of the first tranche of non-fixed term capital bonds in 2020. As at 7 November 2025, the Bank paid the interest on perpetual bonds amounting to RMB490 million at 2.45%, the bond interest rate for the calculation period as determined by the terms of non-fixed term capital bonds in 2024.

37. Net interest income

	The Group	
	2025	2024
Interest income:		
Balances with the Central Bank	3,120	3,438
Deposits with banks and other financial institutions, placements with and loans to banks and other financial institutions, financial assets held under resale agreements	8,915	10,206
Loans and advances to customers	130,501	154,199
Financial investments	27,327	30,538
Sub-total	169,863	198,381
Interest expenses:		
Borrowings from the Central Bank	1,941	2,778
Deposits from banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements	8,367	13,287
Deposits from customers	59,409	72,321
Debt securities issued	12,125	16,568
Sub-total	81,842	104,954
Net interest income	88,021	93,427

IV. Notes to key items in the financial statements (Continued)

37. Net interest income (Continued)

	The Bank	
	2025	2024
Interest income:		
Balances with the Central Bank	3,120	3,438
Deposits with banks and other financial institutions, placements with and loans to banks and other financial institutions, financial assets held under resale agreements	8,883	10,186
Loans and advances to customers	130,501	154,199
Financial investments	27,232	30,451
Sub-total	169,736	198,274
Interest expenses:		
Borrowings from the Central Bank	1,941	2,778
Deposits from banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements	8,369	13,288
Deposits from customers	59,409	72,321
Debt securities issued	12,125	16,568
Sub-total	81,844	104,955
Net interest income	87,892	93,319

IV. Notes to key items in the financial statements (Continued)

38. Net fee and commission income

	The Group	
	2025	2024
Fee and commission income:		
Settlement fee income	3,161	3,022
Agency and trusteeship business fee income	6,126	5,434
Bank card fee income	12,393	13,174
Asset custody fee income	1,510	1,456
Others	4,050	4,758
Sub-total	27,240	27,844
Fee and commission expenses	3,346	3,732
Net fee and commission income	23,894	24,112

	The Bank	
	2025	2024
Fee and commission income:		
Settlement fee income	3,161	3,022
Agency and trusteeship business fee income	6,127	5,440
Bank card fee income	12,393	13,174
Asset custody fee income	1,510	1,456
Others	2,076	3,077
Sub-total	25,267	26,169
Fee and commission expenses	3,631	4,799
Net fee and commission income	21,636	21,370

IV. Notes to key items in the financial statements (Continued)

39. Investment income

	The Group	
	2025	2024
Net gains on derivative financial instruments (excluding foreign exchange derivative financial instruments)	189	1,798
Spread gains on loans and advances to customers designated at fair value and changes included into other comprehensive income	3,037	3,393
Interest income, spread gains and dividend income from financial instruments held for trading	14,894	16,907
Spread gains or losses on other investment on debts	686	1,694
Spread gains or losses on investment on debts	1,539	759
Other net gains or losses	129	53
Total	20,474	24,604

	The Bank	
	2025	2024
Net gains on derivative financial instruments (excluding foreign exchange derivative financial instruments)	189	1,798
Spread gains on loans and advances to customers designated at fair value and changes included into other comprehensive income	3,037	3,393
Interest income, spread gains and dividend income from financial instruments held for trading	14,943	16,532
Spread gains or losses on other investment on debts	649	1,683
Spread gains or losses on investment on debts	1,539	759
Other net gains or losses	130	53
Total	20,487	24,218

IV. Notes to key items in the financial statements (Continued)

40. Gains or losses on changes in fair value

	The Group	
	2025	2024
Financial instruments held for trading	(2,704)	4,759
Derivative financial instruments (excluding foreign exchange derivative financial instruments)	169	(1,635)
Others	17	(20)
Total	(2,518)	3,104

	The Bank	
	2025	2024
Financial instruments held for trading	(2,939)	4,840
Derivative financial instruments (excluding foreign exchange derivative financial instruments)	169	(1,635)
Others	17	(20)
Total	(2,753)	3,185

41. Exchange gains or losses

	The Group and the Bank	
	2025	2024
Gains or losses from changes in fair value of foreign exchange derivative financial instruments	138	2,799
Other foreign exchange gains or losses	822	(1,919)
Total	960	880

IV. Notes to key items in the financial statements (Continued)

42. Other operating income

	The Group and the Bank	
	2025	2024
Rental income	66	69
Others	228	313
Total	294	382

43. Taxes and surcharges

	The Group	
	2025	2024
City maintenance and construction tax	619	743
Educational surcharge	443	532
Others	209	204
Total	1,271	1,479

	The Bank	
	2025	2024
City maintenance and construction tax	611	733
Educational surcharge	437	524
Others	209	204
Total	1,257	1,461

IV. Notes to key items in the financial statements (Continued)

44. Business and administrative expenses

	The Group	
	2025	2024
Staff expenses		
Salaries, bonuses, allowances and subsidies	13,768	13,568
Social insurance and staff welfare	3,679	3,898
Housing funds	1,238	1,285
Labor union and training expenses	396	375
Sub-total	19,081	19,126
Depreciation of fixed assets (Note IV 13)	1,328	1,591
Amortization of expenses of improvements to fixed assets held under operating leases	514	583
Amortization of intangible assets (Note IV 15)	849	814
Depreciation expenses of right-of-use assets (Note IV 14)	1,927	2,247
Rental expenses	594	602
Sub-total	5,212	5,837
General business management expenses	13,903	15,619
Total	38,196	40,582

	The Bank	
	2025	2024
Staff expenses		
Salaries, bonuses, allowances and subsidies	13,396	13,156
Social insurance and staff welfare	3,618	3,856
Housing funds	1,216	1,268
Labor union and training expenses	387	366
Sub-total	18,617	18,646
Depreciation of fixed assets (Note IV 13)	1,315	1,579
Amortization of expenses of improvements to fixed assets held under operating leases	514	583
Amortization of intangible assets (Note IV 15)	849	814
Depreciation expenses of right-of-use assets (Note IV 14)	1,927	2,247
Rental expenses	548	547
Sub-total	5,153	5,770
General business management expenses	13,695	15,368
Total	37,465	39,784

IV. Notes to key items in the financial statements (Continued)

45. Impairment losses on credit

	The Group	
	2025	2024
Impairment losses accrued/(reversed) in the current year:		
Deposits with banks and other financial institutions	(165)	(242)
Placements to banks and other financial institutions	(261)	221
Financial assets held under resale agreements	(8)	(84)
Loans and advances to customers	46,411	52,924
Investment on debts	(5,766)	3,672
Other investment on debts	(75)	(353)
Other assets	897	398
Expected credit losses of credit commitments	(626)	(7,597)
Total	40,407	48,939

	The Bank	
	2025	2024
Impairment losses accrued/(reversed) in the current year:		
Deposits with banks and other financial institutions	(165)	(242)
Placements to banks and other financial institutions	(261)	221
Financial assets held under resale agreements	(8)	(83)
Loans and advances to customers	46,411	52,924
Investment on debts	(5,766)	3,676
Other investment on debts	(76)	(353)
Other assets	890	398
Expected credit losses of credit commitments	(626)	(7,597)
Total	40,399	48,944

IV. Notes to key items in the financial statements (Continued)

46. Income tax expenses

	The Group	
	2025	2024
Current tax	5,808	16,737
Deferred tax (Note IV 17)	2,718	(6,507)
Total	8,526	10,230

	The Bank	
	2025	2024
Current tax	5,509	16,253
Deferred tax (Note IV 17)	2,661	(6,472)
Total	8,170	9,781

The reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the Group and the Bank's effective income tax rate is as follows:

	The Group	
	2025	2024
Profit before tax	51,159	54,738
Income tax at the statutory tax rate of 25%	12,790	13,685
Tax-exempt income	(6,580)	(7,194)
Non-deductible expenses and other adjustments	2,316	3,739
Income tax expenses	8,526	10,230

	The Bank	
	2025	2024
Profit before tax	49,328	52,367
Income tax at the statutory tax rate of 25%	12,332	13,092
Tax-exempt income	(6,474)	(7,040)
Non-deductible expenses and other adjustments	2,312	3,729
Income tax expenses	8,170	9,781

IV. Notes to key items in the financial statements (Continued)

47. Other comprehensive income

	The Group							
	Other comprehensive income in the balance sheet				Other comprehensive income in the income statement for the year ended 31 December 2024			
	31 December 2023	Other comprehensive income after tax	Reclassification of previous other comprehensive income to retained earnings in the current year	31 December 2024	Amount incurred before tax in the current year	Less: Reclassification of previous other comprehensive income to profit or loss in the current year	Less: Income tax expenses	Other comprehensive income after tax
I. Items that may not be reclassified into profit or loss in subsequent periods								
Changes in fair value of other equity instrument investment	(167)	(604)	110	(661)	(768)	-	164	(604)
II. Items that will be reclassified into profit or loss in subsequent periods when specific condition is met								
Changes in fair value of financial assets designated at fair value and changes included into other comprehensive income	1,112	(1,008)	-	104	(160)	(1,177)	329	(1,008)
Provision for credit losses on financial assets designated at fair value and changes included into other comprehensive income	1,141	(466)	-	675	(621)	-	155	(466)
Exchange differences on translation of foreign currency financial statements	41	(23)	-	18	(23)	-	-	(23)
Total	2,127	(2,101)	110	136	(1,572)	(1,177)	648	(2,101)

IV. Notes to key items in the financial statements (Continued)

47. Other comprehensive income (Continued)

	The Bank							
	Other comprehensive income in the balance sheet				Other comprehensive income in the income statement for the year ended 31 December 2024			
	31 December 2024	Other comprehensive income after tax	Reclassification of previous other comprehensive income to retained earnings in the current year	31 December 2025	Amount incurred before tax in the current year	Less: Reclassification of previous other comprehensive income to profit or loss in the current year	Less: Income tax expenses	Other comprehensive income after tax
I. Items that may not be reclassified into profit or loss in subsequent periods								
Changes in fair value of other equity instrument investment	(167)	(604)	110	(661)	(768)	-	164	(604)
II. Items that will be reclassified into profit or loss in subsequent periods when specific condition is met								
Changes in fair value of financial assets designated at fair value and changes included into other comprehensive income	1,069	(970)	-	99	(165)	(1,122)	317	(970)
Provision for credit losses on financial assets designated at fair value and changes included into other comprehensive income	1,141	(467)	-	674	(623)	-	156	(467)
Exchange differences on translation of foreign currency financial statements	41	(23)	-	18	(23)	-	-	(23)
Total	2,084	(2,064)	110	130	(1,579)	(1,122)	637	(2,064)

IV. Notes to key items in the financial statements (Continued)

47. Other comprehensive income (Continued)

	The Group							
	Other comprehensive income in the balance sheet				Other comprehensive income in the income statement for the year ended 31 December 2023			
	31 December 2023	Other comprehensive income after tax	Reclassification of previous other comprehensive income to retained earnings in the current year	31 December 2024	Amount incurred before tax in the current year	Less: Reclassification of previous other comprehensive income to profit or loss in the current year	Less: Income tax expenses	Other comprehensive income after tax
I. Items that may not be reclassified into profit or loss in subsequent periods								
Changes in fair value of other equity instrument investment	(807)	403	237	(167)	617	-	(214)	403
II. Items that will be reclassified into profit or loss in subsequent periods when specific condition is met								
Changes in fair value of financial assets designated at fair value and changes included into other comprehensive income	418	694	-	1,112	2,961	(2,043)	(224)	694
Provision for credit losses on financial assets designated at fair value and changes included into other comprehensive income	2,649	(1,508)	-	1,141	(2,011)	-	503	(1,508)
Exchange differences on translation of foreign currency financial statements	4	37	-	41	37	-	-	37
Total	2,264	(374)	237	2,127	1,604	(2,043)	65	(374)

IV. Notes to key items in the financial statements (Continued)

47. Other comprehensive income (Continued)

	The Bank							
	Other comprehensive income in the balance sheet				Other comprehensive income in the income statement for the year ended 31 December 2023			
	31 December 2023	Other comprehensive income after tax	Reclassification of previous other comprehensive income to retained earnings in the current year	31 December 2024	Amount incurred before tax in the current year	Less: Reclassification of previous other comprehensive income to profit or loss in the current year	Less: Income tax expenses	Other comprehensive income after tax
I. Items that may not be reclassified into profit or loss in subsequent periods								
Changes in fair value of other equity instrument investment	(807)	403	237	(167)	617	-	(214)	403
II. Items that will be reclassified into profit or loss in subsequent periods when specific condition is met								
Changes in fair value of financial assets designated at fair value and changes included into other comprehensive income	417	652	-	1,069	2,904	(2,042)	(210)	652
Provision for credit losses on financial assets designated at fair value and changes included into other comprehensive income	2,649	(1,508)	-	1,141	(2,011)	-	503	(1,508)
Exchange differences on translation of foreign currency financial statements	4	37	-	41	37	-	-	37
Total	2,263	(416)	237	2,084	1,547	(2,042)	79	(416)

IV. Notes to key items in the financial statements (Continued)

48. Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the ordinary shareholders of the Bank by the weighted average number of ordinary shares issued by the Bank during the year. Diluted earnings per share are calculated by dividing the net profit attributable to the ordinary shareholders of the Bank after adjustment based on potential dilutive ordinary shares by the adjusted weighted average number of ordinary shares issued by the Bank during the year. The conversion feature of preference shares is considered to fall within contingently issuable ordinary shares. As at 31 December 2025, the triggering events of conversion did not occur and therefore the conversion feature of preference shares has no effect on calculation of the basic and diluted earnings per share for the year ended 31 December 2025.

(a) Basic earnings per share are calculated as follows:

	2025	2024
Net profit for the current year attributable to shareholders of the Bank	42,633	44,508
Less: Dividends on preference shares declared by the Bank	(874)	(874)
Interest on perpetual bonds of the Bank	(1,645)	(1,975)
Net profit for the current year attributable to ordinary shareholders of the Bank	40,114	41,659
Weighted average number of outstanding ordinary shares (million)	19,406	19,406
Basic earnings per share (EPS) (RMB/share)	2.07	2.15

(b) Diluted earnings per share are calculated as follows:

	2025	2024
Net profit for the current year attributable to shareholders of the Bank	42,633	44,508
Less: Dividends on preference shares declared by the Bank	(874)	(874)
Interest on perpetual bonds of the Bank	(1,645)	(1,975)
Net profit for the current year attributable to ordinary shareholders of the Bank	40,114	41,659
Weighted average number of outstanding ordinary shares (million)	19,406	19,406
Weighted average number of outstanding ordinary shares of the year for calculating diluted earnings per share (million)	19,406	19,406
Diluted earnings per share (RMB/share)	2.07	2.15

IV. Notes to key items in the financial statements (Continued)

49. Cash and cash equivalents

	The Group	
	31 December 2025	31 December 2024
Cash	4,057	3,421
Cash equivalents:		
Within three months before the original maturity date		
Deposits with banks and other financial institutions	119,956	88,521
Placements to banks and other financial institutions	70,894	64,267
Financial assets held under resale agreements	56,098	32,162
Unrestricted balance with the Central Bank	68,300	61,055
Bond investments (with maturity of less than three months since acquired)	23,330	7,520
Sub-total	338,578	253,525
Total	342,635	256,946

	The Bank	
	31 December 2025	31 December 2024
Cash	4,057	3,421
Cash equivalents:		
Within three months before the original maturity date		
Deposits with banks and other financial institutions	118,269	87,282
Placements to banks and other financial institutions	70,894	64,267
Financial assets held under resale agreements	55,593	32,162
Unrestricted balance with the Central Bank	68,300	61,055
Bond investments (with maturity of less than three months since acquired)	23,330	7,520
Sub-total	336,386	252,286
Total	340,443	255,707

IV. Notes to key items in the financial statements (Continued)

50. Cash received relating to other operating activities

	The Group	
	2025	2024
Collection of amounts already written off	16,979	14,480
Cash receipts from disposal of foreclosed assets	272	43
Derivative financial instruments	1,783	-
Gains on trading of bills	2,057	2,052
Bond lending	47,016	98,442
Others	11,355	8,089
Total	79,462	123,106

	The Bank	
	2025	2024
Collection of amounts already written off	16,979	14,480
Cash receipts from disposal of foreclosed assets	272	43
Derivative financial instruments	1,783	-
Gains on trading of bills	2,057	2,052
Bond lending	46,300	98,442
Others	11,355	8,054
Total	78,746	123,071

IV. Notes to key items in the financial statements (Continued)

51. Cash paid relating to other operating activities

	The Group	
	2025	2024
Derivative financial instruments	-	1,091
Precious metals business	17,266	2,014
Administrative expenses such as marketing and public relation expenses, rental expenses and others	15,763	17,141
Total	33,029	20,246

	The Bank	
	2025	2024
Derivative financial instruments	-	1,091
Precious metals business	17,266	2,014
Administrative expenses such as marketing and public relation expenses, rental expenses and others	15,466	16,785
Total	32,732	19,890

IV. Notes to key items in the financial statements (Continued)

52. Changes in liabilities from financing activities

	The Group and the Bank			
	Debt securities issued	Lease liabilities	Dividends payable	Total
1 January 2025	695,200	5,410	12	700,622
Cash changes:	(162,791)	(2,243)	(14,124)	(179,158)
Non-cash changes:				
Changes in lease liabilities	-	951	-	951
Accrued Interest	12,125	137	-	12,262
Profit distribution/Declaration of dividends	-	-	14,124	14,124
31 December 2025	544,534	4,255	12	548,801

	The Group and the Bank			
	Debt securities issued	Lease liabilities	Dividends payable	Total
1 January 2024	728,328	6,210	12	734,550
Cash changes:	(49,696)	(2,611)	(21,576)	(73,883)
Non-cash changes:				
Changes in lease liabilities	-	1,625	-	1,625
Accrued Interest	16,568	186	-	16,754
Profit distribution/Declaration of dividends	-	-	21,576	21,576
31 December 2024	695,200	5,410	12	700,622

IV. Notes to key items in the financial statements (Continued)

53. Structured entities

(a) Unconsolidated structured entities managed by the Group

(1) Wealth management products

The unconsolidated structured entities managed by the Group are primarily wealth management products (hereafter referred to as the "WMPs") issued and managed by the Group as an agency. On the basis of analyzing the potential target group of customers, the Group designs and sells the investment plan to the specific target customer group. The Group distributes the funds to related financial markets or products and distributes the investment income to the investors in accordance with contracts. As the manager of WMPs, the Group charges fees and commissions such as selling charges, fixed management fee, fluctuant management fee, etc. The Group considers that the variable return from the structured entities is not significant.

