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***This announcement and the listing documents attached hereto have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing documents attached hereto) forms the basis for any contract or commitment whatsoever.** For the avoidance of doubt, the publication of this announcement and the listing documents attached hereto shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the Laws of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong.*

***Notice to Hong Kong investors**: each of the Issuer (as defined below) and Shanghai Pudong Development Bank Co., Ltd. (the "**Bank**") confirms that the Notes (as defined below) are intended for purchase by professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only and are listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, each of the Issuer and the Bank confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

PUBLICATION OF OFFERING CIRCULAR AND PRICING SUPPLEMENT

浦发银行 SPD BANK

SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD., HONG KONG BRANCH

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

(the "Issuer")

CNY3,000,000,000 1.68 per cent. Notes due 2029 (the "Notes")

(Stock Code: 85146)

issued under the U.S.$5,000,000,000 Medium Term Note Programme of the Bank (the "Programme")

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Shanghai Pudong Development Bank Hong Kong Branch	SPDB International	Shanghai Pudong Development Bank Singapore Branch
Agricultural Bank of China Limited Hong Kong Branch	Bank of China	Bank of China (Hong Kong)

BOSC International	China CITIC Bank International	CMB Wing Lung Bank Limited
Guotai Junan International		Mizuho

Joint Bookrunners and Joint Lead Managers

Bank of Communications	China Construction Bank (Asia)	China Everbright Bank Hong Kong Branch
China Galaxy International	China Industrial Securities International	China International Capital Corporation
China Minsheng Banking Corp., Ltd. Hong Kong Branch	China Securities International	China Zheshang Bank Co., Ltd. (Hong Kong Branch)
Chiyu Banking Corporation Limited	CITIC Securities	CMBC Capital
CNCB Capital	Haitong International	Hua Xia Bank Co., Limited Hong Kong Branch
Huatai International	ICBC (Asia)	Industrial Bank Co., Ltd. Hong Kong Branch
Orient Securities (Hong Kong)		SDIC Securities HK
Shenwan Hongyuan (H.K.)		Standard Chartered Bank

This announcement is issued pursuant to Rule 37.39A of the Listing Rules.

Please refer to the offering circular dated 9 July 2026 in relation to the Programme (the "**Offering Circular**") and the pricing supplement dated 16 July 2026 in relation to the Notes (the "**Pricing Supplement**", together with the Offering Circular, the "**Listing Documents**", each a "**Listing Document**"), each appended hereto. As disclosed in the Listing Documents, the Notes are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and are listed on The Stock Exchange of Hong Kong Limited on that basis.

The Listing Documents do not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is any Listing Document an invitation to the public to make offers to subscribe for or purchase any securities, or circulated to invite offers by the public to subscribe for or purchase any securities.

Hong Kong, 24 July 2026

As at the date of this announcement, the executive directors of the Bank are Mr. ZHANG Weizhong and Mr. XIE Wei; the employee director is Mr. ZHAO Wanbing; the non-executive directors are Mr. GONG Dexiong, Ms. GUAN Wei, Mr. BO Jingang, Mr. ZHU Yi, Mr. LIN Huazhe and Ms. JI Hongmei; the independent directors are Mr. WU Hong, Mr. SUN Lijian, Ms. YE Jianfang, Mr. WU Xiaoqiu and Mr. SONG Zheng.

Appendix 1 – Offering Circular dated 9 July 2026

[See over page]

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES OR (IN THE CASE OF AN OFFERING OR SALE IN RELIANCE ON CATEGORY 2 OF REGULATION S UNDER THE SECURITIES ACT) TO ANY U.S. PERSONS

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THE OFFERING CIRCULAR MAY NOT BE DOWNLOADED, FORWARDED OR DISTRIBUTED, IN WHOLE OR IN PART, TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY DOWNLOADING, FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of Your Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must be purchasing the securities outside the United States and (in the case of an offering or sale in reliance on Category 2 of Regulation S under the Securities Act) not be a U.S. person or acting for the account or benefit of a U.S. person in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to have represented to Citigroup Global Markets Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Shanghai Pudong Development Bank Co., Ltd. Singapore Branch and SPDB International Capital Limited (each an "**Arranger**" or "**Dealer**" and collectively, the "**Arrangers**" or "**Dealers**"), Shanghai Pudong Development Bank Co., Ltd. (the "**Bank**" or "**SPD Bank**") or any branch of the Bank located in Hong Kong, Macau or Taiwan, or any branch of the Bank located outside the PRC (each such branch of the Bank, a "**Branch Issuer**"), as specified in the applicable pricing supplement (each an "**Issuer**") that (1) you and any customers you represent are not, and that the electronic mail address that you gave us and to which this e-mail has been delivered is not, located in the United States and (in the case of an offering or sale in reliance on Category 2 of Regulation S under the Securities Act) are not a U.S. person or acting for the account or benefit of a U.S. person and (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Offering Circular to any other person. You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "**Reply**" function on your e-mail software, will be ignored or rejected.

The Offering Circular does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Arranger or Dealer or any affiliate of such Arranger or Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Arranger or Dealer or such affiliate on behalf of the Issuer in such jurisdiction.

The Offering Circular has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Bank, the Branch Issuer, the Arrangers, the Dealers or the Agents (as defined in "*Terms and Conditions of the Notes*"), nor any person who controls any of them, nor any director, officer, employee, nor agent of any of them, or affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arrangers or the Dealers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD.

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

U.S.$5,000,000,000
Medium Term Note Programme

Shanghai Pudong Development Bank Co., Ltd. (the "**Bank**") or any branch of the Bank located in Hong Kong, Macau or Taiwan, or any branch of the Bank located outside the PRC (each such branch of the Bank, a "**Branch Issuer**"), as specified in the applicable Pricing Supplement (as defined below) (each, an "**Issuer**") may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the "**Notes**") under the U.S.$5,000,000,000 Medium Term Note Programme described in this Offering Circular (the "**Programme**"). The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.$5,000,000,000 (or the equivalent in other currencies), subject to increases of the programme size made in accordance with the terms of the amended and restated dealer agreement dated 9 July 2026 entered into by the Bank (on behalf of itself and each Branch Issuer) as amended and/or supplemented and/or restated from time to time (the "**Dealer Agreement**").

The Notes may be issued on a continuing basis to one or more of the dealers appointed under the Programme from time to time by the relevant Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

Investing in the Notes issued under the Programme involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and in the applicable Pricing Supplement (as defined in "*Summary of the Programme*") and the merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in the Notes. Investors should not purchase Notes unless they understand and are able to bear risks associated with the Notes. The principal risk factors that may affect the ability of the Bank, or as the case may be, the relevant Branch Issuer to fulfil its obligations in respect of the Notes are discussed under "*Risk Factors*" below.

Application has been made to The Stock Exchange of Hong Kong Limited (the "**HKSE**") for the listing of the Programme under which Notes may be issued by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only during the 12-month period after the date of this Offering Circular on the HKSE. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: Each relevant Branch Issuer and the Bank confirms that the Notes to be issued under the Programme are intended for purchase by Professional Investors only and the Programme and the Notes (to the extent such Notes are to be listed on the HKSE) will be listed on the HKSE on that basis. Accordingly, each relevant Branch Issuer and the Bank confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The HKSE has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme or the Notes on the HKSE is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, each relevant Branch Issuer or the Bank or the Group (as defined below) or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Series of Notes will specify whether or not such Series of Notes will be listed on the HKSE (or listed, traded or quoted on or by any other competent authority, other exchange or quotation system). Notice of the aggregate nominal amount of Notes, interest payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Series (as defined in *"Summary of the Programme"*) of Notes will be set out in the Pricing Supplement which, with respect to Notes to be listed on the HKSE, will be delivered to the HKSE, on or before the date of issue of such series of Notes.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in, and quotation for any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. The approval in-principle from, the admission of any Notes to the Official List of, and the quotation of any Notes on, the SGX-ST, are not to be taken as indications of the merits of the relevant Branch Issuer, the Bank, its subsidiaries and associated companies (if any), the Group (as defined below), the Programme or such Notes. If the application to the SGX-ST to list a particular series of Notes is approved, for so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes, if traded, will be traded on the SGX-ST in a board lot size of at least S$200,000 (or its equivalent in other currencies).

Where applicable for a relevant Tranche of Notes, the Notes will be issued within the relevant annual or otherwise general foreign debt issuance quota granted by the National Development and Reform Commission of the PRC (the "**NDRC**") pursuant to the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) issued by the NDRC and effective from 10 February 2023 and any implementation rules as issued by the NDRC from time to time (the "**NDRC Measures**"). After the issuance of such relevant Tranche of Notes, the relevant Branch Issuer (acting through the Bank) or, as the case may be, the Bank, undertakes to file or cause to be filed with the NDRC the requisite information and documents within the relevant prescribed timeframes from time to time after the relevant Issue Date in accordance with the NDRC Measures and comply with the NDRC Measures and other obligations required by the NDRC as it applies to such Tranche of Notes.

Where the Circular on Issues concerning the Macro-prudential Management of Full-covered Cross-border Financing (Yin Fa [2017] No. 9) (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) issued by the People's Bank of China (the "**PBOC**") and which came into effect on 12 January 2017, and any implementation rules as issued by the PBOC from time to time (the "**PBOC Circular**") applies to the Tranche of Notes to be issued, after the issuance of such relevant Tranche of Notes, the Bank undertakes to provide or cause to be provided a notification of the requisite information and documents in connection with such Tranche of Notes to the PBOC and/or the State Administration of Foreign Exchange or its local counterparts ("**SAFE**") within the prescribed timeframe after the relevant Issue Date in accordance with the PBOC Circular.

Where the Implementing Measures of the China Banking and Insurance Regulatory Commission for Administrative Licensing Matters for Chinese-funded Commercial Banks (Order of the China Banking and Insurance Regulatory Commission [2022] No. 5) (中國銀保監會中資商業銀行行政許可事項實施辦法) issued by the former China Banking and Insurance Regulatory Commission of the PRC, which came into effect on 2 September 2022, and any implementation rules issued by the National Administration of Financial Regulation (the "**NAFR**") from time to time (the "**NAFR Measures**") applies to the Tranche of Notes to be issued, the Bank undertakes to complete the reporting in connection with such Tranche of Notes to the NAFR (if applicable) within the prescribed timeframe after the relevant Issue Date in accordance with the NAFR Approval (as defined in "*Terms and Conditions of the Notes*").

Where the Service Guidance on the Examination and Approval of the Interbank Bond Market or Issuance of Overseas Financial Bonds (No. 21010 of the Service Guidance on PBOC Administrative Licensing Matters) (在銀行間債券市場或到境外發行金融債券審批事項服務指南) issued by the PBOC and which came into effect on 5 June 2020, and any implementation rules as issued by the PBOC from time to time (the "**PBOC Service Guidance**") applies to the Tranche of Notes to be issued, the Bank undertakes to complete the reporting in connection with such Tranche of Notes to the PBOC (if applicable) within the prescribed timeframe after the relevant Issue Date in accordance with the PBOC Approval (as defined in "*Terms and Conditions of the Notes*").

Each Series of Notes in bearer form ("**Bearer Notes**") will be represented on issue by a temporary global note in bearer form (each a "**Temporary Global Note**") or a permanent global note in bearer form (each a "**Permanent Global Note**", together with the Temporary Global Note, the "**Global Notes**"). Notes in registered form will be represented by registered certificates (each a "**Note Certificate**"), one Note Certificate being issued in respect of each holder's entire holding of Registered Notes of one Series. The Notes of each Series in registered form will initially be represented by a global note certificate (each a "**Global Note Certificate**") without interest coupons. The Global Notes and Global Note Certificates may be deposited on the relevant Issue Date (a) in the case of a Series intended to be cleared through Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream**"), with a common depositary on behalf of Euroclear and Clearstream or with a sub-custodian for the Central Moneymarkets Unit (the "**CMU**"), operated by the Hong Kong Monetary Authority (the "**HKMA**") and (b) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream or CMU, or delivered outside a clearing system, as agreed between the relevant Issuer and the relevant Dealer.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state of the United States or other jurisdiction, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. The Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States or, in the case of Notes being offered or sold in reliance on Category 2 of Regulation S under the Securities Act, to, or for the account or the benefit of U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirement of the Securities Act and all applicable securities laws of any state of the United States and any other jurisdiction. Registered Notes are subject to certain restrictions on transfer. See "*Subscription and Sale*".

MiFID II Product Governance/Target Market - The Pricing Supplement in respect of any Notes may include a legend entitled "**MiFID II Product Governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR Product Governance/Target Market - The Pricing Supplement in respect of any Notes may include a legend entitled "**UK MiFIR Product Governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Important - EEA Retail Investors - If the Pricing Supplement in respect of any Notes includes a legend entitled "**Prohibition of Sales to EEA Retail Investors**", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**EU Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No. 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Important - UK Retail Investors - If the Pricing Supplement in respect of any Notes includes a legend entitled "**Prohibition of Sales to UK Retail Investors**", such Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. Consequently, no disclosure document required by the FCA Product Disclosure Sourcebook ("**DISC**") for offering, selling or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Notes or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.

Singapore Securities and Futures Act Product Classification - The Pricing Supplement in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to Section 309B(1) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**"). If applicable, the relevant Issuer will make a determination and provide the appropriate written notification to "relevant persons" in relation to each issue about the classification of the Notes being offered for the purposes of Section 309B(1)(a) and Section 309B(1)(c) of the SFA.

The Programme is expected to be rated Baa2 by Moody's Investors Service, Inc. ("**Moody's**") and BBB+ by Fitch Ratings, Inc. ("**Fitch**"). Tranches of Notes to be issued under the Programme may be rated or unrated.

Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

Arrangers and Dealers for the Programme

Citigroup | **Shanghai Pudong Development Bank** | **SPDB International**

Offering Circular dated 9 July 2026

IMPORTANT NOTICE

The Bank (as to itself and the Group (as defined below)), having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Bank, the Bank and its subsidiaries ("**Group**"), the Programme and the Notes which is material in the context of the issue and offering of the Notes (including all information required by applicable laws, regulations and the listing rules of the relevant stock exchange, being the HKSE, the SGX-ST and/or such other stock exchange or market on which any Notes may be listed or admitted to trading, which, according to the particular nature of the Branch Issuer, the Bank, the Group, the Programme and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Bank and the Group and of the rights attached to the Notes), (ii) all statements contained in this Offering Circular are in every material particular true and accurate and not misleading, (iii) the statements of intention, opinion, belief or expectation with respect to the Bank and the Group contained in this Offering Circular are honestly and reasonably made or held and have been reached after considering all relevant circumstances, (iv) there are no other facts in relation to the Bank, the Group, the Programme and the Notes the omission of which would, in the context of the issue of the Notes, make any statement in this Offering Circular misleading in any material respect and (v) all reasonable enquiries have been made by the Bank to ascertain such facts and to verify the accuracy of all such statements in this Offering Circular.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the relevant Branch Issuer, the Bank and the Group. Each of the relevant Branch Issuer and the Bank accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Listing of the Programme or any Series of Notes on the HKSE and/or the SGX-ST is not to be taken as an indication of the merits of the relevant Branch Issuer, the Bank, its subsidiaries and associated companies (if any), the Group, the Programme or such Series of Notes. In making an investment decision, investors must rely on their own examination of the relevant Branch Issuer, the Bank and the terms of the offering of the Notes, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

MiFID II Product Governance/Target Market - The Pricing Supplement in respect of any Notes may include a legend entitled "**MiFID II Product Governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR Product Governance/Target Market - The Pricing Supplement in respect of any Notes may include a legend entitled "**UK MiFIR Product Governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product

Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Important - EEA Retail Investors - If the Pricing Supplement in respect of any Notes includes a legend entitled "**Prohibition of Sales to EEA Retail Investors**", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the EU Prospectus Regulation). Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Important - UK Retail Investors - If the Pricing Supplement in respect of any Notes includes a legend entitled "**Prohibition of Sales to UK Retail Investors**", such Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. Consequently, no disclosure document required by the DISC for offering, selling or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Notes or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.

Singapore SFA Product Classification - The Pricing Supplement in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to Section 309B(1) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**"). If applicable, the relevant Issuer will make a determination and provide the appropriate written notification to "relevant persons" in relation to each issue about the classification of the Notes being offered for the purposes of Section 309B(1)(a) and Section 309B(1)(c) of the SFA.

No person is or has been authorised by the relevant Branch Issuer or the Bank to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the relevant Branch Issuer, the Bank, or any of the Arrangers or the Dealers or the Agents. Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes should be considered as a recommendation by any of the relevant Branch Issuer, the Bank, any Arranger, any Dealer or any Agents that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. This Offering Circular does not take into account the objectives, financial situation or needs of any potential investor. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Branch Issuer and the Bank. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the relevant Branch Issuer, the Bank, any Arranger, any Dealer or any Agents to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the relevant Branch Issuer, the Bank or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the relevant Branch Issuer, the Bank or the Group since the date hereof or the date upon which this Offering Circular has

been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Notes are being offered and sold outside the United States and (in the case of an offering or sale in reliance on Category 2 of Regulation S under the Securities Act) to non-U.S. persons in reliance on Regulation S. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of this Offering Circular, see "*Subscription and Sale*" and the relevant Pricing Supplement.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. None of the relevant Branch Issuer, the Bank, any Arranger, any Dealer or any Agent makes any representation to any investor in the Notes regarding the legality of its investment under any applicable law. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions.

None of the relevant Branch Issuer, the Bank, the Arrangers, the Dealers or the Agents represents that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Pricing Supplement, no action has been taken by the relevant Branch Issuer, the Bank, the Arrangers, the Dealers or the Agents which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the EEA, the United Kingdom, Japan, the PRC, Hong Kong, Singapore, Macau and Taiwan. See "*Subscription and Sale*" and the relevant Pricing Supplement.

None of the Arrangers, the Dealers or the Agents independently verified the information contained herein. To the fullest extent permitted by law, none of the Arrangers, the Dealers or the Agents accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by any Arranger, Dealer or Agent on its behalf in connection with the relevant Branch Issuer, the Bank, the Programme or the issue and offering of the Notes. Each of the Arrangers, Dealers and Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any financial statements of the Bank or the Group are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the relevant Branch Issuer, the Bank, the Arrangers, the Dealers and the Agents that any recipient of this Offering Circular or any financial statements of the Bank or the Group should purchase the Notes. Each potential investor of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Arrangers, the Dealers or the Agents undertakes to review the financial condition or affairs of the relevant Branch Issuer, the Bank or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arrangers, the Dealers or the Agents.

From time to time, in the ordinary course of business, certain of the Dealers and their affiliates have provided advisory and investment banking services, and entered into other commercial transactions with the Bank and its affiliates, including commercial banking services, for which customary compensation has been received. It is expected that the Dealers and their affiliates will continue to provide such services to, and enter into such transactions with, the Bank and its affiliates in the future.

The Dealers or certain of their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution.

In making an investment decision, each potential investor must rely on its own examination of the relevant Branch Issuer, the Bank or the Group and the terms of the Notes being offered, including the merits and risks involved. The Bank (or, as the case may be, the relevant Branch Issuer) does not, and the Arrangers, the Dealers and the Agents do not, make any representation regarding the legality of investment under any applicable laws.

Potential investors should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

Important Notice to Prospective Investors Pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct

Prospective investors should be aware that certain intermediaries in the context of certain offerings of Notes pursuant to this Programme (each such offering, a "**CMI Offering**"), including certain Dealers, may be "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("**OCs**") for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the relevant Branch Issuer, the Bank, a CMI or its group companies would be considered under the SFC Code as having an association ("**Association**") with the relevant Branch Issuer, the Bank, the CMI or the relevant group company. Prospective investors associated with the relevant Branch Issuer, the Bank or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order, prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by relevant Branch Issuer or the Bank, as the case may be, to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant CMI Offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate. Details of any such rebate will be set out in the applicable Pricing Supplement or otherwise notified to prospective investors. If a prospective investor is an asset management arm affiliated with any relevant Dealer, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Dealer or its group company has more than 50 per cent. interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in

relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any relevant Dealer, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Dealer when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Dealers and/or any other third parties as may be required by the SFC Code, including to the relevant Branch Issuer, the Bank, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISATION MANAGER(S) (THE "STABILISATION MANAGER(S)") (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN THE APPLICABLE PRICING SUPPLEMENT MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

In this Offering Circular, unless otherwise specified, references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China, all references to the "**PRC**" or "**China**" are to the People's Republic of China, excluding Taiwan, Hong Kong and the Macau Special Administrative Region, references to "**U.S.$**", "**U.S. dollars**" or "**USD**" are to the lawful currency of the United States of America, references to "**Renminbi**" or "**RMB**" are to the lawful currency of the PRC, and references to "**Hong Kong dollars**" or "**HK$**" are to the lawful currency of Hong Kong.

In this Offering Circular, unless otherwise specified, references to:

- the "**Bank**" are to Shanghai Pudong Development Bank Co., Ltd. and, as the context may require, its subsidiaries;
- the "**Issuer**" are to the Bank or, in respect of any Tranche of Notes issued by a Branch Issuer, such Branch Issuer as specified in the relevant Pricing Supplement;
- the "**branch outlet**" include the head office, branches and outlets and other establishments of the Bank;
- a "**business day**" are to a day that is not Saturday, Sunday or a public holiday in Hong Kong; and

- the terms "**associate**", "**subsidiary**" and "**substantial shareholder**" shall have the meanings given to such terms in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, unless the context otherwise requires.

Presentation of Financial Information

This Offering Circular contains the audited consolidated financial information of the Bank as at and for the years ended 31 December 2023, 2024 and 2025, and the unaudited and unreviewed consolidated quarterly financial information of the Bank as at and for the three months ended 31 March 2025 and 2026. The audited consolidated financial information of the Bank as at and for the years ended 31 December 2023, 2024 and 2025 has been extracted from the Bank's published audited consolidated financial statements for the year ended 31 December 2024 (the "**Group's 2024 Financial Statements**") and the Bank's published audited consolidated financial statements for the year ended 31 December 2025 (the "**Group's 2025 Financial Statements**"), both of which have been audited by KPMG Huazhen LLP ("**KPMG**").

The audited consolidated financial statements of the Bank were prepared in accordance with the IFRS Accounting Standards ("**IFRS**"), issued by the International Accounting Standards Board (the "**IASB**"). The unaudited and unreviewed consolidated quarterly financial information were prepared in accordance with the Accounting Standards for Business Enterprise in China ("**PRC GAAP**"). PRC GAAP differs in certain respects from IFRS. This Offering Circular does not contain a reconciliation of the financial information presented in PRC GAAP and related footnote disclosures to IFRS. Had the unaudited and unreviewed consolidated quarterly financial statements been prepared in accordance with IFRS, the presentation of the Bank's results of operations and financial position may have been materially different. Accordingly, in making an investment decision, potential investors should consult their own professional advisers for an understanding of the differences between PRC GAAP and IFRS and how these differences might affect the financial information stated herein. The quarterly financial information should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review. Potential investors should exercise caution when using such data to evaluate the Bank's financial condition and results of operations.

The audited consolidated financial statements of the Bank have been prepared in Chinese only (the "**Chinese Financial Statements**"), which can be downloaded free of charge from the websites of the Shanghai Stock Exchange at http://www.sse.com.cn and the Bank at http://www.spdb.com.cn, respectively. Such Chinese Financial Statements are deemed to be incorporated in, and to form part of, this Offering Circular. The Bank has prepared the English translations of its audited consolidated financial statements as at and for the years ended 31 December 2024 and 2025, which are included elsewhere in this Offering Circular for reference only.

Should there be any inconsistency between the Chinese Financial Statements and the English translations, the Chinese Financial Statements shall prevail. The English translations do not constitute audited or, as the case may be, unaudited financial statements, and are qualified in their entirety by, and are subject to the financial information set out or referred to in, the Chinese Financial Statements.

The Arrangers and Dealers have not independently verified or checked the accuracy of the English translations and can give no assurance that the information contained in the English translations is accurate, truthful or complete.

From 1 January 2023, the Bank adopted new amendments to IFRS (including IASs and its amendments) that are effective in 2023 to its accounting policies, including IFRS 17 - Insurance Contracts and its amendments, the Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies, the Amendments to IFRS 8 - Definition of accounting estimate and the Amendments to IFRS 12 - Deferred tax related to assets and liabilities arising from single transaction.

From 1 January 2024, the Bank adopted new amendments to IFRS (including IASs and its amendments) that are effective in 2024 to its accounting policies, including the amendments to IFRS 16 - Lease liabilities in a Sale and Leaseback, the Amendments to IAS 1 - Classification of Liabilities as Current or Non-current, the Amendments to IAS 1 - Non-current Liabilities with Covenants and the Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements.

From 1 January 2025, the Bank adopted new amendments to IFRS (including IASs and its amendments) that are effective in 2025 to its accounting policies, including the Amendments to IAS 21 - Lack of Exchangeability.

The initial adoption of the above amendments did not have any material impact on the financial position and financial performance of the Bank.

Unless otherwise stated, all financial data contained herein which is stated as relating to the Bank is referring to the consolidated data of the Bank.

In this Offering Circular, because certain amounts have been rounded, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items, and actual numbers may differ from those contained herein due to rounding.

Documents Incorporated by Reference

With respect to any Notes issued by the Bank or any Branch Issuer, this Offering Circular shall be read and construed in accordance with (i) each relevant Pricing Supplement, (ii) the most recently published audited consolidated annual financial statements of the Bank and the most recently published unaudited but reviewed condensed interim financial statements of the Bank prepared under the International Accounting Standards 34 ("**IAS 34**"), in each case published from time to time after the date of this Offering Circular, and in each case together with any audit or review reports prepared in connection therewith, (iii) the most recently published unaudited and unreviewed consolidated quarterly reports of the Bank prepared under PRC GAAP, published subsequent to the date of this Offering Circular, and (iv) all amendments and supplements from time to time to this Offering Circular, each of which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with the contents of this Offering Circular.

The Bank publishes its consolidated semi-annual interim reports in respect of the six months ended 30 June of each financial year. A copy of the semi-annual interim reports can be found on the website of the Shanghai Stock Exchange. The semi-annual interim reports have not been, and will not be, audited by the Bank's auditors and were and will be prepared under IAS 34 issued by the IASB.

The Bank publishes its consolidated quarterly reports in respect of the three months ended 31 March and 30 September of each financial year. A copy of the quarterly reports can be found on the website of the Shanghai Stock Exchange. The quarterly reports have not been, and will not be, audited or reviewed by the Bank's auditors and were and will be prepared under PRC GAAP.

Each of the semi-annual and quarterly reports should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or, as applicable, review. Potential investors should exercise caution when using such data to evaluate the Bank's financial condition and results of operations. Each of the semi-annual and quarterly reports should not be taken as an indication of the expected financial condition or results of operations of the Bank for the relevant full financial year.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available (upon written request) for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) from the specified office of the Bank and of the Fiscal Agent (as defined below) as set out on the last page of this Offering Circular.

Supplemental Offering Circular

The Bank or the relevant Branch Issuer shall prepare and publish a new offering circular or a supplement to this Offering Circular (i) on or before each anniversary of the date of this Offering Circular, and (ii) in the event that a significant new factor, material mistake or material inaccuracy relating to the information included in this Offering Circular arises or is noted which is capable of affecting the assessment of any Notes which may be issued under the Programme. The Bank or the relevant Branch Issuer, as the case may be, shall procure that any

such supplement to this Offering Circular or any such new offering circular is made available to the public in accordance with the requirements of any competent authorities, stock exchanges and/or quotation systems on which Notes are admitted to listing, trading and/or quotation, and shall deliver to the Dealers, without charge, from time to time as requested as many copies of any such supplement to the Offering Circular or any such new offering circular as the Dealers may reasonably request.

Special Note on Forward-Looking Statements

Certain statements under "*Risk Factors*", "*Description of the Bank*" and elsewhere in this Offering Circular constitute "forward-looking statements". The words including "**believe**", "**expect**", "**plan**", "**anticipate**", "**schedule**", "**estimate**", "**may**", "**will**" and similar words or expressions identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position, business strategy, prospects, capital expenditure and investment plans of the Bank and the plans and objectives of the Bank's management for their future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Bank to differ materially from those expressed or implied by such forward-looking statements. Reliance should not be placed on these forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Bank's present and future business strategies and the environment in which the Bank will operate in the future. The Bank expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Bank's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under "*Risk Factors*", "*Description of the Bank*" and elsewhere, important factors that could cause actual results to differ materially from the Bank's expectations. All subsequent written and forward-looking statements attributable to each of the Bank or persons acting on behalf of each of them are expressly qualified in their entirety by such cautionary statements.

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OVERVIEW

The summary below is only intended to provide a limited overview of the information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety.

Overview

The Bank is a national joint-stock commercial bank founded on 28 August 1992. The Bank commenced business on 9 January 1993 and was listed on the Shanghai Stock Exchange (Stock Code: 600000.SS) on 10 November 1999, becoming the first commercial bank listed on the Shanghai Stock Exchange following the promulgation of the PRC Securities Law.

The Bank's principal business activities are corporate banking, retail banking and financial market and financial institution business. As at 31 December 2025, the Bank had 42 tier-one branches (including the Hong Kong Branch, Singapore Branch and London Branch) and a total of 1,718 banking outlets, covering 31 provinces, autonomous regions and municipalities directly under the central government, Hong Kong, Singapore and London. In alignment with China's regional development strategies, the Bank advanced differentiated innovation in operating models across key regions. It focused on the Yangtze River Delta, the Beijing-Tianjin-Hebei region, the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Economic Belt and the Chengdu-Chongqing Economic Circle, while continuing to expand its nationwide footprint.

As at 31 December 2023, 2024 and 2025, the Bank held RMB9,007.2 billion, RMB9,461.9 billion and RMB10,081.7 billion in total assets, respectively, RMB4,904.7 billion, RMB5,269.2 billion and RMB5,572.5 billion in loans and advances to customers, respectively, and RMB5,060.3 billion, RMB5,229.3 billion and RMB5,653.4 billion in total deposits from customers, respectively. For the years ended 31 December 2023, 2024 and 2025, the Bank's net profit attributable to shareholders of the Bank amounted to RMB36,702 million, RMB45,257 million and RMB50,017 million, respectively. In June 2025, the Bank ranked 141st on the Forbes Global 2000 list, being 11th among the Chinese banks on the list. In July 2025, the Bank ranked 19th regarding to the Tier 1 capital on the Top 1000 World Banks list released by The Banker, being tenth among the Chinese-funded banks on the list. In August 2025, the Bank ranked 309th on the Fortune Global 500 list, being eighth among the Chinese banks on the list, demonstrating its sound competitiveness. Furthermore, it is one of the few domestic joint-stock commercial banks rated above investment grade by each of the Big Three credit rating agencies. It ranked seventh among the "Top 100 Shanghai Enterprises" and fifth among the "Top 100 Shanghai Service Enterprises" by the Shanghai Enterprise Federation in 2021.

As at the date of this Offering Circular, the Bank has a Long-Term Foreign-Currency Issuer Default Rating of BBB+ by Fitch Ratings, Inc., issuer credit ratings of BBB (long-term) and A-2 (short-term) by S&P Global Ratings and deposit ratings of Baa2 (long-term) and Prime-2 (short-term) by Moody's Investors Service, Inc. All of the Bank's rating outlooks are stable. These ratings reflect the Bank's consistent execution of its business strategy and solid financial performance over the past years.

As a dedicated financial services provider, the Bank is also committed to corporate citizenship and fulfilling its social responsibility. In 2024, the Bank was named an Advanced Institution in the overall evaluation of green banks by the China Banking Association, recognised as an Outstanding Institution for Green Financial Services and received the Excellent Case Award for Green Financial Services by the Shanghai Banking Association. In 2022, the Bank received the "1st Shanghai Charity Awards" under the category of Charitable Enterprises by Shanghai Municipal People's Government. The Bank was also named among the "Fortune China ESG Impact List" by Fortune magazine in the same year. In 2020, the Bank was granted the "Excellent Case of Social Responsibility Communication" by China Banking and Insurance News.

Strengths

The Bank's principal strengths include:

- strong support from substantial shareholders and geographic advantages allow the Bank to establish itself as the flagship Shanghai bank;
- with a focus on more economically developed regions, the Bank has established an extensive distribution network and a diversified service channel throughout the PRC;
- the Bank has achieved steady development through adopting a customer-oriented strategy;
- the Bank has achieved leading profitability and continues to strengthen its business structure and capital base;
- all-round digital operation and continued innovation; and
- the Bank's experienced management team leads the Bank in maintaining its core competitiveness.

Recent Developments

2026 First Quarter Results

On 29 April 2026, the Bank published the unaudited and unreviewed consolidated quarterly financial information of the Bank as at and for the three months ended 31 March 2026 on the website of Shanghai Stock Exchange. A summary of such financial information has been set forth in "*Summary Financial Information of the Bank*" in this Offering Circular.

The unaudited and unreviewed consolidated quarterly financial information of the Bank as at and for the three months ended 31 March 2026 have not been audited or reviewed by a certified public accountant, and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. None of the Bank, the Group, the Arrangers, the Dealers or their respective directors, officers, employees, agents, affiliates or advisers makes any representation or warranty, express or implied, regarding the sufficiency of such unaudited and unreviewed consolidated quarterly financial information for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Bank's financial condition and results of operations. In addition, the unaudited and unreviewed consolidated quarterly financial information of the Bank as at and for the three months ended 31 March 2026 should not be taken as an indication of the expected financial condition or results of operations of the Bank for the full financial year ending 31 December 2026.

Changes in the List of Directors and Senior Management Personnel of the Bank

Since 31 December 2025, there have been further changes in the list of directors and senior management personnel of the Bank as disclosed on the website of the Shanghai Stock Exchange. For further details relating to the current list of directors, supervisors and senior management personnel of the Bank, please see "*Directors, Supervisors and Senior Management*" in this Offering Circular.

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Offering Circular have the same meanings in this summary.

Bank	Shanghai Pudong Development Bank Co., Ltd. (LEI: 300300C1031031001330).
Issuer	The Bank or, in respect of any Tranche of Notes issued by a Branch Issuer, such Branch Issuer as specified in the relevant Pricing Supplement.
Programme Size	Up to U.S.$5,000,000,000 (or the equivalent in other currencies calculated as described in the Dealer Agreement) outstanding at any time. The Bank may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Risk Factors	Investing in the Notes issuable under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Bank, or, as the case may be, a Branch Issuer to fulfil its obligations in respect of the Notes, and risk factors that are material for the assessment of market risks associated with Notes issued under the Programme, are discussed under the section "*Risk Factors*" below.
Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Arrangers and Dealers	Citigroup Global Markets Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Shanghai Pudong Development Bank Co., Ltd. Singapore Branch and SPDB International Capital Limited. The Bank may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. In relation to a particular Tranche of Notes, the relevant Issuer may appoint additional dealers. References in this Offering Circular to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

Fiscal Agent and Calculation Agent	The Bank of New York Mellon, London Branch.
Principal Registrar and Principal Transfer Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch.
CMU Lodging and Paying Agent, CMU Registrar and CMU Transfer Agent	The Bank of New York Mellon, Hong Kong Branch.
Calculation Agent	The Bank of New York Mellon, London Branch as appointed by the Bank or, as the case may be, the relevant Branch Issuer, in respect of a Series of Notes pursuant to the terms of the Agency Agreement or such other Person in each case as specified in the relevant Pricing Supplement as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Pricing Supplement.
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest and their issue price), and intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment date of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the Pricing Supplement.
Clearing Systems	Euroclear, Clearstream, the CMU operated by the HKMA and, in relation to any Tranche, such other clearing system as may be agreed between the relevant Issuer, Fiscal Agent, the CMU Lodging and Paying Agent and the relevant Dealer(s).
Form of the Notes	Notes may be issued in bearer form or in registered form. Registered Notes will not be exchangeable for Bearer Notes and *vice versa*. No single Series or Tranche may comprise both Bearer Notes and Registered Notes. Each Tranche of Bearer Notes will initially be represented by a Temporary Global Note or a Permanent Global Note, as specified in the applicable Pricing Supplement. Each Global Note will be deposited on or around the relevant issue date with a common depositary for Clearstream and/or Euroclear and/or, in respect of CMU Notes, a sub-custodian for the CMU and/or, as the case

	may be, any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Pricing Supplement, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Pricing Supplement as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons. Registered Notes will initially be represented by Global Note Certificates. Global Note Certificates representing Registered Notes will be registered in the name of a nominee for one or more of Euroclear and Clearstream and/or, in respect of CMU Notes, a sub-custodian for the CMU, as operated by the HKMA.
Currencies	Notes may be denominated in any currency or currencies, agreed between the relevant Issuer and the relevant Dealer(s) subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of the Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.
Denominations	Notes will be issued in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Maturities	Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Negative Pledge	So long as any Note remains outstanding (as defined in the Agency Agreement), the Bank shall not, and the Bank shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto securing the Notes equally and rateably therewith or providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of Noteholders.

NDRC Post-issue Filing	Where the NDRC Measures applies to the Tranche of Notes to be issued, the Branch Issuer (acting through the Bank) or, as the case may be, the Bank undertakes to (i) file or cause to be filed with the NDRC the requisite information and documents within the relevant prescribed timeframes from time to time after the relevant Issue Date in accordance with the NDRC Measures; and (ii) comply with the NDRC Measures and other obligations required by the NDRC as it applies to such Tranche of Notes (the "**NDRC Post-issue Filing**").
PBOC Post-issue Filing	Where the PBOC Circular applies to the Tranche of Notes to be issued, the Bank undertakes to provide or cause to be provided a notification of the requisite information and documents in connection with such Tranche of Notes to the PBOC and/or SAFE within the prescribed timeframe after the relevant Issue Date in accordance with the PBOC Circular (the "**PBOC Post-issue Filing**"). The Bank shall complete the PBOC Post-issue Filing and obtain such document(s) evidencing due filing with the PBOC and/or SAFE within the prescribed timeframe (if any) and shall comply with all applicable PRC laws and regulations in connection with the Notes. The Bank shall within 15 PRC Business Days after completion of such PBOC Post-issue Filing give notice to the Noteholders and Couponholders in accordance with Condition 20 (*Notices*).
NAFR Reporting	Where the NAFR Measures applies to the Tranche of Notes to be issued, the Bank undertakes to complete the reporting in connection with such Tranche of Notes to the NAFR (if applicable) within the prescribed timeframe after the relevant Issue Date in accordance with the NAFR Approval (the "**NAFR Reporting**"). The Bank shall complete the NAFR Reporting and obtain such document(s) evidencing due reporting with the NAFR within the prescribed timeframe (if any) and shall comply with all applicable PRC laws and regulations in connection with the Notes. The Bank shall within 15 PRC Business Days after completion of such NAFR Reporting give notice to the Noteholders and Couponholders in accordance with Condition 20 (*Notices*).
PBOC Reporting	Where the PBOC Service Guidance applies to the Tranche of Notes to be issued, the Bank undertakes to complete the reporting in connection with such Tranche of Notes to the PBOC (if applicable) within the prescribed timeframe after the relevant Issue Date in accordance with the PBOC Approval (the "**PBOC Reporting**").

	The Bank shall complete the PBOC Reporting and obtain such document(s) evidencing due reporting with the PBOC within the prescribed timeframe (if any) and shall comply with all applicable PRC laws and regulations in connection with the Notes. The Bank shall within 15 PRC Business Days after completion of such PBOC Reporting give notice to the Noteholders and Couponholders in accordance with Condition 20 (*Notices*).
Events of Default	Events of Default for the Notes are set out in Condition 14 (*Events of Default*).
Cross-acceleration	The Notes will contain a cross-acceleration provision as further described in Condition 14(c) (*Cross-acceleration of Bank or Subsidiary*).
Withholding Tax	All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of a Tax Jurisdiction or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law.
Status of the Notes	The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Redemption	Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Pricing Supplement. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Pricing Supplement.
Optional Redemption	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement as described in Condition 10(c) (*Redemption at the option of the Issuer*) and/or the Noteholders to the extent (if at all) specified in Condition 10(e) (*Redemption at the option of Noteholders*).
Tax Redemption	Except as described in "*Optional Redemption*" above, early redemption will only be permitted for tax reasons as

	described in Condition 10(b) (*Redemption for tax reasons*).
Listing and Trading	Application has been made to the HKSE for the listing of the Programme on the HKSE under which Notes may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the HKSE. Notes listed on the HKSE are required to have a denomination of at least HK$500,000 (or its equivalent in other currencies). Application has been made to the SGX-ST for permission to deal in and quotation for any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes, if traded, will be traded on the SGX-ST in a board lot size of at least S$200,000 (or its equivalent in other currencies). Unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the HKSE or the SGX-ST or listed, traded or quoted on or by any other competent authority, exchange or quotation system.
Governing Law	The Notes, the Deed of Covenant and the Agency Agreement and any non-contractual obligations arising out of or in connection with the Notes, the Deed of Covenant and the Agency Agreement are governed by English law.
Initial Delivery of the Notes	On or before the issue date for each Series, the Global Note representing Bearer Notes or the Global Note Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and/or Clearstream and/or, in respect of CMU Notes, deposited with a sub-custodian for the HKMA as operator of the CMU or deposited with a depositary or sub-custodian for any other clearing system or may be delivered outside any clearing system **provided** that the method of such delivery has been agreed in advance by the relevant Issuer, the Fiscal Agent, the CMU Lodging and Paying Agent, the Principal Registrar, the CMU Registrar and the relevant Dealers.

Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of a nominee for or the operator of, such clearing systems.

SUMMARY FINANCIAL INFORMATION OF THE BANK

The following tables set forth the summary consolidated financial information of the Bank as at and for the periods indicated.

The selected financial information presented below as at and for the years ended 31 December 2023, 2024 and 2025 was prepared in accordance with IFRS, and is extracted from the Group's 2024 Financial Statements and the Group's 2025 Financial Statements, both of which were audited by KPMG.

The selected financial information presented below as at and for the three months ended 31 March 2025 and 2026 was prepared in accordance with PRC GAAP, and is extracted from the Group's consolidated quarterly financial statements as at and for the three months ended 31 March 2026, which have not been audited or reviewed by KPMG or any other auditors. The quarterly financial information should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or, as the case may be, a review. Potential investors should exercise caution when using such data to evaluate the Bank's financial condition and results of operations.

The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant consolidated financial statements of the Bank, including the notes thereto, included elsewhere in this Offering Circular.

SELECTED FINANCIAL INFORMATION

Summary of Consolidated Statements of Financial Position prepared in accordance with IFRS

	As at 31 December		
	2023	**2024**	**2025**
	(All amounts expressed in millions of RMB unless otherwise stated)		
Assets			
Cash and deposits with central bank	537,131	411,539	422,767
Deposits and placements with banks and other financial institutions	557,362	533,482	595,463
Precious metals	17,526	23,062	82,382
Derivative financial assets	56,311	89,590	93,440
Financial assets purchased under resale agreements	44,719	63,879	56,119
Loans and advances to customers	4,904,696	5,269,160	5,572,502
Financial investments			
- Financial investments at fair value through profit or loss	780,226	691,019	820,948
- Financial investments at amortized cost	1,271,082	1,326,638	1,250,256
- Financial investments at fair value through other comprehensive income	624,747	791,467	890,665
Investments in associates and joint ventures	2,825	1,807	8,274
Fixed assets	45,308	56,235	67,749
Construction in progress	1,982	1,272	1,968
Right-of-use assets	7,150	6,350	5,535
Intangible assets	9,767	9,584	9,217
Goodwill	5,351	5,351	5,351

	As at 31 December		
	2023	**2024**	**2025**
	(All amounts expressed in millions of RMB unless otherwise stated)		
Deferred income tax assets	71,598	75,261	85,166
Other assets	69,466	106,184	113,944
Total assets	**9,007,247**	**9,461,880**	**10,081,746**
Liabilities			
Borrowing from central bank	235,242	118,442	139,039
Deposits and placements from banks and other financial institutions	1,293,709	1,221,605	1,773,689
Financial liabilities at fair value through profit or loss	10,207	33,172	66,863
Derivative financial liabilities	52,293	78,575	81,292
Financial assets sold under repurchase agreements	519,784	505,962	305,914
Deposits from customers	5,060,344	5,229,282	5,653,358
Income tax payable	21,798	17,060	17,775
Debt securities issued	1,011,653	1,419,972	1,140,416
Deferred income tax liabilities	1,014	630	629
Lease liabilities	6,871	6,013	5,152
Provisions	7,753	7,810	8,100
Other liabilities	53,695	78,576	65,089
Total liabilities	**8,274,363**	**8,717,099**	**9,257,316**
Equity			
Share capital	29,352	29,352	33,306
Other equity instruments	112,691	82,701	79,919
Capital reserves	81,762	81,921	134,461
Surplus reserves	188,929	192,222	196,551
General risk reserves	101,575	106,696	115,675
Other reserves	2,107	13,036	6,039
Retained earnings	208,333	230,401	250,963
Equity attributable to the shareholders of the Bank	724,749	736,329	816,914
Non-controlling interests	8,135	8,452	7,516
Total equity	**732,884**	**744,781**	**824,430**
Total liabilities and equity	**9,007,247**	**9,461,880**	**10,081,746**

Summary of Consolidated Statements of Comprehensive Income prepared in accordance with IFRS

	For the year ended 31 December		
	2023	**2024**	**2025**
	(All amounts expressed in millions of RMB unless otherwise stated)		
Interest income	297,598	288,125	265,116

	For the year ended 31 December		
	2023	**2024**	**2025**
	(All amounts expressed in millions of RMB unless otherwise stated)		
Interest expense	(179,163)	(173,408)	(144,633)
Net interest income	118,435	114,717	120,483
Fee and commission income	32,035	29,788	29,397
Fee and commission expense	(7,582)	(6,972)	(6,672)
Net fee and commission income	24,453	22,816	22,725
Net trading gains	19,587	20,912	14,370
Net gains arising from financial investments	7,122	7,451	10,558
Other net operating income	3,740	5,884	5,769
Operating expenses	(56,005)	(54,151)	(54,788)
Impairment losses	(76,863)	(69,480)	(65,901)
Net gains arising from associates and joint ventures	223	217	158
Profit before income tax	40,692	48,366	53,374
Income tax expense	(3,263)	(2,531)	(2,969)
Net profit	**37,429**	**45,835**	**50,405**
Net profit attributable to:			
Shareholders of the Bank	36,702	45,257	50,017
Non-controlling interests	727	578	388
Other comprehensive income			
Items that may be reclassified to profit or loss			
Other comprehensive income recognized under equity method	(1)	2	-
Changes in fair value of debt investments at fair value through other comprehensive income recognized	3,460	10,795	(8,110)
Credit impairment allowance of debt investments at fair value through other comprehensive income	1,995	(954)	978
Cash flow hedge reserve	88	248	(241)
Exchange differences from the translations of foreign financial statements	179	74	(107)
Items that will not be reclassified to profit or loss			
Changes in fair value of equity instruments at fair value through other comprehensive income	(747)	878	383
Other comprehensive income, net of tax	4,974	11,043	(7,097)
Total comprehensive income	**42,403**	**56,878**	**43,308**
Total comprehensive income attributable to:			
Shareholders of the Bank	41,623	56,186	43,020
Non-controlling interests	780	692	288

Summary of Consolidated Statement of Financial Position prepared in accordance with PRC GAAP

	As at 31 December 2025	As at 31 March 2026
	(All amounts expressed in millions of RMB unless otherwise stated)	
Assets		
Cash and deposits with central bank	422,767	430,784
Deposits with banks and other financial institutions	130,131	126,499
Placements with banks and other financial institutions	465,332	449,271
Precious metals	82,382	118,727
Derivative financial assets	93,440	75,244
Financial assets purchased under resale agreements	56,119	79,855
Loans and advances to customers	5,572,502	5,696,879
Financial investments		
- Financial assets held for trading	820,948	822,508
- Debt investments	1,250,256	1,247,580
- Other debt investments	879,201	926,933
- Other equity investments	11,464	12,031
Long-term equity investments	8,274	8,303
Fixed assets	67,749	69,088
Construction in progress	1,968	2,244
Right-of-use assets	5,535	5,251
Intangible assets	9,217	8,931
Goodwill	5,351	5,351
Deferred income tax assets	85,166	88,295
Other assets	113,944	131,872
Total assets	**10,081,746**	**10,305,646**
Liabilities and equity		
Liabilities		
Borrowing from central bank	139,039	158,596
Deposits from banks and other financial institutions	1,414,528	1,475,686
Placements from banks and other financial institutions	359,161	360,686
Financial liabilities held for trading	66,863	148,013
Derivative financial liabilities	81,292	71,228
Financial assets sold under repurchase agreements	305,914	216,154
Deposits from customers	5,653,358	5,851,376
Employee benefits payable	10,109	5,838
Taxes payable	21,237	27,676
Debt securities issued	1,140,416	1,068,623
Deferred income tax liabilities	629	633
Lease liabilities	5,152	4,833

	As at 31 December 2025	As at 31 March 2026
	(All amounts expressed in millions of RMB unless otherwise stated)	
Provisions	8,100	7,665
Other liabilities	51,518	67,240
Total liabilities	**9,257,316**	**9,464,247**
Equity		
Share capital	33,306	33,306
Other equity instruments	79,919	79,919
Capital reserves	134,461	134,450
Other comprehensive income	6,039	5,616
Surplus reserves	196,551	196,551
General risk reserves	115,675	115,770
Retained earnings	250,963	268,159
Equity attributable to shareholders of the Bank	816,914	833,771
Minority interests	7,516	7,628
Total equity	**824,430**	**841,399**
Total liabilities and equity	**10,081,746**	**10,305,646**

Summary of Consolidated Statements of Comprehensive Income prepared in accordance with PRC GAAP

	For the three months ended 31 March	
	2025	2026
	(All amounts expressed in millions of RMB unless otherwise stated)	
Operating income	**45,922**	**46,573**
Interest income	67,302	65,427
Interest expense	(38,749)	(33,324)
Net interest income	28,553	32,103
Fee and commission income	8,312	8,033
Fee and commission expense	(1,677)	(1,760)
Net fee and commission income	6,635	6,273
Investment income	8,239	3,389
Other income	364	445
Gains or losses from change of fair value	(8)	3,101
Foreign exchange gains and losses	959	(175)
Other operating income	1,180	1,419

	For the three months ended 31 March	
	2025	**2026**
	(All amounts expressed in millions of RMB unless otherwise stated)	
Gains or losses on disposal of assets	-	18
Operating expense	**(25,758)**	**(24,784)**
Taxes and surcharges	(527)	(445)
General and administrative expenses	(11,290)	(10,435)
Impairment on credit losses	(13,421)	(13,222)
Impairment losses on other assets	(2)	(11)
Other operating expenses	(518)	(671)
Operating profit	**20,164**	**21,789**
Add: Non-operating income	2	6
Less: Non-operating expenses	(11)	(71)
Profit before income tax	**20,155**	**21,724**
Less: Income tax expense	(2,379)	(3,554)
Net profit for the period	**17,776**	**18,170**
Other comprehensive income	(6,081)	(471)
Other comprehensive income attributes to shareholders of the parent company, after tax	(6,040)	(423)
Items that may be reclassified to profit or loss	(5,979)	(436)
- Changes in fair value of other debt investments	(6,192)	(167)
- Credit impairment allowance of other debt investments	290	(107)
- Cash flow hedge reserve	67	(115)
- Translation differences arising from translation of foreign currency financial statements	(144)	(48)
Items that will not be reclassified to profit or loss	(61)	13
- Changes in fair value of equity instruments at fair value through other comprehensive income	(61)	13
Other comprehensive income attributes to minority interests, after tax	(41)	(48)
Total comprehensive income	**11,695**	**17,699**
Net profit attributable to:		
- Shareholders of the Bank	17,598	17,861
- Minority interests	178	309
Total comprehensive income attributable to:		
- Shareholders of the Bank	11,558	17,438
- Minority interests	137	261
Earnings per share (Expressed in RMB)		
Basic earnings per share	0.57	0.52
Diluted earnings per share	0.52	0.52

RISK FACTORS

Investors should carefully consider, together with all other information contained in this Offering Circular, the risks and uncertainties described below. The business, financial condition or results of operations of the Bank may be materially and adversely affected by any of these risks. The Bank believes the risks described below represent the principal risks inherent when considering an investment in the Notes. The risks described below are not the only ones relevant to the relevant Branch Issuer, the Bank or the Notes. Additional risks and uncertainties not presently known to the Bank, or which the Bank currently deems immaterial, may also have an adverse effect on an investment in the Notes.

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Bank's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular.

RISKS RELATING TO THE BANK'S BUSINESS

If the Bank is unable to realise collateral or guarantees securing its loans to cover the outstanding principal and interest balance of its loans, its financial condition and results of operations may be adversely affected.

A substantial portion of the loans offered by the Bank is secured by collateral. As at 31 December 2025, 32.70 per cent. and 4.46 per cent. of the loans offered by the Bank were secured by mortgages and pledges, respectively, and 24.96 per cent. were secured by guarantees. As at 31 December 2023, 2024 and 2025, the coverage ratio of the Bank's provisions for non-performing loans (representing the Bank's impaired loans as reflected in its consolidated financial statements) ("**NPL**") to the Bank's total NPLs was 173.51 per cent., 186.96 per cent. and 200.72 per cent., respectively. The amount of the Bank's allowances for impairment losses on loans is determined based on the Bank's assessment of factors that may affect the quality of the loans. These factors include, among others, the borrowers' financial condition, the ability of the guarantors of the borrowers to fulfil their obligations, the performance of the PRC's economy, the government's macroeconomic policies, interest rates, exchange rates and the legal and regulatory environment. Most of these factors are beyond the Bank's control. The adequacy of the Bank's allowances for impairment losses depends on the reliability of, and the Bank's skills in applying, the Bank's assessment system to estimate these losses, as well as the Bank's ability to collect, process and analyse relevant statistical data accurately.

The Bank's loan collateral primarily includes real estate and other financial and non-financial assets located in the PRC, the value of which may fluctuate or decline due to factors beyond the Bank's control, including macroeconomic factors affecting the PRC economy. In particular, an economic slowdown in the PRC may lead to a downturn in the PRC real estate market, which may in turn result in declines in the value of the collateral securing many of the Bank's loans to levels below the outstanding principal balance of such loans. Any significant decline in the value of the collateral securing the Bank's loans may result in a reduction in the amount the Bank can recover from collateral realisation and an increase in its impairment losses.

In the PRC, the procedures for liquidating or otherwise realising the value of non-cash collateral may be protracted, and it may be difficult to enforce claims in respect of such collateral. As a result, it may be difficult and time-consuming for the Bank to take control of or liquidate collateral securing NPLs. If the value of the Bank's collateral decreases to a level that is insufficient to cover the outstanding amounts for loans, or if the Bank is unable to realise the full value of collateral and guarantees securing its loans on a timely basis, it may materially and adversely affect the Bank's asset quality, financial condition and results of operations. In addition, the procedures for liquidating or otherwise realising the value of collateral of borrowers in China may be protracted, and the enforcement process in China may be difficult. According to a judicial interpretation issued by the Supreme People's Court of the PRC, effective from 21 November 2004 and amended in December 2008 and December 2020, courts may seal property necessary for the life of a borrower and their dependents, but may not auction, sell or use it to repay debt. Certain claims may also have priority over the Bank's collateral rights. For example, under the "PRC Enterprise Bankruptcy Law" promulgated on 27 August 2006 and effective from1 June 2007, claims raised by employees for arrears of pay as well as other fees incurred prior to 27 August 2006 take priority over collateral if other assets are insufficient. Failure to realise collateral in full or on a timely basis may adversely affect asset quality, business, financial condition and results of operations, and in turn the Bank's ability to service the Notes.

The Bank has granted loans to the real estate sector and any significant or extended downturn in, or change in national policies towards, the real estate sector may adversely affect the Bank's financial condition and results

of operations.

As at 31 December 2023, 2024 and 2025, the corporate loans offered by the Bank represented 56.62 per cent., 58.97 per cent. and 62.91 per cent. of the total loans offered by the Bank, respectively. As at 31 December 2025, the corporate loans offered by the Bank to the real estate sector represented approximately 7.01 per cent. of the total loans offered by the Bank. As at 31 December 2023, 2024 and 2025, the total amount of loans granted to the Bank's single largest customer accounted for 3.05 per cent., 2.99 per cent. and 2.90 per cent., respectively, of the Bank's net capital. The Bank's loans and advances to the real estate sector primarily comprise loans issued to real estate companies, including, among others, loans for real estate development and land reservation loans issued to companies specialising in land reservation.

With respect to its real estate loans, the Bank follows its credit risk management procedures strictly, including ongoing credit monitoring of borrowers' financial information and strictly enforcing repayment schedules. In addition, the Bank has strengthened the on-spot examinations of key business fields such as real estate loans. The Bank has instructed its branches to strengthen research on regional and local real estate market conditions, adjust credit guidelines applicable to real estate loans and implement different credit limits to reflect different levels of risk for these loans.

The PRC real estate market is subject to volatility and property prices have experienced significant fluctuations in recent years. The PRC government has in recent years imposed macroeconomic control measures aimed at preventing the real estate market from over-heating, such as setting minimum down payment requirements and minimum mortgage rates on residential housing purchases, imposing business taxes on the transfer of certain residential properties and levying mandatory personal income tax for second home sales. Such measures may adversely affect the growth of the Bank's loans related to real estate. In addition, if the real estate market in the PRC continues its downturn, the value of the real estate securing the Bank's loans may decrease, resulting in a reduction in the amount the Bank can recover on its loans in the event of default. This may in turn materially and adversely affect the Bank's asset quality, business, financial condition and results of operations.

Any deficiencies in the Bank's risk management and internal control system may adversely affect the Bank's financial condition and results of operations.

Financial and operational risks are inherent to the Bank's businesses. The Bank is required under relevant laws and regulations in the PRC to establish sound internal control policies and procedures with respect to its daily management and operation. Although systems and procedures are in place to identify and report on a timely basis the liquidity, foreign exchange, interest rate, credit, management and operational risks arising from the activities of the Bank's existing and proposed businesses, there can be no assurance that these systems and procedures are able to identify effectively all incidents of non-compliance or suspicious transactions in a timely manner or at all. In addition, the Bank cannot assure potential investors that its employees will be able to comply consistently with or correctly apply these policies and procedures. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions undertaken by the Bank to prevent and detect such activities may not be effective. The Bank may need to continue to improve its current, and implement new, policies and measures. There can be no assurance that misconduct will not occur in the future. In addition, many of the Bank's current systems have a significant manual component. There are additional risks inherent in any manual risk management system, including human error. The reliability of the systems and the information generated from them depends on, *inter alia*, the configuration and design of the systems, the built-in system control features and the internal control measures surrounding them. There can be no assurance that failure of the Bank's internal controls will not occur in future, which may cause a negative impact on the Bank.

The Bank has established its own relevant credit risk mechanism. Its mechanism involves detailed analysis of its borrowers' credit risk, taking into account both quantitative and qualitative factors. Therefore, the Bank may be exposed to risks associated with inaccurate assessments. The Bank's credit rating system is also limited by the information available to it and the credit history of its borrowers. The Bank may fail to identify potential risks relating to certain industries, including the real estate industry, and certain borrowers, including affiliated companies and group enterprises, on a timely basis given the resources and tools available to it. In addition, the Bank's employees may fail to enforce its credit policies and guidelines, such as monitoring loans after they are issued, which may increase the Bank's credit risk. If the Bank fails to enforce or improve its credit risk management policies and guidelines effectively, its business operations, financial results and reputation may be materially and adversely affected.

The Bank may be subject to litigation and regulatory investigations or proceedings and may not be successful in

defending itself against such litigation, investigations or proceedings.

The Bank faces risks of lawsuits and arbitration claims in the ordinary course of its business. Most of these proceedings are initiated by the Bank to enforce loan recovery, as well as litigation and arbitration resulting from disputes with customers. The claims and charges may involve actual damages and contractually agreed liquidated sums. If a judgment or award is rendered against the Bank, it would incur a loss against earnings to the extent a reserve had not been established for the matter in its financial statements, or to the extent the claims were not sufficiently covered by the insurance coverage of the Bank. If claims brought against the Bank or by the Bank are not resolved or settled through negotiation or mediation, the Bank may be involved in lengthy and costly litigation or arbitration proceedings, which may distract the Bank's financial and managerial resources. Amounts ultimately realised from a particular project or other claims by the Bank could differ materially from the balances included in the financial statements, resulting in a loss against earnings of the Bank to the extent profit has already been accrued on such project or other contract. Charges and write-downs associated with claims brought against the Bank may have a material adverse impact on the financial condition, results of operations and cash flow of the Bank. Moreover, legal proceedings resulting in judgments or findings against the Bank may harm its reputation and damage its prospects for future contract awards and business.

The Bank may also be subject to enquiries, investigations and/or proceedings by regulatory and other governmental agencies in the ordinary course of its business. Smaller penalties, on different branches of the Bank or branches' officers, may also be imposed by the NAFR or its provincial offices, as well as by the PBOC, for matters such as failure to comply with anti-money laundering background check requirements and non- compliance with requirements applicable to interbank deposits, security, failure to report audit findings to supervisory authorities and other administrative matters.

The Bank may not be able to detect or prevent fraud or other misconduct by its employees or third parties on a timely basis.

The Bank may be subject to fraud and other misconduct committed by its employees, customers or other third parties, which could adversely affect its business operations, financial results and reputation. Common weaknesses that facilitate fraud include inadequate segregation of duties, insufficient access controls and certain actions taken by employees which are not consistent with the Bank's internal control policies. Although the Bank has continuously sought to enhance management and supervision of its branches and/or branches' officers (including putting in place policies on employee conduct), as the branches have relatively significant autonomy in their operations and management within the scope of authorisation, the Bank cannot assure that it can always detect or prevent operational or management problems within its branches on a timely basis. While the Bank is implementing measures aimed at detecting and minimising employees' and third parties' misconduct and fraud, it may not always be able to detect or prevent such misconduct on a timely basis, and it may need to continue to improve its current, and implement new, policies and measures. If the Bank is unable to manage and supervise its branches and subsidiaries effectively, it may not be able to detect or prevent fraud or other misconduct of its employees or third parties on a timely basis, which may result in damage to its reputation and an adverse effect on its business, financial condition and results of operations arising from illegal actions taken, or as a result of any negative publicity arising from such illegal actions, by its current or past employees or by third parties. There have been previous instances of such fraud or other misconduct by branch employees which have led to investigations and convictions.

The Bank is subject to fluctuations in interest rates and currency exchange rates and other market risks.

The Bank's results of operations depend significantly on its net interest income, which represented 68.29 per cent., 67.18 per cent. and 69.26 per cent. of the Bank's operating income for the years ended 31 December 2023, 2024 and 2025, respectively. Fluctuations in interest rates could adversely affect the Bank's financial condition and results of operations in different ways. In addition, adjustments made by the PBOC to the benchmark interest rates on loans or deposits, or any changes in market interest rates, may negatively impact the Bank's financial condition and results of operations. For example, changes in the PBOC benchmark interest rates could affect the average yield on the Bank's interest-earning assets and the average cost on the Bank's interest-bearing liabilities to different extents and may narrow the Bank's net interest margin, leading to a reduction in the Bank's net interest income. In addition, an increase in interest rates for loans could result in increases in the financing costs of the Bank's customers, reduce overall demand for loans and increase the risk of customer default, while a reduction in interest rates for deposits could cause the Bank's depositors to withdraw their funds from the Bank. Moreover, the PRC government has gradually liberalised the regulation of interest rates in recent years. The upper limit of the interest rate floating range for RMB-denominated deposits was removed by the PBOC on 24 October 2015. On the other hand, the PBOC continues to liberalise the

restrictions on interest rates for loans. For example, on 20 July 2013, the PBOC eliminated the minimum interest rate requirements for RMB-denominated loans. Further liberalisation may result in greater interest rate volatility as well as intensified competition, both in deposit and lending businesses. Such competition could result in an increase in cost of funds and a decrease in pricing on loans, which in turn could lead to a decrease in the Bank's net interest income. In addition, despite the liberalisation of interest rate regulation which allows the Bank to charge different interest rates to borrowers with different credit ratings, the Bank may not be able to benefit from such liberalisation because it takes time for the Bank to change its lending practice and culture. A certain portion of the Bank's outstanding interest--earning assets and interest-bearing liabilities is denominated in foreign currencies. As a result, the Bank's financial condition and results of operations are also affected by fluctuations in the interest rates associated with these foreign currencies.

The Bank acts primarily as an intermediary in domestic and international foreign exchange and derivative markets, and it currently has exchange rate contracts, interest rate contracts and commodity derivatives contracts with a number of domestic and international banks, financial institutions and other entities. As a result, the Bank is subject to credit risk from the Bank's various counterparties. As at 31 December 2025, the notional amount of the Bank's outstanding derivative financial instruments amounted to RMB11,014,207 million, and the fair value of the Bank's outstanding derivative assets and liabilities amounted to RMB93,440 million and RMB81,292 million, respectively. Although the Bank cautiously evaluates the credit risks from its counterparties in derivative transactions and believes that the overall credit quality of its counterparties is adequate, there can be no assurance that parties with significant risk exposure will not have difficulty in fulfilling derivative contracts, which may cause losses for the Bank.

The Bank also engages in foreign exchange transactions and derives an amount of its income in foreign currencies. The Bank's overseas operations also require capital in foreign currencies. The Bank tries to minimise its foreign currency mismatch by managing the source and use of capital in foreign currencies. The Bank's ability to manage its foreign currency exposure is constrained by the limited market risk management and hedging tools available to it and the fact that Renminbi is yet to be freely convertible. To the extent the Bank's foreign currency-denominated assets and liabilities are not matched in the same currency or appropriately hedged, fluctuations in foreign currency exchange rates against Renminbi may adversely affect the Bank's financial condition, including its capital adequacy ratios. Fluctuations in foreign exchange rates may create foreign currency translation gains or losses.

A number of factors could potentially affect the PRC overall economy. The PRC economy could also be impacted by past or future global financial crises and the tightening of the global credit markets, which have in the past and may once again result in extreme volatility and dislocation of the global capital markets. Continued market uncertainties may also lead to more volatility in interest and foreign currency exchange rates. There can be no assurance that the Bank's business, financial condition and results of operations will not be materially and adversely affected by liquidity shortages and credit market disruptions as a result of events impacting the global economy, global markets and the PRC economy. For further details, please see "*Risks relating to the Global Economy and the PRC Economy - The uncertainties in the global economy, the global financial markets and, in particular, in the PRC and in the industries in which the Bank's loans are concentrated could materially and adversely affect the financial condition and results of operations of the Bank*".

There are operational risks associated with the Bank's industry which, if realised, may have an adverse impact on its business.

Like all other financial institutions, the Bank is exposed to many types of operational risks, including the risk of fraud, unauthorised transactions or other misconduct by employees (including the violation of regulations for the prevention of corrupt practices, and other regulations governing the Bank's business activities), or operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems. The Bank is further exposed to the risk that external vendors may be unable to fulfil their contractual obligations to it (or will be subject to the same risk of fraud or operational errors by their employees). Moreover, the Bank is exposed to the risk that its (or its vendors') business continuity and data security systems prove to be insufficient in case of a system failure or natural disaster.

Given the Bank's high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. In addition, the Bank's dependence upon automated systems to record and process transactions may further increase the risk of technical system flaws or employee tampering or manipulation of those systems that will result in losses that may be difficult to detect. The Bank may also be subject to disruptions of its operating systems arising from events that are wholly or partially beyond its control (including, for example, computer

viruses or electrical or telecommunication outages), which may give rise to a deterioration in customer service and to loss or liability to it. The Bank also faces the risk that the design of its controls and procedures may prove inadequate or are circumvented, thereby causing delays in detection of errors in information. Although, like all banks, the Bank maintains a system of controls designed to reduce operational risks to a reasonably low level, the Bank has suffered losses from operational risks and there can be no assurance that the Bank will not suffer material losses from operational risks in the future. The Bank's reputation could be adversely affected by the occurrence of any such events involving its employees, customers or third parties. In addition to internal factors that may affect the Bank's operations, the rapid growth and expansion of its business in recent years as compared to other banks may also have resulted in increasing complexity in its internal and external control systems and risk management measures, which may add to its operational risks.

The Bank or the Bank's customers may engage in certain transactions in or with countries or persons that are the subject of U.S. and other sanctions.

The United States imposes a range of economic sanctions against certain foreign countries, terrorists, international narcotics traffickers and those engaged in activities related to the proliferation of weapons of mass destruction. The U.S. sanctions are intended to advance certain U.S. foreign policy and national interests, such as discouraging certain countries from acquiring weapons of mass destruction or engaging in human rights abuses. The U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") is the principal government agency charged with administering and enforcing U.S. economic sanctions programmes. These economic sanctions, as administered by OFAC, generally apply to U.S. entities and, in certain cases, to foreign affiliates of U.S. entities, or to transactions that involve, in some manner, U.S. products or otherwise come within the jurisdiction of the United States. Other governments and international or regional organisations also administer similar economic sanctions. While the Bank is not currently engaged in any of these activities, if any of the Bank or its customers engages in any prohibited transactions by any means, or if it is otherwise determined that any of the Bank's transactions violated OFAC administered or other sanctions regulations, the Bank could be subject to penalties, and the Bank's reputation and ability to conduct future business in the United States or with U.S. entities, or in other affected jurisdictions, could be affected, which may materially and adversely affect the Bank's business, financial condition and results of operations.

The Bank may not manage risks associated with the replacement of benchmark indices effectively.

The Financial Stability Board has observed that the decline in interbank short-term unsecured funding poses structural risks for interest rate benchmarks that reference these markets. In response, regulators and central banks in various jurisdictions have convened national working groups ("**NWGs**") to identify alternative replacement 'risk-free' rates ("**RFRs**") for these interbank offered rates ("**IBORs**") and, where appropriate, to make recommendations that would facilitate an orderly transition to these RFRs.

Following the United Kingdom Financial Conduct Authority ("**FCA**") announcement on 27 July 2017 that it would no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021, the national working groups for the impacted currencies were tasked with providing guidance and support to financial and non-financial firms to help them facilitate an orderly transition of the relevant LIBORs to their chosen RFRs. The transition away from LIBOR has been completed as at September 2024.

The discontinuation of certain key IBORs such as LIBOR, the adoption of RFRs by the market, and the development of RFR products by the Bank, introduce a number of risks for the Bank, its clients, and the financial services industry. In particular, as products linked to RFRs are relatively new in the market, market conventions and practices for RFRs have a limited history and may continue to evolve over time, potentially resulting in additional risks and liabilities for the Group.

For further details relating to the discontinuation of IBORs, please see "*Risks relating to the Structure of a Particular Issue of Notes - Regulation of benchmarks may lead to future reforms or discontinuation*". If this risk materialises, it could have a material adverse effect on the Bank's business, financial condition, results of operations, prospects and customers.

The Bank's expanding range of products and services exposes it to new risks.

The Bank has been expanding, and intends to continue to expand, the range of its products and services. Expansion of its business activities and product range exposes the Bank to a number of risks and challenges, including the following:

- the Bank may not have sufficient experience or expertise in certain new products and services and may not compete effectively in these areas;
- the new products and services may not be accepted by the Bank's customers or meet its expectations for profitability;
- the new products and services may give rise to potential disputes or claims from customers;
- inability to hire or retrain personnel to conduct new activities;
- failure to obtain required regulatory approvals; and
- insufficient risk management and IT capabilities to support a broader suite of products and services.

If the Bank is unable to achieve the intended results from the expansion of its range of products and services, its business, financial condition and results of operations may be materially and adversely affected. In addition, if the Bank fails to identify and expand promptly into new areas of business to meet the increasing demand for certain products and services, the Bank may fail to maintain its market share or lose some of its existing customers.

The Bank is subject to credit and funding risks with respect to certain off-balance sheet commitments.

In the normal course of its business, the Bank makes commitments and provides guarantees which are not reflected as liabilities on its balance sheet, including commitments, certain guarantees and letters of credit relating to the performance of its customers. The Bank is subject to the credit risk of its customers as a result of these off-balance sheet undertakings. Over time, the creditworthiness of the Bank's customers may deteriorate and the Bank may be called upon to fulfil its commitments and guarantees in case any of its customers fail to perform their obligations owed to third parties. If the Bank is unable to obtain payment or other indemnification from its customers in respect of these commitments and guarantees, its business, financial condition and results of operations may be adversely affected.

The Bank may not be able to maintain the growth of its loan portfolio.

The growth of the Bank's loan portfolio may be affected by various factors, such as the PRC's macroeconomic policies and capital constraints. In the future, the growth rate of the Bank's loan portfolio may slow down, or the balance of the Bank's loan portfolio may even decline. In addition, in response to constraints on the Bank's regulatory capital, the Bank may adopt strategies to reduce the Bank's reliance on its loan portfolio and expand its activities in other businesses that require relatively lower capital. Any of the foregoing factors could impact the growth of the loan portfolio and thereby materially affect the Bank's business, financial condition and results of operations.

The Bank may not be able to maintain the growth rate of its retail banking business.

As one of the leading commercial banks in the PRC, the Bank may not be able to maintain its competitive position or sustain its growth rate due to increasing market saturation and competition, changes in government regulations in the banking industry in the PRC and other factors, any of which may adversely affect its business, financial condition and results of operations.

For example, on 23 February 2013, the State Council promulgated the Notice of the General Office of the State Council on Continuing Regulation and Control of Real Estate Market (國務院辦公廳關於繼續做好房地產市場調控工作的通知), which requires banking institutions to implement differentiated housing credit policies, further implement the policy of down payment ratio and mortgage rate for first time house buyers and tighten the credit policies for buyers of second or additional homes, and imposes a personal income tax on the profit generated from the sale of residential property. Such measures may slow down the development of the residential real estate market in the PRC, hinder the increase in residential mortgages and reduce the average amount of residential mortgages, and thus have a material adverse impact on the Bank's retail banking business. On 29 September 2014, the PBOC and the China Banking Regulatory Commission (the "**CBRC**", later known as the CBIRC, which has been replaced by the NAFR since May 2023) jointly promulgated the Notice on Further Improving Financial Services for Housing (關於進一步做好住房金融服務工作通知), which allows households owning only one residential property and having paid all mortgages on such property to enjoy the benefit of first-time home buyers under certain circumstances. Since August 2023, the Ministry of Housing and Urban-Rural Development ("**MOHURD**"), PBOC and NAFR have promulgated a series of relaxation policies, including the Notice on Optimising the Criteria for Determining the Number of Housing Units in Individual Housing Loans (住房城鄉建設部、中國人民銀行、金融監管總局關於優化個人住房貸款中住房套數

認定標準的通知) and the Notice on Adjusting and Optimising the Differential Housing Credit Policy (中國人民銀行、國家金融監督管理總局關於調整優化差別化住房信貸政策的通知). These policies have expanded the scope of buyers who qualify for first-time mortgage rates and reduced mortgage rates on existing first-home loans. Notwithstanding such relaxation policies, the PRC government has not abandoned its position that real estate should serve residential purposes instead of speculative investment and, as a result, it remains uncertain whether the latest relaxation policies, which are subject to further change and implementation by banks in the PRC, will alleviate the slowdown in the PRC's residential market and improve the performance of our retail banking business.

The rapid expansion of the Bank's retail banking business also increases its exposure to changes in economic conditions affecting Chinese consumers. For example, a slowdown in the PRC's economic development could adversely affect the ability of retail borrowers and credit card holders to make payments, thereby increasing the probability of defaults and reducing the demand for retail loans and credit cards. Such a slowdown may also reduce the demand for the Bank's non-interest-based products and services, which could result in a reduction in, among others, the Bank's credit card transaction volumes and sales of investment products. Accordingly, economic difficulties in the PRC that have a material adverse effect on PRC consumers could materially and adversely affect the Bank's business, financial condition and results of operations. For further details, please see "*Risks relating to the Global Economy and the PRC Economy - The uncertainties in the global economy, the global financial markets and, in particular, in the PRC and in the industries in which the Bank's loans are concentrated could materially and adversely affect the financial condition and results of operations of the Bank*".

The Bank is subject to supervision and inspection by regulators in jurisdictions where it operates.

The Bank is subject to supervision and inspection by the PRC's regulatory institutions, including the Ministry of Finance ("**MOF**"), the PBOC, the NAFR, the CSRC, the State Administration of Taxation ("**SAT**"), the State Administration of Industry & Commerce, the SAFE and the National Audit Office.

Furthermore, the Bank is also subject to inspection and supervision by regulatory institutions in locations where it operates and the Bank's branches and sub-branches must follow local laws, regulations and regulatory requirements of relevant local regulatory institutions. For example, the Hong Kong Branch is subject to supervision and inspection by the Hong Kong regulatory authorities, including the HKMA and the Securities and Futures Commission ("**SFC**") in Hong Kong. The Bank and its subsidiaries, as well as directors, officers or employees, have been subject to regulatory censure as may be announced by the Bank from time to time and there can be no assurance that the Bank's branches and sub-branches will be able to meet the applicable laws and regulatory requirements at all times. Any failure of the Bank to meet these requirements may result in fines, penalties or sanctions which may materially and adversely affect the Bank's operations, reputation, business, financial position and results of operations. For further details, please see "*Risks relating to the Bank's Business - The Bank may be subject to litigation and regulatory investigations or proceedings and may not be successful in defending itself against such litigation, investigations or proceedings*".

The Bank is subject to risks associated with derivatives transactions and investment securities.

The Bank enters into derivative transactions primarily for trading, asset and liability management, and on behalf of its customers. There are, among others, credit, market and operational risks associated with these transactions. In addition, despite the relatively well-developed market practice and documentation for derivative transactions in the international financial markets, the PRC's derivative transactions system is still in its early development stage and the PRC courts have limited experience in dealing with issues related to derivative transactions. This may further increase the risks associated with these transactions. As at 31 December 2025, the notional amount of the Bank's outstanding derivative financial instruments amounted to RMB11,014,207 million, and the fair value of the Bank's outstanding derivative assets and liabilities amounted to RMB93,440 million and RMB81,292 million, respectively. In addition, the Bank's ability to monitor, analyse and report these derivative transactions adequately is subject to the development of the Bank's information technology system. As a result, the Bank's financial condition and results of operations may be adversely affected by these derivative transactions.

The Bank may, from time to time, invest in securities including bonds, debentures or other financial instruments, both domestically issued in the PRC and offshore. Such investments are subject to credit, market, liquidity and other types of risks associated with such investments. The Bank will continue to closely follow the developments in the international financial markets and assess impairment allowances on related assets in a prudent manner. Any non-performance or default by the issuer of such securities or volatility of the markets or liquidity of the markets in which the relevant

securities are traded may have an adverse effect on the Bank's financial condition and results of operations.

The Bank's liquidity may be adversely affected if it fails to maintain deposit growth or if deposits significantly decrease.

Most of the funding requirements of the Bank's commercial banking operations are met through short-term funding, principally in the form of deposits, including customer and inter-bank deposits. While the Bank's short-term customer deposits have been a stable and predictable source of funding, there can be no assurance that the Bank will always be able to rely on this source of funding. If the Bank fails to maintain its deposit growth or if there is a significant decrease in its deposits, the Bank's liquidity position, business, financial condition and results of operations may be materially and adversely affected. Should any of these events occur, the Bank may need to seek more expensive sources of funding to meet its funding requirements.

In addition, the Bank may experience shortages of cash flow from time to time as a result of mismatches between the maturity of its income-generating assets and the maturity of its debts or funding needs. If the mismatches between the maturity of its assets and the maturity of its debts or funding needs widen significantly, the Bank's liquidity position could be materially and adversely affected. There can be no assurance that the Bank will be able to obtain additional capital source or financing based on acceptable terms or at all. The Bank may need to seek alternative sources of short-term or long-term funding to finance its operations, which may be more expensive than existing deposits. Furthermore, the Bank's ability to obtain additional funds may also be affected by other factors, including factors beyond the Bank's control, such as the deterioration of overall market conditions, disturbances to the financial markets or a downturn in the industries where it has substantial credit exposure. All of these factors may result in significant adverse effects on the Bank's liquidity, business, financial position and results of operations. See also "*Risks Relating to the PRC Banking Industry*" for additional information relating to the PRC banking regulatory regime.

The PRC regulators have implemented measures relating to lending to small and medium enterprises ("SMEs") and the Bank may be subject to future regulatory changes.

The CBRC (now the NAFR) has promulgated a series of measures, including the Guidance on Issues Relevant to Establishing Special Agencies for Small Business Lending by Banks (關於銀行建立小企業金融服務專營機構的指導意見) and the Notice on Further Supporting Commercial Banks' Improvement of Financial Services to Small Enterprises (關於支持商業銀行進一步改進小企業金融服務的通知), to encourage banking institutions to implement the PRC government's macroeconomic policies and, in particular, to support proactively continued healthy economic growth by increasing lending activities to SMEs while effectively controlling risk.

SMEs are more vulnerable to fluctuations in the macro-economy as compared to large enterprises due to relatively limited capital, management or other resources required to cope with the adverse impact of major economic or regulatory changes. In addition, SMEs may not be able to provide reliable information necessary for the Bank to assess the credit risks involved. In the absence of accurate assessment of the relevant credit risks, the non-performing loans of the Bank may increase significantly if its SME clients are affected by economic or regulatory changes, which could materially and adversely affect the Bank's business, results of operations and financial condition.

There can be no assurance that the policies, laws and regulations governing the PRC banking industry, in particular, those relating to lending to SMEs, will not change in the future or that any such changes will not materially and adversely affect the Bank's business, financial condition and results of operations.

The Bank's loan classification may be different in certain respects from those applicable to banks in certain other countries or regions.