As at 31 December 2025, the total size of unconsolidated WMPs issued and managed by the Group amounted to RMB1,092,211 million (31 December 2024: RMB1,214,152 million).

As the manager of WMPs, the Group proactively manages the due date of assets and liabilities, and also the position and the proportion of the current assets in order to maximize the interest of investors. Temporary placements to WMPs are a commonly used way to manage liquidity risk. The placements are not specified in the contracts. The transaction price is set by referencing the market interest rate. As at 31 December 2025 and 31 December 2024, the balance of placements mentioned above was both nil.

(2) Asset-backed securitizations and transfer of right to earnings business

The other type of unconsolidated structured entity initiated and managed by the Group is the Special Purpose Trust (hereafter referred to as the "SPT") established by the third party in order to facilitate the asset-backed securitizations and transfer of right to earnings business. Under SPT, the credit assets are transferred or the right to earnings of underlying assets are received from the Group to issue asset-backed securities or establish trust beneficiary right shares for financing based on the cash flows generated from credit assets. As at 31 December 2025, the unconsolidated SPTs managed by the Group amounted to RMB23,359 million (31 December 2024: RMB18,644 million). Performing as the loan service provider, the Group manages the loans in associate with the SPTs and charges fee and commissions.

The Group also holds part of all levels of the asset-backed securities in SPTs. The Group's variable return from the structured entities is not significant. As at 31 December 2025, the book balance of the unconsolidated SPTs held by the Group amounted to RMB1,820 million (31 December 2024: RMB1,765 million). The carrying amount of these asset-backed securities approximates their fair value.

As at 31 December 2025, the Group did not give financial support to any of these unconsolidated SPTs (31 December 2024: Nil).

For certain asset-backed securitizations business, the Group may hold part of subordinated tranches which may give rise to the Group's continuing involvement in the transferred assets. The assets are recognized on the balance sheet to the extent of the Group's continuing involvement, and the rest part shall be derecognized. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset. As at 31 December 2025, the Group continued to recognize assets totaling to RMB1,410 million (31 December 2024: RMB1,447 million).

IV. Notes to key items in the financial statements (Continued)

53. Structured entities (Continued)

(b) Unconsolidated structured entities invested by the Group

For the year ended 31 December 2025, the Group, for better investment return, has invested in structured entities as funds, trust plans, asset management plans and earning rights and-backed securities issued and managed by independent third parties. Trust plans and asset management plans the Group invests are issued and managed by non-bank financial institutions. Underlying assets in such plan mainly comprise loans or receivables from financial institutions, deposit receipts and asset-backed securities. As at 31 December 2025, the Group did not provide any liquidity support to those unconsolidated structured entities (31 December 2024: Nil).

As at 31 December 2025 and 31 December 2024, the carrying amount (including accrued interest) of and the Group's maximum exposure to these other unconsolidated structured entities was summarized in the table below:

	The Group		
	31 December 2025		
	Carrying amount	Maximum exposure to loss	Total size of structured entities
Financial assets held for trading			
Funds	171,544	171,544	Note
Trust plans	1,784	1,784	Note
Asset-backed securities	1,716	1,716	16,557
Sub-total	175,044	175,044	
Investment on debts			
Trust plans	87,185	87,185	Note
Asset management plans	4,696	4,696	Note
Asset-backed securities	1,627	1,627	13,825
Sub-total	93,508	93,508	
Other investment on debts			
Trust plans	172	172	Note
Asset management plans	567	567	Note
Asset-backed securities	31,970	31,970	272,009
Sub-total	32,709	32,709	
Total	301,261	301,261	

IV. Notes to key items in the financial statements (Continued)

53. Structured entities (Continued)

(b) Unconsolidated structured entities invested by the Group (Continued)

	The Group		
	31 December 2024		
	Carrying amount	Maximum exposure to loss	Total size of structured entities
Financial assets held for trading			
Funds	186,186	186,186	Note
Trust plans	1,728	1,728	Note
Asset-backed securities	1,719	1,719	16,684
Sub-total	189,633	189,633	
Investment on debts			
Trust plans	70,401	70,401	Note
Asset management plans	8,753	8,753	Note
Asset-backed securities	2,141	2,141	18,249
Sub-total	81,295	81,295	
Other investment on debts			
Trust plans	225	225	Note
Asset management plans	593	593	Note
Asset-backed securities	28,682	28,682	228,069
Sub-total	29,500	29,500	
Total	300,428	300,428	

The Group earns interest income, service fee income and investment income for investing in or providing services to structured entities.

Note: The information of total size of the unconsolidated structured entities listed above is not readily available from the public.

(c) Consolidated structured entities invested by the Group

As at 31 December 2025 and 31 December 2024, the Group has invested in such structured entities as asset management plans.

IV. Notes to key items in the financial statements (Continued)

54. Transfer of financial assets

(a) Transfer of credit assets

For the loans Group disposed of by transferring to third parties for the year ended 31 December 2025 and 31 December 2024, please refer to Note IV 6.1. The Group considers that substantially all of the risks and rewards associated with the ownership of such loans have been transferred, and the total amount of such loans has been derecognized.

(b) Credit asset-backed securitizations and transfer of right to earnings

The Group enters into credit asset transfers during which it transfers credit assets or right to earnings of underlying assets to special purpose entities which in turn issue asset-backed securities or transfer trust beneficiary right shares to investors. The Group may acquire some asset-backed securities at the subordinated tranche level, and accordingly, may retain parts of the risks and rewards of the transferred credit assets. The Group would determine whether or not to derecognize the associated credit assets by evaluating the extent to which it retains the risks and rewards of the assets.

With respect to the credit assets that were secularized or those with right to earnings transferred and qualified for derecognition, the Group derecognizes the transferred credit assets in their entirety. For the loans Group disposed of and transferred by credit asset securitization and transfer of right to earning for the year ended 31 December 2025 and 31 December 2024, please refer to Note IV 6.1.

For those in which the Group has neither transferred nor retained substantially all the risks and rewards of the transferred credit assets, and retained control of the credit assets, the transferred credit assets are recognized in the statement of financial position to the extent of the Group's continuing involvement and the rest is derecognized. For the value of assets that the Group has continuing involvement for the year ended 31 December 2025 and 31 December 2024, please refer to Note IV 53 (a) (2).

(c) Repurchase agreement

A repurchase agreement is a transaction in which the Group sells a financial asset and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. Since the repurchase prices are fixed, the Group is still exposed to substantially all the credit risks and market risks and rewards of those securities sold. These securities are therefore not derecognized from the financial statements. In addition, the Group recognizes the consideration received as a financial liability and presents it as the amount of financial assets repurchased. For the amount of financial assets that the Group sold under repurchase agreements for the year ended 31 December 2025 and 31 December 2024, please refer to Note IV 24.

V. Operating segment information

The Group identifies operating segments based on the internal organization structure, management requirements and internal reporting system, and implements management on such basis. The Group mainly manages the operation by way of geographical segments and business segments. Geographically, the Group separately operates five reporting segments, Eastern Region, Southern Region, Western Region, Northern Region and Headquarters. And in business lines, the Group separately manages the production and operation of three reporting segments, wholesale banking business, retail banking business and other businesses. The operating segment information is shown in detail as follows:

Geographical operating segments

The geographical operating segments are identified as follows:

"Eastern Region": Shanghai Branch, Hangzhou Branch, Yangzhou Branch, Yiwu Branch, Taizhou Branch, Shaoxing Branch, Huzhou Branch, Ningbo Branch, Wenzhou Branch, Nanjing Branch, Wuxi Branch, Changzhou Branch, Suzhou Branch, Nantong Branch, Taizhou Branch, Fuzhou Branch, Zhangzhou Branch, Fujian Pilot Free Trade Zone Fuzhou Branch, Xiamen Branch, Fujian Pilot Free Trade Zone Xiamen Branch, Quanzhou Branch, Shanghai Pilot Free Trade Zone Branch, Hefei Branch, Wuhu Branch, Xuzhou Branch, Nanchang Branch, Yancheng Branch, Putian Branch, Zhenjiang Branch, Fuyang Branch, Ganzhou Branch, Jiujiang Branch;

"Southern Region": Shenzhen Branch, Shenzhen Qianhai Branch, Guangzhou Branch, Guangdong Pilot Free Trade Zone Nansha Branch, Zhuhai Branch, Hengqin Guangdong-Macao In-depth Cooperation Zone Branch, Foshan Branch, Dongguan Branch, Huizhou Branch, Zhongshan Branch, Haikou Branch, Changsha Branch, Hengyang Branch, Yueyang Branch, Nanning Branch, Sanya Branch, Changde Branch, Liuzhou Branch, Shantou Branch, Zhanjiang Branch, Jiangmen Branch;

"Western Region": Chongqing Branch, Chengdu Branch, Deyang Branch, Leshan Branch, Mianyang Branch, Kunming Branch, Honghe Branch, Wuhan Branch, Jingzhou Branch, Xiangyang Branch, Yichang Branch, Xi'an Branch, Xianyang Branch, Guiyang Branch, Chongqing Pilot Free Trade Zone Branch, Zunyi Branch, Huanggang Branch;

"Northern Region": Beijing Branch, Dalian Branch, Tianjin Branch, Tianjin Pilot Free Trade Zone Branch, Jinan Branch, Linyi Branch, Weifang Branch, Dongying Branch, Qingdao Branch, Yantai Branch, Rizhao Branch, Zhengzhou Branch, Luoyang Branch, Shenyang Branch, Shijiazhuang Branch, Taiyuan Branch, Tangshan Branch, Zibo Branch, Jining Branch, Jinzhong Branch, Langfang Branch, Nanyang Branch, Weihai Branch, Hohhot Branch, Kaifeng Branch, Taian Branch, Baoding Branch, Urumchi Branch, Anshan Branch, Lanzhou Branch, Cangzhou Branch, Harbin Branch, Qingdao Free Trade Zone Branch, Yinchuan Branch, Xinxiang Branch, Handan Branch, Baotou Branch, Changchun Branch, Beijing City Sub-center Branch;

"Headquarters": The departments of Head Office including credit card center, capital operation department, financial institution department, auto consumer finance center, etc., and Ping An Wealth Management;

"Overseas": Hong Kong Branch.

V. Operating segment information (Continued)

Geographical operating segments (Continued)

The management monitors the operating results of the above geographical operating segments for the purpose of making decisions about resources allocations and performance assessment. When monitoring operating results of the geographical operating segments, the management mainly considers operating income, operating expenses and operating profit.

	2025						
	Eastern Region	Southern Region	Western Region	Northern Region	Headquarters	Overseas	Total
Net interest income (1)	17,090	16,074	4,631	10,694	39,102	430	88,021
Net non-interest income (2)	2,928	4,042	843	2,564	32,416	628	43,421
Operating income	20,018	20,116	5,474	13,258	71,518	1,058	131,442
Operating expenses (3)	(6,903)	(6,677)	(2,448)	(5,436)	(17,740)	(263)	(39,467)
Including: Depreciation, amortization and rental expenses	(845)	(918)	(404)	(830)	(2,169)	(46)	(5,212)
Operating profit before impairment losses	13,115	13,439	3,026	7,822	53,778	795	91,975
Impairment losses on credit and other assets	(4,428)	(16,094)	(232)	(2,579)	(17,221)	(13)	(40,567)
Net non-operating expenses	(11)	(49)	(5)	(15)	(169)	-	(249)
Segment profits	8,676	(2,704)	2,789	5,228	36,388	782	51,159
Income tax expenses							(8,526)
Net profit							42,633

V. Operating segment information (Continued)

Geographical operating segments (Continued)

	31 December 2025							
	Eastern Region	Southern Region	Western Region	Northern Region	Headquarters	Overseas	Offsetting	Total
Total assets	1,169,939	1,373,150	334,430	837,733	3,493,031	93,614	(1,376,120)	5,925,777
Total liabilities	1,154,974	1,375,524	332,300	833,089	2,962,299	92,527	(1,376,120)	5,374,593

(1) Included external net interest income/expense and internal net interest income/expense;
(2) Included net fee and commission income, investment income, gains or losses on changes in fair value, exchange gains or losses, other operating income, gains or losses from disposal of assets and other income;
(3) Included taxes and surcharges, and business and administrative expenses.

V. Operating segment information (Continued)

Geographical operating segments (Continued)

	2024						
	Eastern Region	Southern Region	Western Region	Northern Region	Headquarters	Overseas	Total
Net interest income (1)	17,571	18,338	5,705	11,717	39,755	341	93,427
Net non-interest income (2)	3,283	4,217	1,037	2,947	41,263	521	53,268
Operating income	20,854	22,555	6,742	14,664	81,018	862	146,695
Operating expenses (3)	(7,521)	(6,865)	(2,651)	(5,830)	(18,860)	(334)	(42,061)
Including: Depreciation, amortization and rental expenses	(978)	(985)	(459)	(938)	(2,422)	(55)	(5,837)
Operating profit before impairment losses	13,333	15,690	4,091	8,834	62,158	528	104,634
Impairment losses on credit and other assets	(7,006)	(10,819)	(1,898)	(2,838)	(26,647)	(220)	(49,428)
Net non-operating income/(expenses)	32	(68)	(24)	(36)	(372)	-	(468)
Segment profits	6,359	4,803	2,169	5,960	35,139	308	54,738
Income tax expenses							(10,230)
Net profit							44,508

V. Operating segment information (Continued)

Geographical operating segments (Continued)

	31 December 2024							
	Eastern Region	Southern Region	Western Region	Northern Region	Headquarters	Overseas	Offsetting	Total
Total assets	1,160,023	1,387,734	325,721	842,401	3,373,961	78,171	(1,398,741)	5,769,270
Total liabilities	1,151,823	1,383,690	324,441	837,313	2,898,144	77,758	(1,398,741)	5,274,428

(1) Included external net interest income/expense and internal net interest income/expense;
(2) Included net fee and commission income, investment income, gains or losses on changes in fair value, exchange gains or losses, other operating income, gains or losses from disposal of assets and other income;
(3) Included taxes and surcharges, and business and administrative expenses.

V. Operating segment information (Continued)

Business lines operating segments

In concern of the management structure and policies, the business decisions, reporting and performance assessment should be in accordance with two main business lines - wholesale banking business and retail banking business and other business segments. The segments are set out as follows:

Wholesale banking business

The wholesale banking business segment covers the provision of financial products and services to corporate customers, government organizations, banks and other financial institutions, as well as some small enterprises. The products and services include corporate loans, corporate deposits, trade financing, various corporate intermediary businesses, various inter-bank capital businesses and businesses related to Ping An Wealth Management.

Retail banking business

The retail banking business segment covers the provision of financial products and services to individual customers and some small enterprises, including personal loans, personal deposits, bank cards and various personal intermediary businesses.

Others

The others business line refers to the bond and money market investment in need of liquidity management. It refers to the collective management of equity investment as well as assets, liabilities, income, expenses etc., that are not directly attributable to a segment.

Measurement of segment assets, liabilities, income and profit is based on the Group's accounting policies. Income tax is managed at the corporate level and would not be allocated to each operating segment. Segment income is mainly from interest income, and therefore interest income is presented in net amount. The management primarily relies on net interest income, rather than the data of total interest income and total interest expense.

Inter-segment transactions are mainly money transference. The terms of the transaction are set by period and by referencing the capital cost in the market, and are reflected in the performance of each segment. "Internal net interest income/expense" refers to the net interest income and expense from transfer pricing between operating segments, which will be presented in operation business of each segment after offsetting. In addition, "external net interest income/expense" refers to the interest income received from the third party or interest expenses paid to the third party. The total amount of "external net interest income/expense" from every operating segment should be equal to the net interest income in the Group's income statement.

Segment revenue, profit, assets and liabilities include those items that can be directly allocated to a segment, and those that can be allocated pro rata.

The Group thoroughly conducts internal funds transfer pricing, using term matching and re-pricing method to calculate the income and expense of an individual account (contract), in order to enhance gearing, reasonable pricing, and comprehensive evaluation of the Group's performance.

V. Operating segment information (Continued)

Business lines operating segments (Continued)

	2025			
	Wholesale banking business	Retail banking business	Others	Total
Net interest income (1)	33,371	44,894	9,756	88,021
Net non-interest income (2)	24,588	16,732	2,101	43,421
Operating income	57,959	61,626	11,857	131,442
Operating expenses (3)	(17,745)	(20,792)	(930)	(39,467)
Including: Depreciation, amortization and rental expenses	(1,967)	(3,053)	(192)	(5,212)
Operating profit before impairment losses	40,214	40,834	10,927	91,975
Impairment losses on credit and other assets	(3,534)	(37,576)	543	(40,567)
Net non-operating expenses	(33)	(38)	(178)	(249)
Segment profits	36,647	3,220	11,292	51,159
Income tax expenses				(8,526)
Net profit				42,633

	31 December 2025			
Total assets	3,093,400	1,665,736	1,166,641	5,925,777
Total liabilities	3,553,690	1,320,468	500,435	5,374,593

(1) Included external net interest income/expense and internal net interest income/expense;
(2) Included net fee and commission income, investment income, gains or losses on changes in fair value, exchange gains or losses, other operating income, gains or losses from disposal of assets and other income;
(3) Included taxes and surcharges, and business and administrative expenses.

V. Operating segment information (Continued)

Business lines operating segments (Continued)

	2024			
	Wholesale banking business	Retail banking business	Others	Total
Net interest income (1)	28,401	55,032	9,994	93,427
Net non-interest income (2)	35,440	16,223	1,605	53,268
Operating income	63,841	71,255	11,599	146,695
Operating expenses (3)	(19,040)	(22,036)	(985)	(42,061)
Including: Depreciation, amortization and rental expenses	(2,105)	(3,569)	(163)	(5,837)
Operating profit before impairment losses	44,801	49,219	10,614	104,634
Impairment losses on credit and other assets	(1,194)	(48,729)	495	(49,428)
Net non-operating expenses	(21)	(134)	(313)	(468)
Segment profits	43,586	356	10,796	54,738
Income tax expenses				(10,230)
Net profit				44,508

	31 December 2024			
Total assets	2,874,621	1,693,154	1,201,495	5,769,270
Total liabilities	3,507,806	1,320,246	446,376	5,274,428

(1) Included external net interest income/expense and internal net interest income/expense;
(2) Included net fee and commission income, investment income, gains or losses on changes in fair value, exchange gains or losses, other operating income, gains or losses from disposal of assets and other income;
(3) Included taxes and surcharges, and business and administrative expenses.

VI. Commitments and contingent liabilities

1. Capital commitments

	The Group	
	31 December 2025	31 December 2024
Authorized but not contracted	2,482	6,923
Contracted but not provided	1,651	2,116
Total	4,133	9,039

	The Bank	
	31 December 2025	31 December 2024
Authorized but not contracted	2,473	6,923
Contracted but not provided	1,651	2,116
Total	4,124	9,039

2. Credit commitments

	The Group and the Bank	
	31 December 2025	31 December 2024
Bank acceptance bills	808,597	804,745
Letters of guarantee issued	93,072	102,508
Letters of credit issued	228,388	174,586
Sub-total	1,130,057	1,081,839
Unused limit of credit cards and loan commitments	904,140	956,170
Total	2,034,197	2,038,009
Credit risk weighted amounts of credit commitments	839,706	771,534

Financial guarantee contracts commit the Group and the Bank to make payments on behalf of customers upon the failure of the customers to perform the terms of the contracts. Provision for expected credit losses of bank acceptance bills, letters of guarantee issued, letters of credit issued and loan commitments is presented in accrued liabilities. Provision for expected credit losses of unused limit of credit cards is presented in impairment provision for loans and advances to customers.

VI. Commitments and contingent liabilities (Continued)

3. Fiduciary activities

3.1 Entrusted loans business

The Group and the Bank act as an agent and grant such entrusted loans to borrowers under the direction of the third-party lenders who fund these loans. The Group and the Bank have been contracted by the third-party lenders to manage the administration and collection of these loans on their behalf. The credit risk is not recognized on the balance sheet as it remains with the trustees. As at 31 December 2025 and 31 December 2024, the scale of entrusted loans and deposits is as follows:

	The Group and the Bank	
	31 December 2025	31 December 2024
Entrusted deposits	173,331	156,603
Entrusted loans	173,331	156,603

3.2 Entrusted funding and entrusted investments

The Group and the Bank's entrusted funding and entrusted investments are primarily unconsolidated WMPs sold to enterprises or individuals. Details are set out in Note IV 53.

4. Contingencies

4.1 Outstanding litigations and disputes

As at 31 December 2025, the total claimed amount of outstanding litigation cases in which the Bank and its subsidiaries were the defendants was RMB2,521 million (31 December 2024: RMB3,307 million). These litigation cases are under legal proceedings. In the opinion of the management, the Group has made adequate provision for any probable losses based on the prevailing facts and circumstances.

4.2 Redemption and underwriting commitments of voucher-type government bonds and savings bonds (electronic)

As an underwriting agent of the Ministry of Finance, the Group and the Bank underwrite PRC voucher-type government bonds and savings bonds (electronic) and sell the bonds to the general public. The Group and the Bank are obliged to redeem the bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the notional value of the bonds plus any interest accrued up to the redemption date. As at 31 December 2025, the Group and the Bank reported voucher-type government bonds and savings bonds (electronic) with accumulated amounts of RMB1,228 million (31 December 2024: RMB1,055 million) and RMB2,693 million (31 December 2024: RMB2,463 million) respectively, of which that the Group and the Bank have the obligation of early redemption. The Ministry of Finance will not provide funding for the early redemption of these voucher-type government bonds on a back-to-back basis but is obliged to repay the principal and the respective interest upon maturity.

As at 31 December 2025 and 31 December 2024, there was no unexpired underwriting commitment of the government bonds.

VI. Commitments and contingent liabilities (Continued)

5. Assets pledged

Certain assets are pledged by the Group as collateral mainly for repurchase, borrowings from central banks, time deposits of treasury and securities lending. As at 31 December 2025, the par value of the above financial assets as collateral amounts to RMB536,429 million (31 December 2024: RMB445,312 million)

VII. Capital management

The primary objectives of the Group's capital management are to safeguard its continued and steady business growth, to ensure compliance with regulatory requirements and to maximize return on capital. The Group regularly reviews its capital position and the implementation of related capital management strategies across the Bank, and adopts active capital management to support the achievement of medium and long-term business objectives and continuously improve the efficiency of its capital employment. The Group reports the required capital adequacy information to the NFRA on a quarterly basis.

The Group calculates capital adequacy ratio pursuant to the *Administrative Measures for the Capital Management of Commercial Banks*. As required and for this reporting period, the Group applies the risk-weighted method to measure its credit-risk-weighted assets, the standard method for its market-risk-weighted assets, and the standard indicator approach for its operational risk-weighted assets.

Pursuant to the *Administrative Measures for the Capital Management of Commercial Banks*, the regulatory capital positions of the Group on 31 December 2025 are shown below:

VII. Capital management (Continued)

	Note	31 December 2025	31 December 2024
Core Tier 1 capital adequacy ratio	(a)	9.36%	9.12%
Tier 1 capital adequacy ratio	(a)	11.49%	10.69%
Capital adequacy ratio	(a)	13.77%	13.11%
Core Tier 1 capital			
Share capital		19,406	19,406
Capital reserve and investment revaluation reserve		80,642	80,713
Surplus reserve		10,781	10,781
General reserve		69,478	68,262
Undistributed profit		270,788	243,605
Other comprehensive income		(280)	1,170
Deduction items from core Tier 1 capital			
Goodwill		7,568	7,568
Other intangible assets (except land use right)	(b)	1,840	2,136
Other Tier 1 capital deductions from small minority capital investments in unconsolidated financial institutions		-	42
Other net deferred income tax assets that rest on bank's future earnings		4,115	8,858
Other Tier 1 capital		99,953	69,948
Deduction items from other Tier 1 capital			
Other Tier 1 capital deductions from small minority capital investments in unconsolidated financial institutions		-	44
Tier 2 capital			
Tier 2 capital instruments and surplus		59,995	59,995
Excessive loan impairment provision		46,504	48,300
Deduction items from other Tier 2 capital			
Other Tier 2 capital deductions from small minority capital investments in unconsolidated financial institutions		-	819
Net core Tier 1 capital	(c)	437,292	405,333
Net Tier 1 capital	(c)	537,245	475,237
Net capital	(c)	643,744	582,713
Risk-weighted assets	(d)	4,674,338	4,445,117

VII. Capital management (Continued)

(a) Core Tier 1 capital adequacy ratio equals to net amount of core Tier 1 capital over risk-weighted assets. Tier 1 capital adequacy ratio equals to net amount of Tier 1 capital over risk-weighted assets. Capital adequacy ratio equals to net capital over risk-weighted assets.

(b) Other intangible assets (excluding land use right) are the net amounts from deduction of the associated deferred income tax liability.

(c) Net amount of core Tier 1 capital is core Tier 1 capital minuses exclusive items of core Tier 1 capital. Net amount of Tier 1 capital equals to Tier 1 capital minuses exclusive items of core Tier 1 capital. Net amount of capital equals to total capital minus exclusive items of total capital.

(d) Risk-weighted assets include credit risk-weighted assets, market risk-weighted assets, and operating risk-weighted assets.

VIII. Risk disclosure

1. Credit risk

Credit risk is the risk of loss arising from that a party of the financial instrument fails to fulfill its obligations.

The Group have established relevant mechanism for unified credit management, and periodically monitors the limit and reviews the credit risk.

1.1 Credit risk management

(i) Loans and advances to customers and credit commitments

The Bank has established a concentrated, vertical and individual comprehensive risk management framework. The Risk Management Committee of the Head Office is responsible for coordinating risk management of all levels. Professional departments such as the Risk Management Department, Corporate Credit Authorization Department, Retail Loans Risk Management Department, are responsible for credit management of the Bank.

The Bank has formulated a complete set of credit management processes and internal control mechanisms, so as to carry out whole process management of credit business. Credit management procedures for its corporate and personal loans comprise the processes of credit investigation, credit review, credit approval, disbursement and post management. In addition, the Bank has formulated relevant policies of credit underwriting, which have defined the functions and responsibilities of different credit operational processes, and have enhanced the monitoring of the related compliance for improving the overall effective control of credit risk.

Risks arising from credit commitments are similar to those associated with loans and advances. Their credit risk exposures are converted in accordance with the Credit Conversion Factor specified in the *Administrative Measures for the Capital Management of Commercial Banks*. Transactions of financial guarantees and loan commitments are, therefore, subject to the same portfolio management and the same requirements for application and collateral as loans and advances to customers.

If the Bank, after executing all necessary procedures, still considers that it is not expected to recover the whole or part of the financial assets, they shall be written off.

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.1 Credit risk management (Continued)

(ii) Bonds

The Group manages credit risk exposure of bonds and bills by setting restriction of investment size, issuer profile and rating and also post-investment management. Generally, corporate credit rating of issuer of overseas bonds is required to be equal to or higher than BBB- (by Standard & Poor's or equivalent rating agencies) when purchasing. Corporate credit rating of domestic bonds is required to be equal to or higher than AA (credit rating institutes shall obtain the admission by the Group) when purchasing. With overall consideration taken into internal rating and external data, the Group continues to conduct strict risk management on bond investment.

(iii) Non-bond investment on debts

Non-bond investment on debts includes asset management plans and trust plans, etc. The Group has rating-based access policies in place towards the cooperating trust companies, securities companies and fund companies, and grants credit facility to the asset management plans and ultimate financing parties of trust plans. Subsequent risk management is carried out on a regular basis.

(iv) Inter-bank transactions

Inter-bank transactions include deposits with banks and other financial institutions, placements to banks and other financial institutions, financial assets held under resale agreements, etc. The Group reviews and monitors credit risk of individual financial institutions periodically. Limits are placed for each individual bank or non-bank financial institution which has business relationships with the Group.

1.2 Measurement of expected credit losses

The Group uses the "ECL model" to make impairment provision for debt-instrument financial assets measured at amortized cost and those designated at fair value and changes included into other comprehensive income, loan commitments and financial guarantee contracts.

For financial instruments measured with expected credit losses, the Group applies "three stages" impairment model to measure the loss allowance and recognize expected credit losses in assessing whether the credit risk on a financial instrument has increased significantly since initial recognition.

Stage 1: Financial instruments with credit risk not increased significantly since initial recognition are classified to Stage 1.
Stage 2: Financial instruments with credit risk increased significantly since initial recognition yet without credit impairment are classified to Stage 2.
Stage 3: Financial instruments with credit impairment are classified to Stage 3.

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.2 Measurement of expected credit losses (Continued)

The loss allowance for the financial instruments at Stage 1 is determined at the amount of expected credit losses on the financial instrument within the next 12 months. The loss allowance for the financial instruments at Stage 2 and Stage 3 is determined at the amount of expected credit losses on the financial instrument within the lifetime.

Purchased or underlying financial assets that are impaired for which the credit impairment has been incurred refer to financial assets that are impaired at initial recognition. Impairment provision of these assets represent the expected credit losses over the whole duration period.

The Group uses the probability of default/loss given default model and the discounted cash flow model to assess financial assets for expected credit losses. The probability of default/loss given default model is applicable to retail business as well as non-retail business classified as Stage 1 and Stage 2. The discounted cash flow model is applicable to non-retail business classified as Stage 3.

Expected credit losses are assessed by taking into account the forward-looking information, and complicated models and assumptions are used in measuring expected credit losses. These models and assumptions involve future macroeconomic conditions and the credit record of the borrower (such as, possibility of default by customers and losses therefrom). The Group uses judgments, assumptions and estimates in measuring the expected credit losses in accordance with the accounting standards, including:

(a) Grouping of risks
(b) Classification of stages
(c) Models and parameters
(d) Forward-looking information
(e) Sensitivity analysis

Grouping of risks

Credit exposures are grouped based on credit risk characteristics including type of product, type of customer, industry where the client operates and markets. The appropriateness of such grouping is reviewed and corrected at regular intervals.

Classification of stages

By judging whether the credit risk has increased significantly or the credit impairment has occurred since initial recognition, the Group classifies the financial assets into three stages and measures expected credit losses of financial assets by stage.

For purpose of classification of stages, the Group fully assesses available information on the credit entity and its credit exposures. The related information includes but is not limited to internal credit rating of the credit entity in the Group; classification and overdue status of credit exposures, contract terms, etc.; changes of the Group's credit strategies on the credit entity or credit risk management method; credit, external rating, changes in price of debts and equity, credit default swap prices, credit spread, public opinion, etc., relating to the credit entity; operating and financial information of the credit entity and its shareholder(s) and associate(s); macro-economy, industry development, technology innovation, climate changes, natural disasters, social, economic and financial policies, government support or aid measures that may have potential influence on the ability of the credit entity to repay, and other related information.