The Bank classifies its loans as "pass", "special-mention", "substandard", "doubtful" and "loss" by using the five-category classification system according to the requirements of the NAFR. Its five-category classification system may be different in certain respects from those of banks incorporated in certain other countries or regions. As a result, it may reflect a different degree of risk than what would be reported if the Bank were incorporated in those countries or regions.

The Bank may not be able to detect money laundering and other illegal or improper activities, which could expose it to additional liability and harm its business.

The Bank is required to comply with applicable anti-money laundering laws, anti-terrorism laws and other regulations in the PRC and other jurisdictions in which it has operations. These laws and regulations require the Bank to, among

others, adopt and enforce "know your customer" policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities in different jurisdictions. The Bank has implemented an anti-money laundering system in accordance with the PRC Law on Anti-money Laundering and other relevant rules and regulations of the PRC government supervisory bodies.

If the Bank fails to comply fully with the applicable anti-money laundering laws and regulations, the relevant government supervisory bodies have the power and authority to impose fines and other penalties on it. While the Bank has adopted policies and procedures aimed at detecting and preventing the use of its banking network for money laundering activities or by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances where the Bank may be used by other parties to engage in money laundering or other illegal or improper activities. To the extent the Bank may fail to comply fully with applicable laws and regulations, the relevant government agencies to whom the Bank reports have the power and authority to impose fines and other penalties on the Bank, which may materially and adversely affect the Bank's reputation, business, financial condition and results of operations.

The Bank's business is highly dependent on the proper functioning and improvement of its information technology systems as well as the integration of emerging technologies.

The Bank is highly dependent on the ability of its information technology systems to process accurately a large number of transactions across numerous and diverse markets and products in a timely manner. The proper functioning of the Bank's financial control, risk management, accounting, customer service and other data processing systems, together with the communication networks among the Bank's various branches and sub-branches and its main data processing centres, is critical to the Bank's business operations and its ability to compete effectively. By integrating emerging technologies such as artificial intelligence ("**AI**"), the Bank aims to enhance the efficiency and security of its operations. The Bank maintains backup data for key data processing systems and has established a disaster recovery centre to maintain principal functions in the event of a catastrophe or a failure of the Bank's primary systems. However, the Bank's operations may be materially disrupted if there is a partial or complete failure of any of these primary information technology systems or communications networks. Such failures could be caused by, among others, software bugs, computer viruses, attacks by computer hackers or conversion errors due to system upgrading. Any failure or delay in recording or processing the Bank's transaction data could expose the Bank to significant financial risk and subject the Bank to the risk of claims for losses and regulatory fines and penalties.

In particular, the secure transmission of confidential information is critical to the Bank's operations. The Bank's networks and systems may be vulnerable to unauthorised access and other security problems. There can be no assurance that the Bank's existing security measures will prevent unforeseeable security loopholes, including break-ins and viruses, or other disruptions such as those caused by defects in hardware or software and errors or misconduct of operators. Persons who circumvent the Bank's security measures could use the Bank's or the Bank's clients' confidential information illegally. Any material security loopholes or other disruptions could expose the Bank to risk of loss or regulatory actions, which may in turn harm the Bank's reputation or results of operations.

The Bank's ability to remain competitive will depend in part on its ability to upgrade its information technology systems on a timely and cost-effective basis and its capacity to adopt emerging technologies such as AI to enhance customer services. In addition, the information available to and received by the Bank through its existing information technology systems may not be timely or sufficient for it to manage risks and plan for, and respond to, market changes and other developments in its current operating environment. As a result, the Bank is making, and intends to continue making, investments to improve or upgrade its information technology systems and integrating AI to optimise operations and deliver personalised experiences. Any substantial failure to improve or upgrade its information technology systems effectively or on a timely basis, or a lag in utilising AI, could materially and adversely affect the Bank's competitiveness, business, financial condition and results of operations.

Internet banking services involve security risks.

Internet banking activities involve the electronic storage and transmission of confidential information, which are vulnerable to unauthorised access, computer viruses and other disruptions. These possible security breaches could expose the Bank to liability and damage its reputation. Costs incurred in rectifying security breaches may be high and may materially and adversely affect the Bank's business, financial condition and results of operations. Rectifying security breaches may also result in interruptions, delays or termination of service to users accessing the Bank's internet

banking services. Undetected defects in software products that the Bank uses in providing its internet banking services and the Bank's inability to sustain a high volume of internet traffic may have a material and adverse effect on the Bank's internet banking business. For further details relating to the information technology risks faced by the Bank, please see the paragraph above titled "*Risks relating to the Bank's Business - The Bank's business is highly dependent on the proper functioning and improvement of its information technology systems as well as the integration of emerging technologies*".

If the Bank cannot effectively control its non-performing loan ratio and asset quality, its financial condition and results may be adversely affected.

As at 31 December 2023, 2024 and 2025, the Bank's NPL were approximately RMB74.20 billion, RMB73.15 billion and RMB71.99 billion, respectively, representing an NPL ratio ((Non-Performing Loans ÷ Total Loans) × 100 per cent.) of 1.48 per cent., 1.36 per cent. and 1.26 per cent., respectively. The Bank's NPL ratio may increase in the future for a variety of reasons, including factors which are beyond the Bank's control, such as a slowdown in economic growth and other adverse macroeconomic trends in the PRC or a deterioration in the financial condition or results of operations of the Bank's borrowers, which could impair the ability of the Bank's borrowers to service their debt. For example, the Bank's SMEs customers may be particularly sensitive and vulnerable to the impact of certain events such as natural disasters and economic slowdown. There can be no assurance that the Bank will be able to maintain or lower its current NPL ratio in the future or that the quality of its existing or future loans and advances to borrowers will not deteriorate. As a result of the PRC government's economic stimulus programs, many PRC banks, including the Bank, experienced high growth in their loan balances in the past. This increase in bank loans may lead to elevated impaired loan ratios and loan loss provisions as well as increasing strain on the Bank's risk management resources, which may affect the quality of its loan portfolio.

The Bank's NPL ratio is affected by various factors, including the quality of the Bank's loan portfolio, the Bank's borrowers' financial condition, repayment ability and repayment intention, the realisable value of any collateral, the extent of any guarantees, the industry in which the borrower operates in, as well as general economic and business conditions. Many of these factors are beyond the Bank's control.

The Bank is subject to certain operational requirements as well as guidelines set by the PRC banking regulatory authorities, such as maintaining a satisfactory loan-to-deposit ratio and a capital adequacy ratio.

The Bank is subject to certain operational requirements and guidelines set by the PRC banking regulatory authorities, such as the NAFR. There can be no assurance that the Bank will be able to meet these operational requirements and guidelines in the future at all times, or that no fines or sanctions will be imposed on the Bank in the future if it fails to do so. If fines or sanctions are imposed on the Bank for breaches of these or other operational requirements and guidelines, the Bank's business, financial condition and results of operations may be materially and adversely affected.

The Group may not be able to satisfy the capital adequacy requirements established by the NAFR.

The Group is subject to capital adequacy guidelines set by the NAFR. On 7 June 2012, the CBRC (now the NAFR) promulgated the Measures on Capital Management of Commercial Banks (Trial) (商業銀行資本管理辦法(試行)) (the "**Capital Management Rules**") based on the reform of the banking industry and the existing regulatory framework of the PRC. The Capital Management Rules establish a unified regulatory system in respect of the capital adequacy ratio, clarify the definition of capital, expand the range of capital risk coverage, raise the bottom line for the capital adequacy ratio and set a six-year transition period (from 2013 to 2018) for banks to comply with capital adequacy ratio requirements. On 30 November 2012, the CBRC issued the Notice on Matters in relation to the Implementation of Transition Period Arrangements regarding the Measures on Capital Management of Commercial Banks (Trial) (中國銀監會關於實施《商業銀行資本管理辦法(試行)》過渡期安排相關事項的通知), which provides the regulatory standards and implementation course for the transition period. On 26 October 2023, the NAFR promulgated the Measures on Capital Management of Commercial Banks (商業銀行資本管理辦法)(the "**New Capital Management Rules**") which became effective from 1 January 2024. As a result, the Bank is required to maintain a minimum core Tier 1 capital adequacy of five per cent., a minimum Tier 1 capital adequacy of six per cent. and a minimum capital adequacy of eight per cent. In addition, the Bank was recognised as a systemically important bank in China by the PBOC and NAFR for the fifth consecutive year in 2025. Each domestic systemically important bank is required to maintain a further capital surcharge above prevailing capital adequacy requirements as separately stipulated by the PBOC in conjunction with the NAFR. NAFR may further increase the minimum capital adequacy requirements or change the

methodology for calculating regulatory capital or capital adequacy ratios, or the Group may otherwise be subject to new capital adequacy requirements or new capital measurement approaches, such as advanced capital measurement approach. The Group's inability to maintain these capital adequacy ratios may result in the NAFR taking corrective measures against the Group, including restricting its ability to distribute cash dividends and/or open new branches, which may affect the Group's business expansion or otherwise materially and adversely affect its business.

The Group's capital adequacy could be negatively affected by deterioration in the Group's financial condition, including an increase in the level of its impaired loans, or if its growth places capital demands in excess of what the Group is able to generate internally or raise in the capital markets or through alternative means. As at 31 December 2025, the Group's capital adequacy ratio, Tier 1 capital adequacy ratio and core Tier 1 capital adequacy ratio were 12.47 per cent., 9.99 per cent. and 8.99 per cent., respectively, which were in compliance with the relevant PRC laws and regulations.

Moreover, the Group has increased the amount of credit loans to support development of the national real economy, which resulted in the growth of risk-weighted assets from RMB6,667,213 million as at 31 December 2023 to RMB8,020,729 million as at 31 December 2025. There is no assurance that the Group's capital will not be affected in the future by developments that will prevent the Group from satisfying the current capital adequacy requirements, including but not limited to:

- continued increase of its risk-weighted assets as a result of the rapid expansion of its business;
- its inability to supplement or increase the Group's capital on a timely basis;
- losses resulting from deterioration in asset quality;
- changes in accounting rules or in the guidelines regarding the calculation of the capital adequacy ratios of commercial banks; and
- changes in the definition of systemically important banks by the relevant regulator which may affect minimum capital adequacy requirements that the Group should satisfy.

Furthermore, the Group's ability to raise additional capital in the future may be limited by numerous factors, including but not limited to:

- its future financial condition, results of operations and cash flows;
- conditions prescribed by PRC law and regulatory approvals;
- its credit rating;
- general market conditions for capital-raising activities by commercial banks and other financial institutions; and
- domestic and international economic, political and other conditions.

As at the date of the Offering Circular, the Group has RMB118 billion of Tier 2 capital bonds in issue and has issued RMB50 billion in perpetual bonds in the onshore market. The Group also issues financial bonds from time to time to supplement its capital in accordance with applicable laws and regulatory approval. If the Group requires additional capital in the future, the Group may not be able to obtain such capital in a timely manner or at all. The Group may face difficulties in meeting these requirements in the future. If the Group is unable to meet the capital adequacy requirements for any reason, such as its inability to secure additional capital or an increase to the capital adequacy requirements by the relevant regulator, such regulator may take corrective measures against the Group. These measures could materially and adversely affect the Group's reputation, financial condition and results of operations.

Failure by the Bank to meet its environmental, social and governance ("ESG") or corporate social responsibility ("CSR") goals may have an adverse effect on the Bank's performance.

The Bank takes its corporate social responsibilities seriously and seeks to serve the public, promote the people's livelihoods, and become a time-honoured bank. Committed to establishing a high-level ESG management system, the Bank constantly improved its ESG governance structure, strengthened the implementation of ESG philosophies and innovated ESG practices to fully integrate ESG into corporate governance and operation management, so as to continuously improve the level of ESG management. As one of the first Chinese commercial banks proposing comprehensive green finance services, the Bank has built up a complete system of professional green finance products

in recent years. The Bank has committed to serving the national strategy of "carbon peaking and carbon neutrality", and continued to make its asset and liability structure, product and service models, and corporate culture go green. With the constantly enhanced business processes, management policies, and information disclosure mechanisms, the Bank could provide financial support for economic activities aimed at environmental improvement, climate change response and efficient use of resources. Meanwhile, the Bank has been actively exploring ways to become a "bank of net zero" in terms of operation and asset portfolio.

Any failure by the Bank to meet any of the strategies, goals, processes and standards mentioned above, or any failure by the Bank to satisfy investor or other stakeholder expectations or standards in the execution of its ESG and/or CSR strategies, may affect the Bank's current and future business performance, results of operations and reputation. These may in turn negatively affect the Bank's ability to service the Notes and to satisfy its other obligations under the Notes.

RISKS RELATING TO THE GLOBAL ECONOMY AND THE PRC ECONOMY

The uncertainties in the global economy, the global financial markets and, in particular, in the PRC and in the industries in which the Bank's loans are concentrated could materially and adversely affect the financial condition and results of operations of the Bank.

The Group has been, and in the future will continue to be, materially affected by geo-political, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation, and the availability and cost of capital and credit.

Global economic fluctuations have had significant impacts on the global economy and on the Group. Since 2020, the general economic outlook in major economies such as Europe, the United States, Japan and the PRC has remained challenging due to lower global economic growth prospects, higher government fiscal deficits and public debt, and continued inflationary pressure. In particular, the latest escalating trade dispute in 2026 between the United States and other major economies could result in significant adverse impacts, including a slowdown in global economic growth, higher inflation, reduced trade flows and business investment, and downside risks for equity, bond and commodity prices. Moreover, the ongoing political gridlock in the United States about government spending and debt levels, the conflict between Russia and Ukraine, the effective economic sanctions on Russia, geopolitical tensions and conflicts in various countries in the Middle East including the Israeli-Palestinian conflict and the recent hostilities between the U.S., Israel and Iran, and the impact of climate risks due to global warming may also result in additional adverse impacts on the global economy and markets, which may in turn have a material adverse effect on the Group's business, financial condition and results of operations.

The outlook for the world economy and financial markets remains uncertain due to geopolitical uncertainty. Tensions between Russia, the U.S. and a number of European states have heightened significantly as a result of Russia--Ukraine geopolitical conflicts. Although the Bank's exposure to the region is limited, the current crisis has the potential to escalate further and this could result in elevated geopolitical instability, trade restrictions, disruptions to global supply chains, increases in energy prices with knock-on global inflationary impacts and a potential downturn in the global economy. The European Union (the "**EU**"), the United Kingdom (the "**UK**") and the United States, in a coordinated effort joined by several other countries, imposed a variety of sanctions with respect to certain regions of Ukraine, Russia and various Russia-related parties. The geopolitical dynamic, the regulatory complexity across multiple jurisdictions and the rapid pace of change have created a volatile situation that may have an impact on the Bank's business and operations. Moreover, the conflict in Israel and Gaza and the hostilities between the U.S., Israel and Iran have increased the risk of destabilisation of the Middle East region, and the situation remains highly volatile and uncertain which may have further implications for the global economy, in particular with respect to oil and energy prices. Furthermore, the steep rise in global inflation engendered by the rise in commodity prices, and by previous monetary and fiscal policy loosening in response to the COVID-19 pandemic, prompted global central banks to raise their policy rates sharply. Although certain global central banks have recently decided to lower policy rates based on an updated assessment of the inflation outlook, there is no guarantee that further increases will not occur, which may create further challenges for the Bank's customers. Such geopolitical risks may have a material adverse impact on macroeconomic factors which affect the Bank's business, financial condition and results of operations. The continuing tensions between the PRC and the United States, including ongoing trade disputes and deterioration in diplomatic relations, have contributed to increased market volatility, weakened consumer confidence and diminished expectations for economic growth around the world. Some of these tensions have manifested themselves through actions taken and sanctions imposed by the

governments of the United States and the PRC in recent years. The United States has imposed a range of sanctions and trade restrictions to target Chinese persons and companies in a number of sectors, focusing on entities the United States believes are involved in human rights violations, information technology and communications equipment and services, and military activities, among others. In response, the PRC has announced a number of sanctions and trade restrictions that target or provide authority to target foreign officials and companies, including those in the United States. Heightened geopolitical tensions between the United States and the PRC continue to cause significant uncertainty in the global macro-economy, and the rhetoric surrounding the trade tensions continues to escalate as neither side has been willing to resume stalled trade negotiations. The amicable resolution of such a trade war remains elusive, and the lasting impacts that any trade war may have on the PRC economy and the PRC real estate industry remain uncertain. Moreover, the trade tensions between the EU and China have grown following the EU's decision to impose tariffs on electric vehicles imported from China, potentially affecting economic relations and altering market dynamics between the two regions.

In the first half of 2023, the global financial markets experienced further turmoil with the collapse of Silicon Valley Bank, followed by Signature Bank, the crisis of Credit Suisse and the seizure of First Republic Bank, which resulted in higher uncertainty in the financial services industry and raised questions about the viability of other financial services firms and the possibility of broader systemic risk. In addition, the response by government regulators and central banks to recent financial markets turmoil, including the response by Swiss authorities to the collapse of Credit Suisse and the seizure of First Republic Bank by U.S. regulators, has caused market participants to question how regulators and central banks will utilise resolution authority powers with respect to financial institutions or otherwise respond in the event of further turbulence or crisis in financial markets. In turn, the actual or perceived soundness of these financial institutions could have an adverse effect on the Group's cost of borrowing and the cost of financing the Group's operations and investments. In light of the high level of interdependence of the global economy, any of the foregoing developments could have a material adverse effect on the PRC economy and financial markets, and in turn on the Bank's business, financial condition and results of operations.

A significant majority of the Bank's businesses, assets and operations are located in the PRC. Accordingly, its financial condition, results of operations and business prospects are, to a significant degree, subject to the economic, political, legal and social conditions and developments in the PRC.

The PRC economy has historically been a planned economy. A substantial portion of productive assets in the PRC is still owned directly or indirectly by the PRC government. The PRC government also exercises significant control over the growth of the PRC economy through measures such as allocating resources, setting monetary policy and providing preferential treatment to particular industries or companies. These measures are aimed at benefiting the overall economy of the PRC, but some of them may have negative effects on certain industries, including the commercial banking industry. For example, the Bank's operating results may be adversely affected by government control over capital investments or changes in the interpretation of and application of applicable tax regulations. In addition, in recent years, the PBOC has instituted broad reform of the PRC's monetary policy. If the Bank is unable to adjust its operations in accordance with these reforms, its financial condition and results of operations could be materially and adversely affected.

Although the PRC's economic growth has increased compared to its level immediately after the global financial crisis, it has displayed signs of slowdown as evidenced by a decrease in the growth rate of the PRC's gross domestic product ("**GDP**") in recent years. This was caused by a combination of factors, most of which are beyond the Bank's control, such as global economic conditions, governmental policies and changes in market dynamics globally and regionally. According to statistics released by the National Bureau of Statistics of China (the "**NBS**"), in 2023, the PRC government reported a GDP of RMB126.06 trillion, representing year-on-year growth of 5.2 per cent. at constant prices; in 2024, the PRC government reported a GDP of RMB134.91 trillion, representing year-on-year growth of 5.0 per cent. at constant prices; and in 2025, the PRC government reported a GDP of RMB140.19 trillion, representing year--on-year growth of 5.0 per cent. at constant prices. Although the PRC government has recently taken several measures and actions with an aim to increase investors' confidence in the PRC economy, there can be no assurance that those measures will be effective. In the meantime, the macroeconomic measures and monetary policies adopted by the PRC government in response to economic conditions, such as adjusting tax policies, benchmark interest rates or reserve requirement ratios, may have a material effect on the Bank's business, financial condition, results of operations and asset quality. As the PRC government continues to regulate the economy by using monetary and fiscal policies, the Bank's business, financial condition and results of operations may be materially and adversely affected.

Interpretation and implementation of PRC laws and regulations may involve uncertainty.

The Bank is incorporated and exists under the laws of the PRC. The PRC legal system is based on written statutes. Since the late 1970s, the PRC has promulgated laws and regulations dealing with legal relations in respect of such economic matters as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view towards developing a comprehensive system of commercial law. However, as many of these laws and regulations are relatively new and continue to evolve, especially with respect to the PRC banking regulatory regime, these laws and regulations may be subject to different interpretations and enforced in different manners. As PRC laws and regulations could be subject to interpretation and enforcement in different manners, this may adversely affect the legal protections and remedies that are available to the Bank in its operations and to holders of the Notes.

For example, on 10 February 2023, the NDRC issued the NDRC Measures, which replaced the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the "**NDRC Circular**") issued by the NDRC on 14 September 2015. Effective from 10 February 2023, according to the NDRC Measures, domestic enterprises and/or their overseas controlled entities shall procure the registration of any issue of debt securities with term of one year or more outside the PRC with the NDRC prior to such issue, and (i) file or cause to be filed with the NDRC the requisite information and documents within ten PRC business days after each foreign debt issuance and the expiration of the foreign debt registration certificate with respect to the relevant Notes in accordance with the NDRC Measures, (ii) file or cause to be filed with the NDRC the requisite information and documents within five PRC business days before the end of January and the end of July each year, and (iii) file or cause to be filed the requisite information and documents upon the occurrence of any material event that may affect the enterprise's due performance of its debt obligations. The NDRC Measures mentions some legal consequences of non-compliance with the pre-issuance registration. For example, if the enterprise borrows foreign debt in violation of the NDRC Measures, the examination and registration authority shall take disciplinary actions such as holding an interview and giving a public warning against the relevant enterprise and its principal person-in-charge according to the seriousness of the circumstances, and if any intermediary agency knows or should have known that an enterprise is borrowing foreign debt in violation of the relevant provision of the NDRC Measures but still provides the relevant intermediary services to the enterprise, the examination and registration authority shall circulate a notification of violation of regulations, and consult the relevant department on punishing the relevant intermediary agency and relevant liable persons in accordance with the applicable laws and regulations. In the worst-case scenario, if pre-issuance registration is required but not complied with, it might become unlawful for the relevant Branch Issuer or the Bank, as the case may be, to perform or comply with any of its obligations under the relevant Notes and the relevant Notes might be subject to enforcement as provided in Condition 14 (*Events of Default*). Potential investors of the Notes are advised to exercise due caution when making their investment decisions.

Similarly, the NDRC Measures mentions some legal consequences of non-compliance with the post-issue reporting requirement. Failure to comply with the NDRC post-issue and continuing filing obligations (such as post-issue filing, pre-issuance approval expiration filing, periodical filing and major event filing, etc.) under Articles 24 and 26 of the NDRC Measures may result in the relevant entities being ordered to make corrections within a time limit, and in the case of aggravating circumstances or in the case that such corrections are not made within the prescribed time limit, relevant entities and their main person-in-charge will be warned. The aforesaid regulatory violations committed by enterprises shall be publicised on the "Credit China" website and the national enterprise credit information publicity system, among others.

The relevant Branch Issuer (acting through the Bank) or, as the case may be, the Bank, undertakes to (i) file or cause to be filed with the NDRC the requisite information and documents within the relevant prescribed timeframes from time to time after the relevant Issue Date in respect of the relevant Notes in accordance with the NDRC Measures and (ii) comply with the NDRC Measures and other obligations required by the NDRC as it applies to the relevant Notes. However, the NDRC Measures is new and its implementation may involve uncertainty.

While the NDRC Measures has set out the legal consequences for debtors and involved professional parties in cases of non-compliance of the NDRC Measures, the NDRC Measures is silent on whether any such non-compliance would affect the validity and enforceability of the Notes. There is no assurance that the failure to comply with the NDRC Measures would not result in adverse consequences on the relevant Branch Issuer's or the Bank's ability to perform in accordance with the Terms and Conditions of the Notes or the enforceability of the Notes.

On 11 January 2017, the PBOC promulgated the Circular on Issues concerning the Macro-prudential Management of

Full-covered Cross-border Financing (Yin Fa [2017] No. 9) (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the "**PBOC Circular**"). Under the PBOC Circular, financial institutions are required to file relevant operating rules and internal control policies and the details of the calculation of their outstanding foreign debt and foreign debt limit with PBOC or SAFE before making their first cross-border financing transaction and they are required to report to PBOC or SAFE of the amount of its capital fund and the financing agreement when a financing agreement is signed and before the drawdown of the loan or issue of debt securities, report its cross-border income after such drawdown, and report its cross-border payments after making interest or principal payments. In addition, financial institutions are also required to report to PBOC or SAFE on the fifth working day of each month on the foreign debt it has borrowed and the change in its outstanding foreign debt during the previous month. The Bank is one of the 27 designated banks required to carry out the aforesaid reporting procedures. The PBOC Circular is a new regulation and is subject to interpretation and application by relevant PRC authorities. The PBOC Circular applies to the issue of Notes under the Programme by the Bank or its onshore branches, but does not explicitly state whether it applies to offshore branches of financial institutions incorporated in the PRC.

Further, for the purpose of calculating the risk-weighted cross-border financing balance as prescribed in the PBOC Circular, the foreign debt (including but not limited to the Notes) of offshore branches of financial institutions in the PRC are excluded from the calculation unless PBOC requires that the foreign debt be included if issue proceeds of the Notes is remitted into the PRC. If reporting is required but not complied with, PBOC and/or SAFE may, among other things, (a) issue a notice of censure, (b) request rectification within a time limit, (c) impose a penalty according to the Law of People's Republic of China on the People's Bank of China and the Regulation of the People's Republic of China on the Management of Foreign Exchanges, (d) suspend cross-border financing of the institution, and (e) collect risk reserves from the institution. In addition, in the worst case scenario, if reporting is required but not complied with, it might become unlawful for the Issuer to perform or comply with any of its obligations under the Notes and the Notes might be subject to the enforcement as provided in Condition 14 (*Events of Default*).

The Bank is subject to the PRC government controls on currency conversion and future movements in foreign currency exchange rates.

The Bank receives a significant majority of its revenues in Renminbi. A portion of these revenues must be converted into other currencies to meet its foreign currency obligations.

The value of Renminbi against the U.S. dollar and other currencies fluctuates and is affected by many factors, including changes in political and economic conditions in the PRC and globally. Starting from 1994, the conversion of Renminbi into foreign currencies, including the Hong Kong dollar and the U.S. dollar, was based on rates set daily by the PBOC based on the previous business day's inter-bank foreign exchange market rates and then current exchange rates on the world financial markets. For more than ten years, the official exchange rate for conversion of Renminbi to U.S. dollar was generally stable.

On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of Renminbi appreciated by approximately 2 per cent. against the U.S. dollar. In July 2008, the PRC government announced that its exchange rate regime would change into a managed floating mechanism based on market supply and demand. Given domestic and overseas economic developments, the PBOC decided to further adjust the Renminbi exchange rate regime in April 2012 and March 2014 to enhance the flexibility of the Renminbi exchange rate. In August 2015, the PRC government thrice lowered the daily mid-point trading price of the Renminbi weaker against the U.S. dollar, which was the most significant downward adjustment of the Renminbi in more than a decade. Since April 2019, the value of Renminbi has depreciated in value against the U.S. dollar by more than five per cent. amidst an uncertain trade and global economic climate. In August 2019, the PBOC set the Renminbi's daily reference rate above 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. Since June 2020, Renminbi has been experiencing another round of appreciation against U.S. dollar. However, as at 31 August 2023, the Renminbi was around 4.2 per cent. weaker against the U.S. dollar than it was a year ago. Since the second half of 2025, Renminbi has been experiencing a new round of appreciation against U.S. dollar. There is no assurance that the Renminbi will not experience significant fluctuations against the U.S. dollar in the future. The PRC government may also make further adjustments to the exchange rate system. Any appreciation of Renminbi against the U.S. dollar or any other foreign currency may result in a decrease in the value of the Bank's foreign currency-denominated assets. Conversely, any devaluation of Renminbi may adversely affect the value of the Bank's assets in

Renminbi terms.

In addition, the Bank is required to obtain approval from SAFE before converting foreign currencies into Renminbi for non-current account transactions, such as the repayment of loan principal and investment in equities. All these factors could materially and adversely affect the Bank's business, financial condition, results of operations and compliance with capital adequacy ratios and operational ratios.

There can be no assurance of the accuracy or comparability of facts, forecasts and statistics contained in this Offering Circular with respect to the Bank, the PRC, its economy or its banking industry.

Certain facts, forecasts and statistics in this Offering Circular relating to the PRC, the PRC economy, the PRC and global banking industries and the Bank's market share and ranking are derived from various official and other publicly available sources which are generally believed to be reliable. However, the Bank cannot guarantee the quality and reliability of such source materials. In addition, these facts, forecasts and statistics have not been independently verified by the Bank, or any of its directors, employees, representatives, affiliates or advisers and, therefore, none of them makes any representation as to the accuracy or fairness of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside the PRC and may not be complete or up to date. The Bank has taken reasonable care in reproducing or extracting the information from such sources. However, because of possibly flawed or ineffective methodologies underlying the published information or discrepancies between the published information and market practice and other problems, these facts, forecasts and other statistics may be inaccurate or may not be comparable from period to period or be comparable to facts, forecasts or statistics produced for other economies and should not be unduly relied upon.

Any force majeure events, including future occurrence of natural disasters or outbreaks of contagious diseases in the PRC, may have a material and adverse effect on the Bank's business operations, financial condition and results of operations.

Any future force majeure events, such as occurrence of natural disasters or outbreaks of health epidemics and contagious diseases, including avian influenza, SARS, Ebola virus disease ("**Ebola**"), Middle East respiratory syndrome coronavirus ("**MERS**"), COVID-19, swine flu caused by the H1N1 virus, or H1N1 flu or variants thereof, may materially and adversely affect the Bank's business, financial condition and results of operations. Possible force majeure events may give rise to additional costs to be borne by the Bank and have adverse effects on the quality of its assets, business, financial condition and results of operations. An outbreak of a health epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activity in affected areas, which may in turn adversely affect the Bank's business. There is no assurance that such outbreak will not lead to decreased demand for services the Bank provides; nor is there assurance that such outbreak's adverse impact on the PRC economy and the Bank's customers will not adversely affect the level of non-performing loans.

Moreover, the PRC has experienced natural disasters like earthquakes, floods and drought in the past few years. Any future occurrence of severe natural disasters in the PRC may adversely affect its economy and in turn the Bank's business. There can be no guarantee that any future occurrence of natural disasters or outbreak of COVID-19, avian influenza, SARS, Ebola, MERS, swine flu, H1N1 flu or other epidemics, or the measures taken by the PRC government or other countries in response to a future outbreak of avian influenza, SARS, Ebola, MERS, swine flu, H1N1 flu, COVID-19 or other epidemics, will not seriously interrupt the Bank's operations or those of its customers, which may have a material and adverse effect on its business, financial condition and results of operations.

RISKS RELATING TO THE PRC BANKING INDUSTRY

The PRC banking regulatory regime is continually evolving and the Bank is subject to future regulatory changes.

The Bank operates in a highly regulated industry and is subject to laws and regulations governing all aspects of its operations. The principal banking-related statutes and regulations are the PRC Commercial Banking Law and the related implementation rules. The principal regulators of the PRC banking industry are the NAFR (formerly known as the CBIRC), the PBOC and SAFE.

The PRC banking regulatory regime has been evolving continuously. Some of the changes in the rules and regulations as well as their interpretations may result in additional costs or restrictions on the Bank's operations and activities. For example, the PBOC, as the central bank of the PRC, exercises significant influence over monetary policies, including setting the official benchmark interest rates that all the PRC commercial banks must follow. In addition, the Bank may

be required to increase its deposit reserves in response to future changes in the PBOC rules and regulations. The Bank may be required to take additional steps to comply with future changes on a timely basis. For example, the PBOC may increase or decrease the reserve requirement ratio, which refers to the amount of funds that banks must hold in reserve against deposits made by their customers, or revise its calculation basis in the future. Increases in the bank reserve requirement ratio or expansion of the calculation basis of the reserve requirement may negatively impact the amount of funds available for loans to businesses provided by the Bank and therefore may adversely affect the Bank's ability to earn interest.

The Bank's business and operations are directly affected by changes in the PRC's policies, laws and regulations relating to the banking industry, such as those affecting the extent to which it can engage in specific businesses, as well as changes in other governmental policies. There can be no assurance that the policies, laws and regulations governing the banking industry will not change in the future or that any such changes will not materially and adversely affect the Bank's business, financial condition and results of operations nor can there be any assurance that the Bank will be able to adapt to all such changes on a timely basis. In addition, there may be uncertainties regarding the interpretation and application of new policies, laws and regulations, which may result in penalties and restrictions on the Bank's activities and could also have a significant impact on its business.

The increasingly competitive nature of the PRC banking industry and competition from non-traditional forms of banking, as well as competition for funds which may arise from the developing PRC capital markets, could adversely affect the Bank's business, financial condition, results of operations and prospects.

The PRC banking industry is becoming increasingly competitive. The Bank faces competition from large-scale commercial banks, national joint stock commercial banks, key urban commercial banks and foreign-invested banks. In addition, the Mainland and Hong Kong Closer Economic Partnership Arrangement, which allows Hong Kong banks to operate in the PRC, may also increase competition in the PRC banking industry. These banks and financial institutions compete with the Bank for substantially the same loan, deposit and fee customers. Some of these banks may have greater financial, management and technical resources than the Bank. Moreover, the PRC government has, in recent years, implemented a series of measures designed to further liberalise the banking industry, including those relating to interest rates and fee-and commission-based products and services, which are changing the basis on which the Bank competes with other banks for customers. The increased competition may:

- reduce the Bank's market share in its principal products and services;
- reduce the growth of the Bank's loan portfolio or deposit base and other products and services;
- reduce the Bank's interest income, increase its interest expenses and decrease its net interest margin;
- reduce the Bank's fees and commission income;
- increase the Bank's outgoings and expenses, such as marketing and administrative expenses;
- lead to a deterioration of the Bank's asset quality; and
- increase the turnover of and competition for senior management and qualified professional personnel.

The Bank may not always be able to maintain its competitive advantage or compete successfully in all the business areas in which it currently operates or will in the future operate.

On 1 July 2013, the General Office of the State Council of the PRC issued the Guidance Letter regarding Financial Support for Promoting Economic Restructuring and Transformation (國務院辦公廳關於金融支援經濟結構調整和轉型升級的指導意見) (the "**Guidance Letter**"). The Guidance Letter, among others, encourages investment by private-sector capital in financial institutions and the establishment of privately-owned banks. The Guidance Letter provides a policy direction to the increasing involvement of private-sector capital in the financial industry in the PRC.

The Bank may face increasing competition from privately-owned banks or financial companies dedicated to serving SMEs in the future. The Bank may also face competition for funds from other forms of investment alternatives as the PRC capital markets continue to develop. For example, as the PRC capital markets continue to develop and become a more viable and attractive investment alternative, the Bank's deposit customers may elect to transfer their funds into bonds, equities and other capital market instruments, which may reduce its deposit base and materially and adversely affect its business, financial condition and results of operations.

Furthermore, the Bank faces competition from non-traditional forms of banking, including but not limited to internet finance such as "Yu'E Bao" (餘額寶) and peer-to-peer lending and internet banking. Internet finance and internet banking have experienced rapid growth in recent years in the PRC. As such non-traditional forms of banking continue to gain importance, the increasing costs of maintaining physical banking outlets have made traditional forms of banking less profitable. There is no assurance that the Bank will continue to have sufficient resources, knowhow or technology to develop its internet banking business. In the event the Bank fails to adapt to internet finance, internet banking or other banking trends, the business, financial condition and results of operations of the Bank may be adversely affected.

The rate of growth of the PRC banking market may not be sustainable.

The prospective impact on the PRC banking industry of certain trends and events, such as the pace of economic growth in the PRC and the ongoing reform of the social welfare system, is currently not clear. Consequently, there can be no assurance that the growth and development of the PRC banking market will be sustainable.

PRC regulations impose limitations on the types of investments the Bank may make and, as a result, the Bank has a limited ability to seek optimal investment returns, to diversify its investment portfolio and to hedge the risks of its Renminbi-denominated assets.

As a result of PRC regulatory restrictions, substantially all the Renminbi-denominated investment assets of PRC commercial banks are concentrated in limited types of investments permitted by the PRC government. These permitted investments include PRC treasury bonds, finance bonds issued in the National Inter-bank Bond Market by policy banks, notes issued by the PBOC and Tier 2 capital instruments issued by PRC policy banks, commercial banks and insurance companies. These restrictions on the Bank's ability to diversify its investment portfolio limit its ability to seek an optimal return on its investments. The restrictions also expose the Bank to significantly greater risk of investment loss in the event a particular type of investment the Bank holds suffers a decrease in value. For example, a general increase in interest rates may result in a significant decline in the value of the fixed-income debt securities held by the Bank. In addition, due to the limited hedging tools available, the Bank's ability to manage market and credit risks relating to Renminbi-denominated assets is limited, and any resulting decline in the value of its Renminbi-denominated assets will adversely affect the Bank's financial condition and results of operations. This may negatively affect the Bank's ability to service the Notes and to satisfy its other obligations under the Notes.

The Bank's results of operations may be adversely affected if the PBOC further expedites the deregulation of interest rates.

The PBOC has adopted reform measures to liberalise the PRC's interest rate regime. Effective on 8 June 2012, the PBOC allows financial institutions to set deposit interest rates at up to 110 per cent. of the PBOC benchmark deposit interest rates. As at 25 August 2015, the PBOC one-year Renminbi benchmark loan interest rate was 4.60 per cent. and the one-year Renminbi benchmark deposit interest rate was 1.75 per cent. On 25 October 2013, the PBOC introduced a new prime lending rate, officially known as the "loan prime rate", which is based on a weighted average of lending rates from nine commercial banks. Similarly, the PBOC has adopted measures to liberalise RMB-denominated deposits in commercial banks in China in recent years. As at 11 May 2015, the interest rate for RMB-denominated deposits could not be set above 150 per cent. of the relevant PBOC benchmark rate. As at 24 October 2015, there is no longer a ceiling rate for the interest rate for RMB-denominated deposits.

In recent years, the PBOC has adjusted the benchmark interest rates several times. The PBOC may further liberalise the existing interest rate restrictions on Renminbi-denominated loans and deposits. If the existing regulations are substantially liberalised or eliminated, competition in the PRC's banking industry will likely intensify as the PRC's commercial banks seek to offer more attractive interest rates to customers. Further liberalisation by the PBOC will likely lead to an intensification of competition in the PRC banking industry and may result in the narrowing of the spread in the average interest rates between Renminbi-denominated loans and Renminbi-denominated deposits, thereby adversely affecting the Bank's business, financial condition and results of operations.

The effectiveness of the Bank's credit risk management is affected by the quality and scope of information available in the PRC.

National credit information databases developed by the PBOC have been in operation since January 2006. However, as the information infrastructure in the PRC is still under development and there remain limitations on the availability of information, national credit information databases are generally under-developed and are not able to provide complete

credit information on many of the Bank's credit applicants. Until the PRC has more fully developed and implemented its nationwide unified credit information database on corporate borrowers, the Bank has to rely on other publicly available resources and its internal resources to supplement what is currently available on the nationwide unified credit information database for enterprises. These sources of data and information are not sufficiently complete or effective for the robust credit risk management system that the Bank attempts to build. Therefore, there can be no assurance that the Bank's assessment of the credit risks associated with any particular customer is based on complete, accurate and reliable information. As a result, the Bank's ability to manage its credit risk effectively may be materially and adversely affected.

RISKS RELATING TO THE FINANCIAL INFORMATION

Potential investors should not place undue reliance on the unaudited but reviewed or unaudited and unreviewed financial information included elsewhere in this Offering Circular and the financial information incorporated by reference that is not audited.

The section headed "*Summary Financial Information of the Bank*" contains the unaudited and unreviewed consolidated quarterly financial information of the Bank for the three months ended 31 March 2026. This Offering Circular also incorporates by reference the most recently published unaudited but reviewed condensed interim financial statements of the Bank published from time to time after the date of this Offering Circular, together with any review reports prepared in connection therewith, as well as the most recently published unaudited and unreviewed consolidated quarterly reports, published subsequent to the date of this Offering Circular. The Bank publishes its unaudited but reviewed condensed interim financial statements in respect of the six months ended 30 June of each financial year on the official website of the Shanghai Stock Exchange, and its unaudited and unreviewed consolidated quarterly reports in respect of periods ended 31 March and 30 September of each financial year on the official website of the Shanghai Stock Exchange.

The semi-annual interim reports have not been and will not be audited by the Bank's auditors and were and will be prepared under IAS 34. The semi-annual interim reports should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. The quarterly reports have not been and will not be audited or reviewed by the Bank's auditors and were and will be prepared under PRC GAAP. The quarterly reports should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an auditor's audit or review. None of the Bank, the Group, the Arrangers, the Dealers or their respective directors, officers, employees, agents, affiliates or advisers makes any representation or warranty, express or implied, regarding the sufficiency of such unaudited or, as the case may be, unreviewed consolidated interim financial information for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Bank's financial condition and results of operations. The semi-annual interim reports or, as the case may be, the quarterly reports should not be taken as an indication of the expected financial condition or results of operations of the Bank for the relevant full financial year.