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.2 Measurement of expected credit losses (Continued)

Classification of stages (Continued)

Criteria for significant increase in credit risk

The Group sets quantitative and qualitative criteria to judge whether the credit risk of financial instruments changes significantly since initial recognition, and the criteria mainly include overdue days, changes in default probability, changes in credit risk classification and other situations indicating significant changes in credit risk.

Criteria for credit-impaired assets

Under the accounting standards for financial instruments, in order to determine whether credit impairment occurs, the defined criteria adopted by the Group are consistent with the internal credit risk management objectives for relevant financial instruments, both of which incorporate quantitative and qualitative indicators. When assessing whether a debtor has suffered a credit impairment, the Group usually considers the following factors:

- Borrowings overdue for over 90 days after the contractual payment day
- Default of internal credit rating
- Concessions made by the lender to the borrower for economic or contractual reasons related to the financial difficulties of the borrower
- Significant financial difficulty of the borrower
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization
- The active market for financial assets disappears

Financial assets may be credit-impaired due to the joint effect of multiple events rather than separately identifiable events.

Models and parameters

The Group uses the probability of default / loss given default model to assess expected credit losses. For exposures of non-retail business classified as Stage 3, the Group uses the discounted cash flow model to assess expected credit losses of assets.

Under the probability of default / loss given default model, the Group estimates the parameters under the model, including default risk exposure, default probability, default loss rate, lifetime relating to credit exposures, etc., and calculates the expected credit losses. Under the discounted cash flow model, the Group determines the expected credit losses based the difference between the lower present value of future cash flows and the book value.

- Default probability refers to the possibility that borrowers are unable to perform their repayment obligation in the next 12 months or during the rest of the lifetime. The Group calculates default probability by combining historical default experience, which is calculated by adjusting the result of internal rating model or collective assessment, and forward-looking information to reflect the default probability under the current macroeconomic environment at a certain time point;
- Default loss rate refers to the Group's expectation of the extent of the losses caused by default risk exposure. It is the percentage of the risk exposure loss in the event of default;
- Default risk exposure refers to the repayment due to the Group when default occurs.

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.2 Measurement of expected credit losses (Continued)

The Group adopts internal credit risk rating to reflect the default probability assessment results of a single counter-party and adopts different internal rating models for different counter-parties. The information about the borrower and specific information of the loan collected upon the application for loan will be included in rating model. The Group's rating system consists of 33 grades for non-default and one grade for default. The Group regularly monitors and reviews assumptions related to the calculation of expected credit losses, including the changes in default probability, default loss rate and default risk exposure in terms of different maturities.

Forward-looking information

Both the assessment of significant increase in credit risk and the calculation of expected credit losses involve forward-looking information. The Group identifies key economic indicators that affect credit risks and expected credit losses of all asset portfolios based on historical data analysis, such as accumulated year-on-year growth rate of GDP, broad money supply and year-on-year change rate of commercial housing sales etc.

The Group evaluates and predicts the economic indicators at regular intervals, and provides best estimates and monitors the evaluation results on a regular basis. In 2025, the Group updated the forecasting of forward-looking economic indicators using the statistical analysis with combination of expert judgment, and also considered the range of possible outcomes represented by each scenario, and determined the final macroeconomic scenarios and weights. Similar to other economic estimates, the expected economic indicators and probability of occurrence are inherently highly uncertain. As a result, the actual results may be materially different from the estimates. The Group believes that the forecasting reflects the Group's best estimate of possible outcomes. The above weighted credit loss is calculated by multiplying the expected credit loss under each scenario by the weight of the corresponding scenario.

The impact of these economic indicators on default probability and default loss rate varies between different business types. The Group considers internal and external data, expert forecasts and statistical analysis to determine the relationship between these economic indicators and default probability, default loss rate and default risk exposure. The Group reviews key parameters and assumptions used in the calculation of expected credit losses and makes necessary updates and adjustments according to the external economic development and changes in industrial and regional risks on a quarterly basis.

For the year ended 31 December 2025, the key macroeconomic assumptions used by the Group in macroeconomic scenarios included accumulated year-on-year growth rate of GDP, broad money supply and year-on-year change rate of commercial housing sales. For accumulated year-on-year growth rate of GDP, the average forecasting value under baseline scenario in 2026 is about 4.90%, with that under optimistic scenario increasing by 0.26 percentage point and that under pessimistic scenario decreasing by 0.27 percentage point; the average forecasting value under baseline scenario in 2027 is about 4.73%, with that under optimistic scenario increasing by 0.28 percentage point and that under pessimistic scenario decreasing by 0.29 percentage point.

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.2 Measurement of expected credit losses (Continued)

Forward-looking information (Continued)

The Group develops a measurement model under which it leverages macro data analysis and experts' judgements to determine the weights of pessimistic scenario, baseline scenario and optimistic scenario. For the year ended 31 December 2025, the weight of baseline scenario accounted for the highest percentage and those of other scenarios were lower than 25% respectively.

Sensitivity analysis

Expected credit losses are sensitive to parameters used in the model, macroeconomic variables of forward-looking estimates, weight probability of the three scenarios, and other factors considered in the expert judgment. Changes in these input parameters, assumptions, models, and judgments will have an impact on the significant increase in credit risk and the measurement of expected credit losses.

If the weight of optimistic scenario increases by 10% while the weight of basis scenario decreases by 10%, provision for credit impairment of the Group as at 31 December 2025 decreases by RMB987 million (31 December 2024: RMB1,213 million); if the weight of pessimistic scenario increases by 10% while the weight of basis scenario decreases by 10%, provision for credit impairment of the Group and the Bank increases by RMB1,617 million (31 December 2024: RMB1,389 million).

For the year ended 31 December 2025, for external environment and other circumstances not reflected by the model, the Group's management has also considered and therefore accrued loss provision, thereby further enhancing the risk compensation capacity.

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.2 Measurement of expected credit losses (Continued)

The table below illustrates the changes in the carrying amount of major financial assets of the Group and the Bank (including accrued interest):

		The Group						
		2025						
				Changes in three stages				
Item	Stage of impairment	Balance at the beginning of the year	Net increase/ (decrease) in the current year (Note)	Net transfer/ (reversal) from Stage 1 to Stage 2	Net transfer/ (reversal) from Stage 1 to Stage 3	Net transfer/ (reversal) from Stage 2 to Stage 3	Write-off in the current year	Balance at the end of the year
Loans and advances to customers	Stage 1	3,222,467	108,479	(93,928)	378	-	-	3,237,396
	Stage 2	124,338	(27,794)	93,928	-	(65,949)	-	124,523
	Stage 3	35,891	(16,317)	-	(378)	65,949	(48,233)	36,912
	Sub-total	3,382,696	64,368	-	-	-	(48,233)	3,398,831
Investment on debts	Stage 1	782,900	(4,210)	(2,211)	-	-	-	776,479
	Stage 2	4,860	(4,565)	2,211	-	(466)	-	2,040
	Stage 3	12,274	490	-	-	466	(2,899)	10,331
	Sub-total	800,034	(8,285)	-	-	-	(2,899)	788,850
Other investment on debts	Stage 1	176,645	(12,453)	(659)	-	-	-	163,533
	Stage 2	10	(298)	659	-	-	-	371
	Stage 3	-	-	-	-	-	-	-
	Sub-total	176,655	(12,751)	-	-	-	-	163,904

Note: Changes due to purchase, origination, or derecognition (except for write-off) for the current year.

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.2 Measurement of expected credit losses (Continued)

The table below illustrates the changes in the carrying amount of major financial assets of the Group and the Bank (including accrued interest): (Continued)

		The Bank						
		2025						
				Changes in three stages				
Item	Stage of impairment	Balance at the beginning of the year	Net increase/ (decrease) in the current year (Note)	Net transfer/ (reversal) from Stage 1 to Stage 2	Net transfer/ (reversal) from Stage 1 to Stage 3	Net transfer/ (reversal) from Stage 2 to Stage 3	Write-off in the current year	Balance at the end of the year
Loans and advances to customers	Stage 1	3,222,467	108,479	(93,928)	378	-	-	3,237,396
	Stage 2	124,338	(27,794)	93,928	-	(65,949)	-	124,523
	Stage 3	35,891	(16,317)	-	(378)	65,949	(48,233)	36,912
	Sub-total	3,382,696	64,368	-	-	-	(48,233)	3,398,831
Investment on debts	Stage 1	782,620	(3,930)	(2,211)	-	-	-	776,479
	Stage 2	4,860	(4,565)	2,211	-	(466)	-	2,040
	Stage 3	12,274	490	-	-	466	(2,899)	10,331
	Sub-total	799,754	(8,005)	-	-	-	(2,899)	788,850
Other investment on debts	Stage 1	172,573	(15,028)	(659)	-	-	-	156,886
	Stage 2	10	(298)	659	-	-	-	371
	Stage 3	-	-	-	-	-	-	-
	Sub-total	172,583	(15,326)	-	-	-	-	157,257

Note: Changes due to purchase, origination, or derecognition (except for write-off) for the current year.

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.2 Measurement of expected credit losses (Continued)

The table below illustrates the changes in the carrying amount of major financial assets of the Group and the Bank (including accrued interest): (Continued)

		The Group						
		2024						
				Changes in three stages				
Item	Stage of impairment	Balance at the beginning of the year	Net increase/ (decrease) in the current year (Note)	Net transfer/ (reversal) from Stage 1 to Stage 2	Net transfer/ (reversal) from Stage 1 to Stage 3	Net transfer/ (reversal) from Stage 2 to Stage 3	Write-off in the current year	Balance at the end of the year
Loans and advances to customers	Stage 1	3,271,757	58,663	(108,288)	335	-	-	3,222,467
	Stage 2	107,615	(26,228)	108,288	-	(65,337)	-	124,338
	Stage 3	38,091	(3,908)	-	(335)	65,337	(63,294)	35,891
	Sub-total	3,417,463	28,527	-	-	-	(63,294)	3,382,696
Investment on debts	Stage 1	764,720	20,615	(1,945)	(490)	-	-	782,900
	Stage 2	7,016	(2,798)	1,945	-	(1,303)	-	4,860
	Stage 3	12,571	(1,331)	-	490	1,303	(759)	12,274
	Sub-total	784,307	16,486	-	-	-	(759)	800,034
Other investment on debts	Stage 1	160,931	15,714	-	-	-	-	176,645
	Stage 2	1,000	(990)	-	-	-	-	10
	Stage 3	-	-	-	-	-	-	-
	Sub-total	161,931	14,724	-	-	-	-	176,655

Note: Changes due to purchase, origination, or derecognition (except for write-off) for the current year.

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.2 Measurement of expected credit losses (Continued)

The table below illustrates the changes in the carrying amount of major financial assets of the Group and the Bank (including accrued interest): (Continued)

		The Bank						
		2024						
				Changes in three stages				
Item	Stage of impairment	Balance at the beginning of the year	Net increase/ (decrease) in the current year (Note)	Net transfer/ (reversal) from Stage 1 to Stage 2	Net transfer/ (reversal) from Stage 1 to Stage 3	Net transfer/ (reversal) from Stage 2 to Stage 3	Write-off in the current year	Balance at the end of the year
Loans and advances to customers	Stage 1	3,271,757	58,663	(108,288)	335	-	-	3,222,467
	Stage 2	107,615	(26,228)	108,288	-	(65,337)	-	124,338
	Stage 3	38,091	(3,908)	-	(335)	65,337	(63,294)	35,891
	Sub-total	3,417,463	28,527	-	-	-	(63,294)	3,382,696
Investment on debts	Stage 1	764,085	20,970	(1,945)	(490)	-	-	782,620
	Stage 2	7,016	(2,798)	1,945	-	(1,303)	-	4,860
	Stage 3	12,571	(1,331)	-	490	1,303	(759)	12,274
	Sub-total	783,672	16,841	-	-	-	(759)	799,754
Other investment on debts	Stage 1	158,081	14,492	-	-	-	-	172,573
	Stage 2	1,000	(990)	-	-	-	-	10
	Stage 3	-	-	-	-	-	-	-
	Sub-total	159,081	13,502	-	-	-	-	172,583

Note: Changes due to purchase, origination, or derecognition (except for write-off) for the current year.

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.2 Measurement of expected credit losses (Continued)

The table below illustrates the changes in the impairment provision for major financial assets of the Group and the Bank:

		The Group							
		2025							
					Changes in three stages				
Item	Stage of impairment	Balance at the beginning of the year	Net increase/ (decrease) in the current year (Note 1)	Increase in/ (reversal of) provision (Note 2)	Net transfer/ (reversal) from Stage 1 to Stage 2	Net transfer/ (reversal) from Stage 1 to Stage 3	Net transfer/ (reversal) from Stage 2 to Stage 3	Write-off in the current year	Balance at the end of the year
Loans and advances to customers	Stage 1	44,358	10,731	(11,964)	(5,392)	330	-	-	38,063
	Stage 2	22,323	(4,192)	12,223	5,392	-	(17,574)	-	18,172
	Stage 3	22,919	3,610	27,086	-	(330)	17,574	(48,233)	22,626
	Sub-total	89,600	10,149	27,345	-	-	-	(48,233)	78,861
Investment on debts	Stage 1	2,415	544	(1,255)	483	-	-	-	2,187
	Stage 2	758	(562)	664	(483)	-	(47)	-	330
	Stage 3	11,786	(3,163)	(1,399)	-	-	47	(2,899)	4,372
	Sub-total	14,959	(3,181)	(1,990)	-	-	-	(2,899)	6,889
Other investment on debts	Stage 1	523	(70)	(98)	(4)	-	-	-	351
	Stage 2	-	(2)	91	4	-	-	-	93
	Stage 3	43	(1)	-	-	-	-	-	42
	Sub-total	566	(73)	(7)	-	-	-	-	486

Note 1: Changes due to purchase, origination, or derecognition (except for write-off) for the current year.
Note 2: This item mainly includes changes in default probability, default risk exposure, default loss rate caused by updates of model parameters, and impacts of changes in stages on the measurement of expected credit losses.
Note 3: Impairment provision for loans and advances to customers designated at fair value and changes included into other comprehensive income.

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.2 Measurement of expected credit losses (Continued)

The table below illustrates the changes in the impairment provision for major financial assets of the Group and the Bank (Continued):

		The Bank							
		2025							
					Changes in three stages				
Item	Stage of impairment	Balance at the beginning of the year	Net increase/ (decrease) (Note 1)	Provision/ (Reversal) (Note 2)	Net transfer/ (reversal) from Stage 1 to Stage 2	Net transfer/ (reversal) from Stage 1 to Stage 3	Net transfer/ (reversal) from Stage 2 to Stage 3	Write-off in the current year	Balance at the end of the year
Loans and advances to customers	Stage 1	44,358	10,731	(11,964)	(5,392)	330	-	-	38,063
	Stage 2	22,323	(4,192)	12,223	5,392	-	(17,574)	-	18,172
	Stage 3	22,919	3,610	27,086	-	(330)	17,574	(48,233)	22,626
	Sub-total	89,600	10,149	27,345	-	-	-	(48,233)	78,861
Investment on debts	Stage 1	2,415	544	(1,255)	483	-	-	-	2,187
	Stage 2	758	(562)	664	(483)	-	(47)	-	330
	Stage 3	11,786	(3,163)	(1,399)	-	-	47	(2,899)	4,372
	Sub-total	14,959	(3,181)	(1,990)	-	-	-	(2,899)	6,889
Other investment on debts	Stage 1	523	(71)	(98)	(4)	-	-	-	350
	Stage 2	-	(2)	91	4	-	-	-	93
	Stage 3	43	(1)	-	-	-	-	-	42
	Sub-total	566	(74)	(7)	-	-	-	-	485

Note 1: Changes due to purchase, origination, or derecognition (except for write-off) for the current year.
Note 2: This item mainly includes changes in default probability, default risk exposure, default loss rate caused by updates of model parameters, and impacts of changes in stages on the measurement of expected credit losses.
Note 3: Impairment provision for loans and advances to customers designated at fair value and changes included into other comprehensive income.。

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.2 Measurement of expected credit losses (Continued)

The table below illustrates the changes in the impairment provision for major financial assets of the Group and the Bank (Continued):

		The Group							
		2024							
					Changes in three stages				
Item	Stage of impairment	Balance at the beginning of the year	Net increase/ (decrease) (Note 1)	Provision/ (Reversal) (Note 2)	Net transfer/ (reversal) from Stage 1 to Stage 2	Net transfer/ (reversal) from Stage 1 to Stage 3	Net transfer/ (reversal) from Stage 2 to Stage 3	Write-off in the current year	Balance at the end of the year
Loans and advances to customers	Stage 1	52,320	9,945	(10,873)	(7,346)	312	-	-	44,358
	Stage 2	24,455	(3,627)	16,966	7,346	-	(22,817)	-	22,323
	Stage 3	23,270	15,287	25,151	-	(312)	22,817	(63,294)	22,919
	Sub-total	100,045	21,605	31,244	-	-	-	(63,294)	89,600
Investment on debts	Stage 1	2,124	429	(101)	(34)	(3)	-	-	2,415
	Stage 2	763	(153)	(378)	34	-	492	-	758
	Stage 3	8,953	(1,969)	6,050	-	3	(492)	(759)	11,786
	Sub-total	11,840	(1,693)	5,571	-	-	-	(759)	14,959
Other investment on debts	Stage 1	724	66	(267)	-	-	-	-	523
	Stage 2	76	(76)	-	-	-	-	-	-
	Stage 3	42	1	-	-	-	-	-	43
	Sub-total	842	(9)	(267)	-	-	-	-	566

Note 1: Changes due to purchase, origination, or derecognition (except for write-off) for the current year.
Note 2: This item mainly includes changes in default probability, default risk exposure, default loss rate caused by updates of model parameters, and impacts of changes in stages on the measurement of expected credit losses.
Note 3: Impairment provision for loans and advances to customers designated at fair value and changes included into other comprehensive income.