This Offering Circular does not include any information in relation to the differences between IAS 34 and IFRS or, as the case may be, PRC GAAP and IFRS. Had the unaudited but reviewed or, as the case may be, unaudited and unreviewed condensed interim financial statements instead been prepared in accordance with IFRS, the presentation of the Bank's results of operations and financial position may have been materially different. Accordingly, in making an investment decision, potential investors should consult their own professional advisers for an understanding of the differences between IAS 34 and IFRS or, as the case may be, PRC GAAP and IFRS and how these differences might affect the financial information stated herein.

Historical consolidated financial information of the Bank is not indicative of its current or future results of operations.

The historical financial information of the Bank included in this Offering Circular is not indicative of its future financial results. Such financial information is not intended to represent or predict the Bank's results of operations for any future periods. The Bank's future results of operations may change materially if its future growth deviates from historical trends for various reasons, including factors beyond its control, such as changes in the economic environment, PRC rules and regulations and the competitive landscape of the banking industry.

RISKS RELATING TO THE NOTES ISSUED UNDER THE PROGRAMME

If the Bank fails to complete the post-issuance report to the NDRC in connection with the Notes or fails to fulfil other regulatory obligations, the NDRC or other relevant authorities may impose penalties or other administrative procedures on the Bank.

On 10 February 2023, the NDRC issued the NDRC Measures, which replaced the NDRC Circular. Effective from 10 February 2023, according to the NDRC Measures, domestic enterprises and/or their overseas controlled entities shall procure the registration of any issue of debt securities with term of one year or more outside the PRC with the NDRC prior to such issue, and (i) file or cause to be filed with the NDRC the requisite information and documents within ten PRC business days after each foreign debt issuance and the expiration of the foreign debt registration certificate with respect to the relevant Notes in accordance with the NDRC Measures, (ii) file or cause to be filed with the NDRC the requisite information and documents within five PRC business days before the end of January and the end of July each year, and (iii) file or cause to be filed the requisite information and documents upon the occurrence of any material event that may affect the enterprise's due performance of its debt obligations. The NDRC Measures mentions some legal consequences of non-compliance with the pre-issuance registration. For example, if the enterprise borrows foreign debt in violation of the NDRC Measures, the examination and registration authority shall take disciplinary actions such as holding an interview and giving a public warning against the relevant enterprise and its principal person-in-charge according to the seriousness of the circumstances, and if any intermediary agency knows or should have known that an enterprise is borrowing foreign debt in violation of the relevant provision of the NDRC Measures but still provides the relevant intermediary services to the enterprise, the examination and registration authority shall circulate a notification of violation of regulations, and consult the relevant department on punishing the relevant intermediary agency and relevant liable persons in accordance with the applicable laws and regulations. In the worst-case scenario, if pre-issuance registration is required but not complied with, it might become unlawful for the relevant Branch Issuer or the Bank, as the case may be, to perform or comply with any of its obligations under the relevant Notes and the relevant Notes might be subject to enforcement as provided in Condition 14 (*Events of Default*). Potential investors of the Notes are advised to exercise due caution when making their investment decisions.

Similarly, the NDRC Measures mentions some legal consequences of non-compliance with the post-issue reporting requirement. Failure to comply with the NDRC post-issue and continuing filing obligations (such as post-issue filing, pre-issuance approval expiration filing, periodical filing and major event filing, etc.) under Articles 24 and 26 of the NDRC Measures may result in the relevant entities being ordered to make corrections within a time limit, and in the case of aggravating circumstances or in the case that such corrections are not made within the prescribed time limit, relevant entities and their main person-in-charge will be warned. The aforesaid regulatory violations committed by enterprises shall be publicised on the "Credit China" website and the national enterprise credit information publicity system, among others.

The relevant Branch Issuer (acting through the Bank) or, as the case may be, the Bank, undertakes to (i) file or cause to be filed with the NDRC the requisite information and documents within the relevant prescribed timeframes from time to time after the relevant Issue Date in accordance with the NDRC Measures and (ii) comply with the NDRC Measures and other obligations required by the NDRC as it applies to the relevant Notes. However, the NDRC Measures is relatively new and its implementation may involve uncertainty. While the NDRC Measures has set out the legal consequences for debtors and involved professional parties in cases of non-compliance of the NDRC Measures, the NDRC Measures is silent on whether any such non-compliance would affect the validity and enforceability of the Notes. There is no assurance that the failure to comply with the NDRC Measures would not result in adverse consequences on the relevant Branch Issuer's or the Bank's ability to perform in accordance with the Terms and Conditions of the Notes or the enforceability of the Notes.

In addition, when the Issuer is the Bank, there are other pre-issuance or post-issuance requirements applying to the issuance of the Tranche of Notes to be issued, e.g., the PBOC Approval, PBOC Circular, NAFR Reporting and PBOC Reporting (as defined in the Terms and Conditions of the Notes). The Bank has undertaken in the Terms and Conditions of the Notes that it would obtain the approval by the PBOC before issuing a particular tranche of Notes, provide or cause to be provided a notification of the requisite information and documents in connection with the Notes to the PBOC, the NAFR (formerly known as the CBIRC) and/or SAFE within the prescribed timeframe after the relevant Issue Date. If the Bank fails to obtain any such approvals or fails to file or cause to be filed with the relevant authorities the requisite information and documents within the prescribed timeframe, there may be adverse consequences or penalties imposed on the Bank.

The Financial Institutions (Resolution) Ordinance may adversely affect the Notes.

On 7 July 2017, the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong (the "**FIRO**") came into operation. The FIRO provides for, among other things, the establishment of a resolution regime for authorised institutions and other within scope financial institutions in Hong Kong which may be designated by the relevant resolution authorities, which may include the Bank to the extent it conducts licensed activities in Hong Kong. The resolution regime seeks to provide the relevant resolution authorities with administrative powers to bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorised institution or within scope financial institution in Hong Kong. In particular, the relevant resolution authority is provided with powers to affect contractual and property rights as well as payments (including in respect of any priority of payment) that creditors would receive in resolution. These may include, but are not limited to, powers to cancel, write off, modify, convert or replace all or a part of the Notes or the principal amount of, or interest on, the Notes, and powers to amend or alter the contractual provisions of the Notes, all of which may adversely affect the value of the Notes, and the holders thereof may suffer a loss of some or all of their investment as a result. Holders of Notes may become subject to and bound by the FIRO.

On 17 January 2018, the HKMA announced a public consultation on a set of proposed rules to set out minimum loss-absorbing capacity ("**LAC**") requirements for authorised institutions under FIRO. The LAC requirements have been proposed in order to ensure that the resolution regime can be used effectively and that authorised institutions have sufficient loss-absorbing capacity. On 14 December 2018, the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements - Banking Sector) Rules (Cap. 628B) came into operation as subsidiary legislation under the FIRO.

The implementation of FIRO and LAC requirements remains untested. Therefore, the Bank is unable to assess the full impact of FIRO and the LAC requirements on the financial system generally, the Bank's counterparties, the Bank, any of its consolidated subsidiaries, its operations and/or its financial position.

The Notes may not be a suitable investment for all investors.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the purchaser's overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various

types of borrowing and (iii) other restrictions apply to its purchase of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

The Terms and Conditions of the Notes contain provisions which may permit their modification without the consent of all investors.

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

A change in English law which governs the Notes may adversely affect Noteholders.

The Terms and Conditions of the Notes are governed by English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

It may be difficult to effect service of process or to enforce any judgments obtained from non-PRC courts against the Group or its management residing in the PRC.

The Terms and Conditions of the Notes and the Programme documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law-governed matters, Hong Kong courts may require certain additional procedures to be taken. In addition, most companies in the Group are incorporated in the PRC and a substantial amount of the Group's assets and companies are located in the PRC. Further, most of the Group's management reside in the PRC, together with their personal assets. Therefore, investors may encounter difficulties in effecting service of process from outside the PRC upon the Group or its management.

Moreover, it is understood that the enforcement of foreign judgments in the PRC is still subject to uncertainties. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which the Group is subject are also relatively undeveloped and untested. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by the courts in most other jurisdictions. Therefore, it may not be possible for investors to effect service of process upon the Group or its management in the PRC.

On 18 January 2019, the Supreme People's Court of the PRC and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "**2019 Arrangement**"). The 2019 Arrangement has been implemented in Hong Kong by the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance (Cap. 645), which came into operation on 29 January 2024. In the Mainland, the Supreme People's Court promulgated a judicial interpretation to implement the 2019 Arrangement on 26 January 2024 (the "**Judicial Interpretation**"). The 2019 Arrangement applies to judgments made on or after 29 January 2024.

As the Noteholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, the Noteholders' ability to initiate a claim outside Hong Kong will be limited.

Under the 2019 Arrangement, where the Hong Kong court has given a legally effective judgment in a civil and commercial matter, any party concerned may apply to the relevant People's Court of the Mainland for recognition and enforcement of the judgment, subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement and the Judicial Interpretation. The recognition and enforcement of a Hong Kong court judgment could be refused if the relevant People's Court of the Mainland considers that the enforcement of such judgment is contrary to the basic principles of law of the Mainland or the social and public interests of the Mainland. While it is expected that the relevant People's Courts of the Mainland will recognise and enforce a judgment given by a Hong Kong court and governed by English law, there can be no assurance that such courts will do so for all such judgments as there is no established practice in this area.

The Notes may be represented by Global Notes or Global Note Certificates and holders of a beneficial interest in a Global Note or Global Note Certificate must rely on the procedures of the relevant Clearing System(s).

Notes issued under the Programme may be represented by one or more Global Notes or Global Note Certificates. Such Global Notes or Global Note Certificates will be deposited with a common depositary for Euroclear and Clearstream, or lodged with a sub-custodian for or registered with the CMU (each of Euroclear, Clearstream, and the CMU, a "**Clearing System**"). Except in the circumstances described in the relevant Global Note or Global Note Certificate, investors will not be entitled to receive Definitive Notes. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Notes or Global Note Certificates.

While the Notes are represented by one or more Global Notes or Global Note Certificates, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by one or more Global Notes or Global Note Certificates, the relevant Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, or, as the case may be, to the relevant paying agent, in the case of the CMU, for distribution to their account holders. A holder of a beneficial interest in a Global Note or Global Note Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. The relevant Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Note Certificates. Holders of beneficial interests in the Global Notes or Global Note Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies.

Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade.

Notes may be issued with a minimum denomination. The Pricing Supplement of a Tranche of Notes may provide that, for so long as the Notes are represented by a Global Note or a Global Note Certificate and the relevant Clearing System(s) so permit, the Notes will be tradable in nominal amounts (i) equal to, or integral multiples of, the minimum denomination, and (ii) the minimum denomination plus integral multiples of an amount lower than the minimum denomination. Definitive Notes will only be issued if (a) the relevant Clearing System(s) is/are closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announce(s) an intention to permanently cease business; or (b) any of the circumstances described in Condition 14 (*Events of Default*) occurs. The Pricing Supplement may provide that, if Definitive Notes are issued, such Notes will be issued in respect of all holdings of Notes equal to or greater than the minimum denomination. However, Noteholders should be aware that Definitive Notes that have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade. Definitive Notes will in no circumstances be issued to any person holding Notes in an amount lower than the minimum denomination and such Notes will be cancelled and holders will have no rights against the relevant Issuer (including rights to receive principal or interest or to vote) in respect of such Notes.

Gains on the transfer of the Notes may become subject to income taxes under PRC tax laws.

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementation rules, as amended from time to time, any gain realised on the transfer of the Notes by non-PRC resident enterprises or individual holders may be subject to PRC enterprise income tax ("**EIT**") or PRC individual income tax ("**IIT**") if such gain is regarded as income derived from sources within the PRC. While the PRC Enterprise Income Tax Law levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise Noteholders from the transfer of the Notes, its implementation rules have reduced the enterprise income tax rate to 10 per cent. In accordance with the PRC Individual Income Tax Law and its implementation rules (as amended from time to time), any gain realised by a non-PRC resident individual Noteholder from the transfer of the Notes may be regarded as being sourced from the PRC and thus be subject to IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident individual Noteholder from the transfer of the Notes. However, there remains uncertainty as to whether the gain realised from the transfer of the Notes would be treated as income derived from sources within the PRC and be subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and their respective implementation rules. If such gains are determined as income sourced in the PRC by the relevant PRC tax authorities, (i) the non-PRC resident enterprise Noteholders may be subject to EIT at the rate of 10 per cent. of the gains derived by such non-PRC resident enterprise Noteholders and (ii) the non-PRC resident individual Noteholders may be subject to IIT at the rate of 20 per cent. of the gains derived by such non-PRC resident individual Noteholders. Unless there is an applicable tax treaty between the PRC and the jurisdiction in which such non-PRC resident enterprise or individual resident holders of the Notes

reside that reduces or exempts the relevant EIT or IIT, the value of their investment in the Notes may be materially and adversely affected.

The Issuer may redeem outstanding notes for tax reasons.

Unless in the case of any particular Tranche of Notes the relevant Pricing Supplement specifies otherwise, in the event that the relevant Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Hong Kong, the PRC, the jurisdiction where the Issuer is located or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

RISKS RELATING TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the relevant Issuer may have a lower market value than Notes that cannot be redeemed.

An optional redemption feature is likely to limit the market value of Notes. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At such times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes.

Notes may be issued with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, Notes may be issued with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected;
- they may lose all or a substantial portion of their principal;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

Failure by an investor to pay a subsequent instalment of partly-paid Notes may result in an investor losing all of its investment.

Notes may be issued where the issue price is payable in more than one instalment. Failure to pay any subsequent

instalment could result in an investor losing all of its investment.

Regulation of benchmarks may lead to future reforms or discontinuation.

The EURIBOR, HIBOR and other interest rates or other types of rates and indices which are deemed to be benchmarks have been subject to significant regulatory scrutiny and legislative intervention in recent years. This relates not only to the creation and administration of benchmarks, but also to the use of a benchmark rate.

In the EU, for example, Regulation (EU) No. 2016/1011, as amended (the "**EU Benchmarks Regulation**"), applies to the provision of, contribution of input data to, and the use of, a benchmark within the EU, subject to certain transitional provisions. Similarly, Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**UK Benchmarks Regulation**"), applies to the provision of, contribution of input data to and the use of a benchmark within the UK, subject to certain transitional provisions. Legislation such as the EU Benchmarks Regulation or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to EURIBOR or another benchmark rate or index - for example, if the methodology or other terms of the benchmark are changed in the future in order to comply with the terms of the EU Benchmarks Regulation or UK Benchmarks Regulation or other similar legislation, or if a critical benchmark is discontinued or is determined by a regulator to be "no longer representative". Such factors could (amongst other things) have the effect of reducing or increasing the rate or level or may affect the volatility of the published rate or level of the benchmark. They may also have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

Although EURIBOR has subsequently been reformed in order to comply with the terms of the Benchmark Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with the Euro short-term rate ("**€STR**") or an alternative benchmark.

The elimination of EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 7(n) (*Benchmark Replacement (Independent Adviser) (other than Floating Rate Notes which reference SOFR or SOFR Compounded Index)*)), or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

The administrator of SOFR or any related indices may make changes that could change the value of SOFR or any related index, or discontinue SOFR or any related index.

The Federal Reserve or The Bank of New York (or their successors) as administrators of SOFR (and the SOFR Compounded Index) may make methodological or other changes that could change the value of these risk-free rates and/or indices, including changes related to the method by which such risk-free rate is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR or any related indices. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SOFR or any related index (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing any such risk--free rate.

Interest rate "fallback" arrangements may lead to Notes performing differently or the effective application of a "fixed rate".

If a relevant benchmark (including any page on which such benchmark may be published (or any other successor service)) becomes unavailable or a Benchmark Event (each as defined in the Terms and Conditions of the Notes) occurs, the Terms and Conditions of the Notes provide for certain fallback arrangements. Such an event may be deemed to have occurred prior to the issue date for a Series of Notes. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if required) in accordance with the recommendation of

a relevant governmental body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Notes may not achieve this objective.

Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. It is also possible that such an event may be deemed to have occurred prior to the issue date for a Series of Notes. Moreover, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Terms and Conditions of the Notes) in certain circumstances the relevant fallback provisions may not operate as intended at the relevant time. Additionally, in certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used, which may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page.

Any such consequences could have a material adverse effect on the value of and return on any such Notes. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and the UK Benchmarks Regulation reforms or arising from the possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Methodologies for the calculation of risk-free rates (including overnight rates or forward-looking rates) as reference rates for Floating Rate Notes may vary and may evolve.

Risk-free rates, including those such as the Secured Overnight Financing Rate ("**SOFR**"), as reference rates for Eurobonds, have become more commonly used as benchmark rates for bonds in recent years. Most of the rates are backwards-looking, but the methodologies to calculate the risk-free rates are not uniform. Such different methodologies may result in slightly different interest amounts being determined in respect of otherwise similar securities.

The Issuer may in the future also issue Notes referencing SOFR or the SOFR Compounded Index that differ materially in terms of interest determination when compared with any previous Notes issued by it under this Programme. Such variations could result in reduced liquidity or increased volatility, or might otherwise affect the market price of any Notes that reference a risk-free rate issued under this Programme from time to time.

In addition, investors should consider carefully how any mismatch between applicable conventions for the use of reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

Investors should consider these matters when making their investment decision with respect to any Notes which reference SOFR or any related indices.

It is not possible to calculate interest rates in advance for Notes which reference SOFR or any related index.

Interest on Notes which reference a backwards-looking risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may therefore be difficult for investors in Notes which reference such risk-free rates to estimate reliably the amount of interest which will be payable on such Notes.

Further, in contrast to Notes linked to interbank offered rates, if Notes referencing backwards-looking rates become due and payable as a result of an Event of Default under Condition 14 (*Events of Default*), or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable or are scheduled for redemption.

The market price of variable rate Notes with a multiplier or other leverage factor may be volatile.

Notes with variable interest rates can be volatile securities. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse floating rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as

EURIBOR. The market values of such Notes are typically more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse floating rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Notes carrying an interest rate which may be converted from fixed to floating interest rates and vice versa, may have lower market values than other Notes.

Fixed or floating rate Notes may bear interest at a rate that the relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The relevant Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant Issuer converts from a fixed rate to a floating rate, the spread on the fixed or floating rate Notes may be less favourable than the then prevailing spreads on comparable floating rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing rates on its Notes.

The market prices of Notes issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities.

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Investors may lose part or all of their investment in any Index Linked Notes issued.

If, in the case of a particular Tranche of Notes, the relevant Pricing Supplement specifies that the Notes are Index Linked Notes or variable redemption amount Notes, there is a risk that the investor may lose the value of its entire investment or part of it.

Credit ratings may not reflect all risks.

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market and additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

RISKS RELATING TO THE MARKET GENERALLY

Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity.

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Series, such Series is to be consolidated with and form a single series with a Series of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Bank. If the Notes are traded at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances investors may not be able to sell their Notes at all or at their fair market value. Although application has been made to the HKSE for listing of the Programme on the HKSE, and application has been made to the SGX-ST for permission to deal in, and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at the time of issue thereof to be so listed on the SGX-ST, there is no assurance that such application will be accepted, that any particular Series of Notes will be so admitted or that an active trading market will develop. In addition, the market for investment grade securities has been subject to disruptions that have caused volatility in prices of securities similar to the Notes issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Series of Notes.

Exchange rate risks and exchange controls may result in investors receiving less interest or principal than

expected.

The relevant Issuer will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

RISKS RELATING TO RENMINBI-DENOMINATED NOTES

A description of risks which may be relevant to an investor in Notes denominated in Renminbi ("**Renminbi Notes**") is set out below.

There are restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Notes.

The PRC government regulates conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been significant reduction in control by the PRC government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi into and out of the PRC for the settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being adjusted from time to time to match the policies of the PRC government.

Although the PBOC has implemented policies improving accessibility to Renminbi to settle cross-border transactions in the past, there is no assurance that the PRC government will liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Despite Renminbi internationalisation pilot programme and efforts in recent years to internationalise the currency, there can be no assurance that the PRC government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service Renminbi Notes.

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the PBOC has entered into agreements (the "**Settlement Arrangements**") on the clearing of Renminbi business with financial institutions (the "**Renminbi Clearing Banks**") in a number of financial centres and cities, including but not limited to Hong Kong, it has established the Cross-Border Inter-Bank Payments System to facilitate cross-border Renminbi settlement and is further in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBOC on Renminbi business participating banks in respect of cross-border

Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC, although PBOC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have limited access to onshore liquidity support from PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In cases where the participating banks cannot source sufficient Renminbi through the above channels, they will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in the Renminbi Notes is subject to exchange rate risks.

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. The PBOC has in recent years implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi with respect to Renminbi Notes unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

Investment in the Renminbi Notes is subject to interest rate risks.

The PRC government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate, the trading price of the Renminbi Notes will consequently vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

Payments with respect to the Renminbi Notes may be made only in the manner designated in the Renminbi Notes.

All payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by Global Note Certificates held with the common depositary for Clearstream and Euroclear or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Pricing Supplement, (ii) for so long as the Renminbi Notes are represented by Global Note Certificates lodged with a sub-custodian for or registered with the CMU, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures or (iii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Pricing Supplement in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

Remittance of proceeds in Renminbi into or out of the PRC.

If the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities.

However, there is no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the PRC government will not impose any interim or long-term restrictions on capital inflow or outflow which may restrict cross-border Renminbi remittances, that the pilot schemes introduced will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. If the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds out of the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under the Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Pricing Supplement, will be endorsed on each Note in definitive form issued under the Programme. The Pricing Supplement in respect of any Tranche of Notes may supplement, amend and/or replace any information in this Offering Circular.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

1 Introduction

(a) *Programme:* Shanghai Pudong Development Bank Co., Ltd. (the "**Bank**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to U.S.$5,000,000,000 in aggregate principal amount of notes (the "**Notes**").

(b) *Pricing Supplement:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a pricing supplement (the "**Pricing Supplement**") which supplements, amends and/or replaces these terms and conditions (the "**Conditions**"). Each Series of Notes may be issued by the Bank or any branch of the Bank located in Hong Kong, Macau or Taiwan, or any branch of the Bank located outside the PRC (each such branch of the Bank, a "**Branch Issuer**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.

(c) *Agency Agreement*: The Notes are the subject of an amended and restated fiscal agency agreement dated 10 July 2020 and otherwise as further amended and/or supplemented from time to time (the "**Agency Agreement**") between (i) the Bank (on behalf of itself and each Branch Issuer), (ii) The Bank of New York Mellon, London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), (iii) The Bank of New York Mellon, Hong Kong Branch as lodging and paying agent, transfer agent and registrar in respect of Notes cleared or to be cleared through the CMU (in such capacities, the "**CMU Lodging and Paying Agent**", the "**CMU Transfer Agent**" and the "**CMU Registrar**", which expressions include any successor lodging and paying agent, transfer agent and registrar appointed from time to time in connection with such Notes), (iv) The Bank of New York Mellon SA/NV, Luxembourg Branch as transfer agent and registrar in respect of Notes cleared or to be cleared through Euroclear Bank SA/NV and/or Clearstream Banking S.A. (in such capacities, the "**Principal Transfer Agent**" and the "**Principal Registrar**", which expressions includes any successor transfer agent and registrar appointed from time to time in connection with such Notes), the paying agents named therein (together with the Fiscal Agent and the CMU Lodging and Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the transfer agents named therein (together with the Principal Transfer Agent and the CMU Transfer Agent, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes). In these Conditions references to the "**Registrars**" are to the Principal Registrar and the CMU Registrar and any reference to a "**Registrar**" is to any one of them; and references to the "**Agents**" are to the Paying Agents and the Transfer Agents and any reference to an "**Agent**" is to any one of them.

(d) *Deed of Covenant*: The Notes may be issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**"). Registered Notes are constituted by an amended and restated new deed of covenant dated 10 July 2020 and otherwise as further amended and/or supplemented from time to time (the "**Deed of Covenant**") entered into by the Bank (on behalf of itself and each Branch Issuer).

(e) *The Notes*: All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Pricing Supplement. Copies of the relevant Pricing Supplement are available for inspection upon request by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Agents.

(f) *Summaries*: Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and are subject to their detailed provisions. Noteholders and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection upon request by Noteholders during normal business hours at the Specified Offices of each of the Agents.

2 Interpretation

(a) *Definitions:* In these Conditions the following expressions have the following meanings:

"**2006 ISDA Definitions**" means, in relation to a Series of Notes, the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of such Series) as published by ISDA (copies of which may be obtained from ISDA at www.isda.org);

"**2021 ISDA Definitions**" means, in relation to a Series of Notes, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest Rate Derivatives Definitions) as at the date of issue of the first Tranche of Notes of such Series, as published by ISDA on its website (www.isda.org);

"**Accrual Yield**" has the meaning given in the relevant Pricing Supplement;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Additional Tax Amounts**" has the meaning given in Condition 13 (*Taxation*);

"**Business Day**" means:

(a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;

(b) in relation to any sum payable in Renminbi, any day (other than a Sunday or a Saturday) on which commercial banks and foreign exchange markets are open for business and settle Renminbi payments in Hong Kong and are not authorised or obligated by law or executive order to be closed; and

(c) in relation to any sum payable in a currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(a) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(b) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(c) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(d) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:

(i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(e) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Agent**" means the Fiscal Agent as appointed by the Issuer in respect of a Series of Notes pursuant to the terms of the Agency Agreement or such other Person specified in the relevant Pricing Supplement as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Pricing Supplement;

"**Calculation Amount**" has the meaning given in the relevant Pricing Supplement;

"**Clearstream**" means Clearstream Banking S.A.;

"**CMU**" means the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority;

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Pricing Supplement and:

(a) if "**Actual/Actual (ICMA)**" is so specified, means:

(i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(ii) where the Calculation Period is longer than one Regular Period, the sum of:

(A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such

Regular Period and (2) the number of Regular Periods in any year; and

(B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

(iii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iv) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(v) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(vi) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**"is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vii) if "**30E/360**"or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the

Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and "**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

(viii) if "**30E/360 (ISDA)**"is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30, provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Pricing Supplement;

"**Euroclear**" means Euroclear Bank SA/NV;

"**Extraordinary Resolution**" has the meaning given in the Agency Agreement;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**First Interest Payment Date**" means the date specified in the relevant Pricing Supplement; "**Fixed Coupon Amount**" has the meaning given in the relevant Pricing Supplement;

"**Holder**", in the case of Bearer Notes, has the meaning given in Condition 3(b) (Form, Denomination,

Title and Transfer - Title to Bearer Notes) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer - Title to Registered Notes*);

"**Hong Kong**" means the Hong Kong Special Administrative Region of the PRC;

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser of recognised standing with relevant experience in the international capital markets, in each case appointed by the Issuer at its own expense;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

"**Interest Determination Date**" has the meaning given in the relevant Pricing Supplement or, in the case of Notes to which Condition 7(f) (*Floating Rate Note Provisions - Interest - Floating Rate Notes referencing SOFR (Screen Rate Determination*)) or Condition 7(g) (*Floating Rate Note Provisions - SOFR Compounded Index (Screen Rate Determination))* applies, as otherwise specified in Condition 7(f) *(Floating Rate Note Provisions - Interest - Floating Rate Notes referencing SOFR (Screen Rate Determination*)) or Condition 7(g) (*Floating Rate Note Provisions - SOFR Compounded Index (Screen Rate Determination*)), as the case may be;

"**Interest Payment Date**" means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant Pricing Supplement:

(a) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"**ISDA**" means the International Swaps and Derivatives Association, Inc. (or any successor);

"**ISDA Definitions**" has the meaning given in the relevant Pricing Supplement;

"**Issue Date**" has the meaning given in the relevant Pricing Supplement;

"**Issuer**" means the Bank or, in respect of any Tranche of Notes issued by a Branch Issuer, such Branch Issuer as specified in the relevant Pricing Supplement;

"**Macau**" means the Macau Special Administrative Region of the PRC; "**Margin**"

has the meaning given in the relevant Pricing Supplement; "**Maturity Date**" has

the meaning given in the relevant Pricing Supplement;

"**Maximum Redemption Amount**" has the meaning given in the relevant Pricing Supplement;

"**Minimum Redemption Amount**" has the meaning given in the relevant Pricing Supplement;

"**NAFR**" means the National Administration of Financial Regulation of the PRC or its relevant competent local counterparts, formed on the basis of the former China Banking and Insurance Regulatory

Commission of the PRC;

"**NAFR Approval**" means the requisite approval obtained by the Bank in respect of a particular Tranche of Notes provided by the NAFR to the Bank;

"**NAFR Measures**" means the Implementing Measures of the China Banking and Insurance Regulatory Commission for Administrative Licensing Matters for Chinese-funded Commercial Banks (Order of the China Banking and Insurance Regulatory Commission [2022] No. 5) (中國銀保監會中資商業銀行行政許可事項實施方法) issued by the former China Banking and Insurance Regulatory Commission of the PRC, which came into effect on 2 September 2022, and any implementation rules issued by the NAFR from time to time;

"**NDRC**" means the National Development and Reform Commission of the PRC or its local counterparts;

"**NDRC Measures**" means the Administrative Measures for the Review and Registration of Medium and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) issued by the NDRC on 5 January 2023 and which came into effect on 10 February 2023, and any implementation rules, reports, certificates and guidelines and applicable policies issued by the NDRC from time to time;

"**Noteholder**", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer - Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer - Title to Registered Notes*);

"**Optional Redemption Amount (Call)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement; "**Optional Redemption Amount (Put)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Pricing Supplement;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Pricing Supplement;

"**Payment Business Day**" means:

(a) if the currency of payment is euro, any day which is:

(i) a day on which (x) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and (y) a day on which commercial banks are open for general business (including dealing in foreign currencies) in the city where the Fiscal Agent or the CMU Lodging and Paying Agent (as the case may be) has its Specified Office; and

(ii) in the case of payment by transfer to an account, (a) a TARGET Settlement Day and (b) a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(b) if the currency of payment is not euro, any day which is:

(iii) a day on which (a) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies and (b) a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Fiscal Agent or the CMU Lodging and Paying Agent (as the case may be) has its Specified Office; and

(iv) in the case of payment by transfer to an account, a day on which dealings in foreign currencies (including, in the case of Notes denominated in Renminbi, settlement of Renminbi payments) may be carried on in the Principal Financial Centre of the currency

of payment and in each (if any) Additional Financial Centre;

"**PBOC**" means the People's Bank of China of the PRC;

"**PBOC Approval**" means the requisite approval obtained by the Bank in respect of a particular Tranche of Notes provided by the PBOC to the Bank or the Branch Issuer (acting through the Bank);

"**PBOC Circular**" means the Macro-prudential Management of Cross-border Financing in Full Aperture (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) issued by the PBOC and which came into effect on 12 January 2017, and any implementation rules as issued by the PBOC from time to time;

"**PBOC Service Guidance**" means the Service Guidance on the Examination and Approval of the Interbank Bond Market or Issuance of Overseas Financial Bonds (No. 21010 of the Service Guidance on PBOC Administrative Licensing Matters) (在銀行間債券市場或到境外發行金融債券審批事項服務指南) issued by the PBOC and which came into effect on 29 December 2017, and any implementation rules as issued by the PBOC from time to time;

"**Permitted Security Interest**" means any Security Interest over any assets of the Bank as security for credit-linked debt securities, equity-linked debt securities or asset-backed securities issued by the Bank (including its branches);

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**PRC**" or "**China**" means the People's Republic of China excluding Hong Kong, Macau and Taiwan;

"**PRC Business Day**" means a day on which commercial banks are open for business in the PRC;

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency provided, however, that:

(a) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

(b) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

(c) in relation to Renminbi, it means Hong Kong and/or any other relevant financial centre, as is specified in the relevant Pricing Supplement;

"**Principal Subsidiary**" means any Subsidiary of the Bank:

(a) whose gross revenues (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) or whose gross assets (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) or net profit (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) represent not less than five per cent. of the consolidated gross revenues, the consolidated gross assets or consolidated net profit, as the case may be, of the Bank and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest audited or reviewed financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited or reviewed consolidated financial statements of the Bank, provided that:

(i) in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited or reviewed consolidated financial statements of the Bank relate for the purpose of applying each of the foregoing tests, the reference to the Bank's latest audited or reviewed consolidated financial statements shall be deemed to be a reference to such

audited or reviewed financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant audited or reviewed financial statements, adjusted as deemed appropriate by the auditor for the time being, after consultation with the Bank; and

(ii) if at any relevant time in relation to the Bank or any Subsidiary no financial statements are prepared and audited, its gross revenues, gross assets and net profit (consolidated, if applicable) shall be determined on the basis of pro forma financial statements (consolidated, if applicable) prepared for this purpose; or

(b) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Principal Subsidiary, whereupon (A) in the case of a transfer by a Principal Subsidiary, the transferor Principal Subsidiary shall immediately cease to be a Principal Subsidiary and (B) the transferee Subsidiary shall immediately become a Principal Subsidiary, provided that on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined pursuant to the provisions of sub-paragraph (A) above.

A certificate by a duly authorised officer of the Bank that in his/her opinion (making such adjustments (if any) as he/she shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Bank, the Branch Issuer, the Noteholders and the Couponholders;

"**Put Option Notice**" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder; "Put Option Receipt" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Pricing Supplement;

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Pricing Supplement;

"**Reference Price**" has the meaning given in the relevant Pricing Supplement;

"**Reference Rate**" means EURIBOR, HIBOR, SOFR, SOFR Compounded Index or any other applicable benchmarks as specified in the relevant Pricing Supplement in respect of the currency and period specified in the relevant Pricing Supplement;

"**Regular Period**" means:

(a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls; and

(c) in the case of Notes where, apart from one Interest Period other than the first Interest Period,

interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"**Relevant Financial Centre**" has the meaning given in the relevant Pricing Supplement;

"**Relevant Indebtedness**" means any indebtedness, or any guarantee or indemnity, for money borrowed or raised which (i) has an original maturity of one year or above and (ii) is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is issued outside the PRC and which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" has the meaning given in the relevant Pricing Supplement;

"**Reserved Matter**" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"**SAFE**" means the State Administration of Foreign Exchange or its local counterparts;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Specified Currency**" has the meaning given in the relevant Pricing Supplement;

"**Specified Denomination**(s)" has the meaning given in the relevant Pricing Supplement;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Pricing Supplement;

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"**Talon**" means a talon for further Coupons;

"**T2**" means the real time gross settlement system operated by the Eurosystem or any successor system;

"**TARGET Settlement Day**" means any day on which T2 is open for the settlement of payments in euro;

"**Tax Jurisdiction**" means (a) the PRC and, as applicable, (b) where the Issuer is a Branch Issuer, the jurisdiction where such Branch Issuer is located, or in each case any political subdivision therein or any authority therein or thereof having power to tax;

"**Treaty**" means the Treaty on the Functioning of the European Union, as amended; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Pricing Supplement.

Interpretation: In these Conditions:

(i) if the Notes are Zero Coupon Notes or are Registered Notes, references to Coupons and Couponholders are not applicable;

(ii) if Talons are specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Talons are not applicable;

(iv) any reference to principal shall be deemed to include the Redemption Amount, any Additional Tax Amounts in respect of principal which may be payable under Condition 13 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(v) any reference to interest shall be deemed to include any Additional Tax Amounts in respect of interest which may be payable under Condition 13 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

(vi) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;

(vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing Supplement gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes;

(viii) any reference to the Agency Agreement shall be construed as a reference to the Agency Agreement, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes;

(ix) any reference (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent, and all such references shall be construed accordingly; and

(x) any reference in these Conditions to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

3 Form, Denomination, Title and Transfer

(a) *Bearer Notes:* Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Pricing Supplement, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.

(b) *Title to Bearer Notes:* Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "**Holder**" means the holder of such Bearer Note and "**Noteholder**" and "**Couponholder**" shall be construed accordingly.

(c) *Registered Notes:* Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Pricing Supplement and higher integral multiples of a smaller amount specified in the relevant Pricing Supplement.

(d) *Title to Registered Notes:* Each Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Note Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.

(e) *Ownership:* The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

(f) *Transfers of Registered Notes:* Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of any Registrar or any Transfer Agent, together with such evidence as such Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

(g) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the relevant Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "business day" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the relevant Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(h) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer, any Registrar or any Transfer Agent but against such indemnity as such Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(i) *Closed periods:* Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

(j) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to

the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of each Registrar. A copy of the current regulations will be mailed (free of charge) by a Registrar to any Noteholder who requests in writing a copy of such regulations.

4 Status of the Notes

The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5 Covenants

(a) *Negative pledge:* So long as any Note remains outstanding (as defined in the Agency Agreement), the Bank shall not, and the Bank shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto securing the Notes equally and rateably therewith or providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of Noteholders.

(b) *Financial reports:* So long as any Note remains outstanding, the Issuer shall make publicly available and send to the Fiscal Agent and, upon request, to any Noteholder and Couponholder:

(i) as soon as they are available and in any event not more than 120 days after the end of each financial year, a copy of the audited annual financial statements in English (audited by an internationally recognised firm of independent accountants) of the Bank; and

(ii) as soon as practicable after their date of publication and in any event not more than 90 days after the end of each financial period, a copy of the semi-annual and quarterly financial statements (which comprise a consolidated balance sheet, consolidated income statement and consolidated cash flow statement) in the Chinese language prepared on a basis consistent with the audited financial statements of the Bank.

(c) *Notification to the NDRC:* Where the NDRC Measures applies to the Tranche of Notes to be issued, the Branch Issuer (acting through the Bank) or, as the case may be, the Bank undertakes to:

(iii) file or cause to be filed with the NDRC the requisite information and documents within the relevant prescribed timeframes from time to time after the relevant Issue Date in accordance with the NDRC Measures; and

(iv) comply with the NDRC Measures and other obligations required by the NDRC as it applies to such Tranche of Notes.

(d) *Notification to the PBOC:* Where the PBOC Circular applies to the Tranche of Notes to be issued, the Bank undertakes to provide or cause to be provided a notification of the requisite information and documents in connection with such Tranche of Notes to the PBOC and/or SAFE within the prescribed timeframe after the relevant Issue Date in accordance with the PBOC Circular (the "**PBOC Post-issue Filing**"). The Bank shall complete the PBOC Post-issue Filing and obtain such document(s) evidencing due filing with the PBOC and/or SAFE within the prescribed timeframe (if any) and shall comply with all applicable PRC laws and regulations in connection with the Notes. The Bank shall within 15 PRC Business Days after completion of such PBOC Post-issue Filing give notice to the Noteholders and Couponholders in accordance with Condition 20 (*Notices*).

(e) *Reporting to the NAFR:* Where the NAFR Measures applies to the Tranche of Notes to be issued, the Bank undertakes to complete the reporting in connection with such Tranche of Notes to the NAFR (if

applicable) within the prescribed timeframe after the relevant Issue Date in accordance with the NAFR Approval (the "**NAFR Reporting**"). The Bank shall complete the NAFR Reporting and obtain such document(s) evidencing due reporting with the NAFR within the prescribed timeframe (if any) and shall comply with all applicable PRC laws and regulations in connection with the Notes. The Bank shall within 15 PRC Business Days after completion of such NAFR Reporting give notice to the Noteholders and Couponholders in accordance with Condition 20 (*Notices*).

(f) *Reporting to the PBOC:* Where the PBOC Service Guidance applies to the Tranche of Notes to be issued, the Bank undertakes to complete the reporting in connection with such Tranche of Notes to the PBOC (if applicable) within the prescribed timeframe after the relevant Issue Date in accordance with the PBOC Approval (the "**PBOC Reporting**"). The Bank shall complete the PBOC Reporting and obtain such document(s) evidencing due reporting with the PBOC within the prescribed timeframe (if any) and shall comply with all applicable PRC laws and regulations in connection with the Notes. The Bank shall within 15 PRC Business Days after completion of such PBOC Reporting give notice to the Noteholders and Couponholders in accordance with Condition 20 (*Notices*).

6 Fixed Rate Note Provisions

(a) *Application:* This Condition 6 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) *Accrual of interest:* The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments - Bearer Notes*) and Condition 12 (*Payments - Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) *Notes accruing interest otherwise than a Fixed Coupon Amount*: This Condition 6(d) shall apply to Notes which are Fixed Rate Notes only where the Pricing Supplement for such Notes specify that the Interest Payment Dates are subject to adjustment in accordance with the Business Day Convention specified therein. The amount of interest payable in respect of each Note for any Interest Period for such Notes shall be calculated by the Calculation Agent by multiplying the product of the Rate of Interest for such Interest Period and the Calculation Amount by the relevant Day Count Fraction, and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. The Calculation Agent shall cause the relevant amount of interest and the relevant Interest Payment Date to be notified to the Issuer, the Fiscal Agent, the CMU Lodging and Paying Agent, the Registrar (in the case of Registered Notes), the Noteholders and the Couponholders in accordance with Condition 20 (*Notices*) and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so requires, such exchange or other relevant authority as soon as possible after their determination or calculation but in no event later than the fourth Business Day thereafter or, if earlier in the case of notification to the stock exchange, the time required by the rules of the relevant stock exchange or other relevant authority.

(e) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period

for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

So long as the Notes are represented by a Global Note or Global Note Certificate, interest shall be calculated in respect of any period by applying the Rate of Interest to the total aggregate outstanding nominal amount of the Notes represented by such Global Note or Global Note Certificate and not by reference to the Calculation Amount.

7 Floating Rate Note Provisions and Index-Linked Interest Note Provisions

(a) *Application:* This Condition 7 is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) *Accrual of interest:* The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments - Bearer Notes*) and Condition 12 (*Payments - Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Screen Rate Determination (other than Floating Rate Notes which reference SOFR or SOFR Compounded Index):* If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be (other than in respect of Notes for which SOFR, SOFR Compounded Index or any related index is specified as the Reference Rate in the relevant Pricing Supplement) determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:

(A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Issuer shall appoint an Independent Adviser (as defined in Condition 7(m)(i)) and the Independent Adviser shall, upon

taking instructions from the Issuer, determine such rate at such time and by reference to such sources as it determines appropriate;

(iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iv) if, in the case of sub-paragraph (i) above, such rate does not appear on that page or, in the case of sub-paragraph (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) *ISDA Determination:* If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) if the Pricing Supplement specify either "2006 ISDA Definitions" or "2021 ISDA Definitions" as the applicable ISDA Definitions:

(A) the Floating Rate Option is as specified in the relevant Pricing Supplement;

(B) the Designated Maturity, if applicable, is a period specified in the relevant Pricing Supplement;

(C) the relevant Reset Date, unless otherwise specified in the relevant Pricing Supplement, has the meaning given to it in the ISDA Definitions;

(D) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:

(1) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(2) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Issuer shall appoint an Independent Adviser and the Independent Adviser shall, upon taking instructions from the Issuer, determine such rate at such time and by reference to such sources as it determines appropriate.

(E) if the specified Floating Rate Option is an Overnight Floating Rate Option, Compounding is specified to be applicable in the relevant Pricing Supplement and:

(1) if Compounding with Lookback is specified as the Compounding Method in the relevant Pricing Supplement then (a) Compounding with Lookback is the Overnight Rate Compounding Method and (b) Lookback is the number of Applicable Business Days specified in the relevant Pricing Supplement;

(2) if Compounding with Observation Period Shift is specified as the Compounding Method in the relevant Pricing Supplement then (a) Compounding with Observation Period Shift is the Overnight Rate Compounding Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Pricing Supplement and (c) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Pricing Supplement; or

(3) if Compounding with Lockout is specified as the Compounding Method in the relevant Pricing Supplement then (a) Compounding with Lockout is the Overnight Rate Compounding Method, (b) Lockout is the number of Lockout Period Business Days specified in the relevant Pricing Supplement and (c) Lockout Period Business Days, if applicable, are the days specified in the relevant Pricing Supplement;

(F) if the specified Floating Rate Option is an Overnight Floating Rate Option, Averaging is specified to be applicable in the relevant Pricing Supplement and:

(1) if Averaging with Lookback is specified as the Averaging Method in the relevant Pricing Supplement then (a) Averaging with Lookback is the Overnight Rate Averaging Method and (b) Lookback is the number of Applicable Business Days specified in the relevant Pricing Supplement;

(2) if Averaging with Observation Period Shift is specified as the Averaging Method in the relevant Pricing Supplement then (a) Averaging with Observation Period Shift is the Overnight Rate Averaging Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Pricing Supplement and (c) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Pricing Supplement; or

(3) if Averaging with Lockout is specified as the Averaging Method in the relevant Pricing Supplement then (a) Averaging with Lockout is the Overnight Rate Averaging Method, (b) Lockout is the number of Lockout Period Business Days specified in the relevant Pricing Supplement and (c) Lockout Period Business Days, if applicable, are the days specified in the relevant Pricing Supplement; and

(G) if the specified Floating Rate Option is an Index Floating Rate Option and Index Provisions are specified to be applicable in the relevant Pricing Supplement, the Compounded Index Method with Observation Period Shift shall be applicable and, (a) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Pricing Supplement and (b) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Pricing Supplement;

(ii) references in the ISDA Definitions to:

(A) "**Confirmation**" shall be references to the relevant Pricing Supplement;

(B) "**Calculation Period**" shall be references to the relevant Interest Period;

(C) "**Termination Date**" shall be references to the Maturity Date; and

(D) "**Effective Date**" shall be references to the Interest Commencement Date; and

(iii) if the Pricing Supplement specify "2021 ISDA Definitions" as being applicable:

(A) "Administrator/Benchmark Event" shall be disapplied; and

(B) if the Temporary Non-Publication Fallback in respect of any specified Floating Rate Option is specified to be "Temporary Non-Publication Fallback - Alternative Rate" in the

Floating Rate Matrix of the 2021 ISDA Definitions the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication Fallback - Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback - Previous Day's Rate".

(e) *Index-Linked Interest:* If the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Pricing Supplement.

(f) *Interest - Floating Rate Notes referencing SOFR (Screen Rate Determination)*:

(i) This Condition 7(f) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable, Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, and the "Reference Rate" is specified in the relevant Pricing Supplement as being "Compounded SOFR".

(ii) Where "Compounded SOFR" is specified as the Reference Rate in the Pricing Supplement, the Rate of Interest for each Interest Period will, subject as provided below, be the Benchmark plus or minus (as specified in the relevant Pricing Supplement) the Margin, all as determined by the Calculation Agent on each Interest Determination Date.

(iii) For the purposes of this Condition 7(f):

"**Benchmark**" means Compounded SOFR, which is a compounded average of daily SOFR, as determined for each Interest Period in accordance with the specific formula and other provisions set out in this Condition 7(f).

Daily SOFR rates will not be published in respect of any day that is not a U.S. Government Securities Business Day, such as a Saturday, Sunday or holiday. For this reason, in determining Compounded SOFR in accordance with the specific formula and other provisions set forth herein, the daily SOFR rate for any U.S. Government Securities Business Day that immediately precedes one or more days that are not U.S. Government Securities Business Days will be multiplied by the number of calendar days from and including such U.S. Government Securities Business Day to, but excluding, the following U.S. Government Securities Business Day.

If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of Compounded SOFR (or the daily SOFR used in the calculation hereof) prior to the relevant SOFR Determination Time, then the provisions under Condition 7(f)(iv) below will apply.

"**Compounded SOFR**" with respect to any Interest Period, means the rate of return of a daily compound interest investment computed in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards to 0.00001 per cent.):

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{\mathrm{D}}\right)-1\right]\times\frac{D}{d}$$

"**d**" is the number of calendar days in:

(i) where "Lag" is specified as the Observation Method in the relevant Pricing Supplement, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Pricing Supplement, the relevant Observation Period;

"**D**" is the number specified in the relevant Pricing Supplement (or, if no such number is specified, 360);

"**d_o**" is the number of U.S. Government Securities Business Days in:

(i) where "Lag" is specified as the Observation Method in the relevant Pricing Supplement, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Pricing Supplement, the relevant Observation Period;

"**i**" is a series of whole numbers from one to d_o, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in:

(i) where "Lag" is specified as the Observation Method in the relevant Pricing Supplement, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Pricing Supplement, the relevant Observation Period,

to and including the last U.S. Government Securities Business Day in such period;

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling "p" U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Notes are due and payable);

"**n_i**" for any U.S. Government Securities Business Day "i" in the relevant Interest Period or Observation Period (as applicable), is the number of calendar days from, and including, such U.S. Government Securities Business Day "i" to, but excluding, the following U.S. Government Securities Business Day ("**i+1**");

"**Observation Period**" in respect of an Interest Period means the period from, and including, the date falling "p" U.S. Government Securities Business Days preceding the first day in such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to, but excluding, the date falling "p" U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" for any Interest Period or Observation Period (as applicable) means the number of U.S. Government Securities Business Days specified as the "Lag Period" or the "Observation Period" (as applicable) in the relevant Pricing Supplement or if no such period is specified, five U.S. Government Securities Business Days;

"**SOFR**" with respect to any U.S. Government Securities Business Day, means:

(i) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the "**SOFR Determination Time**"); or

(ii) Subject to Condition 7(f)(iv) below, if the rate specified in paragraph (i) above does not so appear, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;

"**SOFR Administrator**" means the Federal Reserve Bank of New York (or a successor

administrator of the Secured Overnight Financing Rate);

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York, or any successor source;

"**SOFRi**" means the SOFR for:

(i) where "Lag" is specified as the Observation Method in the applicable Pricing Supplement, the U.S. Government Securities Business Day falling "p" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "i"; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Pricing Supplement, the relevant U.S. Government Securities Business Day "i"; and

"**U.S. Government Securities Business Day**" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(iv) If the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of the Noteholders.

Any determination, decision or election that may be made by the Issuer pursuant to this Condition 7(f)(iv), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

(i) will be conclusive and binding absent manifest error;

(ii) will be made in the sole discretion of the Issuer; and

(iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

For the purposes of this Condition 7(f)(iv):

"**Benchmark**" means, initially, Compounded SOFR, as such term is defined above; **provided that** if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR (or the published daily SOFR used in the calculation thereof) or the then-current Benchmark, then "Benchmark" shall mean the applicable Benchmark Replacement.

"**Benchmark Replacement**" means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

(i) the sum of: (A) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (B) the Benchmark Replacement Adjustment;

(ii) the sum of: (A) the ISDA Fallback Rate and (B) the Benchmark Replacement Adjustment; or

(iii) the sum of: (A) the alternate rate of interest that has been selected by the Issuer as the

replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (B) the Benchmark Replacement Adjustment;

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

"**Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(iv) in the case of clause (i) or (ii) of the definition of "**Benchmark Transition Event**", the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(v) in the case of clause (iii) of the definition of "**Benchmark Transition Event**", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"**Benchmark Transition Event**" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely,

provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

"**ISDA Fallback Adjustment**" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the 2006 ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the 2006 ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**Reference Time**" with respect to any determination of the Benchmark means (i) if the Benchmark is Compounded SOFR, the SOFR Determination Time, and (ii) if the Benchmark is not Compounded SOFR, the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(v) Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under Condition 7(f)(iv) above will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the CMU Lodging and Paying Agent, and, in accordance with Condition 20 (*Notices*), the Noteholders and Couponholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:

(i) confirming (x) that a Benchmark Transition Event has occurred, (y) the relevant Benchmark Replacement and, (z) where applicable, any Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 7(f); and

(ii) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation (having regard to prevailing market practice, if any) of such Benchmark Replacement and/or Benchmark Replacement Adjustment.

(vi) If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 7(f), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

(g) *SOFR Compounded Index (Screen Rate Determination):*

This Condition 7(g) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable, Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, and "**SOFR Compounded Index Determination**" is specified in the relevant Pricing Supplement as being applicable.

Where "**SOFR Compounded Index Determination**" is specified in the relevant Pricing Supplement as being applicable, the Rate of Interest for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards to 0.00001 per cent.):

$$\left(\frac{SOFR\ Compounded\ Index\ End}{SOFR\ Compounded\ Index\ Start} - 1\right) \times \frac{360}{d}$$

and plus or minus the Margin (if any), all as determined and calculated by the Calculation Agent on each Interest Determination Date, where:

"**d**" is the number of calendar days from (and including) the day on which the relevant SOFR Compounded Index Start is determined to (but excluding) the day on which the relevant SOFR Compounded Index End is determined;

"**Index Days**" means U.S. Government Securities Business Days;

"**Interest Determination Date**" is as specified in the applicable Pricing Supplement, but, unless otherwise specified, means in respect of any Interest Period, the date falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period (or the date falling the Relevant Number of Index Days prior to the Interest Payment Date prior to such earlier date, if any, on which the Notes are due and payable);

"**Relevant Number**" is as specified in the applicable Pricing Supplement, but, unless otherwise specified shall be five;

"**SOFR Compounded Index**" means the Compounded SOFR rate as published at 15:00 (New York time) by Federal Reserve Bank of New York (or a successor administrator of SOFR) on the website of the Federal Reserve Bank of New York, or any successor source;

"**SOFR Compounded Index End**" means the relevant SOFR Compounded Index value on the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due (but which by its definition or the

operation of the relevant provisions is excluded from such Interest Period); and

"**SOFR Compounded Index Start"** means the relevant SOFR Compounded Index value on the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Period.

If, with respect to any Interest Period, the relevant rate is not published for the SOFR Compounded Index either on the relevant SOFR Compounded Index Start or SOFR Compounded Index End date, then the Calculation Agent shall calculate the rate of interest for that Interest Period as if SOFR Compounded Index Determination was not specified in the applicable Pricing Supplement and as if Compounded SOFR (as defined in Condition 7(f)) (Floating Rate Note Provisions - Interest - Floating Rate Notes referencing SOFR (Screen Rate Determination)) had been specified instead in the relevant Pricing Supplement, and "Observation Shift" had been specified as the Observation Method in the relevant Pricing Supplement, and where the Observation Period for the purposes of that definition in Condition 7(f) (Floating Rate Note Provisions - Interest - Floating Rate Notes referencing SOFR (Screen Rate Determination)) shall be deemed to be the same as the Relevant Number specified in the relevant Pricing Supplement. For the avoidance of doubt, if a Benchmark Transition Event and its related Benchmark Replacement Date has occurred in respect of SOFR, the provisions of Condition 7(f)(iv) shall apply.

(h) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified. If the relevant Pricing Supplement does not specify any Minimum Rate of Interest and the Rate of Interest as determined by the Calculation Agent according to this Condition 7 is a negative value, the Rate of Interest shall be zero per cent. per annum.

(i) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(j) *Calculation of other amounts:* If the relevant Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Pricing Supplement.

(k) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer and the Paying Agents as soon as practicable after such determination. Notice thereof shall also promptly be given by the Issuer to the Noteholders and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/ or quotation and if the rules of such authority, stock exchange or quotation system require such notification. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall notify the Issuer and the Paying Agents only of the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination, and the Issuer shall promptly give notice of the same to the Noteholders and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then

been admitted to listing, trading and/or quotation and if the rules of such authority, stock exchange or quotation system require such notification.

(l) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 by the Calculation Agent will (in the absence of manifest error) be binding on the Bank, the Branch Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(m) *Determination of Rate of Interest following acceleration:* If (i) the Notes become due and payable in accordance with Condition 14 (*Events of Default*) and (ii) the Rate of Interest for the Interest Period during which the Notes become due and payable is to be determined by reference to any of Conditions 7(f) (*Floating Rate Note Provisions - Interest - Floating Rate Notes referencing SOFR (Screen Rate Determination)*) and 7(g) (*Floating Rate Note Provisions - SOFR Compounded Index (Screen Rate Determination*)), then the final Interest Determination Date shall be the date on which the Notes become so due and payable, and such Rate of Interest shall continue to apply to the Notes for so long as interest continues to accrue thereon as provided in the Conditions.

(n) *Benchmark Replacement (Independent Adviser) (other than Floating Rate Notes which reference SOFR or SOFR Compounded Index):* Other than in respect of Notes for which SOFR or SOFR Compounded Index is specified as the Reference Rate in the relevant Pricing Supplement, notwithstanding the provisions of Condition 7(c), if the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Event has occurred (or will occur on or prior to the Interest Determination Date relating to the next succeeding Interest Period), when the Rate of Interest (or any relevant component part thereof) remains to be determined by reference to the Reference Rate, then the following provisions shall apply:

(i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser for the determination (with the Issuer's agreement) of a Successor Rate or, alternatively, if the Independent Adviser and the Issuer agree that there is no Successor Rate, an alternative rate (the "**Alternative Benchmark Rate**") and, in either case, an alternative screen page or source (the "**Alternative Relevant Screen Page**") and the applicable Adjustment Spread, all by no later than three (3) Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the "**Interest Determination Cut-off Date**") for purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 7(n)).

(ii) In the absence of bad faith or fraud, neither the Issuer nor any Independent Adviser shall have any liability whatsoever to the Fiscal Agent, the Calculation Agent or the Noteholders for any determination made by it pursuant to this Condition 7(n);

(iii) the Alternative Benchmark Rate shall be such rate as the Independent Adviser and the Issuer acting in good faith agree has replaced the Reference Rate in customary market usage for the purposes of determining floating rates of interest in respect of eurobonds denominated in the Specified Currency, or, if the Independent Adviser and the Issuer agree that there is no such rate, such other rate as the Independent Adviser and the Issuer acting in good faith agree is most comparable to the Reference Rate, and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate;

(iv) if the Issuer is unable to appoint an Independent Adviser, or if the Independent Adviser and the Issuer cannot agree upon, or cannot select a Successor Rate or an Alternative Benchmark Rate and an Alternative Relevant Screen Page prior to the Interest Determination Cut-off Date in accordance with sub-paragraph (i) and (ii) above, then the Issuer (acting in good faith and in a commercially reasonable manner) may determine which (if any) rate has replaced the Reference Rate in customary market usage for purposes of determining floating rates of interest in respect

of eurobonds denominated in the Specified Currency, or, if it determines that there is no such rate, which (if any) rate is most comparable to the Reference Rate, and the Alternative Benchmark Rate shall be the rate so determined by the Issuer and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate; provided, however, that if this sub-paragraph (iii) applies and the Issuer is unable or unwilling to determine an Alternative Benchmark Rate and Alternative Relevant Screen Page prior to the Interest Determination Date relating to the next succeeding Interest Period in accordance with this sub-paragraph (iii), the Reference Rate applicable to such Interest Period shall be equal to the Reference Rate for a term equivalent to the relevant Interest Period published on the Relevant Screen Page as at the last preceding Interest Determination Date. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period, and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 7(n);

(v) if a Successor Rate or an Alternative Benchmark Rate and an Alternative Relevant Screen Page is determined in accordance with the preceding provisions, such Successor Rate or Alternative Benchmark Rate and Alternative Relevant Screen Page (in each case as adjusted by the applicable Adjustment Spread determined as provided in sub-paragraph (v) below) shall subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the subsequent operation of this Condition 7(n));

(vi) if a Successor Rate or an Alternative Benchmark Rate and an Alternative Relevant Screen Page is determined in accordance with the preceding provisions, the Issuer, following consultation with the Independent Adviser (if appointed) and acting in good faith, shall determine (A) the Adjustment Spread to be applied to the Successor Rate or Alternative Benchmark Rate (as applicable) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, and such Adjustment Spread shall be applied to the Successor Rate or Alternative Benchmark Rate for each subsequent determination of the Rate of Interest and Interest Amount(s) (or a component part thereof) by reference to such Successor Rate or Alternative Benchmark Rate;

(vii) if a Successor Rate or an Alternative Benchmark Rate and (in either case) the applicable Adjustment Spread is determined in accordance with the above provisions, the Independent Adviser (with the Issuer's agreement) or, failing which, the Issuer, may also specify changes to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, as are necessary to ensure the proper operation (having regard to prevailing market practice, if any) of the Successor Rate, Alternative Benchmark Rate and (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**"), which changes shall (subject to the subsequent operation of this Condition 7(n)) apply to the Notes for all future Interest Periods, without any requirement for the consent or approval of Noteholders;

(viii) the Issuer shall promptly following the determination of any Successor Rate or Alternative Benchmark Rate and Alternative Relevant Screen Page and Adjustment Spread give notice thereof and of any Benchmark Amendments pursuant to sub-paragraph (vi) above to the Calculation Agent, the Fiscal Agent and the Noteholders in accordance with Condition 20 (*Notices*); and

(ix) no later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:

(A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or,

as the case may be, the relevant Alternative Benchmark Rate and, (z) the relevant Adjustment Spread and/or the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 7(n); and

(B) certifying that the relevant Benchmark Amendments are necessary to ensure the proper operation (having regard to prevailing market practice, if any) of such relevant Successor Rate, Alternative Benchmark Rate and (in either case) the applicable Adjustment Spread.

The Successor Rate or Alternative Benchmark Rate and (in either case) the applicable Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination thereof) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the other Paying Agents and the Noteholders.

For the purposes of this Condition 7(n):

(i) "**Adjustment Spread**" means either a spread (which may be positive, negative or zero) or a formula or methodology for calculating a spread, which in each case is to be applied to the relevant Successor Rate or the relevant Alternative Benchmark Rate (as applicable), and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(B) in the case of a Successor Rate for which no such recommendation has been made, or option provided, or in the case of an Alternative Benchmark Rate, is the spread, formula or methodology which the Issuer, following consultation with the Independent Adviser (if appointed) and acting in good faith, determines to be appropriate as a result of the replacement of the Reference Rate with the Successor Rate or Alternative Benchmark Rate;

(ii) "**Benchmark Event**" means:

(A) the Reference Rate has ceased to be published for a period of at least five Business Days; or

(B) the making of a public statement by the administrator of the Reference Rate that it has ceased, or will cease, publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate); or

(C) the making of a public statement by the supervisor of the administrator of the Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued; or

(D) the making of a public statement by the supervisor of the administrator of the Reference Rate that means that such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in circumstances where the same shall be applicable to the Notes; or

(E) the making of a public statement by the supervisor of the administrator of the Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of its underlying market, in circumstances where the same shall be applicable to the Notes; or

(F) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Reference Rate (including, without limitation, under

the Benchmarks Regulation (EU) 2016/1011, if applicable),

provided that in the case of paragraphs (B) to (E) above, the Benchmark Event shall occur on:

(1) in the case of (B) above, the date of the cessation of the publication of the Reference Rate;

(2) in the case of (C) above, the discontinuation of the Reference Rate;

(3) in the case of (D) above, the date on which the Reference Rate is prohibited from use or becomes subject to restrictions or adverse consequences (as applicable); or

(4) in the case of (E) above, the date on which the Reference Rate is deemed no longer to be representative,

and not (in any such case) the date of the relevant public statement (unless the date of the relevant public statement coincides with the relevant date in (1), (2), (3) or (4) above, as applicable);

(iii) "**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

(iv) "**Successor Rate**" means the reference rate (and related alternative screen page or source, if available) that is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

8 Zero Coupon Note Provisions

(a) *Application:* This Condition 8 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Issuer has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9 Dual Currency Note Provisions

(a) *Application:* This Condition 9 is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) *Rate of Interest:* If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Pricing Supplement.

10 Redemption and Purchase

(a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11 (*Payments - Bearer Notes*) and Condition 12 (*Payments - Registered Notes*).

(b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:

(i) at any time (unless the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable); or

(ii) on any Interest Payment Date (if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable), on giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant Pricing Supplement, (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

(A) the Issuer has or will become obliged to pay Additional Tax Amounts as provided for or referred to in Condition 13 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 13 (*Taxation*)) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and

(B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

(1) where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant Pricing Supplement) prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts if a payment in respect of the Notes were then due; or

(2) where the Notes may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the relevant Pricing Supplement) prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this Condition 10(b), the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by two duly authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 10(b), the

Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b).

(c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant Pricing Supplement (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

(d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/ or quotation and the notice to Noteholders referred to in Condition 10(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(e) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Pricing Supplement as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(e), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant Pricing Supplement), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(e), may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(e), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.

(f) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) (*Scheduled redemption*) to 10(e) (*Redemption at the option of Noteholders*) above.

(g) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 10(g) or, if none is so specified, a Day Count Fraction of 30E/360.

(h) *Purchase:* The Branch Issuer, the Bank or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith.

(i) *Cancellation:* All Notes so redeemed or purchased by the Branch Issuer, the Bank or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

11 Payments - Bearer Notes

This Condition 11 is only applicable to Bearer Notes.

(a) *Principal:* Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States (i) in the case of a currency other than Renminbi, by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency, and (ii) in the case of Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in the Principal Financial Centre of that currency.

(b) *Interest:* Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.

(c) *Payments of principal and interest in respect of Bearer Notes held in the CMU will be made to the CMU for their distribution to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.*

(d) *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

(e) *Payments subject to fiscal laws:* All payments in respect of the Bearer Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 13 (*Taxation*)) any law implementing an intergovernmental approach thereto.

(f) *No commissions chargeable:* No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(g) *Deductions for unmatured Coupons:* If the relevant Pricing Supplement specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "Relevant Coupons") being equal to the amount of principal due for payment; provided, however, that where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided, however, that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

(h) *Unmatured Coupons void:* If the relevant Pricing Supplement specifies that this Condition 11(g) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(e) (*Redemption at the option of Noteholders*), Condition 10(c) (*Redemption at the option of the Issuer*) or Condition 14 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(i) *Payments on business days:* If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(j) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).

(k) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(l) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet

may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

12 Payments - Registered Notes

This Condition 12 is only applicable to Registered Notes.

(a) *Principal:* Payments of principal shall be made (i) in the case of a currency other than Renminbi, by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the 15th day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency, and (ii) in the case of Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in the Principal Financial Centre of that currency, and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) *Interest:* Payments of interest shall be made (i) in the case of a currency other than Renminbi, by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the 15th day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency, and (ii) in the case of Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in the Principal Financial Centre of that currency, and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

Payments of principal and interest in respect of Registered Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

(c) *Payments subject to fiscal laws:* All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (Taxation), any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 13 (Taxation)) any law implementing an intergovernmental approach thereto.

(d) *No commissions chargeable:* No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Payments on business days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of

payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 12 arriving after the due date for payment or being lost in the mail.

(f) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(g) *Record date:* Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the relevant Registrar's Specified Office on the fifth Business Day (in the case of Renminbi) and the 15th day (in the case of a currency other than Renminbi, whether or not such 15th day is a Business Day) before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

So long as the Global Note Certificate is held on behalf of Euroclear, Clearstream, CMU or any other clearing system, each payment in respect of the Global Note Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

13 Taxation

(a) *No tax withholding save as required by law:* All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of a Tax Jurisdiction or any political subdivision therein or any authority therein or thereof having power to tax, unless such withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law.

(b) *Withholding for PRC enterprise income tax:* Where such withholding or deduction is made by the Issuer as a result of the Issuer being deemed to be a PRC tax resident by or on behalf of the PRC or any political subdivision thereof or authority therein or thereof having power to tax at the rate applicable in the PRC on the date of issue of the first Tranche of the Notes (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by the Noteholders and Couponholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

(c) *Additional Tax Amounts:* In the event that the Issuer is required to make a deduction or withholding (i) by or on behalf of the PRC or any political subdivision thereof or authority therein or thereof having power to tax in excess of the Applicable Rate; or (ii) by or within a Tax Jurisdiction (other than the PRC), the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in respect of any Note or Coupon:

(i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or

(ii) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment

more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days.

(d) *Taxing jurisdiction:* If any Issuer becomes subject at any time to any taxing jurisdiction other than the Tax Jurisdiction(s), references in these Conditions to the Tax Jurisdiction(s) shall be construed as references to the Tax Jurisdiction(s) and/or such other jurisdiction.

14 Events of Default

If any of the following events occurs:

(a) *Non-payment:* the Issuer fails to pay any amount of principal or interest in respect of the Notes on the due date for payment thereof and in the case of interest, such failure continues for a period of seven days; or

(b) *Breach of other obligations:* the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Deed of Covenant or the Agency Agreement and such default remains unremedied for 45 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent; or

(c) *Cross-acceleration of Bank or Subsidiary*:

(i) any indebtedness for money borrowed of the Bank or any of its Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such indebtedness for money borrowed becomes due and payable prior to its stated maturity otherwise than at the option of the Bank or (as the case may be) the relevant Subsidiary or (provided that no event of default, howsoever described, has occurred) any person entitled to such indebtedness for money borrowed or raised; or

(iii) the Bank or any of its Subsidiaries fails to pay when due any amount payable by it under any guarantee or indemnity of any indebtedness for money borrowed,

provided that the amount of indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any guarantee or indemnity referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds U.S.$25,000,000 (or its equivalent in any other currency or currencies); or

(d) *Security enforced:* a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets and revenues of the Bank or any of its Principal Subsidiaries; or

(e) *Insolvency etc:* (i) the Bank or any of its Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Bank or any of its Principal Subsidiaries or the whole or a material part of the undertaking, assets and revenues of the Bank or any of its Principal Subsidiaries, (iii) the Bank or any of its Principal Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee or indemnity of any indebtedness given by it or (iv) the Bank or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business, except (x) in the case of any Subsidiary of the Bank, where the cessation is for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, merger or consolidation whereby the business, undertaking and assets of such Subsidiary are transferred to or otherwise vested in the Bank and/or another Subsidiary, or (y) on terms approved by an Extraordinary Resolution of the Noteholders; or

(f) *Winding up etc:* an order is made or an effective resolution is passed for the winding up, liquidation or

dissolution of the Bank or any of its Principal Subsidiaries; or

(g) *Analogous event:* any event occurs which under the laws of the relevant Tax Jurisdiction has an analogous effect to any of the events referred to in paragraphs (d) (*Security enforced*) to (f) (*Winding up etc*) above; or

(h) *Unlawfulness:* it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Deed of Covenant,

then any Noteholder may, by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, declare the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Termination Amount together with accrued interest (if any) without further action or formality. Notice of any such declaration shall promptly be given by the Issuer to the Noteholders and Couponholders in accordance with Condition 20 (*Notices*). In any event, the Issuer shall notify the Fiscal Agent, the Noteholders and Couponholders promptly upon becoming aware of the occurrence of any Event of Default.

15 Prescription

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

16 Replacement of Notes and Coupons

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, in the case of Bearer Notes, or the relevant Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

17 Agents

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Pricing Supplement. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor Fiscal Agent, CMU Lodging and Paying Agent, Principal Registrar, CMU Registrar or Calculation Agent and additional or successor Paying Agents; provided, however, that:

(a) the Issuer shall at all times maintain a Fiscal Agent and a Principal Registrar;

(b) the Issuer shall at all times maintain a CMU Lodging and Paying Agent and a CMU Registrar in relation to Notes accepted for clearance through the CMU;

(c) if a Calculation Agent is specified in the relevant Pricing Supplement, the Issuer shall at all times maintain a Calculation Agent; and

(d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

18 Meetings of Noteholders; Modification and Waiver

(a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of not less than 90 per cent. of the Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) *Modification:* The Notes, these Conditions and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders or Couponholders, to any such modification unless (i) it is of a formal, minor or technical nature, (ii) it is made to correct a manifest error or (iii) it is a modification which neither contradicts these Conditions nor is materially prejudicial to the interests of the Noteholders. Any determination as to material prejudice applying to the interests of the Noteholders pursuant to this Condition 18 shall be made by the Bank and none of the Agents shall have any responsibility or liability whatsoever with respect to such determination.

(c) In addition, pursuant to Condition 7(f) (*Floating Rate Note Provisions - Interest - Floating Rate Notes referencing SOFR (Screen Rate Determination)*) and Condition 7(n) (*Floating Rate Note Provisions - Benchmark Replacement (Independent Adviser)* (*other than Floating Rate Notes which reference SOFR or SOFR Compounded Index*)), certain changes may be made to the interest calculation provisions of the Floating Rate Notes in the circumstances and as otherwise set out in such Condition, without the requirement for consent of the Noteholders or the Couponholders.

19 Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest and, if applicable, the timing for notification or, as the case may be, reporting to the NDRC, the PBOC, SAFE, NAFR and/or such other applicable competent authority) so as to form a single series with the Notes.

20 Notices

(a) *Bearer Notes*: Notices to the Holders of Bearer Notes shall be valid if published in English in the South China Morning Post and in Chinese in the Hong Kong Economic Journal or, if such publication is not practicable, in an English and/or Chinese language newspaper, as the case may be, with general circulation in Hong Kong. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.

(b) *Registered Notes:* Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. In addition, notices to the Holders of Registered Notes shall be valid if published in English in the South China Morning Post and in Chinese in the Hong Kong Economic Journal or, if such publication is not practicable, in an English and/or Chinese language newspaper, as the case may be, with general circulation in Hong Kong. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

So long as the Notes are represented by a Global Note or a Global Note Certificate and such Global Note or Global Note Certificate is held on behalf of (i) Euroclear or Clearstream, or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions, or (ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the CMU.

21 Currency Indemnity

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

22 Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Pricing Supplement), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

23 Governing Law and Jurisdiction

(a) *Governing law:* The Notes, the Deed of Covenant and the Agency Agreement and any non-contractual obligations arising out of or in connection with the Notes, the Deed of Covenant and the Agency Agreement are governed by English law.

(b) *Jurisdiction:* The courts of Hong Kong have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes, the Deed of Covenant and the Agency Agreement.

(c) *Appropriate forum:* The Issuer agrees that the courts of Hong Kong are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(d) *Service of process:* The Issuer agrees that the documents which start any proceedings relating to a Dispute ("**Proceedings**") and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to the principal place of business of Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch at 30/F., SPD Bank Tower, One Hennessy, 1 Hennessy Road, Hong Kong, or to such other person with an address in Hong Kong and/or at such other address in Hong Kong as the Issuer may specify by notice in writing to the Noteholders. Nothing in this Condition 23(d) shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition 23(d) applies to Proceedings in Hong Kong and to Proceedings elsewhere.

(e) *Consent to enforcement etc.:* The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.

(f) *Waiver of immunity:* To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

CLEARANCE AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream or the CMU (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Bank believes to be reliable, but none of the Bank nor any Dealer or the Arrangers takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Bank nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.*

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

The Clearing Systems

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their respective participants, amongst other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by the Fiscal Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

CMU

The CMU is a central depositary service provided by the Central Moneymarkets Unit of the HKMA for the safe custody and electronic trading between the members of this service ("**CMU Members**") of Exchange Fund Bills and Notes Clearing and Settlement Service securities and capital markets instruments (together, "**CMU Instruments**") which are specified in the reference manual relating to the operation of the CMU issued by the HKMA to CMU Members, as amended from time to time (the "**CMU Reference Manual**") as capable of being held within the CMU.

The CMU is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all financial institutions regulated by the Hong Kong Monetary Authority, Securities and Futures Commission, Insurance Authority or Mandatory Provident Fund Schemes Authority. For further details on the full range of the CMU's custodial services, please refer to the CMU Reference Manual.

The CMU has an income distribution service which is a service offered by the CMU to facilitate the distribution of interest, coupon or redemption proceeds (collectively, the "**income proceeds**") by CMU Members who are paying agents to the legal title holders of CMU Instruments via the CMU system. Furthermore, the CMU has a corporate action platform which allows an issuer (or its agent) to make an announcement/notification of a corporate action and noteholders to submit the relevant certification. For further details, please refer to the CMU Reference Manual.

An investor holding an interest through an account with either Euroclear or Clearstream, in any Notes held in the CMU, will hold that interest through the respective accounts which Euroclear and Clearstream each have with the CMU.

Book-Entry Ownership

Bearer Notes

The Bank has made applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Bank may also apply to have Bearer Notes accepted for clearance through the CMU. In respect of Bearer Notes, a Temporary Global Note and/or a Permanent Global Note will be deposited with a common depositary for Euroclear and Clearstream or a sub-custodian for the CMU. Transfers of interests in a Temporary Global Note or a Permanent Global Note will be made in accordance with the normal market debt securities operating procedures of the CMU, Euroclear and Clearstream.

Registered Notes

The Bank may make applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Global Note Certificate. The Bank may also apply to have Notes to be represented by a Global Note Certificate accepted for clearance through the CMU. Each Global Note Certificate will have an International Securities Identification Number ("**ISIN**") and a Common Code. Investors in Notes of such Series may hold their interests in a Global Note Certificate through Euroclear, Clearstream or the CMU (if applicable).

Each Global Note Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Note Certificate, as set out under "*Subscription and Sale*".

All Registered Notes will initially be in the form of a Global Note Certificate. Individual Certificates will be available, in the case of Notes initially represented by a Global Note Certificate, in amounts specified in the applicable Pricing Supplement.

FORMS OF THE NOTES

Bearer Notes

Each Tranche of Notes in bearer form ("**Bearer Notes**") will initially be in the form of either a temporary global note in bearer form (the "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Pricing Supplement. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank SA/NV as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream**") and/or a sub-custodian for the HKMA as operator of the CMU and/or any other relevant clearing system.

In the case of each Tranche of Bearer Notes, the relevant Pricing Supplement will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Pricing Supplement specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the relevant Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note, duly authenticated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

(i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Fiscal Agent or the CMU Lodging and Paying Agent; and

(ii) receipt by the Fiscal Agent or the CMU Lodging and Paying Agent of a certificate or certificates of non-U.S. beneficial ownership.

The principal amount of Notes represented by the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership or the CMU Issue Position Report (as defined in the rules of the CMU) provided, however, that in no circumstances shall the principal amount of Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

The CMU may require that any such exchange for a Permanent Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Issue Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) have so certified.

If:

(a) the Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (Local Time) on the seventh day after the bearer of the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or

(b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the

Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note) will become void at 5.00 p.m. (Local Time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (Local Time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

The Permanent Global Note will become exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Note, for Bearer Notes in definitive form ("**Definitive Notes**"):

(a) on the expiry of such period of notice as may be specified in the Pricing Supplement; or

(b) at any time, if so specified in the Pricing Supplement; or

(c) if the Pricing Supplement specifies "in the limited circumstances specified in the Permanent Global Note", then if either of the following events occurs:

(i) Euroclear or Clearstream or the HKMA as operator of the CMU or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or

(ii) any of the circumstances described in Condition 14 (*Events of Default*) occurs and the Notes become due and payable.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent and the CMU Lodging and Paying Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been duly delivered by 5.00 p.m. (Local Time) on the 30th day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or

(b) the Permanent Global Note was originally issued in exchange for part only of a Temporary Global Note representing the Notes and such Temporary Global Note becomes void in accordance with its terms; or

(c) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (Local Time) on such 30th day (in the case of (a) above) or at 5.00 p.m. (Local Time) on the date on which such Temporary Global Note becomes void (in the case of (b) above) or at 5.00 p.m. (Local Time) on such due date (in the case of (c) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

Temporary Global Note exchangeable for Definitive Notes

If the relevant Pricing Supplement specifies the form of Notes as being "Temporary Global Note exchangeable

for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Pricing Supplement specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of Notes represented by the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent or the CMU Lodging and Paying Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been duly delivered by 5.00 p.m. (Local Time) on the 30th day after the bearer has requested exchange of the Temporary Global Note for Definitive Notes; or

(b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (Local Time) on such 30th day (in the case of (a) above) or at 5.00 p.m. (Local Time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

Permanent Global Note exchangeable for Definitive Notes

If the relevant Pricing Supplement specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

(a) on the expiry of such period of notice as may be specified in the relevant Pricing Supplement; or

(b) at any time, if so specified in the relevant Pricing Supplement; or

(c) if the relevant Pricing Supplement specifies "in the limited circumstances specified in the Permanent Global Note", then if either of the following events occurs:

  (i) Euroclear or Clearstream or the HKMA as operator of the CMU or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or

  (ii) any of the circumstances described in Condition 14 (*Events of Default*) occurs and the Notes become due and payable.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal

to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent or the CMU Lodging and Paying Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been duly delivered by 5.00 p.m. (Local Time) on the 30th day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or

(b) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (Local Time) on such 30th day (in the case of (a) above) or at 5.00 p.m. (Local Time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

Rights under Deed of Covenant

Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream and/or CMU and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note or a Permanent Global Note which becomes void will acquire directly against the relevant Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note or Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream and/or CMU and/or any other relevant clearing system.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" in this Offering Circular and the provisions of the relevant Pricing Supplement which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the United States Internal Revenue Code.*"

Registered Notes

Each Tranche of Notes in registered form ("**Registered Notes**") will be represented by either individual Note Certificates in registered form ("**Individual Note Certificates**"); or a global note in registered form (a "**Global Note Certificate(s)**"), in each case as specified in the relevant Pricing Supplement.

Each Note represented by a Global Note Certificate will be registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream and/or, in respect of CMU Notes, a sub-custodian for the HKMA as operator of the CMU and/or any other relevant clearing system, and the relevant Global Note Certificate will

be deposited on or about the issue date with the common depositary for Euroclear and/or Clearstream and/or, in respect of CMU Notes, or a sub-custodian for the HKMA as operator of the CMU and/or any other relevant clearing system.

If the relevant Pricing Supplement specifies the form of Notes as being "Individual Note Certificates", then the Notes will at all times be represented by Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

If the relevant Pricing Supplement specifies the form of Notes as being "Global Note Certificate exchangeable for Individual Note Certificates", then the Notes will initially be represented by a Global Note Certificate which will be exchangeable in whole, but not in part, for Individual Note Certificates:

(a) on the expiry of such period of notice as may be specified in the relevant Pricing Supplement; or

(b) at any time, if so specified in the relevant Pricing Supplement; or

(c) if the relevant Pricing Supplement specifies "in the limited circumstances described in the Global Note Certificate", then if either of the following events occurs:

  (i) Euroclear or Clearstream or the HKMA as operator of the CMU or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or

  (ii) any of the circumstances described in Condition 14 (*Events of Default*) occurs and the Notes become due and payable.