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.2 Measurement of expected credit losses (Continued)

The table below illustrates the changes in the impairment provision for major financial assets of the Group and the Bank (Continued):

		The Bank							
		2024							
					Changes in three stages				
Item	Stage of impairment	Balance at the beginning of the year	Net increase/ (decrease) (Note 1)	Provision/ (Reversal) (Note 2)	Net transfer/ (reversal) from Stage 1 to Stage 2	Net transfer/ (reversal) from Stage 1 to Stage 3	Net transfer/ (reversal) from Stage 2 to Stage 3	Write-off in the current year	Balance at the end of the year
Loans and advances to customers	Stage 1	52,320	9,945	(10,873)	(7,346)	312	-	-	44,358
	Stage 2	24,455	(3,627)	16,966	7,346	-	(22,817)	-	22,323
	Stage 3	23,270	15,287	25,151	-	(312)	22,817	(63,294)	22,919
	Sub-total	100,045	21,605	31,244	-	-	-	(63,294)	89,600
Investment on debts	Stage 1	2,120	433	(101)	(34)	(3)	-	-	2,415
	Stage 2	763	(153)	(378)	34	-	492	-	758
	Stage 3	8,953	(1,969)	6,050	-	3	(492)	(759)	11,786
	Sub-total	11,836	(1,689)	5,571	-	-	-	(759)	14,959
Other investment on debts	Stage 1	724	66	(267)	-	-	-	-	523
	Stage 2	76	(76)	-	-	-	-	-	-
	Stage 3	42	1	-	-	-	-	-	43
	Sub-total	842	(9)	(267)	-	-	-	-	566

Note 1: Changes due to purchase, origination, or derecognition (except for write-off) for the current year.
Note 2: This item mainly includes changes in default probability, default risk exposure, default loss rate caused by updates of model parameters, and impacts of changes in stages on the measurement of expected credit losses.
Note 3: Impairment provision for loans and advances to customers designated at fair value and changes included into other comprehensive income.

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.3 Credit risk measurement

Credit risk exposure analysis

The Group conducts internal rating on the risk characteristics of assets based on the quality status of assets, and classifies the credit ratings of financial assets included in the measurement of expected credit losses into “low risk”, “medium risk”, “high risk” and “default” according to the internal rating yardstick. The credit ratings are only for internal credit risk management. “Low risk” means that an asset has high quality, and there is sufficient evidence to show that no default is expected to occur on the asset, or there is no sufficient reason to suspect that default is expected to occur on the asset; “medium risk” refers to factors that may adversely affect the quality of an asset, but there is no sufficient reason to suspect that the asset is expected to default; “high risk” means that there are factors that have an obvious adverse effect on the quality of an asset, but no occurrence of default; the criterion for “default” is consistent with the definition of credit-impaired assets.

The table below provides an analysis on the credit risk rate of the loans and advances to customers and investment on debts included in the expected credit losses assessment. The carrying amount of financial assets below represents the Group's maximum credit risk exposure with these assets.

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.3 Credit risk measurement (Continued)

Credit risk exposure analysis (Continued)

Loans and advances to customers

	The Group and the Bank			
	31 December 2025			
Credit rating	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
Low risk	2,131,080	10,525	-	2,141,605
Medium risk	1,092,689	56,085	-	1,148,774
High risk	13,627	57,913	-	71,540
Default	-	-	36,912	36,912
Book balance	3,237,396	124,523	36,912	3,398,831
Impairment provision	(37,728)	(18,172)	(22,545)	(78,445)
Carrying amount	3,199,668	106,351	14,367	3,320,386

	The Group and the Bank			
	31 December 2024			
Credit rating	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Total
Low risk	1,941,886	8,184	-	1,950,070
Medium risk	1,258,873	47,092	-	1,305,965
High risk	21,708	69,062	-	90,770
Default	-	-	35,891	35,891
Book balance	3,222,467	124,338	35,891	3,382,696
Impairment provision	(43,482)	(22,313)	(22,848)	(88,643)
Carrying amount	3,178,985	102,025	13,043	3,294,053

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.3 Credit risk measurement (Continued)

Credit risk exposure analysis (Continued)

Investment on debts

	The Group and the Bank			
	31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
Credit rating	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	
Low risk	738,916	-	-	738,916
Medium risk	37,563	1,718	-	39,281
High risk	-	322	-	322
Default	-	-	10,331	10,331
Book balance	776,479	2,040	10,331	788,850
Impairment provision	(2,187)	(330)	(4,372)	(6,889)
Carrying amount	774,292	1,710	5,959	781,961

	The Group			
	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Credit rating	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	
Low risk	762,183	-	-	762,183
Medium risk	20,717	2,416	-	23,133
High risk	-	2,444	-	2,444
Default	-	-	12,274	12,274
Book balance	782,900	4,860	12,274	800,034
Impairment provision	(2,415)	(758)	(11,786)	(14,959)
Carrying amount	780,485	4,102	488	785,075

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.3 Credit risk measurement (Continued)

Credit risk exposure analysis (Continued)

Investment on debts (Continued)

	The Bank			
	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Credit rating	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	
Low risk	761,984	-	-	761,984
Medium risk	20,636	2,416	-	23,052
High risk	-	2,444	-	2,444
Default	-	-	12,274	12,274
Book balance	782,620	4,860	12,274	799,754
Impairment provision	(2,415)	(758)	(11,786)	(14,959)
Carrying amount	780,205	4,102	488	784,795

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.3 Credit risk measurement

Risk concentration of the maximum credit risk exposure

Credit risk is often greater when counter-parties are concentrated in a single industry or geographic location or have comparable economic characteristics.

The majority of the loans and financial guarantee contracts of the Group are related to the local customers within Mainland China. However, different areas in Mainland China have their own unique characteristics in terms of economic development. Therefore, each area in Mainland China could present different credit risks.

Please refer to Note IV 6 for an analysis of concentration of loans and advances by industry and geographical region.

Collateral and other credit enhancements

The amount and type of collateral required depend on an assessment of the credit risk of the counter-party. The Group has developed guidelines regarding the types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For reverse repurchase transactions, mainly in bills, or securities;
- For corporate lending, mainly charges over real estate properties, inventories, shares or trade receivables;
- For personal loans, mainly in residential properties mortgages.

The management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement and monitors the changes in market value of collateral obtained during its review of the adequacy of impairment provision.

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.3 Credit risk measurement (Continued)

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements (deducting impairment provision):

	The Group				
	31 December 2025				
	Stage 1	Stage 2	Stage 3	Not applicable	Maximum exposure to credit risk without taking account of any collateral and other credit enhancements
Balances with the Central Bank	250,168	-	-	-	250,168
Deposits with banks and other financial institutions	143,705	-	-	-	143,705
Placements to banks and other financial institutions	273,791	-	-	-	273,791
Financial assets held for trading (excluding equity investments)	-	-	-	764,960	764,960
Derivative financial assets	-	-	-	28,157	28,157
Financial assets held under resale agreements	59,526	-	-	-	59,526
Loans and advances to customers	3,199,668	106,351	14,367	-	3,320,386
Other investment on debts	163,533	371	-	-	163,904
Investment on debts	774,292	1,710	5,959	-	781,961
Other financial assets	15,074	423	133	-	15,630
Sub-total	4,879,757	108,855	20,459	793,117	5,802,188
Credit commitments					
Including: Bank acceptance bills	805,532	773	-	-	806,305
Letters of guarantee issued	90,461	2,115	-	-	92,576
Letters of credit issued	228,074	76	-	-	228,150
Unused limit of credit cards and loan commitments	901,102	2,807	10	-	903,919
Sub-total	2,025,169	5,771	10	-	2,030,950
Total	6,904,926	114,626	20,469	793,117	7,833,138

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.3 Credit risk measurement (Continued)

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements (deducting impairment provision) (Continued):

	The Bank				
	31 December 2025				
	Stage 1	Stage 2	Stage 3	Not applicable	Maximum exposure to credit risk without taking account of any collateral and other credit enhancements
Balances with the Central Bank	250,168	-	-	-	250,168
Deposits with banks and other financial institutions	142,017	-	-	-	142,017
Placements to banks and other financial institutions	273,791	-	-	-	273,791
Financial assets held for trading (excluding equity investments)	-	-	-	695,392	695,392
Derivative financial assets	-	-	-	28,157	28,157
Financial assets held under resale agreements	59,021	-	-	-	59,021
Loans and advances to customers	3,199,668	106,351	14,367	-	3,320,386
Other investment on debts	156,886	371	-	-	157,257
Investment on debts	774,292	1,710	5,959	-	781,961
Other financial assets	14,900	423	133	-	15,456
Sub-total	4,870,743	108,855	20,459	723,549	5,723,606
Credit commitments					
Including: Bank acceptance bills	805,532	773	-	-	806,305
Letters of guarantee issued	90,461	2,115	-	-	92,576
Letters of credit issued	228,074	76	-	-	228,150
Unused limit of credit cards and loan commitments	901,102	2,807	10	-	903,919
Sub-total	2,025,169	5,771	10	-	2,030,950
Total	6,895,912	114,626	20,469	723,549	7,754,556

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.3 Credit risk measurement (Continued)

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements (deducting impairment provision) (Continued):

	The Group				
	31 December 2024				
	Stage 1	Stage 2	Stage 3	Not applicable	Maximum exposure to credit risk without taking account of any collateral and other credit enhancements
Balances with the Central Bank	265,552	-	-	-	265,552
Deposits with banks and other financial institutions	132,090	-	-	-	132,090
Placements to banks and other financial institutions	267,252	-	-	-	267,252
Financial assets held for trading (excluding equity investments)	-	-	-	629,430	629,430
Derivative financial assets	-	-	-	65,412	65,412
Financial assets held under resale agreements	32,719	-	-	-	32,719
Loans and advances to customers	3,178,985	102,025	13,043	-	3,294,053
Other investment on debts	176,645	10	-	-	176,655
Investment on debts	780,485	4,102	488	-	785,075
Other financial assets	11,193	327	94	-	11,614
Sub-total	4,844,921	106,464	13,625	694,842	5,659,852
Credit commitments					
Including: Bank acceptance bills	799,587	2,120	1	-	801,708
Letters of guarantee issued	101,490	268	3	-	101,761
Letters of credit issued	174,008	257	-	-	174,265
Unused limit of credit cards and loan commitments	952,347	3,158	411	-	955,916
Sub-total	2,027,432	5,803	415	-	2,033,650
Total	6,872,353	112,267	14,040	694,842	7,693,502

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.3 Credit risk measurement (Continued)

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements (deducting impairment provision) (Continued):

	The Bank				
	31 December 2024				
	Stage 1	Stage 2	Stage 3	Not applicable	Maximum exposure to credit risk without taking account of any collateral and other credit enhancements
Balances with the Central Bank	265,552	-	-	-	265,552
Deposits with banks and other financial institutions	130,851	-	-	-	130,851
Placements to banks and other financial institutions	267,252	-	-	-	267,252
Financial assets held for trading (excluding equity investments)	-	-	-	588,063	588,063
Derivative financial assets	-	-	-	65,412	65,412
Financial assets held under resale agreements	32,719	-	-	-	32,719
Loans and advances to customers	3,178,985	102,025	13,043	-	3,294,053
Other investment on debts	172,573	10	-	-	172,583
Investment on debts	780,205	4,102	488	-	784,795
Other financial assets	11,006	327	94	-	11,427
Sub-total	4,839,143	106,464	13,625	653,475	5,612,707
Credit commitments					
Including: Bank acceptance bills	799,587	2,120	1	-	801,708
Letters of guarantee issued	101,490	268	3	-	101,761
Letters of credit issued	174,008	257	-	-	174,265
Unused limit of credit cards and loan commitments	952,347	3,158	411	-	955,916
Sub-total	2,027,432	5,803	415	-	2,033,650
Total	6,866,575	112,267	14,040	653,475	7,646,357

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.3 Credit risk measurement (Continued)

The Group closely monitors the collaterals associated with financial assets that have credit impairment, as the Group is more likely to seize these collateral items to mitigate potential credit losses compared to other collaterals. As at 31 December 2025 and 31 December 2024, the financial assets of the Group and the Bank that have credit impairment, along with the value of collaterals held to mitigate their potential losses, are presented as follows:

	The Group and the Bank		
	31 December 2025		
	Carrying amount	Impairment allowance (Note)	Fair value of collaterals held
Assets with credit impairment			
Loans and advances to customers	14,367	22,626	20,087
Financial investments:			
Debt investments	5,959	4,372	8,204
Other investment on debts	-	42	-
Total assets with credit impairment	20,326	27,040	28,291

	The Group and the Bank		
	31 December 2024		
	Carrying amount	Impairment allowance (Note)	Fair value of collateral held
Assets with credit impairment			
Loans and advances to customers	13,043	22,919	18,381
Financial investments:			
Debt investments	488	11,786	2,385
Other investment on debts	-	43	-
Total assets with credit impairment	13,531	34,748	20,766

VIII. Risk disclosure (Continued)

1. Credit risk (Continued)

1.3 Credit risk measurement (Continued)

Note: As at 31 December 2025, impairment allowances of RMB81 million for loans and advances to customers with credit impairment were recognized in other comprehensive income for both the Group and the Bank (31 December 2024: RMB71 million). As at 31 December 2025, impairment allowances of RMB42 million for other investment on debts with credit impairment were also recognized in other comprehensive income for both the Group and the Bank (31 December 2024: RMB43 million).

Restructured loans and advances to customers

Restructured loans and advances to customers refer to loans where, due to the debtor's financial difficulties, the commercial bank makes adjustments to the debt contract in favor of the debtor or provides refinancing for the debtor's existing debt, with an aim to facilitate debt repayment. As at 31 December 2025, the restructured loans and advances to customers of the Group and the Bank amounted to RMB41,118 million (31 December 2024: RMB37,664 million).

2. Liquidity risk

Liquidity risk refers to the risk that commercial banks are unable to obtain sufficient funds at a reasonable cost and in a timely manner to pay debts as they fall due, meet other payment obligations and meet other funding requirements for normal business operations.

The Group and the Bank have established a comprehensive and effective liquidity risk management and governance structure. The Board assumes the ultimate responsibility of liquidity risk management. The Board of Supervisors supervises and evaluates the performance of the Board and senior management in liquidity risk management. Senior management assumes the responsibility for liquidity risk management, and the Asset and Liability Management Committee is the top management body of liquidity risk management. The Asset and Liability Management Department is responsible for specific management of liquidity risk under the guidance of the Asset and Liability Management Committee. The Audit and Supervision Department, as an internal audit department for liquidity risk management, is responsible for the internal audit of liquidity risk management.