Whenever the Global Note Certificate is to be exchanged for Individual Note Certificates, the relevant Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Note Certificate to the Principal Registrar or the CMU Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Note Certificate at the specified office of the relevant Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Principal Registrar or the CMU Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

(a) Individual Note Certificates have not been issued and delivered by 5.00 p.m. (Local Time) on the 30th day after they are due to be issued and delivered in accordance with the terms of the Global Note Certificate; or

(b) any of the Notes represented by a Global Note Certificate has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Note Certificate on the due date for payment in accordance with the terms of the Global Note Certificate,

then, at 5.00 p.m. (Local Time) on such 30th day (in the case of (a) above) or at 5.00 p.m. (Local Time) on such due date (in the case of (b) above) each person shown in the records of Euroclear and/or Clearstream and/or the CMU operator (or any other relevant clearing system) as being entitled to interest in the Notes (each an "**Accountholder**") shall acquire under the Deed of Covenant rights of enforcement against the relevant Issuer ("**Direct Rights**") to compel the relevant Issuer to perform its obligations to the Holder of the Global Note

Certificate in respect of the Notes represented by the Global Note Certificate, including the obligation of the relevant Issuer to make all payments when due at any time in respect of such Notes in accordance with the Conditions as if such Notes had (where required by the Conditions) been duly presented and surrendered on the due date in accordance with the Conditions.

The Direct Rights shall be without prejudice to the rights which the Holder of the Global Note Certificate may have under the Global Note Certificate and under the Deed of Covenant. Payment to the Holder of the Global Note Certificate in respect of any Notes represented by the Global Note Certificate shall constitute a discharge of the relevant Issuer's obligations under the Notes and the Deed of Covenant to the extent of any such payment and nothing in the Deed of Covenant shall oblige the relevant Issuer to make any payment under the Notes to or to the order of any person other than the Holder of the Global Note Certificate.

As a condition of any exercise of Direct Rights by an Accountholder, such Accountholder shall, as soon as practicable, give notice of such exercise to the Holders of the Notes of the same Series in the manner provided for in the Conditions or the Global Note Certificate for notices to be given by the relevant Issuer to Noteholders.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" in this Offering Circular and the provisions of the relevant Pricing Supplement which complete those terms and conditions.

The terms and conditions applicable to any Global Note Certificate will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

Summary of Provisions relating to the Notes while in Global Form

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note in bearer form, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary for Euroclear and/or Clearstream and/or any other relevant clearing system, and/or a sub-custodian for the HKMA as operator of the CMU, will be that depositary, common depositary or sub-custodian, as the case may be.

In relation to any Tranche of Notes represented by a Global Note Certificate, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name such Global Note Certificate is for the time being registered in the Register which, for so long as the Global Note Certificate is held by or on behalf of a depositary or a common depositary for Euroclear and/or Clearstream and/or any other relevant clearing system, and/or a sub-custodian for the HKMA as operator of the CMU, will be such depositary or common depositary (or a nominee for such depositary or common depositary, or such sub-custodian), as the case may be.

Each of the persons shown in the records of Euroclear and/or Clearstream and/or any other relevant clearing system as the holder of a Note represented by a Global Note or a Global Note Certificate must look solely to Euroclear and/or Clearstream and/or such other relevant clearing system (as the case may be) for his share of each payment made by the relevant Issuer to the holder of such Global Note or Global Note Certificate and in relation to all other rights arising under such Global Note or Global Note Certificate. The extent to which, and the manner in which, such persons may exercise any rights arising under the Global Note or Global Note Certificate will be determined by the respective rules and procedures of Euroclear and Clearstream and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Note Certificate, such persons shall have no claim directly against the relevant Issuer in respect of payments due under the Notes and such obligations of the relevant Issuer will be discharged by payment to the holder of such Global Note or Global Note Certificate.

If a Global Note or a Global Note Certificate is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Note Certificate are credited as being held in the CMU in accordance with the CMU Rules shall be the only person(s) entitled (or in the case of Registered Notes, directed or deemed by the CMU as entitled) to receive payments in respect of Notes represented by such Global Note or Global Note Certificate and the relevant Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Note Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Note Certificate must look solely to the CMU for his share of each payment so made by the relevant Issuer in respect of such Global Note or Global Note Certificate.

Conditions applicable to Global Notes and Global Note Certificates

Each Global Note and Global Note Certificate will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note or Global Note Certificate. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note or Global Note Certificate (except with respect to Global Note held through the CMU) which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Note Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the relevant Issuer in respect of the Notes. All payments in respect of the Global Note or Global Note Certificate with respect to Global Note through the CMU, shall be made to the person(s) for whose account(s) interests in the Global Note Certificate are credited with being held in accordance with the agreements, rules and regulations governing the CMU as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any other relevant notification by the CMU and, save in the case of final payment thereunder, no presentation of such Global Note Certificate shall be required and will be effective to satisfy and discharge the corresponding liabilities of the relevant Issuer in respect of the Notes. For these purposes, a notification from the CMU shall be conclusive evidence of the records of the CMU (save in the case of manifest error). On each occasion on which a payment of principal or interest is made in respect of the Global Note, the relevant Issuer shall procure that the payment is noted in a schedule thereto.

Calculation of Interest: The calculation of any interest amount in respect of Notes represented by the Global Note or Global Note Certificate will be calculated on the aggregate outstanding nominal amount of the Notes represented by the Global Note or Global Note Certificate and not by reference to the Calculation Amount.

Payment Business Day: In the case of a Global Note, or a Global Note Certificate, the applicable Payment Business Day shall be, if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date: Each payment in respect of a Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment where "Clearing System Business Day" means a day on which each clearing system for which the Global Note Certificate is being held is open for business.

Exercise of put option: In order to exercise the option contained in Condition 10(e) (*Redemption and Purchase - Redemption at the option of Noteholders*), the bearer of the Temporary Global Note or Permanent Global Note or the holder of a Global Note Certificate must, within the period specified in the Conditions for the deposit of the relevant Note and the Put Option Notice, give written notice of such exercise to the Fiscal Agent or (as the case may be) the CMU Lodging and Paying Agent in accordance with the rules and procedures of the relevant clearing system, specifying the principal amount of Notes in respect of which the relevant put option is being

exercised. Any such notice shall be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 10(c) (*Redemption and Purchase - Redemption at the option of the Issuer*) in relation to some only of the Notes, where such Notes are held with Euroclear and/or Clearstream or the CMU, the Temporary Global Note or Permanent Global Note or Global Note Certificate may be redeemed in part in the principal amount specified by the relevant Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream or the CMU (as the case may be) (to be reflected in the records of Euroclear and Clearstream or the CMU (as the case may be) as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 20 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Note Certificate and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Note Certificate is, (i) deposited with a depositary or a common depositary for Euroclear and/or Clearstream and/or any other relevant clearing system (other than the CMU, in respect of which see (ii) below), notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream and/or any other relevant clearing system or (ii) deposited with a sub-custodian for the CMU, notices to the Noteholders may be given by delivery of the relevant notice to persons shown in a CMU Instrument Position Report issued by the Hong Kong Monetary Authority on the business day prior to the date of despatch of such notice, and any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to the persons shown in the relevant CMU Instrument Position Report.

FORM OF PRICING SUPPLEMENT

The Pricing Supplement in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue.

[**MiFID II Product Governance/Professional investors and ECPs only target market** - Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*.] Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MiFIR Product Governance/Professional investors and ECPs only target market** - Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*.] Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**Prohibition of Sales to EEA Retail Investors** - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[Prohibition of Sales to UK Retail Investors - The Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018); or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. Consequently no disclosure document required by the FCA Product Disclosure Sourcebook ("**DISC**") for offering, selling or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Notes or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.]

[**Singapore Securities and Futures Act Product Classification** - In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products] / [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).][1]

[**Paragraph 21 of the Hong Kong SFC Code of Conduct** - As paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission applies to this offering of Notes, prospective investors should refer to the section on "*Important Notice to Prospective Investors Pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct*" appearing on pages vi to vii of the Offering Circular, and CMIs (as defined in the Offering Circular) should refer to the section on "*Important Notice to CMIs (including private banks) Pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct*" appearing on pages 170 to 172 of the Offering Circular.]

This Pricing Supplement is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only.

The HKSE has not reviewed the contents of this Pricing Supplement, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Pricing Supplement to Professional Investors only have been reproduced in this Pricing Supplement. Listing of the Programme or the Notes on the HKSE is not to be taken as an indication of the commercial merits or credit quality of Shanghai Pudong Development Bank Co., Ltd. (the "Bank"), the Issuer (as defined below), the Bank and its subsidiaries (the "Group"), the Bank's U.S.$5,000,000,000 Medium Term Note Programme (the "Programme"), or the Notes (as defined below) or quality of disclosure in this Pricing Supplement. Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of this Pricing Supplement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Pricing Supplement.

Notice to Hong Kong investors: The Issuer and the Bank confirm that the Notes are intended for purchase by Professional Investors only and will be listed on The Stock Exchange of Hong Kong Limited (the "HKSE") on that basis. Accordingly, the Issuer and the Bank confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Offering Circular dated [*date*] (read together with this Pricing Supplement) includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Bank and the Group. The Issuer and the Bank accept full responsibility for the accuracy of the information contained in this Pricing Supplement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.]

[1] For any Notes to be offered to Singapore investors, the Issuer to consider classification of the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

Pricing Supplement dated [●]

SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD./
[specify relevant branch] (the "**Issuer**")

Issue of [*Aggregate Nominal Amount of Tranche*] [*Title of Notes*] due [●] (the "**Notes**")
under the U.S.$5,000,000,000 Medium Term Note Programme Legal

Entity Identifier (LEI) Code of the Bank: 300300C1031031001330

This document constitutes the pricing supplement (the "**Pricing Supplement**") relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the offering circular dated [*date*] (the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular and the documents incorporated by reference thereto [and the supplemental Offering Circular dated [*date*]].

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date*.

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the Offering Circular dated [*original date*]. This Pricing Supplement contains the pricing supplement of the Notes and must be read in conjunction with the Offering Circular dated [*date*] and the documents incorporated by reference thereto [and the supplemental Offering Circular dated [*date*]], save in respect of the Conditions which are extracted from the Offering Circular dated [*original date*] and are attached hereto.]

[*The following language applies if the Notes are intended to be Qualifying Debt Securities for the purposes of the Income Tax Act, Chapter 134 of Singapore.*

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the "**ITA**"), shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.]

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Pricing Supplement.*]

1	Issuer:	Shanghai Pudong Development Bank Co., Ltd./*[specify relevant branch as Issuer*]
2	[(i) Series Number:]	[●]
	(ii) Tranche Number:	[●] (*If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible*).

	(iii) Date on which the Notes become fungible	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [*identify earlier Tranches*] on [[●]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 26 below [which is expected to occur on or about [●]]].]
3	Specified Currency or Currencies:	[●]
4	Aggregate Nominal Amount:	[●]
	(i) [Series]:	[●]
	(ii) Tranche:	[●]
5	(i) Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
	(ii) Net proceeds:	[●] (*Required only for listed issues*)
6	(i) Specified Denominations[1] [2] [3]:	[●]
	(ii) Calculation Amount:	[●]
7	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[*Specify/Issue Date*/Not Applicable]
8	Maturity Date:	[*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*][4] [*If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom, or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.*]
9	Interest Basis:	[[●] per cent. Fixed Rate]

[1] Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

[2] If the specified denomination is expressed to be EUR100,000 or its equivalent in other currencies and multiples of a lower principal amount (for example EUR1,000), insert the additional wording as follows: EUR100,000 and integral multiples of [EUR1,000] in excess thereof up to and including [EUR199,000]. No Notes in definitive form will be issued with a denomination above [EUR199,000]. In relation to any issue of the Notes which are a "Global Note exchangeable for Definitive Notes" in circumstances other than "in the limited circumstances specified in the Global Notes", such Notes may only be issued in denominations equal to, or greater than, EUR100,000 (or equivalent) and multiples thereof.

[3] For so long as any Notes are listed on The Stock Exchange of Hong Kong Limited (the "**HKSE**") and the rules of the HKSE so require, such Notes are required to have a denomination of at least HK$500,000 (or its equivalent in other currencies).

For so long as any Notes are listed on the Singapore Exchanges Securities Trading Limited (the "**SGX-ST**") and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in other currencies).

[4] Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Notes where Interest Payment Dates are subject to modification it will be necessary to use the second option here.

		[[Specify reference rate] +/- [●] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (*Specify*)] (further particulars specified below)
10	Redemption/Payment Basis:	[Redemption at par][Index Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (*Specify*)]
11	Change of Interest or Redemption/ Payment Basis:	[*Specify details of any provision for convertibility of the Notes into another interest or redemption/payment basis*]
12	Put/Call Options:	[Investor Put] [Issuer Call] [(*further particulars specified below*)]
13	[Date of [Board] approval for issuance of Notes obtained]	[●] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)
14	Listing:	[The Stock Exchange of Hong Kong Limited ("**HKSE**")/the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")/Other (specify)/None] (*For Notes to be listed on the HKSE, insert the expected effective listing date of the Notes*)
15	Method of distribution:	[Syndicated/Non-syndicated]
16	[Date of regulatory approval for issuance of Notes obtained:	Pre-issuance registration certificate/NDRC approval dated [●] from the NDRC/NAFR approval dated [●] from the NAFR/PBOC approval dated [●] from the PBOC]
PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE		
17	**Fixed Rate Note Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear]
	(ii) Interest Payment Date(s):	[●] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of* "*Business Day*"*]*/not adjusted][1]

[1] Note that for certain Renminbi or Hong Kong dollar denominated Fixed Rate Notes the Interest Payment Dates are subject to adjustment in accordance with the Modified Following Business Day Convention.

	(iii) Fixed Coupon Amount[(s)]:	[●] per Calculation Amount[1]
	(iv) Broken Amount(s):	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]]/[Not Applicable]
	(v) Day Count Fraction:	[30/360/Actual/Actual (ICMA/ISDA)/Actual/365 (Fixed)/other]
	(vi) Determination Dates:	[[●] in each year *(insert regular interest payment dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*]
	(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/*give details*]
18	**Floating Rate Note Provisions:**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Interest Period(s):	[●]
	(ii) Specified Period:	[●] (*Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable"*)
	(iii) Specified Interest Payment Dates:	[●] (*Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable"*)
	(iv) First Interest Payment Date:	[●]
	(v) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
	(vi) Additional Business Centre(s):	[Not Applicable/*give details*]
	(vii) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (*give details*)]
	(viii) Party responsible for calculating the Rate(s) of Interest and/or	[[Name] shall be the Calculation Agent (*no need to specify if the Issuing and Paying Agent is to perform this function*)]

[1] For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest RMB0.01, RMB0.005 for the case of Renminbi-denominated Fixed Rate Notes and to the nearest HK$0.01, HK$0.005 for the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards.

Interest Amount(s) (if not the Fiscal Agent):	
(ix) Screen Rate Determination:	
• Reference Rate:	[*For example, EURIBOR,CNH HIBOR, SOFR or SOFR Compounded Index]*
• [Observation Method:	[Lag / Observation Shift] [1]
o Lag Period:	[5 / [•] U.S. Government Securities Business Days/other (*give details*)]
o Observation Shift Period:	[5 / [•] U.S. Government Securities Business Days/other (*give details*)] (*NB: A minimum of 5 should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent*)
o D:	360
o SOFR Compounded Index Determination:	[Applicable/Not Applicable]
o Relevant Decimal Place:	5 (subject to the rounding provisions in the Conditions)
o Relevant Number of Index Days[2]:	[5/[●]] (*unless otherwise specified in Pricing Supplement, the Relevant Number shall be 5*)]
• Interest Determination Date(s):	[●]
• Relevant Screen Page:	[*For example EURIBOR 01*]
• Relevant Time:	[*For example, 11.00 a.m. London time/Brussels time*]
• Relevant Financial Centre:	[*For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)*]
(x) ISDA Determination:	[Applicable/Not Applicable] (*If not applicable delete the remaining sub-paragraphs of this paragraph*)
• ISDA Definitions:	[2006 ISDA Definitions / 2021 ISDA Definitions]
• Floating Rate Option:	[●]
• Designated Maturity:	[●] *(Designated Maturity will not be relevant where the Floating Rate Option is a risk free rate)*
• Reset Date:	[●]/[as specified in the ISDA Definitions]/[the first day of the relevant Interest Period, subject to adjustment in accordance with the Business Day Convention set out in [(v)] above and as specified in the ISDA Definitions]

[1] Observation Method should only be included when SOFR or SOFR Compounded Index is selected as the Reference Rate.

[2] Index Days is defined in the Conditions as five U.S. Government Securities Business Days.

	• Compounding:	[Applicable/Not Applicable] (*If not applicable delete the remaining sub-paragraphs of this paragraph*)
	o Compounding Method:	[Compounding with Lookback • Lookback: [•] Applicable Business Days] [Compounding with Observation Period Shift • Observation Period Shift: [•] Observation Period Shift Business Days • Observation Period Shift Additional Business Days: [[•] / Not Applicable]] [Compounding with Lockout • Lockout: [•] Lockout Period Business Days • Lockout Period Business Days: [[•]/Applicable Business Days]]
	• Index Provisions:	[Applicable/Not Applicable] (*If not applicable delete the remaining sub-paragraphs of this paragraph*)
	o Index Method:	Compounded Index Method with Observation Period Shift • Observation Period Shift: [•] Observation Period Shift Business Days • Observation Period Shift Additional Business Days: [[•] / Not Applicable]
	(xi) Linear interpolation:	[Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period)*]
	(xii) Margin(s):	[+/-][●] per cent. per annum
	(xiii) Minimum Rate of Interest:	[●] per cent. per annum
	(xiv) Maximum Rate of Interest:	[●] per cent. per annum
	(xv) Day Count Fraction:	[●]
	(xvi) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]/[see Annex]
19	**Zero Coupon Note Provisions:**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Accrual Yield:	[●] per cent. per annum
	(ii) Reference Price:	[●]
	(iii) Day Count Fraction in relation to Early Redemption Amount:	[30/360/Actual/Actual (ICMA/ISDA)/other]

	(iv) Any other formula/basis of determining amount payable:	[*Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 10(g)*]
20	**Index-Linked Interest Note/other variable-linked interest Note Provisions:**	[Applicable/Not Applicable](*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Index/Formula/other variable:	[*give or annex details*]
	(ii) Calculation Agent responsible for calculating the interest due:	[●]
	(iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	[●]
	(iv) Interest Determination Date(s):	[●]
	(v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[●]
	(vi) Interest or calculation period(s):	[●]
	(vii) Specified Period:	[●] (*Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable"*)
	(viii) Specified Interest Payment Dates:	[●] (*Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable"*)
	(ix) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
	(x) Additional Business Centre(s):	[●]
	(xi) Minimum Rate/Amount of Interest:	[●] per cent. per annum
	(xii) Maximum Rate/Amount of Interest:	[●] per cent. per annum
	(xiii) Day Count Fraction:	[●]
21	**Dual Currency Note Provisions:**	[Applicable/Not Applicable]

(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(i) Rate of Exchange/method of calculating Rate of Exchange: [*give details*]

(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [●]

(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]

(iv) Person at whose option Specified Currency(ies) is/are payable: [●]

PROVISIONS RELATING TO REDEMPTION

22 **Call Option:** [Applicable/Not Applicable]

(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(i) Optional Redemption Date(s): [●]

(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount

(iii) If redeemable in part:

(a) Minimum Redemption Amount: [●] per Calculation Amount

(b) Maximum Redemption Amount: [●] per Calculation Amount

(iv) Notice period: [●]

23 **Put Option:** [Applicable/Not Applicable]

(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(i) Optional Redemption Date(s): [●]

(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount

(iii) Notice period: [●]

24 **Final Redemption Amount of each Note:** [●] per Calculation Amount

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

(i) Index/Formula/variable: [*give or annex details]*

	(ii) Calculation Agent responsible for calculating the Final Redemption Amount:	[●]
	(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[●]
	(iv) Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable:	[●]
	(v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[●]
	(vi) [Payment Date]:	[●]
	(vii) Minimum Final Redemption Amount:	[●] per Calculation Amount
	(viii) Maximum Final Redemption Amount:	[●] per Calculation Amount
25	**Early Redemption Amount**	
	(i) Early Redemption Amount (Tax) per Calculation Amount payable on redemption for taxation reasons and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[Not Applicable (*if the Early Redemption Amount is the principal amount of the Notes)/specify the Early Redemption Amount if different from the principal amount of the Notes or specify its method of calculation*]
	(ii) Early Termination Amount per Calculation Amount payable on mandatory redemption on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[Not Applicable (*if the Early Termination Amount is the principal amount of the Notes)/specify the Early Termination Amount if different from the principal amount of the Notes or specify its method of calculation*]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26	**Form of Notes:**	Bearer Notes:[1] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes

[1] Bearer Notes issued in compliance with the D Rules must initially be represented by a Temporary Global Note.

		on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice][1] [Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note][2] Registered Notes: [Global Note Certificate exchangeable for Individual Note Certificates on [●] days' notice/at any time/in the limited circumstances described in the Global Note Certificate][3]
27	Additional Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable/*give details*.] [*Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraphs 18(vi) and 20(x) relate*] [*Also ensure London is a Financial Centre for all Notes in which The Bank of New York Mellon, London Branch acts as Issuing and Paying Agent*]
28	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details.*]
29	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]:	[Not Applicable/*give details*]
30	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]
31	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement apply]

[1] if the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "EUR100,000 and integral multiples of [EUR1,000] in excess thereof up to and including [EUR199,000]", the Temporary Global Note shall not be exchangeable on [●] days' notice.

[2] if the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "EUR100,000 and integral multiples of [EUR1,000] in excess thereof up to and including [EUR199,000]", the Permanent Global Note shall not be exchangeable on [●] days' notice.

[3] if the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "EUR100,000 and integral multiples of [EUR1,000] in excess thereof up to and including [EUR199,000]", the Global Note Certificate shall not be exchangeable on [●] days' notice.

32	Any applicable currency disruption/fallback provisions:	[Not Applicable/*give details*]
33	Other terms or special conditions:	[Not Applicable/*give details*]

DISTRIBUTION

34	(i) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii) Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
35	If non-syndicated, name and address of Dealer:	[Not Applicable/*give name and address*]
36	Total commission and concession:	[●] per cent. of the Aggregate Nominal Amount
37	[Private Bank Rebate/Commission:	[Applicable/Not Applicable]] (*If rebate information is disclosed in paragraph 50, this can be deleted*)
38	U.S. Selling Restrictions:	Reg. S Category [1/2] (*In the case of Bearer Notes*) - [C RULES/D RULES/ TEFRA not applicable] (*In the case of Registered Notes*) - Not Applicable[1]
39	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] *(If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a KID will be prepared in the EEA, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)*
	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] *(if the Notes clearly do not constitute "CCIs" or the Notes do constitute "CCIs" and a disclosure document will be prepared in the UK, "Not Applicable" should be specified. If the Notes may constitute "CCIs" and no disclosure document will be prepared in the UK, "Applicable" should be specified.)*
40	Additional selling restrictions[2]:	[Not Applicable/*give details*]

OPERATIONAL INFORMATION

41	ISIN Code:	[●]
42	Common Code:	[●]
43	CMU Instrument Number:	[●]
44	Any clearing system(s) other than Euroclear/Clearstream and the CMU and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
45	Delivery:	Delivery [against/free of] payment
46	Additional Paying Agent(s) (if any):	[●]

[1] *TEFRA not applicable may only be used for Registered Notes, or Bearer Notes with a maturity of 365 days or less (taking into account any unilateral rights to extend or rollover). Bearer Notes with a maturity of more than 365 days (taking into account unilateral rights to extend or rollover) that are held through the CMU must be issued in compliance with the C Rules, unless at the time of issuance the CMU, the CMU Lodging and Paying Agent has procedures in place so as to enable compliance with the certification requirements under the D Rules.*

[2] *The Singapore selling restrictions may be amended if sales are made only to institutional or accredited investors.*

GENERAL

47	Private Bank Rebate/Commission:	[Applicable/Not Applicable]
48	The aggregate principal amount of the Notes issued has been translated into United States dollars at the rate of [●], producing a sum of (for Notes not denominated in United States dollars):	[Not Applicable/U.S.$[●]]
49	Ratings:	The Notes to be issued have [not] been rated: [S&P: [●]]; [Moody' s: [●]]; [Fitch: [●]]; [Other: [●]] (*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*)

HONG KONG SFC CODE OF CONDUCT

50	Rebates:	[A rebate of [•] bps is being offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.] / [Not Applicable]
51	Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent:	[*Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent - Overall Coordinators to provide*] / [Not Applicable]
52	Marketing and Investor Targeting Strategy:	[*As indicated in the Offering Circular*] / [*if different from the Offering Circular*]

[USE OF PROCEEDS

Give details if different from the "Use of Proceeds" section in the Offering Circular.]

[STABILISATION

In connection with this issue, [*insert name of Stabilisation Manager*] (the "**Stabilisation Manager(s)**") (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be discontinued at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.]

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms [required for [issue and admission to trading on the SGX-ST] / [listing on the HKSE]] of the Notes described herein pursuant to the U.S.$5,000,000,000 Medium Term Note Programme of Shanghai Pudong Development Bank Co., Ltd.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of:

[***SPECIFY ISSUER***]

By: .....
Duly authorised

Name:

Title:

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Bank's consolidated capitalisation and indebtedness as at 31 December 2025. Please read this table in conjunction with the Bank's audited consolidated financial information in respect thereof and the accompanying notes included elsewhere in this Offering Circular.

	As at 31 December 2025
	(RMB in millions)
Liabilities	
Debt securities issued	1,140,416
Other liabilities[(1)]	8,116,900
Total liabilities	**9,257,316**
Equity	
Ordinary shares	33,306
Other equity instruments	79,919
Capital reserves	134,461
Other comprehensive income	6,039
Surplus reserves	196,551
General risk reserve	115,675
Retained earnings	250,963
Equity attributable to Bank's shareholders	816,914
Minority interests	7,516
Total equity	**824,430**
Total capitalisation[(2)]	**10,081,746**

Notes:

(1) Calculated as the difference between total liabilities and debt securities issued.

(2) Total capitalisation equals the sum of total liabilities and total equity.

Save as disclosed in "*Recent Developments - 2026 First Quarter Results*" in this Offering Circular, there has been no material change in the total capitalisation and indebtedness of the Bank since 31 December 2025.

USE OF PROCEEDS

The net proceeds of any Notes issued under the Programme shall be used for the working capital and general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

DESCRIPTION OF THE BANK

OVERVIEW

The Bank is a national joint-stock commercial bank founded on 28 August 1992. The Bank commenced business on 9 January 1993 and was listed on the Shanghai Stock Exchange (Stock Code: 600000.SS) on 10 November 1999, becoming the first commercial bank listed on the Shanghai Stock Exchange following the promulgation of the PRC Securities Law.

The Bank's principal business activities are corporate banking, retail banking and financial market and financial institution business. As at 31 December 2025, the Bank had 42 tier-one branches (including the Hong Kong Branch, Singapore Branch and London Branch) and a total of 1,718 banking outlets, covering 31 provinces, autonomous regions and municipalities directly under the central government, Hong Kong, Singapore and London. In alignment with China's regional development strategies, the Bank advanced differentiated innovation in operating models across key regions. It focused on the Yangtze River Delta, the Beijing-Tianjin-Hebei region, the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Economic Belt and the Chengdu-Chongqing Economic Circle, while continuing to expand its nationwide footprint.

As at 31 December 2023, 2024 and 2025, the Bank held RMB9,007.2 billion, RMB9,461.9 billion and RMB10,081.7 billion in total assets, respectively, RMB4,904.7 billion, RMB5,269.2 billion and RMB5,572.5 billion in loans and advances to customers, respectively, and RMB5,060.3 billion, RMB5,229.3 billion and RMB5,653.4 billion in total deposits from customers, respectively. For the years ended 31 December 2023, 2024 and 2025, the Bank's net profit attributable to shareholders of the Bank amounted to RMB36,702 million, RMB45,257 million and RMB50,017 million, respectively. In June 2025, the Bank ranked 141st on the Forbes Global 2000 list, being 11th among the Chinese banks on the list. In July 2025, the Bank ranked 19th regarding to the Tier 1 capital on the Top 1000 World Banks list released by The Banker, being tenth among the Chinese-funded banks on the list. In August 2025, the Bank ranked 309th on the Fortune Global 500 list, being eighth among the Chinese banks on the list, demonstrating its sound competitiveness. Furthermore, it is one of the few domestic joint-stock commercial banks rated above investment grade by each of the Big Three credit rating agencies. It ranked seventh among the "Top 100 Shanghai Enterprises" and fifth among the "Top 100 Shanghai Service Enterprises" by the Shanghai Enterprise Federation in 2021.

As at the date of this Offering Circular, the Bank has a Long-Term Foreign-Currency Issuer Default Rating of BBB+ by Fitch Ratings, Inc., issuer credit ratings of BBB (long-term) and A-2 (short-term) by S&P Global Ratings and deposit ratings of Baa2 (long-term) and Prime-2 (short-term) by Moody's Investors Service, Inc. All of the Bank's rating outlooks are stable. These ratings reflect the Bank's consistent execution of its business strategy and solid financial performance over the past years.

As a dedicated financial services provider, the Bank is also committed to corporate citizenship and fulfilling its social responsibility. In 2024, the Bank was named an Advanced Institution in the overall evaluation of green banks by the China Banking Association, recognised as an Outstanding Institution for Green Financial Services and received the Excellent Case Award for Green Financial Services by the Shanghai Banking Association. In 2022, the Bank received the "1st Shanghai Charity Awards" under the category of Charitable Enterprises by Shanghai Municipal People's Government. The Bank was also named among the "Fortune China ESG Impact List" by Fortune magazine in the same year. In 2020, the Bank was granted the "Excellent Case of Social Responsibility Communication" by China Banking and Insurance News.

The table below sets forth the key financial ratios of the Bank for the periods indicated:

	As at 31 December		
	2023	**2024**	**2025**
Return on average total assets (per cent.)[(1)]	0.42	0.50	0.52
Weighted return on average equity (per cent.)[(2)].....	5.21	6.28	6.76
Net interest margin (per cent.)[(3)]	1.52	1.42	1.42
Non-interest income to operating income (per cent.)[(4)]	31.71	32.82	30.74
Cost-to-income ratio (per cent.)[(5)].....	29.65	29.16	28.50

Notes:

(1) Net profit/asset average balance; asset average balance = (total assets at the beginning of the period + total assets at the end of the period)/2.

(2) Weighted return on average equity = net profit attributable to ordinary shareholders of the parent company/weighted average net assets attributable to ordinary shareholders of the parent company. It is calculated according to the Rules for Information Disclosure by Companies Offering Securities to the Public No.9 - Calculation and Disclosure of Return on Equity and Earnings Per Share (Revised in 2010).

(3) Net interest margin = net interest income/average balance of total interest-earning assets. Average balance is average daily balance derived from the Bank's management accounts.

(4) Non-interest income to operating income = non-interest income/operating income; non-interest income = operating income - interest income.

(5) Cost-to-income ratio = general and administrative expenses/operating income.

MILESTONES

The following are the milestone events in the development history of the Bank:

1992	Established with the approval of the PBOC.
1993	Commenced business on 9 January 1993, with headquarters in Shanghai.
1999	Became the first joint-stock commercial bank to list on the PRC A-share market with the approval of both the PBOC and CSRC.
2002	Became the first publicly-listed PRC bank to introduce foreign strategic investors.
2008	The first SPD Rural Bank was established.
2010	Entered into strategic cooperation with China Mobile Limited ("**China Mobile**"), representing the first strategic cooperation between a commercial enterprise and a financial institution in the PRC.
	Total assets of the Bank exceeded RMB2,000 billion for the first time, joining the ranks of large and medium banks.
2011	The Hong Kong Branch was established, marking an important first step of the internationalisation of the Bank.
2012	SPDB Financial Leasing Co., Ltd commenced business, witnessing the further transformation of the Bank into a modern financial service institution.

	SPD Silicon Valley Bank, a joint venture between the Bank and SVB Financial Group (Silicon Valley Bank) (NASDAQ: SIVB), commenced operations, being, at that time, the first Sino-foreign bank to be approved for establishment in a period of over ten years.
2013	Ranked in the Fortune 500 for the first time, placing 460th.
	Among the first batch of banks to be approved for establishing a branch in the China (Shanghai) Pilot Free Trade Zone ("**Shanghai FTZ**").
	The Bank's first overseas representative office, the London representative office, opened.
	Operating revenue of the Bank exceeded RMB100 billion for the first time.
2014	First tranche of RMB15 billion 6.00 per cent. preference shares issued in the PRC.
	The Bank's first overseas issuance in Hong Kong of 4.08 per cent. bonds in aggregate principal amount of RMB1 billion.
	The Bank received approval from both the CBRC (now the NAFR) and the SFC to acquire AsiaVest Partners Limited, which was subsequently renamed SPDB International Holdings Limited ("**SPDB International**").
2015	Second tranche of RMB15 billion 5.50 per cent. preference shares issued in the PRC.
	SPDB International commenced operations in Hong Kong as a Hong Kong-incorporated investment bank.
2016	The Bank was the first Chinese financial institution to issue green bonds in China's interbank bond market, when it issued RMB20 billion of green bonds.
	The Bank completed acquisition of 97.33 per cent. equity interest in Shanghai International Trust Co., Ltd. ("**Shanghai Trust**") at an aggregate consideration of approximately RMB16.4 billion, paid by way of 999,510,332 ordinary shares issued by the Bank, and Shanghai Trust became the subsidiary of the Bank on the same day.
	The Bank received approval from the CBRC (now the NAFR) to dispose of its 20 per cent. equity interest in Fubon Bank (China) Co., Ltd. (富邦華一銀行有限公司) to Fubon Bank Co., Ltd. at a consideration of RMB2,133 million. As a result, the Bank no longer holds any equity interest in Fubon Bank (China) Co., Ltd.
2017	The Singapore Branch obtained the bank licence in Singapore and commenced operations in Singapore on 12 April 2017. The establishment of London Branch was authorised in December 2017.
2018	The London Branch commenced operations in February 2018.
2019	Launch of the Bank's first digital employee "Xiaopu" which is a humanised user interface which provides financial services.
2020	The Bank and Huawei released the Bank of Things White Paper, which first proposed a brand-new financial service model and design system for "intelligent things" in the industry, ushering in a new era of "bank of things" services.
	The Bank and Tsinghua University co-founded the Digital FinTech Joint Research Centre in Beijing.
2021	The Bank opened its first overseas innovation centre in Singapore, making Singapore its fintech beachhead to South-east Asia.
	The Bank and China Academy of Information and Communication Technology co-founded the Digital Finance Innovation Centre.
2022	SPDB Wealth Management commenced operations.
2023	The Bank launched Global Treasury Services (GTS) Solution 2.0.

2024	The Bank launched its first CCER (China Certified Emission Reduction)-linked loan, supporting the development, validation, and verification of voluntary emission reduction projects. The Bank issued the PRC's first sustainable development-linked loan tied to a green computing power index.
2025	The Bank's MSCI ESG rating was elevated from "A" to "AA".

STRENGTHS

After years of continuous development, the Bank has grown into a commercial bank with important influence both locally and abroad. In July 2025, the Bank ranked 19th regarding to the Tier 1 capital on the Top 1000 World Banks list released by The Banker, being tenth among the Chinese-funded banks on the list. In August 2025, the Bank ranked 309th on the Fortune Global 500 list, being eighth among the Chinese banks on the list, demonstrating its sound competitiveness. In June 2025, the Bank ranked 141st on the Forbes Global 2000 list, being 11th among the Chinese banks on the list. In March 2026, the Bank ranked ninth among the listed Chinese banks on the "Banking 500 2026" global bank brand value ranking released by Brand Finance. Furthermore, it is one of the few domestic joint-stock commercial banks rated above investment grade by each of the three renowned credit rating agencies. The Bank has transformed itself from a traditional commercial bank which was dominated by a single capital intermediary into a comprehensive financial group which provides more comprehensive financial services. The Bank's operations cover service areas such as banking, trust, leasing, funds, overseas investment banking, currency brokerage, technology banking, wealth management subsidiaries and rural banks. In addition, breakthroughs have been made in the domestic and overseas layout of the organisation. The Bank's plan for internationalisation has also significantly accelerated, with the Hong Kong Branch, the Singapore Branch and the London Branch operating well while simultaneously promoting the "Belt and Road" and planning to expand within Europe. As at 31 December 2025, the Bank had established branches and banking outlets in 31 provinces, autonomous regions and municipalities directly under the central government, Hong Kong, Singapore and London.

Strong support from substantial shareholders and geographic advantages allow the Bank to establish itself as the flagship Shanghai bank.

Headquartered in Shanghai, the Bank is well positioned to take advantage of the opportunities presented by the development of Shanghai as an international financial centre and to expand its financial institution and financial market business. The Bank enjoys strong long-term support from its largest substantial shareholders, Shanghai International Group Ltd. ("**Shanghai International Group**") and China Mobile Communication Group Guangdong Limited ("**China Mobile Guangdong**"). As one of the main financial platforms of the Shanghai municipal government, the Bank believes that it stands to benefit substantially from and leverage the favourable conditions brought by Shanghai's development as a global financial centre to foster its long-term development. The development of the Shanghai FTZ has also provided growth opportunities for the Bank's corporate banking business. As a result, the Bank is able to directly benefit from the favourable strategies and policies attributable to the reform of state-owned financial assets initiated in Shanghai to promote its business.

The Bank has established itself as an influential commercial bank in the PRC after years of continuous development. As a first-tier joint-equity commercial bank in the PRC, the Bank has developed sound cooperation with its shareholders. In 2018, based on China Mobile's "Big Connection" strategy and the Bank's "Intelligent Connectivity" strategy, the two sides opened a new chapter of strategic cooperation. Adhering to the common aspiration of creating greater value for the Bank's customers and society, the Bank will continue its cooperation with China Mobile to build a new ecosystem together.

The Bank has transformed itself into a comprehensive financial institution. Following the successful acquisition of Shanghai Trust, the Bank has extended its business to cover retail banking, investment banking, trust and fund

management, leasing, foreign-currency swaps and other financial services. The Bank has increased its network coverage by enlarging its footprint in China and in foreign countries.

The Bank's strategic cooperation with China Mobile has served as a driver for the Bank's corporate banking business, while the cross-selling opportunities and the sharing of customers, particularly high-end customers, of the Bank and China Mobile have promoted the growth of the Bank's retail banking business. The Bank has also become a pioneer in the mobile banking industry through in-depth cooperation with China Mobile. As one of the first batch of banks in the PRC to introduce mobile banking, the Bank has led various innovations such as mobile payments, WeChat banking and is actively promoting the adoption of industry-wide standards for mobile banking.

With a focus on more economically developed regions, the Bank has established an extensive distribution network and a diversified service channel throughout the PRC.

The Bank has an extensive distribution network with Shanghai as the business centre. It endeavours to develop its financial services businesses further to keep pace with Shanghai's growth into an international finance hub. Its network is predominantly concentrated in more economically developed regions with higher levels of income, including the Yangtze River Delta, the Beijing-Tianjin-Hebei region, the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Economic Belt and the Chengdu-Chongqing Economic Circle. As at 31 December 2025, the Bank had 42 tier-one branches (including the Hong Kong Branch, Singapore Branch and London Branch) and a total of 1,718 banking outlets, covering 31 provinces, autonomous regions and municipalities directly under the central government, Hong Kong, Singapore and London. As at 31 December 2025, the Bank's private banking customers exceeded 55,500 (monthly average daily financial assets of RMB6 million or above), and total personal financial assets (including market value) were approximately RMB4.66 trillion. The Bank has also introduced quality investment products of Shanghai Trust to optimise its private wealth management products and provide integrated group product services to serve the needs of the Bank's personal high-net-worth and high-end customers who seek customised wealth management services.

To extend the scope of its services, the Bank has also built a diversified service channel through automated teller machines ("**ATMs**") and its electronic banking service platform. The Bank's extensive distribution network and diversified service channels provide it with the competitive measures and resources for sustainable development.

The Bank has achieved steady development through adopting a customer-oriented strategy.

By adopting a customer-oriented strategy, the Bank has fostered the business growth of its customers, which in turn allows the Bank to expand its corporate and retail banking businesses, achieving steady growth. The Bank has a strong corporate and retail banking customer base. As at 31 December 2025, the Bank had approximately 2.52 million corporate customers and around 171 million personal customers. As at 31 December 2025, the corporate loans (excluding discounted bills) offered by the Bank accounted for 62.91 per cent. of the total loans offered by the Bank, and the personal loans offered by the Bank accounted for 33.81 per cent. of the total loans offered by the Bank. As at 31 December 2025, the total corporate loans (excluding discounted bills) offered by the Group reached RMB3,588.50 billion, up by RMB409.35 billion, or 12.88 per cent. compared with 31 December 2024, and the total retail loans offered by the Group reached RMB1,928.25 billion, up by RMB38.98 billion, or 2.06 per cent., compared with 31 December 2024. The Bank also distinguishes its corporate business by offering innovative and tailor-made products catering to the needs of its customers, notably in the development of the Bank's international banking business.

The Bank has achieved leading profitability and continues to strengthen its business structure and capital base.