The Group and the Bank attach great importance to liquidity risk management, continuously optimize the liquidity risk management system and management strategies. The Group and the Bank adequately identify, accurately measure, continuously monitor and effectively control liquidity risk, and monitor liquidity risk using various methods such as cash flow measurement and analysis and liquidity risk limit management. The Group and the Bank continuously optimize its asset and liability structure, strengthen the management of liabilities and high-quality liquid assets, and maintain a balanced development of fund sources and fund utilization; conduct regular liquidity risk stress tests to cautiously assess potential liquidity risks; and continuously improve emergency plan with respect to liquidity risk to enhance liquidity risk emergency management capabilities.

As at the end of the reporting period, each of the Group’s and the Bank’s businesses grew at a stable pace, with abundant high-quality liquidity asset reserve, safe and prudent liquidity condition, and liquidity risk regulatory indicators meeting the requirements of the NFRA.

The Group and the Bank will continuously work on the improvement on the pertinence and flexibility of liquidity risk management, promote the structure optimization of assets and liabilities, and strengthen the management of stable deposits, maintain the balanced development of fund sources and fund utilization and ensure continuous liquidation safety.

VIII. Risk disclosure (Continued)

2. Liquidity risk (Continued)

As at 31 December 2025, the remaining contractual maturity analysis of the Group's financial assets and financial liabilities (based on contractual undiscounted cash flows) was as follows:

	The Group							
	31 December 2025							
	Overdue/On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Non-derivative financial instruments cash flows:								
Financial assets:								
Cash and balances with the Central Bank	72,865	-	-	-	-	-	181,360	254,225
Amounts due from banks and other financial institutions (1)	119,108	143,271	70,368	106,888	40,478	-	-	480,113
Financial assets held for trading	-	8,392	15,374	30,619	168,931	203,194	392,481	818,991
Loans and advances to customers	15,998	471,215	349,123	967,702	1,237,782	553,377	-	3,595,197
Investment on debts	1,698	17,701	29,327	108,348	426,492	314,533	-	898,099
Other investment on debts	-	3,732	15,891	36,681	86,639	34,616	-	177,559
Other equity instrument investment	-	-	-	-	-	-	4,727	4,727
Other financial assets	9,508	2,034	1,871	28	601	1,383	-	15,425
Total financial assets	219,177	646,345	481,954	1,250,266	1,960,923	1,107,103	578,568	6,244,336
Financial liabilities:								
Borrowings from the Central Bank	-	189,169	16,190	18,415	-	-	-	223,774
Amounts due to banks and other financial institutions (2)	496,902	115,363	22,966	58,531	-	-	-	693,762
Financial liabilities held for trading	5,029	179,399	300	1,319	-	-	-	186,047
Deposits from customers	1,229,531	460,003	371,721	841,408	775,231	-	-	3,677,894
Debt securities issued	-	50,230	73,352	309,086	118,529	3,300	-	554,497
Lease liabilities	256	203	310	1,456	2,390	80	-	4,695
Other financial liabilities	23,900	17	23	2,228	27	1,383	-	27,578
Total financial liabilities	1,755,618	994,384	484,862	1,232,443	896,177	4,763	-	5,368,247
Net liquidity	(1,536,441)	(348,039)	(2,908)	17,823	1,064,746	1,102,340	578,568	876,089
Derivative cash flows:								
Derivative financial instruments settled on a net basis	-	370	34	34	(580)	1	-	(141)
Derivative financial instruments settled on a gross basis								
Including: Cash inflows	12,714	544,256	443,336	766,517	50,569	-	-	1,817,392
Cash outflows	(12,676)	(543,807)	(442,434)	(766,515)	(50,870)	-	-	(1,816,302)
	38	449	902	2	(301)	-	-	1,090

(1) Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.
(2) Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

VIII. Risk disclosure (Continued)

2. Liquidity risk (Continued)

As at 31 December 2025, the remaining contractual maturity analysis of the Bank's financial assets and financial liabilities (based on contractual undiscounted cash flows) was as follows:

	The Bank							
	31 December 2025							
	Overdue/On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Non-derivative financial instruments cash flows:								
Financial assets:								
Cash and balances with the Central Bank	72,865	-	-	-	-	-	181,360	254,225
Amounts due from banks and other financial institutions (1)	117,421	142,766	70,367	106,888	40,478	-	-	477,920
Financial assets held for trading	-	8,390	15,374	30,595	168,760	203,151	323,139	749,409
Loans and advances to customers	15,998	471,215	349,123	967,702	1,237,782	553,377	-	3,595,197
Investment on debts	1,698	17,701	29,327	108,348	426,492	314,533	-	898,099
Other investment on debts	-	3,677	15,026	34,679	82,799	34,616	-	170,797
Other equity instrument investment	-	-	-	-	-	-	4,727	4,727
Other financial assets	9,501	1,880	1,871	16	601	1,383	-	15,252
Total financial assets	217,483	645,629	481,088	1,248,228	1,956,912	1,107,060	509,226	6,165,626
Financial liabilities:								
Borrowings from the Central Bank	-	189,169	16,190	18,415	-	-	-	223,774
Amounts due to banks and other financial institutions (2)	496,963	51,508	22,966	58,531	-	-	-	629,968
Financial liabilities held for trading	5,029	178,683	300	1,319	-	-	-	185,331
Deposits from customers	1,229,532	460,003	371,721	841,409	775,232	-	-	3,677,897
Debt securities issued	-	50,230	73,352	309,086	118,529	3,300	-	554,497
Lease liabilities	256	203	310	1,456	2,390	80	-	4,695
Other financial liabilities	24,247	-	-	2,206	27	1,383	-	27,863
Total financial liabilities	1,756,027	929,796	484,839	1,232,422	896,178	4,763	-	5,304,025
Net liquidity	(1,538,544)	(284,167)	(3,751)	15,806	1,060,734	1,102,297	509,226	861,601
Derivative cash flows:								
Derivative financial instruments settled on a net basis	-	370	34	34	(580)	1	-	(141)
Derivative financial instruments settled on a gross basis								
Including: Cash inflows	12,714	544,256	443,336	766,517	50,569	-	-	1,817,392
Cash outflows	(12,676)	(543,807)	(442,434)	(766,515)	(50,870)	-	-	(1,816,302)
	38	449	902	2	(301)	-	-	1,090

(1) Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.
(2) Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

VIII. Risk disclosure (Continued)

2. Liquidity risk (Continued)

As at 31 December 2024, the remaining contractual maturity analysis of the Group's financial assets and financial liabilities (based on contractual undiscounted cash flows) was as follows:

	The Group							
	31 December 2024							
	Overdue/On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Non-derivative financial instruments cash flows:								
Financial assets:								
Cash and balances with the Central Bank	66,152	-	-	-	-	-	202,821	268,973
Amounts due from banks and other financial institutions (1)	82,834	108,814	53,420	168,853	29,959	-	-	443,880
Financial assets held for trading	1,740	2,002	5,233	58,070	189,747	126,720	280,779	664,291
Loans and advances to customers	20,154	493,159	366,897	897,126	1,227,220	664,878	-	3,669,434
Investment on debts	3,864	10,405	34,433	112,146	358,614	396,213	-	915,675
Other investment on debts	-	2,444	13,200	70,458	77,661	22,743	-	186,506
Other equity instrument investment	-	-	-	-	-	-	5,773	5,773
Other financial assets	6,413	1,342	1,441	23	768	1,457	-	11,444
Total financial assets	181,157	618,166	474,624	1,306,676	1,883,969	1,212,011	489,373	6,165,976
Financial liabilities:								
Borrowings from the Central Bank	-	46,551	27,347	12,457	-	-	-	86,355
Amounts due to banks and other financial institutions (2)	401,687	172,834	27,222	29,816	3,886	-	-	635,445
Financial liabilities held for trading	2,152	134,577	133	502	-	-	-	137,364
Deposits from customers	1,191,573	418,103	355,716	800,712	888,962	-	-	3,655,066
Debt securities issued	-	84,345	121,148	386,411	112,707	3,373	-	707,984
Lease liabilities	274	178	361	1,680	3,422	107	-	6,022
Other financial liabilities	15,241	20	32	3,311	-	1,447	-	20,051
Total financial liabilities	1,610,927	856,608	531,959	1,234,889	1,008,977	4,927	-	5,248,287
Net liquidity	(1,429,770)	(238,442)	(57,335)	71,787	874,992	1,207,084	489,373	917,689
Derivative cash flows:								
Derivative financial instruments settled on a net basis	-	157	(130)	172	(101)	88	-	186
Derivative financial instruments settled on a gross basis								
Including: Cash inflows	2,107	782,727	587,695	1,147,805	182,422	-	-	2,702,756
Cash outflows	(2,170)	(783,927)	(588,815)	(1,144,826)	(181,500)	-	-	(2,701,238)
	(63)	(1,200)	(1,120)	2,979	922	-	-	1,518

(1) Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.
(2) Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

VIII. Risk disclosure (Continued)

2. Liquidity risk (Continued)

As at 31 December 2024, the remaining contractual maturity analysis of the Bank's financial assets and financial liabilities (based on contractual undiscounted cash flows) was as follows:

	The Bank							
	31 December 2024							
	Overdue/On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Non-derivative financial instruments cash flows:								
Financial assets:								
Cash and balances with the Central Bank	66,152	-	-	-	-	-	202,821	268,973
Amounts due from banks and other financial institutions (1)	81,595	108,814	53,420	168,853	29,959	-	-	442,641
Financial assets held for trading	1,740	1,977	5,214	57,587	187,884	126,709	241,751	622,862
Loans and advances to customers	20,154	493,159	366,897	897,126	1,227,220	664,878	-	3,669,434
Investment on debts	3,864	10,405	34,433	111,859	358,614	396,213	-	915,388
Other investment on debts	-	2,425	13,188	69,434	75,173	22,041	-	182,261
Other equity instrument investment	-	-	-	-	-	-	5,773	5,773
Other financial assets	6,411	1,170	1,444	7	768	1,457	-	11,257
Total financial assets	179,916	617,950	474,596	1,304,866	1,879,618	1,211,298	450,345	6,118,589
Financial liabilities:								
Borrowings from the Central Bank	-	46,551	27,347	12,457	-	-	-	86,355
Amounts due to banks and other financial institutions (2)	401,714	138,459	27,222	29,816	3,886	-	-	601,097
Financial liabilities held for trading	2,152	134,577	133	502	-	-	-	137,364
Deposits from customers	1,191,574	418,103	355,716	800,712	888,962	-	-	3,655,067
Debt securities issued	-	84,345	121,148	386,411	112,707	3,373	-	707,984
Lease liabilities	274	178	361	1,680	3,422	107	-	6,022
Other financial liabilities	15,435	-	-	3,289	-	1,447	-	20,171
Total financial liabilities	1,611,149	822,213	531,927	1,234,867	1,008,977	4,927	-	5,214,060
Net liquidity	(1,431,233)	(204,263)	(57,331)	69,999	870,641	1,206,371	450,345	904,529
Derivative cash flows:								
Derivative financial instruments settled on a net basis	-	157	(130)	172	(101)	88	-	186
Derivative financial instruments settled on a gross basis								
Including: Cash inflows	2,107	782,727	587,695	1,147,805	182,422	-	-	2,702,756
Cash outflows	(2,170)	(783,927)	(588,815)	(1,144,826)	(181,500)	-	-	(2,701,238)
	(63)	(1,200)	(1,120)	2,979	922	-	-	1,518

(1) Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.
(2) Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

VIII. Risk disclosure (Continued)

2. Liquidity risk (Continued)

Analysis of credit commitments by contractual expiry date of the Group and the Bank:

	The Group and the Bank						
	31 December 2025						
	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Bank acceptance bills	153,103	240,361	415,133	-	-	-	808,597
Unused limit of credit cards and loan commitments	847,486	9,473	30,603	5,758	10,820	-	904,140
Letters of guarantee issued	13,131	12,452	41,704	25,681	104	-	93,072
Letters of credit issued	18,534	40,008	169,637	117	92	-	228,388
Total	1,032,254	302,294	657,077	31,556	11,016	-	2,034,197

	The Group and the Bank						
	31 December 2024						
	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Bank acceptance bills	147,690	219,990	437,065	-	-	-	804,745
Unused limit of credit cards and loan commitments	917,653	5,767	9,776	16,025	6,949	-	956,170
Letters of guarantee issued	13,098	13,044	44,971	30,283	1,112	-	102,508
Letters of credit issued	23,014	41,332	110,108	132	-	-	174,586
Total	1,101,455	280,133	601,920	46,440	8,061	-	2,038,009

The management expects that not all of the credit commitments will be drawn before expiry of the commitments.

VIII. Risk disclosure (Continued)

3. Market risk

The market risk faced by the Group comes from transaction accounts and bank accounts and the principal market risks are interest rates risks and exchange rate risk. The target of market risk management is to avoid uncontrollable loss of revenue or equity caused by market risk, and to offset the impact of volatility risk of financial instruments on the Group. The Board of Directors is responsible for approving the basic system of market risk, while senior management and its subordinate committees specifically approve the credit limit on market risk, while conducting regular supervision on market risks. The risk management department undertakes regular functions of market risk monitoring, including determining a reasonable level of market risk limit, monitoring daily operation of treasury business.

In the opinion of the management, as the market risk of the Group's trading business activities is not material, the Group has not separately disclosed quantitative information about exposure to market risk arising from the trading portfolio.

3.1 Foreign exchange risk

The Bank's foreign exchange risk exposures mainly comprise exposures from the mismatch of foreign currency assets and liabilities, and exposures from foreign exchange derivative transactions arising from adverse movements in exchange rates. The currency risk of the Bank mainly arises from loans and advances, investments and deposits denominated in foreign currencies. The Bank has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

VIII. Risk disclosure (Continued)

3. Market risk (Continued)

3.1 Foreign exchange risk (Continued)

As at 31 December 2025, the Group and the Bank's foreign currency assets and liabilities summarized by currency are as follows:

	The Group and the Bank			
	31 December 2025			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Assets:				
Cash and balances with the Central Bank	3,661	542	164	4,367
Amounts due from banks and other financial institutions (1)	47,602	6,262	8,696	62,560
Financial assets held for trading and derivative financial assets	1,184	-	176	1,360
Loans and advances to customers	138,279	27,045	25,869	191,193
Investment on debts	24,525	-	2,289	26,814
Other investment on debts	19,329	3,305	791	23,425
Other equity instrument investment	23	-	-	23
Other assets	61	25	1	87
Total assets	234,664	37,179	37,986	309,829
Liabilities:				
Amounts due to banks and other financial institutions (2)	26,830	13,111	2,978	42,919
Financial liabilities held for trading and derivative financial liabilities	406	-	-	406
Deposits from customers	178,261	22,248	32,421	232,930
Debt securities issued	-	1,044	-	1,044
Other liabilities	205	197	16	418
Total liabilities	205,702	36,600	35,415	277,717
Net position of foreign currency (3)	28,962	579	2,571	32,112
Notional amount of derivative financial instruments	(12,317)	(6,670)	(2,115)	(21,102)
Total	16,645	(6,091)	456	11,010
Credit commitments	31,288	2,708	1,992	35,988

(1) Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.

(2) Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

(3) The net position of foreign currency comprised the related net position of monetary assets and liabilities.

VIII. Risk disclosure (Continued)

3. Market risk (Continued)

3.1 Foreign exchange risk (Continued)

As at 31 December 2024, the Group and the Bank's foreign currency assets and liabilities summarized by currency are as follows:

	The Group and the Bank			
	31 December 2024			
	USD(RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Assets:				
Cash and balances with the Central Bank	3,192	563	124	3,879
Amounts due from banks and other financial institutions (1)	35,215	5,214	6,005	46,434
Financial assets held for trading and derivative financial assets	2,838	-	-	2,838
Loans and advances to customers	111,346	34,983	28,190	174,519
Investment on debts	23,543	-	2,390	25,933
Other investment on debts	18,142	678	128	18,948
Other equity instrument investment	22	-	-	22
Other assets	20	25	2	47
Total assets	194,318	41,463	36,839	272,620
Liabilities:				
Amounts due to banks and other financial institutions (2)	29,681	7,826	6,318	43,825
Financial liabilities held for trading and derivative financial liabilities	1,588	-	-	1,588
Deposits from customers	161,606	27,234	14,284	203,124
Debt securities issued	846	674	-	1,520
Other liabilities	745	295	20	1,060
Total liabilities	194,466	36,029	20,622	251,117
Net position of foreign currency (3)	(148)	5,434	16,217	21,503
Notional amount of derivative financial instruments	22,084	(15,467)	(15,141)	(8,524)
Total	21,936	(10,033)	1,076	12,979
Credit commitments	27,176	3,716	7,913	38,805

(1) Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.