For the year ended 31 December 2025, the Group recorded operating income of RMB173,964 million, representing a year-on-year increase of RMB3,216 million, or 1.88 per cent. and its total profit reached RMB53,374 million, a year-on-year increase of RMB5,008 million, or 10.35 per cent., while its net profit attributable to shareholders of the parent company stood at RMB50,017 million, representing a year-on-year increase of RMB4.76 billion, or 10.52 per cent., and maintaining double-digit growth for two consecutive years,

and net profit attributable to the parent company's shareholders deducting the non-recurring profit or loss stood at RMB50,144 million, representing a year-on-year increase of RMB5,937 million, or 13.43 per cent. The Group's net interest margin (NIM) was 1.42 per cent., on par with the prior year, return on average total assets (ROA) was 0.52 per cent., up 0.02 percentage point from the previous year, weighted average return on equity (ROE) was 6.76 per cent., an increase of 0.48 percentage point over the previous year, and the cost-to-income ratio stood at 28.50 per cent., down 0.66 percentage point from the previous year.

The Bank actively complied with national policy priorities. Focusing on key areas such as the medium- to long-term development of the manufacturing industry and the formation of a modern industrial system, the Bank increased credit supply and promoted a more forward-looking asset structure through the precise allocation of financial resources. As at 31 December 2025, the balance of medium- and long-term loans to the manufacturing industry reached RMB359,926 million, representing an increase of RMB41,014 million, or 12.86 per cent., compared with the end of the previous year, which was 7 percentage points higher than the growth rate of the overall loan portfolio. At the same time, guided by a strategy of enhancing quality and efficiency while pursuing dynamic optimisation, the Bank allocated more resources to higher-yielding assets and further advanced asset structure optimisation. In 2025, the Group's total loans in local and foreign currencies (excluding discounted bills) accounted for nearly 2 percentage points more of average interest-earning assets on a daily basis, effectively mitigating downward pressure on asset yields amid the interest rate easing cycle.

In 2025, the Group curbed new risks and mitigated old ones, established a digital risk control framework and strictly enforced standards for new asset origination. At the same time, it continued to intensify efforts to dispose of existing non-performing assets (NPA), achieving notable results in risk reduction, with an NPL provision coverage ratio of 200.72 per cent. at the Group level as at 31 December 2025. As at 31 December 2023, 2024 and 2025, the Group's NPLs were RMB74.20 billion, RMB73.15 billion and RMB71.99 billion, respectively, representing an NPL ratio of 1.48 per cent., 1.36 per cent. and 1.26 per cent., respectively; its total capital adequacy ratio was 12.67 per cent., 13.19 per cent. and 12.47 per cent., respectively. The Group advanced both external capital replenishment and internal capital accumulation in a coordinated manner. It successfully converted RMB49,837 million of convertible bonds into equity, the largest single convertible bond conversion in the history of the A-share market, and issued RMB50 billion of perpetual capital bonds and RMB20 billion of Tier 2 capital bonds. Meanwhile, it continued to advance capital-intensive transformation and refined management, establishing an endogenous capital cycle of "profit growth, capital accumulation and business development".

All-round digital operation and continued innovation.

Adhering to the customer-oriented philosophy, the Bank pays close attention to technological innovation, research and development and forges its technological competitiveness.

With years of development, the Bank has rolled out various intelligent technological support for customers. It takes the lead to realise intelligent voice interactive application in the industry and introduces speech recognition, face recognition, fingerprint recognition, etc. It was among the first of its kind in the industry to introduce the i-Counter Smart Counter to support its all-round corporate and retail, cash and non-cash services. Its intelligent wealth management robot system provides mobile internet analysis based on big data and one-key asset diagnosis and opens a new era of wealth management and intelligent investment. Its intelligent customer services provide consultation and advice for customers in real time relying on intelligent interaction and knowledge graph analysis. It has launched the first digital finance safety tool "cloud voice and mobile SIM shield" in the industry jointly with strategic partner China Mobile to safeguard customers' assets. It also launched the "Governmental e-loan", characterised by "free deposit, flexible loan and repayment, lending by second", which connects a supply chain platform with governmental purchase systems.

The Bank also takes the lead in its innovative cooperation among peers. It was the first in the industry to launch an Application Programming Interface ("**API**") Bank, delivering convenient services, serving the real economy and exploring innovation opportunities in the inclusive finance space. The Bank has established six innovation labs with Baidu, Huawei, IFLYTEK, China Mobile, Temenos and 360 Enterprise Security to perform in-depth

research on deep machine learning, open-source technology, intelligent Voice User Interface ("**VUI**"), 5G financial innovation, technology ecosystem and cyber security. It aims to build an Online-to-Offline ("**O2O**") ecosystem platform integrating digital marketing, service and analysis, providing all-round digital services to small and micro businesses and end consumers. It strives to enhance industry-university-research-application collaboration and construct a platform for communication, acceleration, investment and incubation. In addition, the Bank has established the Intelligent Financial Innovation Alliance whose first members include Shanghai Clearing House, Baidu, IFLYTEK and etc.

The Bank's experienced management team leads the Bank in maintaining its core competitiveness.

The Bank's management team has an average of over 30 years of experience in the PRC's financial services industry and has a proven track record in asset quality improvement and business development. The Bank believes that its management team is able to lead the Bank in maintaining its core competitiveness and achieving steady development.

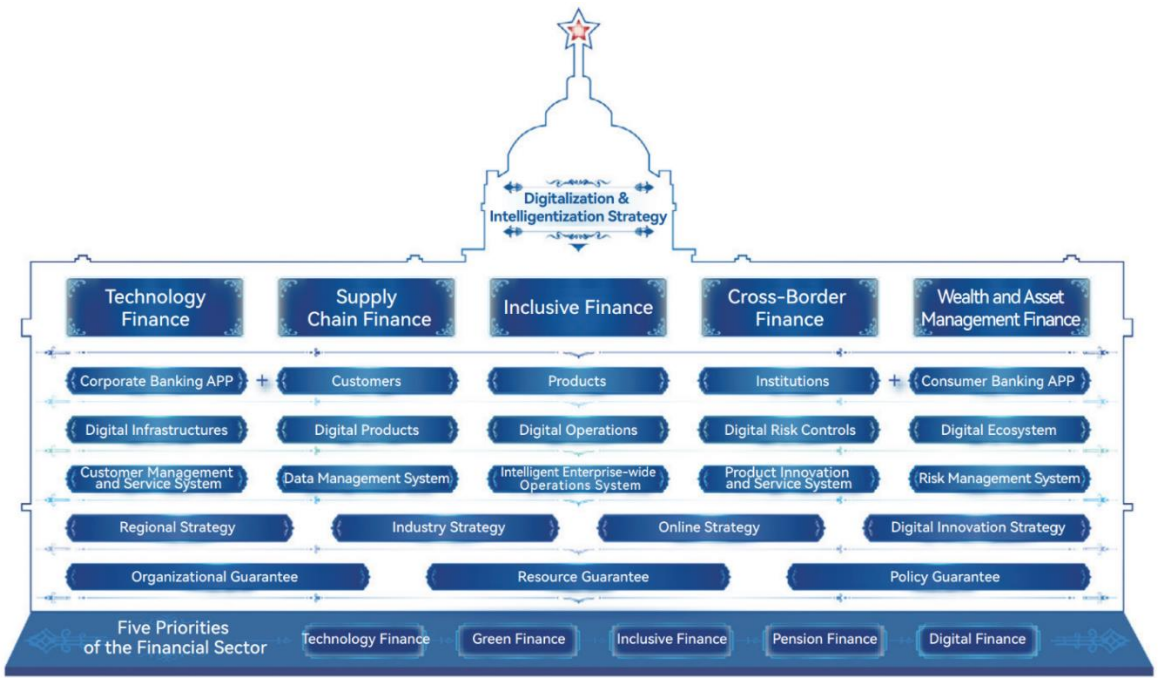
DIGITALISATION & INTELLIGENTISATION STRATEGY

The Digitalisation & Intelligentisation strategy framework

At the end of 2023, the Bank established the digitalisation & intelligentisation strategy, together with a "1-5-5-5-4-3-N" strategic implementation roadmap. Over the past two years, the Bank has adhered to the principle of making steady and sustained progress, followed a single blueprint through to completion and ensured consistent execution, advancing implementation with persistence and a results-oriented approach.

2024 marked the initial year of the digitalisation & intelligentisation strategy. In the year, the Bank focused on "framework reform and track breakthroughs", completing organisational restructuring, building supporting systems and reengineering key business processes. It also established a well-defined business presence across the five priority tracks, laying a solid foundation for the continued implementation of the strategy.

2025 marked a year of enhancement for the digitalisation & intelligentisation strategy. The Bank focused on "core capabilities reshaping and capability enhancement", continuously increasing the input of technology resources, strengthening its digital and intelligent infrastructure foundation and promoting the steady growth of the five priority tracks. It also fully established the "three supers" (super platforms, super products and super systems) as the core carriers, while coordinating the implementation of four key strategies. These efforts fostered a sound development pattern characterised by digital and intelligent empowerment, scenario integration and ecosystem co-building.



Strengthening the five priority tracks to reinforce customer management

The five priority tracks represent a key initiative for the Bank to thoroughly advance the five priorities of the financial sector and serve the real economy, as well as the primary areas for implementing the digitalisation & intelligentisation strategy at the business level. In 2025, the five priority tracks sustained the strong growth momentum established in 2024, progressing from "scale expansion" to "quality enhancement". Through differentiated, distinctive and refined financial products and services, the Bank strengthened customer management and delivered a series of landmark and breakthrough achievements.

Technology finance: leveraging digital and intelligent capabilities to become the preferred partner bank for tech enterprises

The Bank remained committed to advancing the high-quality development of technology finance through digital and intelligent capabilities. As at 31 December 2025, the balance of technology finance loans (as per the statistical standard of the PBOC) reached RMB1,047,092 million, serving more than 256 thousand tech enterprises, which accounted for over 80 per cent. of listed technology companies nationwide. The Bank was rated "Excellent" in the PBOC's first evaluation of technology finance service quality and efficiency, ranking first among China's joint-stock commercial banks.

Amid a new wave of technological revolution and industrial transformation, the Bank strategically advanced technology finance while supporting Shanghai's development as an international Science and Technology Innovation center. Building on its role as a resource hub and grounded in in-depth services, the Bank continued to create an integrated operating model that brings together commercial banking, investment banking and ecosystem building. Through these initiatives, the Bank contributed to the cultivation of new quality productive forces and further reinforced its brand as the preferred partner bank for tech enterprises.

Supply chain finance: committed to delivering end-to-end digital and intelligent services with continuous client engagement

As at 31 December 2025, the Bank cumulatively served 37,408 upstream and downstream supply chain clients, representing an increase of 18,492, or 97.76 per cent., compared with the end of the previous year. The annual volume of online supply chain business reached RMB787,113 million, representing an increase of RMB520,136 million, or 194.82 per cent., year on year. In 2025, the Bank received accolades, including the Best Supply Chain Finance Bank Award at the Annual Conference of China Supply Chain Finance, earning broad recognition from both the industry and the market.

The Bank positioned supply chain finance as a core strategic driver for the digital and intelligent transformation of its corporate banking business and its deeper integration with industrial ecosystems. Closely aligned with national macro policies aimed at enhancing the resilience and security of industrial and supply chains, the Bank advanced the development of digital and intelligent supply chain finance solutions that span all scenarios, whole processes and the entire client lifecycle. Leveraging the dual engines of technology enablement and business innovation, it enhanced the accessibility, efficiency and experience of financing for micro, small and medium-sized enterprises, thereby supporting the stabilisation, strengthening and upgrading of industrial chains.

Inclusive Finance: creating value for the growth of micro and small enterprises through a new digital and intelligent model

As at 31 December 2025, the balance of the Bank's inclusive finance loans meeting the "two increases and two controls" assessment requirements reached RMB523,991 million, representing an increase of RMB58,274 million, or 12.51 per cent., compared with the end of the previous year. The annual increase reached a four-year high, ranking second among Chinese joint-stock commercial banks, with its market position further strengthened. The number of inclusive finance customers meeting the "two increases and two controls" assessment requirements reached 509.8 thousand, representing an increase of 99.4 thousand, or 24.22 per cent., compared with the end of the previous year. While continuously expanding service coverage, the non-performing ratio of inclusive finance loans meeting the "two increases and two controls" assessment requirements remained unchanged year on year. The Bank ranked first among Chinese joint-stock commercial banks in the PBOC's

evaluation of the effectiveness of credit policy implementation for micro and small enterprises, and received honours, including the "Outstanding Institution in Inclusive Finance Services" from the Shanghai Banking Association.

The Bank upheld its founding mission of serving the general public through its financial strength and leveraged digital and intelligent capabilities as a core driver to advance breakthroughs in inclusive finance transformation. It established a new development framework for digital and intelligent inclusive finance characterised by "multi-dimensional products, intelligent risk control, intensive operations and precision services", forging a distinctive path of high-quality development with both quality and efficiency assured.

Cross-border finance: empowering enterprises' global expansion through digital and intelligent technologies

In 2025, the Bank's cross-border transaction settlement volume reached RMB4,493.1 billion, representing an increase of 44 per cent. As at 31 December 2025, the balance of cross-border loans in local and foreign currencies stood at RMB336.3 billion, representing an increase of 27 per cent. The scale of Free Trade deposits and loans hit RMB163.4 billion, an increase of RMB20.3 billion, or 14 per cent., compared with the end of the previous year, ranking among the top three in the market. The number of cross-border customers approached 49 thousand, representing an increase of 24 per cent., with 28 thousand active customers on cross-border digital channels.

The Bank thoroughly implemented the national strategy for opening up and fully supported the Belt and Road Initiative and the development of Shanghai into five international centres. Actively responding to the evolving trend of globalised industrial chains, the Bank leveraged its "6+X" cross-border finance service system, covering onshore cross-border services, offshore banking, Free Trade finance, overseas institutions, financial markets and cross-border custody, together with its domestic and overseas account service capabilities. By capitalising on its Group-wide and international operations, the Bank enhanced its capacity to support corporate customers in their global expansion and continuously strengthened the influence of its SPDB Cross-Border Finance brand.

Wealth and asset management finance: growing into a customer-preferred, market-leading and intelligently advanced wealth management bank

As at 31 December 2025, the Bank's Assets Under Management ("**AUM**") (including market value) from personal customers reached RMB4,664,533 million, representing an increase of RMB785,926 million, or 20.26 per cent., compared with the end of the previous year. The Bank's AUM in the wealth and asset management segment reached RMB3,360,469 million, representing an increase of RMB642,918 million, or 23.66 per cent., from the end of the prior year. Fee-based income from the segment amounted to RMB7,186 million, representing a year-on-year increase of 17.55 per cent. The number of private banking customers with monthly average daily financial assets of RMB6 million or above reached 55.5 thousand.

The Bank fully leveraged its Group-wide synergies and comprehensive license portfolio, establishing an agile "four-cross" mechanism spanning corporate and personal banking segments, business lines, the parent company and subsidiaries and domestic and overseas operations. Guided by the business philosophy of platform-based, digital, ecosystem-driven and professional development, the Bank advanced wealth management and asset management as dual engines to comprehensively enhance its wealth management service capabilities and actively support Shanghai's development as a global asset management center.

Building the "three supers" as the core to strengthen the enabling role of digital and intelligent technologies

In the current era marked by accelerating technological innovation and industrial transformation, strengthening the application of digital and intelligent technologies to comprehensively enhance capabilities in customer management, product research and development (R&D), risk control and operations management has become a critical driver of high-quality development for commercial banks. Based on market research, strategy execution and forward-looking industry planning, the Bank proposed advancing the development of the "three supers": super platforms, super products and super systems. This initiative aimed to integrate premium resources, deepen the integration of digital and intelligent technologies with financial businesses and build a series of distinctive, market influential digital and intelligent carriers of the Bank. In doing so, the Bank built "super" business

capabilities characterised by strong customer experience, pronounced competitive advantages and significant brand influence.

Super platforms

Super platforms represent the concentrated embodiment of the Bank's digitalisation and intelligentisation strategy. Through the deep integration of data, technologies, channels and ecosystem resources, the Bank has broken down business silos and established a unified infrastructure supporting the operation of its core businesses. Super platforms not only carry business processes but also constitute an open ecosystem. Internally, they enable efficient cross-line and cross-department resource integration. Externally, they connect customers, partners and industrial ecosystems, providing full-scenario, one-stop functional support and service interaction. Guided by the philosophy of "platform as a service", super platforms encapsulate complex financial capabilities into reusable and portable digital components, enabling rapid iteration and precise delivery of customer services. They have become a core engine driving the Bank's digital and intelligent transformation, reshaping its operating model and customer service model. The Bank's super platforms include SPDB Inclusive Finance ("浦惠來了") and SPDB Mobile Banking.

Super products

The Bank deeply integrated its service capabilities across different business segments, channels and scenarios to develop benchmark or flagship products with strong market competitiveness, high customer value and scalability. Centred on customer needs, these super products leveraged precise customer insights and scenario-based design to transform complex financial services into simple, convenient and intelligent user experiences. They not only meet the personalised wealth management needs of personal customers but also provide corporate customers with one-stop comprehensive financial solutions, serving as a core vehicle for the Bank to differentiate itself in market competition and demonstrate its brand value. The Bank's super products include SPD Technology Loan ("浦科貸"), SPD Chain Connect ("浦鏈通"), SPD Inclusive Loan ("浦惠貸"), SPDB M&A ("浦贏並購") and SPD Flash Loan ("浦閃貸").

Super systems

The super systems serve as the smart engine of the Bank's digital and intelligent transformation. They comprise a tightly integrated architecture of interrelated and deeply coupled functional modules, data flows and operational rules, designed with a customer-centric focus to support the entire Bank. Built on a foundation of stable and efficient operations and centred on intelligent collaboration, these systems leverage unified technical and data standards to enable real-time data circulation, dynamic risk sensing and enterprise-wide visibility across operations and management. The super systems function not only as the digital backbone underpinning efficient business operations, but also as the smart brain driving product innovation and enhancing customer experience. Through the deep integration of AI, big data and other advanced technologies, they enable more precise decision-making, more personalised services and greater operational efficiency. The Bank's super systems include Payroll Service System, Beidou Treasurer, Wealth Management Platform and Sky Eye Risk Monitoring and Early Warning System.

Advancing the four key strategies to enhance service quality and efficiency

Regional strategies

In alignment with China's regional development strategies, the Bank advanced differentiated innovation in operating models across key regions. It focused on the Yangtze River Delta, the Beijing-Tianjin-Hebei region, the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Economic Belt and the Chengdu-Chongqing Economic Circle, while continuing to expand its nationwide footprint. By advancing its "arrow-shaped" regional strategy, the Bank established a well-coordinated regional financial service system, to support the implementation of major national strategies and drive its own high-quality development.

The Bank regards the integrated development of the Yangtze River Delta ("**YRD**") as a strategic pivot and is committed to becoming a flagship provider of comprehensive financial services in the region. Through

institutional innovation, coordinated resource deployment and support for industrial chain development, the Bank has deeply embedded itself in national strategies, injecting strong financial impetus into the region's high-quality development. The Bank advanced institutional innovation to establish a new strategic service framework. It strengthened its top-level design for the YRD, oversaw differentiated resource allocation across branches in the region and reinforced the implementation of the integrated credit policy for the YRD. Leveraging the leading role of its Shanghai Branch, it coordinated efforts with branches in Jiangsu, Zhejiang and Anhui to support and complement each other. A new collaboration mechanism across different administrative areas was established to further enhance regional synergy. The Bank enhanced resource coordination to unlock regional synergies. Aligned with the Financial Action Plan for the Integrated Development of the Yangtze River Delta jointly issued by the three provinces and one municipality, the Bank scaled the strengths of its Shanghai Branch in merger & acquisition ("**M&A**"), bond issuance and Free Trade services across the region. It promoted financial innovation and service upgrades through integrated regional collaboration and coordinated operations. The Bank focused on industrial chain upgrades to become a model for industry-finance integration. It focused on advancing new quality productive forces through financial innovation. Capitalising on the YRD's strong economic foundation and industrial base, it strengthened and supplemented financial support for key industrial chains and contributed to the formation of globally competitive industrial clusters in the region. Meanwhile, the Bank also strengthened cooperation with governments and deepened collaboration with state-owned capital. In 2025, the Bank signed cooperation agreements with multiple prefecture-level cities in the region, laying a solid foundation for subsequent high-quality asset deployment. As at 31 December 2025, the Bank's total loan balance in the Yangtze River Delta region reached RMB2.00 trillion, while total deposits stood at RMB2.47 trillion, placing the Bank among the leading joint-stock banks in terms of loan and deposit scale.

The Bank prioritised support for major infrastructure development in the Beijing-Tianjin-Hebei region and the Guangdong-Hong Kong-Macao Greater Bay Area, facilitating the transformation and upgrading of traditional industries while promoting the coordinated development of emerging industries. In supporting major infrastructure development, the Bank strengthened its presence in key cities while expanding outward, supporting the development of Xiong'an New Area, the Economic Circle around the Capital City and the Guangdong-Hong Kong-Macao Greater Bay Area. It maintained a strategic focus on sectors including rail transit, power and energy, ports and logistics, affordable housing, urban renewal and industrial parks. In advancing the transformation and upgrading of traditional industries, the Bank supported key clients in sectors such as steel, petrochemicals, building materials, textiles, food and equipment manufacturing in pursuing intelligent and green transformation. In promoting the coordinated development of emerging industries, the Bank actively responded to policy guidance and supported the full value chain, from basic Research & Development to manufacturing and application, of leading industrial clusters, including new energy storage, life sciences and healthcare, the data industry and New Energy Vehicles ("**NEVs**"). As at 31 December 2025, the balance of corporate loans in the Beijing-Tianjin-Hebei region exceeded RMB350 billion, representing an increase of over RMB36 billion, or 11.33 per cent., from the end of the previous year, while the balance of corporate loans in the Guangdong-Hong Kong-Macao Greater Bay Area surpassed RMB530 billion, representing an increase of nearly RMB72 billion, or 15.45 per cent., from the end of the previous year.

Industry strategy

The Bank rigorously implemented China's macroeconomic strategies and established a "1+5+N" industry research framework characterised by multi-dimensional, all-employee participation. It adopted a classified management approach for all sub-sectors under national industry standards, categorising them as "priority sectors", "selectively supported sectors" and "cautiously approached sectors", and setting differentiated growth targets and risk control indicators accordingly.

Priority sectors refer to industries supported by national policies, with clear development direction and strong growth prospects. These include sectors encouraged by national strategies, such as major national development initiatives, strategic emerging industries, infrastructure and advanced manufacturing, covering areas such as energy conservation and environmental protection, information technology (IT), biopharmaceuticals, high-end equipment, new energy, new materials and green and low-carbon industries. During 2025, the balance of new

loans in these sectors accounted for more than 70 per cent. of the Bank's total increase in corporate loans. Selectively supported sectors are assessed based on factors including industry cycles, development trends, customer risk profiles and the Bank's business strategy. These sectors generally demonstrate favourable near-term trends, manageable overall risks, relatively stable fundamentals and adequate market competition, covering industries such as manufacturing, retail, wholesale, agriculture and forestry, and consumer sectors. Loans in these sectors maintained steady growth throughout the year. Cautiously approached sectors primarily include industries subject to national regulatory restrictions, such as those listed in the catalogues of high-pollution, high-energy-consumption and overcapacity industries, as well as sectors regulated in key national policies, including the Action Plan for Carbon Dioxide Peaking Before 2030 and the Nationwide Battle to Prevent and Control Pollution. As at 31 December 2025, the proportion of corporate loans in these sectors declined steadily compared with the end of the previous year, indicating continued optimisation of the Bank's corporate asset structure.

The Bank's corporate credit allocation across industries was closely aligned with the "nine priorities for economic work" identified at the Central Economic Work Conference, with service to the real economy as its core mission. The Bank optimised the allocation of credit resources, made concerted efforts to advance the five priorities of the financial sector, supported Shanghai's development into five international centres and actively implemented national economic and industrial policies as well as Shanghai's major strategic initiatives. Guided by its strategic focus on the five priority tracks, the Bank continued to expand high-quality credit assets.

First, the Bank supported the strategy of boosting China's manufacturing strength and reinforced its commitment to the real economy. During 2025, it focused on advanced manufacturing clusters and strategic emerging industries, particularly in sectors such as integrated circuits, biopharmaceuticals, AI and high-end equipment. Centred on the high-end, intelligent and green transformation of the manufacturing sector, the Bank steadily increased manufacturing loans, with a particular emphasis on medium- and long-term loans to support technological upgrades in traditional industries and foster the growth of emerging industries. As at 31 December 2025, the balance of manufacturing loans maintained steady growth, with an annual increase exceeding RMB50 billion, of which nearly 80 per cent. consisted of medium- and long-term manufacturing loans.

Second, the Bank strengthened financial support for infrastructure development to enhance Science & Technology self-reliance and strength. It actively leveraged the role of financial services in stabilising macroeconomic fundamentals, closely aligning with major national and regional development strategies. The Bank continued to increase credit support for the upgrading and renovation of traditional infrastructure, including transportation, energy and water conservancy, while also supporting the stabilisation of the real estate market, with the overall scale of corporate real estate lending remaining generally stable throughout the year. At the same time, the Bank prioritised support for key areas related to national security, information networks and critical core technologies, thereby strengthening the resilience and security of industrial and supply chains. In 2025, the Bank extended more than RMB45 billion in new financing to the electronic information industry and approximately RMB18 billion to the scientific research and technical services sector.

Third, the Bank upheld a people-centered approach to finance by actively expanding into well-being industries and livelihood-related consumer sectors. Putting the "serving the general public through its financial strength" into practice and in line with national policies to boost consumption and improve livelihoods, it identified these areas as key priorities in serving the real economy. In pension finance, the Bank addressed the full value chain of elderly care by supporting care institutions, integrated medical and elderly care services and wellness services to provide comprehensive financial solutions. To promote consumption, it supported the recovery and development of sectors such as wholesale and retail, cultural tourism, accommodation and catering, and met rising demand for consumption upgrading through innovative consumer credit products and deeper integration of finance with consumption scenarios. Meanwhile, the Bank made effective use of structural monetary policy tools, including relending facilities for service consumption and elderly care, to channel low-cost funding to key livelihood-related sectors such as elderly care, healthcare and cultural tourism. As at 31 December 2025, the Bank extended RMB22.6 billion in loans to support the silver economy.

Fourth, the Bank advanced the rural revitalisation strategy by continuously increasing resource investment in the field of agriculture, rural areas and rural residents. It has always regarded serving this field as both a key political

responsibility and an important driver of business development. The Bank steadily expanded resource allocation to rural revitalisation and inclusive finance, addressing credit needs related to food security, income-generating industries and rural development. The Bank intensified efforts to build the "5+4+N" rural revitalisation financial service system, developed the "SPDB Rural Partner" financial service brand and deepened services for a wide range of agricultural business entities. It remained committed to channelling financial resources precisely to county-level and rural areas. For the year ended 31 December 2025, new agriculture-related loans totalled nearly RMB50 billion, and the outstanding balance reached approximately RMB390 billion, providing strong financial support for consolidating and expanding the achievements of poverty alleviation and advancing all-round rural revitalisation.

Online strategy

Guided by an intelligent enterprise-wide operations system and supported by two super platforms: SPDB Inclusive Finance and SPDB Mobile Banking, the Bank continued to refine its fully online operating framework, characterised by open customer acquisition, interconnected customer aggregation and advanced customer engagement. It further deepened enterprise-level platform operations, striving to establish a new paradigm for digital platform-based operations.

Adhering to an online and intelligent transformation path, the Bank continued to enhance the end-to-end customer journey experience. With innovative digital products as the foundation and customer experience at the core, the Bank advanced the online and platform-based transformation of its products, business processes and services, building a closed-loop customer journey that spanned acquisition, conversion and deep engagement. During 2025, the SPDB Inclusive Finance platform launched more than 300 functions and services, covering four major service scenarios: credit financing, wealth management, fund management and ecosystem services. The SPDB Mobile Banking app focused on upgrading digital and intelligent capabilities and enhancing the overall customer journey. It integrated more than 10,000 wealth management products, six categories of loan products, and 11 major product matrices, covering service scenarios such as wealth management, loan financing, payment and settlement, account management and public services. Transactions conducted through the app accounted for 93.67 per cent. of total transactions across all channels of the Bank. In addition, the digital seal management system reduced the processing time for cross-regional document sealing to as little as 30 minutes, further improving operational efficiency and customer experience.

The Bank deepened integration, strengthened capabilities and enhanced channel coordination to continuously unlock the operational value of its platforms. Driven by "data + scenarios + services", it further reinforced service synergies across online and offline channels. By leveraging WeCom, the Bank connected offline customer managers, wealth managers, marketing managers and remote banking teams, establishing and optimising cross-channel opportunity circulation pathways among the SPDB Inclusive Finance, the SPDB Mobile Banking app, WeCom and remote outbound calling. This enabled the development of a full-chain operating model featuring comprehensive online customer reach, platform-driven opportunity identification and offline conversion. During 2025, the platform served nearly 600 thousand long-tail customers via WeCom and upgraded nearly 500 thousand of them to mid- to high-end customer segments, demonstrating tangible results in platform operations. The remote intelligent banking service achieved a manual connection rate of 99.49 per cent., a 20-second service rate of 98.44 per cent. and a customer satisfaction rate of 99.76 per cent., ranking among the industry leaders in service responsiveness. Leveraging its platform integration capabilities, the Bank advanced its transformation from traditional financial services to comprehensive, ecosystem-based services. Centered on customers' real-life and business operation needs, it expanded external connectivity and resource sharing, actively exploring diversified offerings across financial services, public services and open ecosystem scenarios, shifting from a "product-centric" to an "ecosystem-centric" operating paradigm. The Bank strengthened scenario-based and ecosystem-driven service enhancements, evolving from standalone payroll services to integrated enterprise management ecosystem services. It provided one-stop solutions covering corporate HR and payroll management as well as employee services. Supported by the development of its open wealth platform, the Bank introduced leading partner institutions across funds, securities firms, wealth management companies and insurers, establishing an online wealth management ecosystem encompassing a full range of product categories. During

2025, the SPDB Mobile Banking app converted nearly 800 thousand new first-time wealth management customers.

Digital and intelligent innovation strategy

In response to the ongoing technological revolution and industrial transformation, the Bank remained committed to advancing its digital and intelligent innovation strategy. It increased investment in financial resources, strengthened digital finance innovation, and, under the guidance of an enterprise-wide architecture, promoted the deep integration of digital technologies with financial services, supporting business expansion and enhancing operational efficiency.

The Bank continued to unlock the value of data as a key production factor, empowering its digital and intelligent transformation. It achieved the highest Level 5 (Optimised) certification under the national standard "Data Management Capability Maturity Assessment Model (GB/T 36073-2018)", marking its entry into the top tier of Chinese banks in terms of data management capabilities. Driven by its digital and intelligent initiatives across business tracks and the "three supers", the Bank deployed more than 900 models and 2,990 strategies in production, deeply embedded across the business value chain. These models cumulatively supported 29.58 million credit approval and loan review calls and facilitated loan disbursements totaling RMB262.84 billion.

The Bank comprehensively advanced enterprise-level architecture development, laying a solid foundation for business and operational innovation. During 2025, it released its first 5A4S enterprise-level architecture framework, covering 85 business domains and 115 business components. Building on this architecture, the Bank developed a user-centric, enterprise-level integrated workstation: the digital and intelligent operations service and processing platform, which integrates commonly used systems for frontline operations staff and connects online and offline channels, driving innovation and upgrades in the operating system. The platform's intelligent factory established an "AI + human" collaborative production line, supporting both centralised traditional operations and human-machine collaborative processing across areas such as supply chain finance, retail lending, corporate lending and inclusive finance. This approach enabled centralised, standardised and intelligent operations.

The Bank continued to strengthen the application of digital technologies to drive business and product innovation. During 2025, it consistently enhanced the use of digital tools, advancing product innovation and process reengineering around specific business scenarios to support business development through innovation. In the corporate banking segment, the Bank iterated its target model for deposit products based on historical data, established an updated corporate deposit product catalogue and enabled flexible, modular online configuration, significantly improving the iteration efficiency of core corporate products. At the same time, it strengthened the application of blockchain technology by exploring supply chain finance scenarios, leveraging contract information of chain participants for on-chain verification to enable credit enhancement for enterprises in supply chain finance. In cross-border finance, by connecting with digital platforms for shipping and trade, the Bank successfully launched blockchain-enabled L/C business interactions and documentary financing scenarios.

The Bank continued to strengthen its digital foundation to enhance technological capabilities and improve operational efficiency. It adopted a multi-cloud and multitech-stack parallel strategy, deploying application systems across different cloud platforms in a rational manner to enable flexible resource allocation, cost optimisation and high system availability, thereby strengthening technological autonomy and business resilience. The Bank fully leveraged the enabling role of its cloud platform as a key bridge between underlying infrastructure and upper-layer applications, integrating data center resources at the foundational layer while providing standardised IaaS and PaaS common components at the upper layer, significantly improving system transformation efficiency. Through the planning of an enterprise-level common technology capability component framework, the Bank accumulated 66 components, providing unified technical support for business systems. This approach effectively reduced redundant development, improved R&D and delivery efficiency and enhanced safe and stable operations of the system. At the same time, the Bank accelerated the development of its patent portfolio, with sustained momentum in innovation. As at the end of 2025, it cumulatively filed 1,218 patent applications and obtained 367 authorised patents. The Bank received First, Second and Third Prizes in the

2024 FinTech Development Awards issued by the PBOC, with the Credit Card Core System Re-engineering and Distributed Architecture Project winning the First Prize.

RECENT DEVELOPMENTS

2026 First Quarter Results

On 29 April 2026, the Bank published the unaudited and unreviewed consolidated quarterly financial information of the Bank as at and for the three months ended 31 March 2026 on the website of the Shanghai Stock Exchange. A summary of such financial information has been set forth in "*Summary Financial Information of the Bank*" in this Offering Circular.

The unaudited and unreviewed consolidated quarterly financial information of the Bank as at and for the three months ended 31 March 2026 have not been audited or reviewed by a certified public accountant, and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. None of the Bank, the Group, the Arrangers, the Dealers or their respective directors, officers, employees, agents, affiliates or advisers makes any representation or warranty, express or implied, regarding the sufficiency of such unaudited and unreviewed consolidated quarterly financial information for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Bank's financial condition and results of operations. In addition, the unaudited and unreviewed consolidated quarterly financial information of the Bank as at and for the three months ended 31 March 2026 should not be taken as an indication of the expected financial condition or results of operations of the Bank for the full financial year ending 31 December 2026.

Changes in the List of Directors and Senior Management Personnel of the Bank

Since 31 December 2025, there have been further changes in the list of directors and senior management personnel of the Bank as disclosed on the website of the Shanghai Stock Exchange. For further details relating to the current list of directors, supervisors and senior management personnel of the Bank, please see "*Directors, Supervisors and Senior Management*" in this Offering Circular.

PRINCIPAL BUSINESS ACTIVITIES

The Bank's principal business activities in the PRC include corporate banking business, retail banking business and financial market and financial institution business.

For the years ended 31 December 2023, 2024 and 2025, the Bank's total operating income was RMB173,434 million, RMB170,748 million and RMB173,964 million, respectively. The following table sets forth the geographical concentration of the Bank's total operating income for the years and periods indicated, respectively:

	For the year ended 31 December					
	2023		2024		2025	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
	(RMB in millions)	*(per cent.)*	*(RMB in millions)*	*(per cent.)*	*(RMB in millions)*	*(per cent.)*
Head Office	67,701	39.04	66,988	39.23	56,629	32.55
Yangtze River Delta Region	38,381	22.13	39,256	22.99	43,995	25.29
Pearl River Delta and West Side of Taiwan Strait	12,554	7.24	12,323	7.22	13,122	7.54
Bohai Rim	13,922	8.03	14,944	8.75	15,800	9.08
Central China	11,807	6.81	11,384	6.67	12,101	6.96
Western China	10,971	6.33	11,260	6.59	11,642	6.69
North-east China	3,057	1.76	3,857	2.26	4,196	2.41
Overseas institutions and subsidiaries	15,041	8.66	10,736	6.29	16,479	9.48
Total	**173,434**	**100.00**	**170,748**	**100.00**	**173,964**	**100.00**

Corporate Banking Business

The Bank continued to deepen its customer management strategy, enhance service quality and provide strong support for the real economy. It remained committed to delivering comprehensive and professional financial services to customers across a wide range of areas, including commercial lending, transaction banking, investment banking, e-banking, cross-border business and offshore banking. In advancing the development of a "four-tier, four-category" corporate client management framework, the Bank centered on customer value growth and continuously promoted digital and intelligent transformation and development. As at 31 December 2025, the number of corporate clients reached 2,522.9 thousand, representing an increase of 154.4 thousand, or 6.52 per cent., compared with the end of the previous year. Net operating income from corporate banking business amounted to RMB68,579 million during 2025.

Corporate deposit business

The Bank actively seized market opportunities, strictly upheld the bottom line for operational compliance and remained customer-oriented in addressing comprehensive financial needs. By deepening the sustainable development of its customer structure and embedding integrated service solutions, including accounts, settlement and cash management, into customers' business operation scenarios, the Bank achieved steady growth in corporate deposits. As at 31 December 2025, the parent bank's corporate deposit balance reached RMB3,810,374 million, representing an increase of RMB275,016 million, or 7.78 per cent., compared with the end of the previous year. The average daily increase in corporate deposits for 2025 reached RMB271.5 billion, ranking first among Chinese joint-stock banks. At the same time, through digital means, the Bank achieved high-quality customer acquisition and management. The optimised deposit customer structure contributed to a reduction in the cost of deposits. During 2025, the parent company's cost of corporate deposits decreased by 42 basis points year on year.

Corporate loan business

The Bank actively implemented major national strategic initiatives. It took vigorous steps to implement major national strategies and enhance security capacity in key areas. In the meantime, the Bank capitalised on policy initiatives such as large-scale equipment upgrades and trade-ins for consumer goods to provide financing for equipment renewal and technological transformation in sectors including industry, transportation, building and urban infrastructure, agriculture and rural development, thus stimulating corporate investment. During 2025, it signed 257 projects with a total contractual value of RMB45.5 billion. In supporting the real economy, the Bank focused on enhancing the quality and efficiency of emerging pillar industries and facilitating the transformation and upgrading of traditional industries, while guiding credit resources toward key sectors supported by national strategies. As at 31 December 2025, the parent company's total corporate loans (including discounted bills) amounted to RMB3,665,474 million, representing an increase of RMB278,751 million, 8.23 per cent., from the end of the previous year. The Bank resolutely implemented national plans to promote the stable and sound development of the real estate market, actively expanded the urban real estate financing coordination mechanism and enhanced its effectiveness and supported the delivery of pre-sold housing projects, thereby contributing to the stabilisation of the real estate market.

Investment banking business

The Bank remained committed to becoming the preferred bank for M&A financing, building a comprehensive "M&A + integrated financing" service model with digital platforms as the foundation, ecosystem-based collaboration as the carrier, and benchmark service capabilities as the leading force. Focusing on customer needs, the Bank delivered tailored solutions for the strategic and professional transformation of state-owned assets and enterprises, innovation breakthroughs of technology companies, full-lifecycle needs of industrial funds (fundraising, investment, management and exit), the enhancement of quality and efficiency for listed companies and the optimisation of industrial chains for cross-border enterprises. It established a "4+8+16+N" M&A finance service framework and served approximately 300 key customers during the year. M&A loans for tech enterprises covered 18 pilot cities, with multiple high-profile benchmark projects successfully executed. The Bank, together with several Shanghai-based state-owned financial institutions as core initiators, established the M&A Alliance and released the Action Plan for Supporting the Development of Shanghai as an International Financial Center.

This initiative enhanced the Bank's comprehensive service capabilities across banking, insurance and securities, effectively leveraging M&A to drive and support the real economy. The Bank received multiple honors, including the "Golden Dragon Financial Strength 2025" Case Award from Financial News and the First Prize for Outstanding Cases of Financial Services Supporting the Real Economy in Tianjin. As at 31 December 2025, the balance of domestic and overseas M&A loans reached RMB243,143 million, representing a year-on-year increase of 17.11 per cent. and ranking among the leading Chinese joint-stock banks. During 2025, newly disbursed M&A loans totaled RMB113,943 million, representing an increase of 47.05 per cent. year on year, surpassing the RMB100 billion milestone.

The Bank, centered on comprehensive customer services, continued to deepen refined customer management and innovate its business model. The number of bond issuers served by the Bank as underwriter increased by 18.75 per cent. year on year, and the number of first-time issuers of interbank market debt financing instruments ranked among the top in the market. As a preferred partner bank in the Science & Technology sector, the Bank provided full-chain financial services covering underwriting, investment, market-making and issuance. It actively participated in the development of the bond market's STAR Market and executed multiple first of-its-kind transactions in the market. Its market share in Science and Technology Innovation bonds issued by private equity investment institutions ranked among the industry leaders, providing strong financing support for tech enterprises. During 2025, the Bank led the underwriting of 2,032 bonds worth RMB640,778 million, of which debt financing instruments amounted to RMB472,111 million.