(2) Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

(1) The net position of foreign currency comprised the related net position of monetary assets and liabilities.

VIII. Risk disclosure (Continued)

3. Market risk (Continued)

3.1 Foreign exchange risk (Continued)

The table below indicates the sensitivity analysis of exchange rate changes of the currencies to which the Group and the Bank had significant exposure on its monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement in the currency rates against RMB, with all other variables held constant, on profit before tax. A negative amount in the table reflects a potential net reduction in profit before tax, while a positive amount reflects a potential net increase. As the Group and the Bank have no cash flow hedges based on foreign exchange risk and have only a minimal amount of equity instruments denominated in foreign currencies, changes in exchange rates do not have any material potential impact on equity.

	The Group and the Bank			
	31 December 2025		31 December 2024	
Currency	Change in exchange rate in %	Effect on profit before tax (RMB equivalent)	Change in exchange rate in %	Effect on profit before tax (RMB equivalent)
USD	+/-5	+/-832	+/-5	+/-1,097
HKD	+/-5	-/+305	+/-5	-/+502

3.2 Interest rate risk

Transaction account interest rate risk comes from the change in interest rates and product price of the transaction account resulting from the change in market interest rates, which in turn affects the Bank's profit or loss for the period. The Bank mainly manages the interest rate risk of transaction account by adopting measures such as the interest rate sensitive limit and daily and monthly stop-loss limit to ensure that the fluctuations of interest rate and market value of products are within the affordable scope of the Bank.

Interest rate risk of the Bank's book accounts refers to the risk that adverse changes in interest rates and term structures may lead to losses in the economic value and overall earnings of the book accounts. It comes from gap risk, basis risk, and option risk. The Bank regularly measures and analyzes interest rate risk of book accounts mainly with methodologies such as scenario simulation analysis, re-pricing gap analysis, and duration analysis. As a form of scenario simulation, stress testing is used to evaluate changes in net interest income and economic value indicators under extreme fluctuations of interest rate. The Bank measures and monitors interest rate risk of book accounts through an asset-liability management system, and manages this risk through adjustments to the structure of assets and liabilities.

VIII. Risk disclosure (Continued)

3. Market risk (Continued)

3.2 Interest rate risk (Continued)

As at 31 December 2025, the contractual re-pricing dates or maturity dates, whichever were earlier, of the Group's balance sheet items were summarized as follows:

	The Group					
	31 December 2025					
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets:						
Cash and balances with the Central Bank	245,810	-	-	-	8,415	254,225
Precious metals	-	-	-	-	30,850	30,850
Amounts due from banks and other financial institutions (1)	331,270	104,585	39,602	-	1,565	477,022
Financial assets held for trading and derivative financial assets	21,769	25,221	144,360	173,093	428,815	793,258
Loans and advances to customers	1,638,515	1,321,073	338,842	13,965	7,991	3,320,386
Investment on debts	43,812	91,091	371,926	269,141	5,991	781,961
Other investment on debts	23,842	33,445	75,658	29,737	1,222	163,904
Other equity instrument investment	-	-	-	-	4,727	4,727
Fixed assets	-	-	-	-	11,155	11,155
Goodwill	-	-	-	-	7,568	7,568
Right-of-use assets	-	-	-	-	4,001	4,001
Other assets	-	-	-	-	76,720	76,720
Total assets	2,305,018	1,575,415	970,388	485,936	589,020	5,925,777
Liabilities:						
Borrowings from the Central Bank	204,908	18,148	-	-	481	223,537
Amounts due to banks and other financial institutions (2)	634,666	57,542	-	-	7,385	699,593
Financial liabilities held for trading and derivative financial liabilities	177,936	-	-	-	35,486	213,422
Deposits from customers	1,978,833	811,495	727,768	-	115,473	3,633,569
Debt securities issued	129,301	303,229	106,992	3,000	2,012	544,534
Lease liabilities	-	-	-	-	4,255	4,255
Other liabilities	-	-	-	-	55,683	55,683
Total liabilities	3,125,644	1,190,414	834,760	3,000	220,775	5,374,593
Interest rate risk gap	(820,626)	385,001	135,628	482,936	Not applicable	Not applicable

(1) Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.

(2) Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

VIII. Risk disclosure (Continued)

3. Market risk (Continued)

3.2 Interest rate risk (Continued)

As at 31 December 2025, the contractual re-pricing dates or maturity dates, whichever were earlier, of the Bank's balance sheet items were summarized as follows:

	The Bank					
	31 December 2025					
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets:						
Cash and balances with the Central Bank	245,810	-	-	-	8,415	254,225
Precious metals	-	-	-	-	30,850	30,850
Amounts due from banks and other financial institutions (1)	329,078	104,585	39,602	-	1,564	474,829
Financial assets held for trading and derivative financial assets	21,769	25,201	144,195	173,054	359,471	723,690
Loans and advances to customers	1,638,515	1,321,073	338,842	13,965	7,991	3,320,386
Investment on debts	43,812	91,091	371,926	269,141	5,991	781,961
Other investment on debts	22,968	31,545	71,879	29,737	1,128	157,257
Other equity instrument investment	-	-	-	-	4,727	4,727
Fixed assets	-	-	-	-	11,109	11,109
Goodwill	-	-	-	-	7,568	7,568
Right-of-use assets	-	-	-	-	4,001	4,001
Other assets	-	-	-	-	81,493	81,493
Total assets	2,301,952	1,573,495	966,444	485,897	524,308	5,852,096
Liabilities:						
Borrowings from the Central Bank	204,908	18,148	-	-	481	223,537
Amounts due to banks and other financial institutions (2)	570,872	57,542	-	-	7,385	635,799
Financial liabilities held for trading and derivative financial liabilities	177,220	-	-	-	35,486	212,706
Deposits from customers	1,978,836	811,495	727,768	-	115,473	3,633,572
Debt securities issued	129,301	303,229	106,992	3,000	2,012	544,534
Lease liabilities	-	-	-	-	4,255	4,255
Other liabilities	-	-	-	-	55,451	55,451
Total liabilities	3,061,137	1,190,414	834,760	3,000	220,543	5,309,854
Interest rate risk gap	(759,185)	383,081	131,684	482,897	Not applicable	Not applicable

(1) Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.

(2) Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

VIII. Risk disclosure (Continued)

3. Market risk (Continued)

3.2 Interest rate risk (Continued)

As at 31 December 2024, the contractual re-pricing dates or maturity dates, whichever were earlier, of the Group's balance sheet items were summarized as follows:

	The Group					
	31 December 2024					
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets:						
Cash and balances with the Central Bank	261,298	-	-	-	7,675	268,973
Precious metals	-	-	-	-	12,620	12,620
Amounts due from banks and other financial institutions (1)	237,955	162,487	29,523	-	2,096	432,061
Financial assets held for trading and derivative financial assets	7,532	51,971	170,692	113,019	351,769	694,983
Loans and advances to customers	1,507,612	1,424,419	335,314	18,115	8,593	3,294,053
Investment on debts	38,578	94,738	303,364	341,237	7,158	785,075
Other investment on debts	16,363	67,342	71,571	20,114	1,265	176,655
Other equity instrument investment	-	-	-	-	5,773	5,773
Fixed assets	-	-	-	-	8,634	8,634
Goodwill	-	-	-	-	7,568	7,568
Right-of-use assets	-	-	-	-	5,048	5,048
Other assets	-	-	-	-	77,827	77,827
Total assets	2,069,338	1,800,957	910,464	492,485	496,026	5,769,270
Liabilities:						
Borrowings from the Central Bank	73,176	12,189	-	-	745	86,110
Amounts due to banks and other financial institutions (2)	593,416	27,235	3,750	-	10,298	634,699
Financial liabilities held for trading and derivative financial liabilities	133,385	-	-	-	68,524	201,909
Deposits from customers	1,925,721	767,671	823,581	-	75,340	3,592,313
Debt securities issued	204,445	379,004	106,993	3,000	1,758	695,200
Lease liabilities	-	-	-	-	5,410	5,410
Other liabilities	-	-	-	-	58,787	58,787
Total liabilities	2,930,143	1,186,099	934,324	3,000	220,862	5,274,428
Interest rate risk gap	(860,805)	614,858	(23,860)	489,485	Not applicable	Not applicable

(1) Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.

(2) Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

VIII. Risk disclosure (Continued)

3. Market risk (Continued)

3.2 Interest rate risk (Continued)

As at 31 December 2024, the contractual re-pricing dates or maturity dates, whichever were earlier, of the Bank's balance sheet items were summarized as follows:

	The Bank					
	31 December 2024					
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets:						
Cash and balances with the Central Bank	261,298	-	-	-	7,675	268,973
Precious metals	-	-	-	-	12,620	12,620
Amounts due from banks and other financial institutions (1)	236,717	162,487	29,523	-	2,095	430,822
Financial assets held for trading and derivative financial assets	7,513	51,515	168,870	113,008	312,710	653,616
Loans and advances to customers	1,507,612	1,424,419	335,314	18,115	8,593	3,294,053
Investment on debts	38,576	94,461	303,364	341,237	7,157	784,795
Other investment on debts	16,363	66,374	69,172	19,462	1,212	172,583
Other equity instrument investment	-	-	-	-	5,773	5,773
Fixed assets	-	-	-	-	8,602	8,602
Goodwill	-	-	-	-	7,568	7,568
Right-of-use assets	-	-	-	-	5,048	5,048
Other assets	-	-	-	-	82,540	82,540
Total assets	2,068,079	1,799,256	906,243	491,822	461,593	5,726,993
Liabilities:						
Borrowings from the Central Bank	73,176	12,189	-	-	745	86,110
Amounts due to banks and other financial institutions (2)	559,068	27,235	3,750	-	10,298	600,351
Financial liabilities held for trading and derivative financial liabilities	133,385	-	-	-	68,524	201,909
Deposits from customers	1,925,722	767,671	823,581	-	75,340	3,592,314
Debt securities issued	204,445	379,004	106,993	3,000	1,758	695,200
Lease liabilities	-	-	-	-	5,410	5,410
Other liabilities	-	-	-	-	58,365	58,365
Total liabilities	2,895,796	1,186,099	934,324	3,000	220,440	5,239,659
Interest rate risk gap	(827,717)	613,157	(28,081)	488,822	Not applicable	Not applicable

(1) Amounts due from banks and other financial institutions included deposits with banks and other financial institutions, placements to banks and other financial institutions and financial assets held under resale agreements.

(2) Amounts due to banks and other financial institutions included deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

VIII. Risk disclosure (Continued)

3. Market risk (Continued)

3.2 Interest rate risk (Continued)

The Group and the Bank principally use sensitivity analysis to measure and control interest rate risk. In respect of the financial assets and liabilities held for trading, in the opinion of the management, the interest rate risk to the Group and the Bank arising from this portfolio is not significant. For other financial assets and liabilities, the Group and the Bank mainly use a gap analysis to measure and control the related interest rate risk.

As at 31 December 2025 and 31 December 2024, the gap analyses of the financial assets and liabilities (excluding financial assets and liabilities designated at fair value and changes included into the profits and losses for the period) were as follows:

	The Group			
	31 December 2025 Changes of interest rates (basis points)		31 December 2024 Changes of interest rates (basis points)	
	-50	+50	-50	+50
Effect on the net interest income increase/(decrease)	2,232	(2,232)	2,160	(2,160)
Effect on equity increase/(decrease)	2,848	(2,848)	2,061	(2,061)

	The Bank			
	31 December 2025 Changes of interest rates (basis points)		31 December 2024 Changes of interest rates (basis points)	
	-50	+50	-50	+50
Effect on the net interest income increase/(decrease)	1,970	(1,970)	2,017	(2,017)
Effect on equity increase/(decrease)	2,812	(2,812)	2,009	(2,009)

VIII. Risk disclosure (Continued)

3. Market risk (Continued)

3.2 Interest rate risk (Continued)

The above gap analyses assume that the interest rate risk profile of the financial assets and liabilities (excluding financial assets and liabilities designated at fair value and changes included into the profits and losses for the year) remains static.

The sensitivity of the net interest income is the effect of a reasonable possible change in interest rates on the net interest income for one year, in respect of the financial assets and liabilities (excluding financial assets and liabilities designated at fair value and changes included into the profits and losses for the year) held by the Group and the Bank at the end of year. The sensitivity of equity is calculated by revaluing the year end portfolio of fixed-rate financial assets designated at fair value and changes included into other comprehensive income, based on a reasonable possible change in interest rates. Impact on income tax has not been considered in calculating the above effect on the net interest income and equity.

The above sensitivity analyses are based on the following assumptions: all assets and liabilities that are re-priced/due within three months (inclusive), and between three months and one year (inclusive) are assumed to be re-priced/due in the mid of the respective bands; and there are parallel shifts in the yield curve.

Regarding the above assumptions, the effect on the net interest income and equity of the Group and the Bank as a result of the actual increases or decreases in interest rates may differ from that of the above sensitivity analyses.

VIII. Risk disclosure (Continued)

4. Fair value of financial instruments

4.1 Financial assets and liabilities measured at fair value on a recurring basis

The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The sources of the inputs comprise Bloomberg, Reuters, China Bond Market Website and National Equities Exchange and Quotations.

Level 3: Unobservable inputs for the asset or liability.

As at 31 December 2025, the Group's assets measured at fair value on a recurring basis by the above three levels were analyzed below:

	The Group			
	31 December 2025			
	Quoted prices in active markets ("Level 1")	Valuation technique - observable market variables ("Level 2")	Valuation technique - unobservable market variables ("Level 3")	Total
Financial assets:				
Financial assets held for trading	4,771	758,474	1,856	765,101
Derivative financial assets	-	28,157	-	28,157
Loans and advances to customers designated at fair value and changes included into other comprehensive income	-	326,804	-	326,804
Other investment on debts	-	163,904	-	163,904
Other equity instrument investment	3	2,069	2,655	4,727
Total	4,774	1,279,408	4,511	1,288,693
Financial liabilities:				
Placements from banks and other financial institutions designated at fair value and changes included into the profits and losses for the year	6,510	-	-	6,510
Financial liabilities held for trading	6,748	179,283	-	186,031
Derivative financial liabilities	-	27,391	-	27,391
Total	13,258	206,674	-	219,932

VIII. Risk disclosure (Continued)

4. Fair value of financial instruments (Continued)

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

As at 31 December 2025, the Group's assets measured at fair value on a recurring basis by the above three levels were analyzed below:

	The Bank			
	31 December 2025			
	Quoted prices in active markets ("Level 1")	Valuation technique - observable market variables ("Level 2")	Valuation technique - unobservable market variables ("Level 3")	Total
Financial assets:				
Financial assets held for trading	1	693,676	1,856	695,533
Derivative financial assets	-	28,157	-	28,157
Loans and advances to customers designated at fair value and changes included into other comprehensive income	-	326,804	-	326,804
Other investment on debts	-	157,257	-	157,257
Other equity instrument investment	3	2,069	2,655	4,727
Total	4	1,207,963	4,511	1,212,478
Financial liabilities:				
Placements from banks and other financial institutions designated at fair value and changes included into the profits and losses for the period	6,510	-	-	6,510
Financial liabilities held for trading	6,748	178,567	-	185,315
Derivative financial liabilities	-	27,391	-	27,391
Total	13,258	205,958	-	219,216

VIII. Risk disclosure (Continued)

4. Fair value of financial instruments (Continued)

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

As at 31 December 2024, the Group's assets measured at fair value on a recurring basis by the above three levels were analyzed below:

	The Group			
	31 December 2024			
	Quoted prices in active markets ("Level 1")	Valuation technique - observable market variables ("Level 2")	Valuation technique - unobservable market variables ("Level 3")	Total
Financial assets:				
Financial assets held for trading	4,654	623,058	1,859	629,571
Derivative financial assets	-	65,412	-	65,412
Loans and advances to customers designated at fair value and changes included into other comprehensive income	-	459,729	-	459,729
Other investment on debts	-	176,655	-	176,655
Other equity instrument investment	-	2,086	3,687	5,773
Total	4,654	1,326,940	5,546	1,337,140
Financial liabilities:				
Placements from banks and other financial institutions designated at fair value and changes included into the profits and losses for the period	8,331	-	-	8,331
Financial liabilities held for trading	2,832	134,524	-	137,356
Derivative financial liabilities	-	64,553	-	64,553
Total	11,163	199,077	-	210,240

VIII. Risk disclosure (Continued)

4. Fair value of financial instruments (Continued)

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

As at 31 December 2024, the Bank's assets measured at fair value on a recurring basis by the above three levels were analyzed below:

	The Bank			
	31 December 2024			
	Quoted prices in active markets ("Level 1")	Valuation technique - observable market variables ("Level 2")	Valuation technique - unobservable market variables ("Level 3")	Total
Financial assets:				
Financial assets held for trading	1	586,344	1,859	588,204
Derivative financial assets	-	65,412	-	65,412
Loans and advances to customers designated at fair value and changes included into other comprehensive income	-	459,729	-	459,729
Other investment on debts	-	172,583	-	172,583
Other equity instrument investment	-	2,086	3,687	5,773
Total	1	1,286,154	5,546	1,291,701
Financial liabilities:				
Placements from banks and other financial institutions designated at fair value and changes included into the profits and losses for the period	8,331	-	-	8,331
Financial liabilities held for trading	2,832	134,524	-	137,356
Derivative financial liabilities	-	64,553	-	64,553
Total	11,163	199,077	-	210,240

VIII. Risk disclosure (Continued)

4. Fair value of financial instruments (Continued)

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

The Group and the Bank take the date on which events causing the transfers between the levels take place as the timing specific for recognizing the transfers. For year ended 31 December 2025, the Group and the Bank had no major transfers between the levels.

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of those not traded in an active market is determined by the Group and the Bank using valuation techniques.

Financial instruments classified to Level 2 are mainly investments in bonds, derivatives, loans and advances to customers designated at fair value and changes included into other comprehensive income, etc. The fair value of RMB denominated bonds is determined based on the valuation result from the China Central Depository & Clearing Co., Ltd. while the fair value of the foreign currency denominated bonds is determined based on the valuation results published by Bloomberg. Derivative financial instruments are mainly evaluated using the discounted cash flow method and the Black-Scholes Model, etc. Loans and advances to customers designated at fair value and changes included into other comprehensive income are evaluated using the discounted cash flow method. All significant parameters used valuation techniques which was observable market information.

Financial instruments classified to Level 3 are mainly private equity. The valuation methods used mainly comprise market method. The unobservable parameters used mainly include discount rate and liquidity discount, etc.

The Group and the Bank had no financial assets or liabilities that were not measured at fair value on a recurring basis as at 31 December 2025 and 31 December 2024.

The changes in Level 3 financial assets are analyzed below:

	2025	
	The Group and the Bank	
	Financial assets held for trading	Other equity instrument investment
1 January 2025	1,859	3,687
Increase in the current period	58	22
Decrease in the current period	(74)	(410)
Transfer from Level 3	-	(3)
Gains recognized in profit or loss	13	-
Gains recognized in other comprehensive income	-	(641)
31 December 2025	1,856	2,655

VIII. Risk disclosure (Continued)

4. Fair value of financial instruments (Continued)

4.2 Financial assets and liabilities not measured at fair value

Financial assets and liabilities that are not measured at fair value include: balances with the Central Bank, deposits with banks and other financial institutions, placements to banks and other financial institutions measured at amortized cost, financial assets held under resale agreements, loans and advances to customers measured at amortized cost, investment on debts, borrowings from the Central Bank, deposits from banks and other financial institutions, placements from banks and other financial institutions measured at amortized cost, financial assets sold under repurchase agreements, deposits from customers, and debt securities issued, etc.

The following table summarizes the carrying amount and fair value of the investment on debts and debt securities issued that are not measured or disclosed at fair value:

	The Group				
	31 December 2025				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment on debts	781,961	-	816,433	-	816,433
Debt securities issued	544,534	-	543,551	-	543,551

	The Bank				
	31 December 2025				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment on debts	781,961	-	816,433	-	816,433
Debt securities issued	544,534	-	543,551	-	543,551

	The Group				
	31 December 2024				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment on debts	785,075	-	831,966	-	831,966
Debt securities issued	695,200	-	696,934	-	696,934

	The Bank				
	31 December 2024				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment on debts	784,795	-	831,681	-	831,681
Debt securities issued	695,200	-	696,934	-	696,934

VIII. Risk disclosure (Continued)

4. Fair value of financial instruments (Continued)

4.2 Financial assets and liabilities not measured at fair value (Continued)

(1) If the fair value of investment on debts is determined based on quoted market prices, it is presented in Level 1. If relevant market information cannot be obtained for investment on debts, discounted cash flow model is used to carry on the valuation, or where applicable, the quoted price with similar credit risk, maturity and yield is used, the fair value is presented in Level 2 and Level 3.

(2) If the fair value of debt securities issued is determined based on quoted market prices, it is presented in Level 1. If all the significant inputs in calculating the fair value of debt securities issued are observable, the fair value is presented in Level 2.

Discounted future cash flow method is used to determine the financial assets and financial liabilities that are not measured at fair value other than the above. As the periods for these financial instruments are short or their interest rates float based on the market interest rate, there are no significant differences between their carrying amounts and fair values:

Assets	Liabilities
Balances with the Central Bank	Borrowings from the Central Bank
Deposits with banks and other financial institutions	Deposits from banks and other financial institutions
Placements to banks and other financial institutions measured at amortized cost	Placements from banks and other financial institutions measured at amortized cost
Financial assets held under resale agreements	Financial assets sold under repurchase agreements
Loans and advances to customers measured at amortized cost	Deposits from customers
Other financial assets	Other financial liabilities

IX. Related party relationships and transactions

1. Major related party relationship

(1) The parent company:

Name	Place of registration	Percentage of equity interest held	
		31 December 2025	31 December 2024
Ping An Insurance (Group) Company of China, Ltd.	Shenzhen, PRC	58%	58%

China Ping An was established in Shenzhen, the People's Republic of China on 21 March 1988. The business scope of China Ping An includes investment in insurance enterprises; supervision and management of various domestic and international businesses of investment holding enterprises; management of insurance funds; conducting of domestic and international insurance businesses with the approval; conducting of other businesses approved by the NFRA and the relevant state departments.

As at 31 December 2025 and 31 December 2024, China Ping An and its controlling subsidiary, Ping An Life Insurance Company of China, Ltd. (hereinafter referred to as Ping An Life Insurance) owned 58% of the Bank totally. Specifically, China Ping An and Ping An Life Insurance owned 49.56% and 8.44% of the Bank respectively.

(2) Subsidiaries:

For the subsidiaries, please refer to Note IV 11.

(3) Other major shareholders:

Name	Relationship with the Group
Shenzhen Yingzhongtai Investment Co., Ltd.	Shareholder that holds less than 5% of the equity interests of the Group and dispatches supervisors to the Group

The transactions between the Group and its parent company and related parties, other major shareholders and their related parties are processed according to the normal commercial terms and business procedures. The above related parties mainly refer to subsidiaries, associates, joint ventures, key management personnel, etc. Key management personnel refer to the personnel that have the authority and responsibility to plan, direct and control business activities, including directors, supervisors and senior management of the Group.

IX. Related party relationships and transactions (Continued)

2. Major transactions between the Group and China Ping An and its legal persons or unincorporated organizations during the year are as follows:

Balance at the end of the year	31 December 2025	31 December 2024
Derivative financial assets	88	77
Loans and advances to customers	25,751	24,220
Investment on debts	23,616	10,805
Financial assets held for trading	168	274
Placements to banks and other financial institutions	1,500	800
Right-of-use assets	574	897
Other assets	375	551
Deposits from banks and other financial institutions	46,103	34,950
Derivative financial liabilities	29	235
Deposits from customers	66,084	68,019
Lease liabilities	641	1,013
Other liabilities	1,218	1,244
Credit commitments	2,345	708
Letters of guarantee under comprehensive financial business (Note 1)	-	1,000
Other equity instruments (Note 2)	11,589	11,589

Transactions during the current year	2025	2024
Interest income from loans and advances to customers	878	806
Agency and settlement service fee income	1,968	1,564
Asset custody fee income	37	30
Investment income	(8)	367
Interest expenses on deposits from banks and other financial institutions	545	474
Interest expenses of deposits from customers	573	1,109
Interest expenses of lease liabilities	20	39
Service expenditure (Note 3)	5,227	6,591
Depreciation expenses of right-of-use assets	270	363
Gains or losses on changes in fair value	13	73
Exchange gains or losses	253	(53)

Note 1: For the purpose of letters of guarantee under comprehensive financial business, Ping An Group raises funds to establish debt investment plans in order to loan to the client for investing certain projects, where the Group issues financing guarantee, and Ping An Group acts as beneficiaries. The Group provides letters of guarantee based on credit granting to the borrowers, whose credit granting risk control measures are primarily based on the guarantee provided by the borrowers.

IX. Related party relationships and transactions (Continued)

2. Major transactions between the Group and China Ping An and its legal persons or unincorporated organizations during the year are as follows (Continued) :

Note 2: On 7 March 2016, the Bank issued 200 million preference shares at par, with a total amount of RMB20 billion. The net amount of raised money excluding issuance expenses amounted to RMB19,953 million. Ping An Group subscribed to RMB11,600 million of the total amount, and the actual subscription amount excluding issuance expenses amounted to RMB11,589 million. On 7 March 2025, the Bank distributed a total amount of dividends on preference shares amounting to RMB507 million to Ping An Group, and the nominal dividend rate was 4.37%.

Note 3: Service expenditure mainly arises from the use of Ping An Group's Wanlitong credit card reward platform service, network platform service, the use of communication service, channel service, etc.

3. Major transactions with its controlling subsidiaries during the year are listed below:

Balance at the end of the year	31 December 2025	31 December 2024
Deposits from banks and other financial institutions	61	27
Other liabilities	347	194

Transactions during the current year	2025	2024
Interest expenses on deposits from banks and other financial institutions	2	1
Fee and commission expenses	328	1,123

4. Major transactions between the Group and other major shareholders and their related parties during the year are as follows:

Balance at the end of the year	31 December 2025	31 December 2024
Loans and advances to customers	-	911
Deposits from customers	-	140
Credit commitments	-	309

5. Major transactions with the related natural persons during the year are listed below:

As at 31 December 2025, the Group, during the ordinary course of business, conducted transactions with related natural persons including directors, supervisors and senior management according to normal commercial terms and business procedures. The major transactions included loans and advances to customers and deposits from customers. The Group's balance of loans and advances to these related natural persons was RMB5 million (31 December 2024: RMB20 million). The Group's balance of deposits from these related natural persons was RMB513 million (31 December 2024: RMB496 million).

IX. Related party relationships and transactions (Continued)

6. Details of the compensation for key management personnel are as follows:

	2025	2024
Salaries and other employee benefits	23	21

As at 31 December 2025, the Group authorized a balance of total credit facility, in the amount of RMB15,326 million, for entities which are controlled, jointly controlled or significantly influenced relating to the key management personnel of the Group or their close family members (31 December 2024: RMB9,200 million); there were RMB3,439 million utilized credit limit (31 December 2024: RMB1,624 million) and RMB2,023 million of loans and advances to customers (31 December 2024: RMB1,058 million). As at 31 December 2025, the Group took a deposit amounting to RMB1,033 million from the above associates (31 December 2024: RMB11,965 million). The above do not include related party transactions between the Group and China Ping An and its related parties.

X. Events after the balance sheet date

On 6 March 2026, the Bank paid perpetual bond interest of RMB681 million, calculated based on the bond interest rate of 2.27% for the interest period as determined under the terms of the 2025 Undated Additional Tier 1 Capital Bonds (Series 1) (Bond Connect).

The Bank redeemed all 200 million preferred shares on 9 March 2026. Each preferred share has a par value of RMB100, and the aggregate amount is RMB20 billion. The redemption price was equal to the par value of each preferred share (RMB100 per share) plus the current dividend payable (RMB4.37 per share), totaling RMB20,874 million.

Approved by the Third Meeting of the 13th Board of Directors of the Bank on 20 March 2026, after the appropriation to general risk reserves, the Bank intends to distribute cash dividends at a rate of RMB3.60 per 10 shares (tax inclusive), based on the total number of issued shares of 19,406 million as at 31 December 2025. This profit distribution proposal is subject to approval by the Shareholders' Meeting.

XI. Comparative information

To conform to the presentation of these financial statements, the Group has adjusted the presentation of certain comparative figures.

XII. Other significant items

Assets and liabilities measured at fair value

	The Group			
	2025			
	1 January 2025	Gains or losses on changes in fair value in the current year	Changes in fair value charged to other comprehensive income	31 December 2025
Assets:				
Financial assets held for trading	629,571	(5,413)	-	765,101
Derivative financial assets	65,412	(37,236)	-	28,157
Loans and advances to customers designated at fair value and changes included into other comprehensive income	459,729	-	-	326,804
Other investment on debts	176,655	17	127	163,904
Other equity instrument investment	5,773	-	(881)	4,727
Total	1,337,140	(42,632)	(754)	1,288,693
Liabilities:				
Placements from banks and other financial institutions designated at fair value and changes included into the profits and losses for the period	8,331	270	-	6,510
Financial liabilities held for trading	137,356	(1,761)	-	186,031
Derivative financial liabilities	64,553	(37,123)	-	27,391
Total	210,240	(38,614)	-	219,932

XII. Other significant items (Continued)

Assets and liabilities measured at fair value (Continued)

	The Bank			
	2025			
	1 January 2025	Gains or losses on changes in fair value in the current year	Changes in fair value charged to other comprehensive income	31 December 2025
Assets:				
Financial assets held for trading	588,204	(5,648)	-	695,533
Derivative financial assets	65,412	(37,236)	-	28,157
Loans and advances to customers designated at fair value and changes included into other comprehensive income	459,729	-	-	326,804
Other investment on debts	172,583	17	120	157,257
Other equity instrument investment	5,773	-	(881)	4,727
Total	1,291,701	(42,867)	(761)	1,212,478
Liabilities:				
Placements from banks and other financial institutions designated at fair value and changes included into the profits and losses for the period	8,331	270	-	6,510
Financial liabilities held for trading	137,356	(1,761)	-	185,315
Derivative financial liabilities	64,553	(37,123)	-	27,391
Total	210,240	(38,614)	-	219,216

Appendix: Supplementary information to financial statements

Return on net assets and earnings per share

	2025		
	Return on net assets	Earnings per share (RMB/share)	
	Weighted average	Basic	Diluted
Net profit attributable to ordinary shareholders of the Bank	9.15%	2.07	2.07
Net profit attributable to ordinary shareholders of the Bank after deduction of non-recurring gains or losses	9.15%	2.07	2.07

	2024		
	Return on net assets	Earnings per share (RMB/share)	
	Weighted average	Basic	Diluted
Net profit attributable to ordinary shareholders of the Bank	10.08%	2.15	2.15
Net profit attributable to ordinary shareholders of the Bank after deduction of non-recurring gains or losses	10.16%	2.16	2.16

Appendix: Supplementary information to financial statements (Continued)

Including net profit attributable to ordinary shareholders of the Bank after deduction of non-recurring gains or losses:

	2025	2024
Net profit for the current year attributable to shareholders of the Bank	42,633	44,508
Less: Dividends on preference shares declared by the Bank	(874)	(874)
Interest on perpetual bonds of the Bank	(1,645)	(1,975)
Net profit attributable to ordinary shareholders of the Bank	40,114	41,659
Deduction of non-recurring gains or losses:	9	(330)
Net gains or losses from disposal of non-current assets	252	10
Net gains or losses on contingencies	(25)	65
Other net gains or losses	(160)	(356)
Income tax effect	(58)	(49)
Net profit attributable to ordinary shareholders of the Bank after deduction of non-recurring gains or losses	40,105	41,989

The above return on net assets and earnings per share are calculated in accordance with the rules stipulated in the *Regulation on Information Disclosure of Public Companies No. 9* as revised by the China Securities Regulatory Commission on 11 January 2010. The non-recurring gains or losses are calculated in accordance with the rules stipulated in the CSRC Announcement [2023] *No. 65 Interpretation of Information Disclosure of Public Companies No. 1 - Non-recurring Gains or Losses*.

The gains or losses on changes in fair value of financial assets and liabilities held for trading in the Group's ordinary course of business, and investment income arising from disposal of investment on debts, other investment on debts, non-equity investment in financial assets held for trading and financial liabilities held for trading are not disclosed as non-recurring gains or losses.