Transaction banking business

During 2025, the Bank's total domestic trade financing volume exceeded RMB2.8 trillion, representing a year-on-year increase of 16.5 per cent., with domestic trade financing income ranking first among Chinese joint-stock banks.

Adopting a customer-centric approach, the Bank built an ecosystem spanning G-end (government), B-end (corporate) and C-end (retail) scenarios. It continued to refine flagship products such as Beidou Treasurer, cloud-based fund supervision and SPDB Shopkeeper, prioritising core corporate needs including bill payment, tax payment, social security contributions, and housing provident fund contributions, and offering integrated solutions covering fund collection, management and payment. During 2025, the Bank acquired over 27,000 new customers from these scenarios. It also introduced 38 service scenarios across areas such as judicial case management, housing construction, education, chain retail and pharmaceuticals. The transaction volume of cloud-based fund supervision business exceeded RMB1 trillion, up 57 per cent. year on year. Corporate collections volume increased by 155 per cent. year on year, and the number of new corporate collections customers reached 9,426, representing a year-on-year increase of 370 per cent.

Technology finance business

In line with relevant national policies, the Bank elevated technology finance as an enterprise-level strategy and advanced it through digital and intelligent capabilities. It strengthened its strategic positioning, built the Group's mega Science and Technology Innovation ecosystem and established an integrated, differentiated and specialised comprehensive service framework. The Bank continuously iterated its professional and differentiated technology finance products, enriched the scope and depth of its service offerings and enhanced its market influence as a preferred partner bank for tech enterprises. As at 31 December 2025, the Bank served more than 256 thousand tech enterprises, which accounted for over 80 per cent. of the listed technology companies nationwide. The balance of technology finance loans (as per the statistical standard of the PBOC) reached RMB1,047,092 million. The Bank was rated "Excellent" in the PBOC's first evaluation of technology finance service quality and efficiency, ranking first among China's joint-stock commercial banks.

Inclusive finance business

The Bank firmly upheld the political and people-oriented nature of inclusive finance, maintained strong strategic alignment and focused on regulatory requirements to "ensure volume, improve quality, stabilise pricing and optimise structure", advancing the effective implementation of regulatory policies and stimulating the vitality of

micro and small enterprises.

The Bank deepened the effective implementation of the financing coordination mechanism for micro and small enterprises. Through coordinated efforts among the taskforces at the Head Office, branches and sub-branches, it strengthened collaboration with local government mechanisms, implemented customer referral lists and aligned financing supply with enterprise demand. The Bank continued to carry out government-bank-enterprise initiatives such as targeted customer engagement campaigns and completed integration with the nationwide headquarters-to-head office credit financing platform. In response to market conditions and the needs of micro and small enterprises, it increased support for key areas such as foreign trade, Science & Technology and private enterprises, and launched targeted financing solutions for micro and small enterprises engaged in foreign trade. As at 31 December 2025, under the financing coordination mechanism for micro and small enterprises, the Bank proactively engaged with 77.5 thousand customers on the recommended list, with total approved credit lines of RMB677.8 billion and cumulative loan disbursements of RMB492.3 billion.

The Bank further strengthened policy support for micro and small enterprises and consistently reduced financing costs for them. It continued to implement the policy of loan renewal without principal repayment and optimised related systems and processes to enhance efficiency. A one-click online renewal feature was introduced with an approval rate exceeding 90 per cent. The Bank continued to strengthen the implementation of the due diligence exemption policy, with the exemption rate exceeding 90 per cent., helping foster an internal driving force that encourages and supports lending.

By strengthening intra-Group collaboration, the Bank built a mega inclusive finance operating system. It established the SPD Inclusive Finance Salon, demonstrating a customer-centric service approach and enhancing brand visibility.

Green finance business

The Bank enhanced its comprehensive financial service system for green and low-carbon transition and launched the Comprehensive Green Finance Service Plan for Green Factories. Focusing on the financing needs of green factories in their low-carbon transition, it developed a "five-in-one" service model integrating customers, scenarios, products, support and distinctive operations. The Bank actively expanded cross-industry collaboration, working with government agencies, enterprises, research institutions and international organisations to build an open, collaborative and mutually beneficial green finance ecosystem. In 2025, the Bank effectively implemented regulatory requirements for advancing the five priorities of the financial sector and ranked among the leading joint-stock commercial banks in the PBOC's green finance assessment. Its MSCI ESG rating was upgraded from "A" to "AA" in 2025. As at 31 December 2025, the Bank's green credit balance reached RMB707,374 million, representing an increase of RMB136.68 billion, or 23.95 per cent., from the end of the previous year.

Strategic customer management

The Bank continued to firmly align itself with the direction of real-economy development and closely address the needs of leading industrial clients, strengthening its industry-specific leadership in managing strategic clients at the Head Office level. The Bank established an industry research and operating system centered on computing power, consumption capacity, growth drivers and transportation capacity, thereby actively building a new industry-specific paradigm for managing strategic clients at the Head Office level. Enterprise-level agile working mechanisms, such as taskforces and VIP studios, were established to deepen core client management while accelerating the replication of proven engagement strategies across industry clients. Leveraging the Head Office's coordinating role as the primary accountable entity for Group-wide operations, the Bank strengthened internal strategic collaboration. Through centralised risk coordination, structural optimisation, and credit limit management at the Head Office level, the depth of customer engagement was further enhanced. Based on the information flows, capital flows, and transaction flows of core enterprises within industrial ecosystems, the Bank extended services to upstream and downstream enterprises as well as personal customers, thereby spearheading the development of industrial ecosystems. It strengthened its understanding of industries and sectors, built a multidisciplinary talent pool with expertise in industry, technology, and capital markets, and further enhanced its digital and intelligent innovation capabilities and outcomes.

As at 31 December 2025, the average daily RMB corporate deposits from strategic clients at the Head Office level stood at RMB1,004.5 billion, representing an increase of RMB108.8 billion, or 12.15 per cent., year on year. The balance of corporate loans in local and foreign currencies from these clients reached RMB979.2 billion, representing an increase of RMB93.7 billion, or 10.58 per cent., year on year. Operating income from such clients increased by more than 9 per cent. year on year. New accounts opened by group members of strategic clients of the Head Office level exceeded 1,400, while new accounts opened by enterprises within the ecosystems of these clients exceeded 3,500. The online supply chain financing volume for strategic clients of the Head Office level exceeded RMB290 billion, accounting for 37 per cent. of the Bank's total online supply chain financing volume and covering nearly 80 per cent. of strategic group clients of the Head Office level.

Institutional client management

Firmly committed to serving government agencies and people's well-being, the Bank built a professional service system for a wide range of institutional clients, such as Party and government bodies at all levels, public institutions, and social organisations nationwide, to continuously enhance the quality and efficiency of cooperation with institutional clients. During 2025, the Bank opened a special treasury account for the collection of central non-tax revenue for the first time. In the 2024 comprehensive performance evaluation of agent banks for centralised treasury payments, both the zero-balance payment agency business for the central treasury and the zero-balance payment agency business for central budgetary units received an excellent rating. The Bank obtained four qualifications from the MOHURD to access the commercial mortgage data exchange platform, the housing provident fund management system, the combined mortgage data exchange platform, and the pilot programme for e-CNY applications in housing provident fund operations. The Bank signed a strategic cooperation memorandum with the Ministry of Commerce of China, joined the NDRC's investment-lending linkage mechanism, and connected to the national online investment project supervision and approval platform. It also ranked among the top-tier group of cooperative banks under the National Healthcare Security Administration's evaluation system and was granted full access to medical insurance data interfaces. In addition, the Bank signed comprehensive strategic cooperation agreements with leading domestic universities, hospitals, and industry associations, co-established the Research Institute of Financial Innovation with Shanghai University of Finance and Economics, and became the first bank to sign a strategic cooperation agreement with the Chinese Hospital Association, jointly building a closed-loop ecosystem integrating finance, healthcare, and services.

As at 31 December 2025, the average daily RMB corporate deposits from institutional clients exceeded RMB600 billion for the first time, representing an increase of more than RMB30 billion compared with the end of the previous year. Newly acquired key institutional clients increased by nearly 480, and over 290 key qualified business scenarios were successfully implemented.

Retail Banking Business

The Bank thoroughly implemented a strategy of digital, intelligent, balanced, specialised and ecosystem-based operations, and remained customer-centric to drive steady development of its retail banking business. Customer management expanded in both scale and quality. The Bank launched Version 1.0 of the Zhuoxin customer service system, significantly enhancing customer acquisition, activation, and retention effectiveness. The number of personal customers reached a record high of 171 million, with rapid growth in mid-to-high-end customers and private banking customers. Wealth and asset management accelerated in development. Leveraging its strong Group-wide collaboration, the Bank strengthened its core capabilities in asset allocation and digital and intelligent wealth management, driving total personal financial assets (including market value) to a new high of RMB4.66 trillion. Retail lending business achieved accelerated, high-quality growth in mortgage lending. The Bank developed consumer finance brands such as SPD Flash Loan and iCar Loan. Net growth in retail loans (excluding business loans) ranked first among Chinese joint-stock banks during 2025. The Bank's service strategies were actively and effectively advanced. In response to consumption stimulation requirements, it implemented policies for consumer voucher distribution and government-funded interest subsidies for consumer loans, optimised payment services, and supported consumption upgrading among residents. The SPD Golden Pension brand was further strengthened, promoting the expansion and quality enhancement of individual pension services, and integrating resources within and beyond the Group to build a comprehensive elderly care ecosystem.

Retail customer management

The Bank actively integrated the Group's resources and strengthened internal coordination. Adopting a service model centered on "digital and intelligent support, tiered and segmented operations and cross-channel coordination", it launched Version 1.0 of the new Zhuoxin customer service system. The Bank strengthened comprehensive customer services and established a five-tier, sixteen-level, six-in-one integrated service framework. For key customer segments, it developed differentiated product packages, service packages, and benefit packages, along with customized solutions. Customer experience was further enhanced. The Bank built a bank-wide Zhuoxin V+ privilege ecosystem. Monthly active users on the app benefits homepage increased by more than 300 per cent. year on year. It also launched signature physical IP experiences such as "SPD Tea" and "SPD Fragrance" and organised the "Zhuoxin Four Seasons" customer salon, with over 26.3 thousand sessions held and coverage exceeding 680 thousand customer visits. Leveraging digital and intelligent technologies, the Bank continued to enrich customer profiling and opportunity identification capabilities, upgraded its digital and intelligent customer management tool platform and relevant WeCom account, and promoted full integration and coordination between online and offline channels.

As at 31 December 2025, the Bank's personal customer base (including credit card customers) reached 171 million, an increase of 13,965.9 thousand from the end of the previous year. Customer structure continued to improve, with the number of customers holding the monthly average daily financial assets above RMB50,000 reaching 4,692.6 thousand, up 278.6 thousand, compared with the end of the prior year. Private banking customers with the monthly average daily financial assets above RMB6 million reached 55.5 thousand, marking a five-year high in growth. The Bank's AUM (including market value) from personal customers reached RMB4,664,533 million, representing an increase of RMB785,926 million, or 20.26 per cent., compared with the end of the previous year. The balance of the parent company's deposits from personal customers reached RMB1,717,705 million, representing an increase of RMB167,322 million, or 10.79 per cent., as compared with the end of the previous year. During 2025, the Bank received multiple industry recognitions, including the 2025 Golden Shell Asset Management Competitiveness Case Selection: Excellence in Retail Banking, the Head Office Specialised Management Award: Brand Management at the 7th Retail Banking Awards (RBA), and the Best Deposit Product in China from The Asian Banker for its "An" series of deposit products.

Retail loan business

In mortgage lending, the Bank actively implemented national policies to "stabilise the real estate market". Adhering to city-specific measures, it upgraded its digital and intelligent service model and innovated financial products and services to better meet residents' demands for first-home purchases and housing upgrades. As at 31 December 2025, the Bank's personal housing loan balance reached RMB876,834 million, representing an increase of 2.04 per cent. from the end of the previous year. While maintaining steady scale growth, the Bank continued to optimise its business structure. Newly issued personal housing loans in the Yangtze River Delta, the Bohai Rim, the Guangdong-Hong Kong-Macao Greater Bay Area, the Sichuan-Shaanxi-Chongqing Economic Zone, and the central Yangtze River corridor accounted for 88.01 per cent. of the Bank's total newly issued personal housing loans.

The SPD Flash Loan maintained a balanced focus on both scale and quality, with a strong emphasis on customer experience. The product was designed around a "three-ultra" service model: ultra-simple application, ultra-fast approval, and ultra-premium experience. On the marketing side, it promoted lightweight digital operational tools. On the risk control side, it refined an end-to-end approval system integrating models, strategies, and systems. On the consumer side, the product was embedded into diversified scenarios such as home renovation and e-commerce shopping, further strengthening the SPD Flash Loan brand identity. During 2025, cumulative disbursements of the SPD Flash Loan reached RMB248,188 million. As at 31 December 2025, the number of customers approved with credit lines exceeded 940 thousand, representing an increase of 305.6 thousand compared with the end of the previous year. Total approved credit lines of the product amounted to RMB205,826 million, with the loan balance of RMB83,207 million. The product won the "Best Digital Consumer Lending Service in China" award from The Asian Banker and the "Outstanding Innovation Practice for Consumer Finance" from the financial media outlet JRJ.com, among other accolades.

The SPD iCar Loan established system connectivity with dozens of NEV manufacturers, providing consumers with fully online, 24/7 automotive finance services. The Bank also pioneered China's first battery-swapping consumer loan product, achieving deep integration between financial services and the vehicle owner ecosystem. As at 31 December 2025, the balance of green NEV loans under retail credit business stood at RMB19,124 million, accounting for 50.59 per cent. of retail auto loans, up 17.57 percentage points from the beginning of the year.

The credit card business focused on managing income-generating assets. By taking proactive measures across channels, pricing, and integration, it increased monetization rates of these assets. Through targeted initiatives, the business segment achieved growth in loan scale, stabilised loan yields, and optimised its asset quality structure. Within the automotive consumption ecosystem, it deepened auto installment financing, launching themed initiatives such as the SPD Auto Installment Subsidy Campaign to deliver direct benefits to consumers. Merchant installment services were strategically deployed across multiple platforms, leveraging advanced technologies to build a smart financial ecosystem.

The Bank developed a new small-value credit business model centered on "business integration, process simplification, operational efficiency, and marketing connectivity". As a key component of its digital infrastructure, it established and launched micro and small enterprise and personal loan centers across 37 branches, serving as customer-facing service hubs. These centers provided comprehensive support for micro and small enterprise and personal loan businesses, including housing loans, consumer loans, personal business loans, and inclusive corporate finance, significantly enhancing overall operational quality and efficiency across the Bank.

During 2025, the Bank maintained stable overall growth in its retail lending business, driven by its commitment to high-quality and sustainable development. As at 31 December 2025, the parent company's retail loan balance (excluding personal business loans) reached RMB1,513,737 million, an increase of RMB50.61 billion, or 3.46 per cent., compared with the end of the previous year.

Wealth management business

During 2025, in response to the growing demand for wealth preservation and appreciation among personal customers, the Bank, guided by its digitalisation & intelligentisation strategy, continued to build a customer-centric and asset-allocation-driven mega wealth management framework. Leveraging its Group-wide synergies, the Bank further developed a wealth management product portfolio centered on four pillars: deposits, wealth management products, funds, and insurance. It also built an open product matrix platform, upgrading two flagship brands: "Chart of Innovative WMPs" and "SPDB Selection". The Bank established an asset allocation studio and advanced the development of its wealth management platform as a super system. It launched the "Treasury Alpha" asset allocation service system and the wealth management intelligent agent "SPDB WM". A new "BRAIN" asset allocation framework was introduced to address wealth management needs across the full customer lifecycle, including pre-sales investor education, in-sales product selection, and post-sales monitoring, thereby comprehensively enhancing the customer experience.

As at 31 December 2025, the Bank's AUM (including market value) from personal customers reached RMB4,664,533 million, representing an increase of RMB785,926 million, or 20.26 per cent., compared with the end of the previous year. The wealth management products of SPDB Wealth Management reached RMB1,465,084 million, an increase of RMB194,527 million, or 15.31 per cent., from the end of the prior year.

Wealth succession and protection business

The Bank developed deep insights into and focused on customers' core needs in wealth succession and protection, building a distinctive service framework comprising the "SPDB Enterprise Star" service platform, the "SPDB Globe" overseas service platform, and the "SPDB Peaceful Life" wealth management trust account. Focused on the needs of entrepreneur customers in wealth management, succession planning, and business growth, the Bank continuously upgraded the service capabilities of the SPDB Enterprise Star platform, deepening engagement with this customer segment. By integrating the Group's internal financial entities across banking, securities, and trust businesses, as well as external partners, it launched the "SPDB Globe" overseas service platform. Through the "SPDB Peaceful Life" wealth management trust account, the Bank enriched account service functions and

application scenarios, helping customers achieve steady wealth growth and orderly succession.

Debit card business

In payment and settlement business, the Bank prioritised fast payments, increased investment in promotional activities, and closely aligned itself with consumption stimulus policies. Under the theme of "Preferential Payments, Better Living", it drove steady growth in transaction volume across scenarios such as trade-ins and senior consumption. Focusing on key customer segments, the Bank implemented precision marketing campaigns through coordinated efforts between the Head Office and branches across multiple platforms to expand and stabilise its base of monthly active users, cultivate customer payment habits, and further increase transaction volumes.

In acquiring services, the Bank implemented differentiated fee reduction and exemption policies for micro and small merchants, selfemployed individuals, and key sectors related to people's livelihoods, such as real estate, automotive, healthcare, and education. By acting on national fee-reduction and benefit-sharing policies, it supported the development of micro and small enterprises and the real economy. In fulfilling its social responsibilities, the Bank focused on optimising payment services in areas such as foreign card acceptance, cash services, foreign currency exchange, account services, and senior-friendly adjustments. It comprehensively improved the accessibility and satisfaction of payment services for customer groups, including foreign visitors and senior citizens.

As at 31 December 2025, the cumulative number of debit cards issued by the Bank reached 112.57 million.

Credit card business

With strengthening its digital and intelligent capabilities and adopting quality enhancement development concept, the Bank advanced the integration of banking and credit card businesses. It continued to roll out five bundled application initiatives, including loan-card, payroll-card, card-loan, inclusive finance-card, and mortgage-card combinations. By leveraging integrated scenarios across retail, retail lending, and mortgage businesses, the Bank continuously enhanced its scenario-based integrated marketing capabilities. Focusing on key customer segments such as high-quality retail customers, running enthusiasts, senior citizens, cultural consumers, and niche professionals, the Bank developed and continuously optimised a range of products, including the SPD Profit Card, the SPD Easy Card, the SPD Premium Card, running enthusiast-themed credit cards, senior-focused credit cards, and the Joyful SPD credit card. To promote consumption and improve livelihoods, the Bank upgraded its inclusive promotional campaigns, successively launching initiatives such as "More Spending, More Rewards" and "Cashback on Every Transaction". It focused on high-frequency, low-value offline consumption scenarios, particularly in tea beverage and dining segments, creating distinctive and memorable branded marketing campaigns. The Bank thoroughly participated in major consumption promotion events such as the "Shanghai Nightlife Festival" and the "Shanghai Summer" International Consumption Season, and collaborated across the Head Office and branches to implement nationwide government subsidy programs such as trade-ins, generating a strong social impact.

As at 31 December 2025, the credit card and overdraft balance reached RMB389,327 million, representing an increase of RMB19,104 million, or 5.16 per cent., compared with the end of the previous year.

Pension finance business

During 2025, the Bank accelerated the implementation of its "1-2-3-4-5" pension finance service system (one integrated strategy, two alliances, three target customer segments, four core platforms, and five major initiatives), continuously enhancing the quality and efficiency of its pension finance services. The Bank strengthened Group-wide coordination by integrating multi-format resources across the Group as well as its domestic and overseas operations and established both a strategic pension finance partnership alliance and an elderly care provider alliance. In collaboration with leading domestic insurance companies and securities firms, the Bank participated in the International Exhibition of Senior Care, Rehabilitation Medicine and Healthcare, Shanghai 2025 and released the "SPD Golden Pension" Silver Economy Finance and Health Q&A Handbook. Working with leading domestic insurers, the Bank further developed a "finance + health" ecosystem service model by introducing

pension finance studios into the "Health Service Hub" programme and launching the innovative public welfare model "Memory Care Outlets". At the same time, it strengthened the pension security system by actively promoting the opening of individual pension accounts, enhancing contribution benefits, and carefully curating nearly 200 exclusive products to meet customers' long-term retirement savings needs. The Bank also provided targeted financial support to the silver economy, with loan disbursements totaling RMB22.6 billion. It continuously optimised credit policies for sub-sectors such as elderly care services, pharmaceutical manufacturing, and healthcare, and actively implemented the PBOC's relending facilities for service consumption and elderly care. In addition, the Bank remained committed to building an age-friendly banking environment by establishing service standards tailored to elderly customers. Offline, it promoted the "Six Caring Services" initiative across its physical outlets. Online, it launched features such as the "Cloud-based Mobile Service Hall" on the elderly care version of the SPDB Mobile Banking app. The Bank also completed the establishment of 100 standardised pension finance studios and trained nearly 1,000 pension finance consultants.

As at 31 December 2025, the number of individual pension accounts increased by 1,002.1 thousand, or 97.22 per cent., compared with the end of the previous year. The Bank expanded its occupational annuity custody services to cover entities nationwide, including central government-affiliated institutions. The scale of pensions under the Bank's custody reached RMB558 billion, an increase of RMB66.9 billion, or 13.62 per cent., from the end of the previous year. During 2025, the SPD Golden Pension service brand was included in the "Top 100 Silver Economy Brands in Shanghai: List of Silver Finance Brands". The Bank was also awarded the "Model Institution for Pension Finance Services in Shanghai Banking Sector" and the "Model Organisation in the Special Competition on Pension Finance Services" by the Shanghai Banking Association.

Financial Market and Financial Institution Business

The Bank focused on the core strategic priorities of "strengthening trading, stabilizing liabilities, and building an ecosystem" in its financial markets business. Designating 2025 as a "year of enhancement" for the digitalisation & intelligentiation strategy, it continued to deepen the dual-engine operating model of proprietary investment trading and SPDB Risk Hedging agency services for financial market business, actively building a strategic, cross-industry ecosystem for financial institution customers. The SPD Custodian brand steadily enhanced its market influence and industry competitiveness. The Bank strengthened the coordination and pipeline development of investment trading strategies, product strategies, customer strategies, and project strategies, comprehensively enhancing its innovation capabilities, integrated operations, and digital and intelligent capabilities. These efforts reinforced the foundation for delivering diversified, differentiated, professional, and branded financial market services. Through scenario-based operations and product innovation, the cost of interbank liabilities declined significantly.

Financial institution customer management

The Bank strengthened financial institution client management, fostering a collaborative ecosystem. It enhanced collaboration with policy banks in strategic areas such as Belt and Road Initiative implementation, Science and Technology Innovation, and green development, jointly supporting major national infrastructure projects and facilitating the rollout of new policy-based financial instruments. Cooperation with state-owned joint-stock commercial banks was further expanded in areas such as cross-border business and syndicated loans, driving continuous growth in gross merchandise volume ("**GMV**"). Throughout the year, the Bank successfully issued seven tranches of bonds totaling RMB155 billion at favorable interest rates, effectively improving its Capital Adequacy Ratios and further optimising the maturity structure of its liabilities.

As at 31 December 2025, the Bank served approximately 3,300 primary legal entity clients and established partnerships with around 80 per cent. of licensed non-bank asset managers, including mutual funds, insurance asset managers, trust companies, bank wealth management subsidiaries, securities firms, and futures companies. The Bank also established strategic partnerships with 20 financial factor market institutions nationwide, obtaining 80 factor market qualifications of various types.

Investment transaction business

The Bank closely tracked market developments and policy directions, strengthening refined portfolio management and efficient resource allocation. It deeply integrated proprietary investment with the development of its trading ecosystem, effectively linking information flows, capital flows, customer flows, and transaction flows. The Bank's leadership in financial market business was further reinforced, with more than 20 core businesses ranking among the top three in the market and over 80 industry awards received during the year. Notably, its interbank RMB market business has consistently ranked among the top three in market influence and top two in innovation for multiple consecutive years. The investment portfolio structure continued to improve, with stable and efficient allocation to core assets. The Bank actively captured cyclical market opportunities and fully leveraged its trading expertise across RMB and foreign currency bonds, foreign exchange, precious metals, and commodities to enhance contributions to the operating income. Market participation deepened, with selective increases in allocation to the bond market's STAR Market. During 2025, the Bank added RMB53.6 billion in Science and Technology Innovation-themed bond investments, up nearly 300 per cent. year on year. The enabling impact of financial technology accelerated. The Bank comprehensively strengthened the development of its quantitative trading system. During the year, it made approximately 33.10 million external price quotes, up 47 per cent. year on year, and executed 2.16 million transactions, up 65 per cent. year on year. Counter bond business maintained strong momentum, with over 3,800 financial institution customers opening counter bond accounts by the end of 2025. Transaction volume for financial institution customers in this business reached RMB670 billion, ranking among the top in the market.

SPDB Risk Hedging business

Adhering to the philosophy of "transparent, integrated, and customer-centric service" and prioritising service to the real economy, the Bank optimised its SPDB Risk Hedging business by enhancing its internal governance structure, refining and integrating its business framework, and expanding its service scope. These efforts accelerated the iterative upgrade of the SPDB Risk Hedging brand, positioning it as a flagship customer-facing trading and sales business. Leveraging its strengths in investment trading and product creation across fixed-income products, foreign exchange, precious metals, and commodities, the Bank harnessed business synergies to steadily expand both business scale and customer coverage. At the same time, through coordinated efforts with its overseas branches in Hong Kong SAR, Singapore and London, the Bank strengthened domestic-overseas and onshore-offshore integration, providing comprehensive risk hedging services for cross-border settlement, investment and financing, and risk management activities.

During 2025, the SPDB Risk Hedging business served over 26 thousand customers, representing a year-on-year increase of 6 per cent. The total transaction volume under the business exceeded RMB1.5 trillion, of which transactions with corporate clients surpassed RMB970 billion, representing an increase of 37 per cent. year on year.

Asset custody business

In alignment with the high-quality development of the mutual fund industry, the Bank successfully introduced the largest initial issuance of a CSI A500 index-enhanced product in the market, and the scale of the two Science and Technology Innovation bond-linked ETFs under its custody each exceeded RMB10 billion. It also actively supported innovation in the bond market, becoming one of the industry's first custodians for counter bond business. During 2025, the Bank received multiple awards from prestigious institutions, including The Asian Banker, China Central Depository & Clearing Co., Ltd. (CCDC), Securities Times, Southern Finance, and Eastmoney, demonstrating its professional commitment to safeguarding capital market stability and supporting the real economy.

In 2025, the Bank actively implemented its digitalisation & intelligentisation strategy by accelerating structural transformation and deepening integrated collaboration. It drove the asset custody business to a new high through innovation. As at the end of 2025, assets under the Bank's custody reached RMB20.21 trillion, up 11.45 per cent. from the end of the previous year, marking five consecutive years of trillion-level growth. The Bank's custody fee income totaled RMB2,481 million, representing a year-on-year increase of 7.23 per cent.

Cross-border and overseas institution business

Leveraging the coordinated operations of multiple platforms, such as offshore banking, Free Trade finance, overseas branches, and overseas investment banking, the Bank actively responded to the evolving landscape of global expansion of Chinese industrial chains. It continuously broadened its service boundaries, improved its cross-border finance service system, and built a "Crossborder Plus" service ecosystem. The Bank focused on refining key cross-border finance scenarios, including Free Trade business, e-commerce, risk hedging, fund management, M&A, trade, asset custody, and use of RMB. Through efficient, professional, and high-quality services, it supported Chinese enterprises in their global expansion.

Customer management

Focusing on the evolving needs of Chinese enterprises pursuing global expansion, the Bank integrated cross-border service resources and platforms, including offshore banking, Free Trade finance, overseas branches and overseas investment banking, to provide diversified cross-border finance solutions across various scenarios. Offshore banking business leveraged strengths in aligning with international rules and delivering domestic services for overseas needs, offering account management, settlement and remittance, investment and financing, as well as value preservation and risk hedging, among other extended overseas services. Free Trade finance made use of policy hubs such as the China (Shanghai) Pilot Free Trade Zone and the Hainan Free Trade Port to provide cross-border financing, settlement, and risk hedging services in both local and foreign currencies, enabling enterprises to participate more deeply in global operations through coordinated domestic and international services. Overseas branches capitalised on their local licensing portfolio and superior market position to support Chinese enterprises going global while also facilitating foreign enterprises entering the Chinese market. Overseas investment banking strengthened collaboration between commercial and investment banking, leveraging overseas capital markets to deliver highquality services such as offshore listings and bond issuance. The Bank continued to leverage its superior resource platforms to provide cross-border services for upstream and downstream customers of industrial chains expanding globally, supporting the international deployment of industries such as NEVs, clean power generation, mining, and smelting. It developed the one-stop cross-border financial service platform "Cross-Border e-Portal". Capitalising on features such as a comprehensive account system, platform-wide services, intelligent customer views, and integrated onshore-offshore capabilities, the platform delivered digital and intelligent services to strengthen support for small and medium-sized foreign trade enterprises. The Bank actively participated in SAFE's foreign exchange business reforms, covering more than 30 thousand domestic corporate clients. It leveraged supportive policy measures to provide convenient cross-border settlement services to nearly 1,000 high-quality enterprises.

As at 31 December 2025, the number of cross-border customers approached 49 thousand, representing an increase of 24 per cent., with 28 thousand active customers on cross-border digital channels. The balance of overseas loans granted to strategic clients at the Head Office and branch levels tood at RMB188.4 billion, representing an increase of 48 per cent.

Products and services

The flagship cross-border M&A products delivered strong performance, with multiple benchmark transactions completed across the industry. During 2025, the Bank extended a total of USD3.8 billion in cross-border M&A loans to non-resident customers, representing a year-on-year increase of 6.3 per cent. Cross-border custody business expanded in both scale and scope, extending to multicurrency and multi-market services, with total assets under cross-border custody reaching RMB132.5 billion by the end of 2025. Cross-border risk hedging business recorded a transaction volume of RMB906.9 billion, representing an increase of 56 per cent. year on year, with more than 20 thousand active SPDB Risk Hedging customers. The cross-border settlement and clearing system was further enhanced and expanded, strengthening the Bank's competitive edge in cross-border clearing capabilities. The Bank was approved as a trading participant in the regional RMB/IDR market and provided account clearing services in four currencies: AUD, GBP, CAD, and CHF for domestic foreign currency payment systems. Settlement service capabilities continued to expand, with deepened multi-currency operations, including enhancements for the Malaysian ringgit, Indonesian rupiah, and UAE dirham. Leveraging its extensive correspondent banking network, the Bank supported outward remittance services in over 100 currencies. The cross-border RMB payment and receipt volume exceeded RMB1,612.2 billion, representing a year-over-year

increase of 18 per cent. Trade financing business models continued to innovate, with cross-border trade financing exceeding RMB280 billion. The Bank also actively aligned itself with e-CNY development trends and advanced research into cross-border application scenarios.

Ecosystem building

The Bank strengthened the development of a multi-dimensional cross-border finance ecosystem integrating both financial and nonfinancial services. By collaborating with foreign-funded and overseas financial institutions, it built a global partner network and expanded its overseas business network, with 173 overseas interbank credit customers, representing an increase of 4.2 per cent. year on year. The number of indirect participants in the Cross-Border Interbank Payment System (CIPS) through the Bank reached 125, ranking second in the industry. The Bank enhanced collaboration with Chinese-funded financial institutions and financial factor markets, continuously advancing the "SPDB-BOC Crossborder Connect" service system, promoting the Shanghai Financial Alliance, strengthening multi-license interbank cooperation, and building the Cross-border Alliance to deliver coordinated service solutions. It also actively engaged with institutions such as customs authorities, foreign exchange regulators, Free Trade zones, bonded zones, credit reporting platforms, consulting firms and law firms. Through scenario-based services under the SPDB Cross-Border Finance, the Bank modularly embedded financial services, including settlement, trade financing and cross-border investment and financing, alongside non-financial cooperation such as overseas expansion consulting and legal compliance, providing comprehensive solutions for cross-border enterprises. In addition, the Bank strengthened cross-border service coordination among its subsidiaries. By integrating the Group's diversified licences across trust, leasing, wealth management, fund management, and overseas investment banking, it built an integrated cross-border finance service system to further enhance its comprehensive cross-border service capabilities.

Overseas institutions

The Bank accelerated the development of differentiated competitive advantages for its overseas institutions, steadily expanding their regional influence. Hong Kong Branch, leveraging Hong Kong's position as an international financial center, continued to consolidate its leading market position in syndicated loan arrangement and bond underwriting, and was awarded the "Excellent Investor (Commercial Bank Category) under the Northbound Trading", further enhancing its market share and brand strength. Singapore Branch, anchored in the RCEP region, extended its service reach across Southeast Asia and enhanced its service capabilities through digital finance innovation. It received the "2025 Golden Hazelnut Award: Outstanding Overseas Digital Finance" from Cailian Press, actively strengthening its competitive edge. London Branch deepened cross-market expansion and cross-border collaboration. It successively participated in the world's first offshore bond investment in the China (Shanghai) Pilot Free Trade Zone and the MOF's first overseas RMB green sovereign bond issuance in the UK, further strengthening its presence in key European markets. SPDB International leveraged its digital capabilities to empower cross-border investment and financing, achieving a record high in IPO volume. By building a global, full-chain service ecosystem covering investment banking, securities trading, and asset management, it attained a leading market position for the first time and reinforced its differentiated competitive advantages.

MAJOR LOAN CUSTOMERS

As at 31 December 2025, the aggregate amount of loans offered by the Bank to its single largest customer accounted for 2.90 per cent. of its net capital, and the aggregate amount of loans offered by the Bank to its top ten customers constituted approximately 13.74 per cent. of its net capital.

MARKETING

The Bank has built up a multi-layer marketing system with the participation of the headquarters, branches and sub-branches. The Bank focuses its marketing efforts on first-tier cities in the PRC where the majority of its target customers are located, including cities in the Yangtze River Delta region. The Bank also pays attention to second-tier cities with relatively developed economies in central and western PRC.

In addition to optimising its physical network of branch outlets, the Bank has also improved its electronic marketing by taking advantage of its advanced IT platform services, such as mobile phone banking, internet

banking and telephone banking, and have obtained positive results in promoting retail banking products and services through those channels.

DISTRIBUTION NETWORK

The Bank delivers its products and services through a variety of distribution channels. The Bank has branch outlets in substantially all major cities in the PRC. In addition, the Bank is increasingly promoting the use of alternative electronic banking channels, such as internet banking and telephone banking. The Bank believes that its network of branch outlets and electronic banking channels enable the Bank to efficiently provide its customers with banking services.

Branch Outlets

The Bank continues to improve the geographic layout of its branches by establishing outlets in provincial capitals, further increasing the pace of branch development in economically developed prefecture-level cities and increasing the density of outlets in key areas. As at 31 December 2025, the Bank had 42 tier-one branches (including the Hong Kong Branch, Singapore Branch and London Branch) and a total of 1,718 banking outlets, covering 31 provinces, autonomous regions and municipalities directly under the central government, Hong Kong, Singapore and London.

Automatic Service Machines and Self-Service Banking Centres

In an effort to provide additional convenient services to customers, reduce operating costs and improve profitability at branch levels, the Bank is continually expanding its self-service banking centres and automatic service machines connected to the China UnionPay network, in parallel with enhanced risk prevention of self-service banking. The Bank also made efforts to expand the distribution network of self-service banks and equipment and raise the rate of transactions substituted by self-service equipment. In addition, the Bank has introduced the i-Counter Smart Counter, in replacement of traditional bank counter services, which integrates the use of new technologies such as biometrics, audio, video and 4G wireless network to provide intelligent and efficient banking services to customers.

Electronic Banking

The Bank has accelerated the innovation of electronic banking. In particular, through cooperation with China Mobile and China Mobile Guangdong, the Bank's second strategic investor and second largest shareholder, the Bank has made great strides in the area of mobile banking. In 2022, the Bank worked towards the strategic goal of growing into a globally competitive, top-notch joint-stock commercial bank. Specifically, it allowed AI innovation to further play its enabling role, put customer experience in the first place, and reshaped business processes, so as to enhance the user experience and service efficiency, both online and offline.

The Bank has won various awards for its electronic banking platform. In 2022, the SPD Bank app was granted the Best Personal Mobile Banking Award by China Financial Certification Authority ("**CFCA**"), the Year of Joint Promotion of Digital Finance and www.cebnet.com, and the Excellent Case Award for User Experience Industry Applications by China Quality Management Association for Electronics Industry, as tasked by the Ministry of Industry and Information Technology. In 2023, the Bank was awarded the Best Digital Operation Award in Mobile Banking by the CFCA and received the Gamma Award for Excellent Mobile Banking App of the Year by Securities Times.

EMPLOYEES

As at 31 December 2025, the Bank (excluding its subsidiaries) had a total number of 59,544 employees, of whom 53,748 have a bachelor's degree or above. The Bank places great emphasis on the training of its employees and building a high-quality professional workforce with most up-to-date industry knowledge to facilitate the development of the Bank.

COMPETITION

The current PRC banking industry is facing fierce competition and undergoing continuous reform. The Bank currently competes principally with large-scale commercial banks, national joint stock commercial banks, key

urban commercial banks and foreign-invested banks in the PRC. In addition, the Bank may face increasing competition from privately-owned banks or financial companies dedicated to serving SMEs and competition for funds from other forms of investment alternatives as the PRC capital markets continue to develop. The Bank also faces competition from non-traditional forms of banking, including but not limited to internet finance and internet banking.

INFORMATION TECHNOLOGY

The Bank's information technology systems provide critical support to many aspects of its business operations, including customer services, transaction processing, risk management and financial management. The Bank believes that the establishment of an advanced information technology system that complements its overall business strategies will greatly improve its efficiency, the quality of its customer service, as well as risk and financial management. The Bank fully understands the importance of sophisticated information technology infrastructure and systems to the effective management and successful development of its business, and has invested and will continue to invest heavily in its information technology systems.

The Bank expects to continue to capitalise on information technology to drive its business in the future. In addition to the upgrades and improvements the Bank has made in recent years to its information technology systems, the Bank will continue to upgrade and integrate its information technology systems to facilitate operational efficiency, risk management and business development.

INTELLECTUAL PROPERTY

The Bank conducts business under "浦發銀行", "SPD Bank"  and brand names and logos. The Bank has registered these brand names and logos and other related logos in the PRC. The Bank is also the registered owner of the domain name "www.spdb.com.cn".

PROPERTIES

The Bank's headquarters is located at No. 12, Zhongshan Dong Yi Road, Shanghai. In addition to its headquarters, its branches and sub-branches are located in premises owned or leased by it in cities across the PRC.

LEGAL AND REGULATORY PROCEEDINGS

The Bank faces risks of legal proceedings in the ordinary course of its respective business, most of which are initiated by the Bank to enforce loan recovery, plus litigation and arbitration resulting from disputes with customers.

As at 31 December 2025, the Bank was involved in various outstanding litigation cases where the Bank was the defendant or the third-party defendant, with corresponding amount involved about RMB2.84 billion and RMB345 million, respectively. The management of the Bank is of the view that these legal actions will not have any material impact on either operating results or the financial position of the Bank.

The Bank is also subject to some regulatory proceedings and fines. For further details, please see "*Risks Relating to the Bank's Business - The Bank may be subject to litigation and regulatory investigations or proceedings and may not be successful in defending itself against such litigation, investigations or proceedings.*"

FUNDING AND CAPITAL ADEQUACY

Funding

The Bank's funding is primarily derived from deposits placed with the Bank by corporate and retail customers. The Bank also derives funding from shareholders' equity, debt instrument issuance and interbank borrowings.

The following table sets forth a breakdown of the Bank's customer deposits classified by product type and business lines as at the dates indicated:

	As at 31 December					
	2023		2024		2025	
Item	**Amount**	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
	(RMB in millions)	*(per cent.)*	*(RMB in millions)*	*(per cent.)*	*(RMB in millions)*	*(per cent.)*
Current deposits	**2,167,646**	**43.48**	**2,034,951**	**39.55**	**2,078,183**	**37.23**
1. Corporate deposits	1,813,631	36.38	1,620,275	31.49	1,623,986	29.09
2. Retail deposits	354,015	7.10	414,676	8.06	454,197	8.14
Time deposits	**2,814,642**	**56.47**	**3,103,383**	**60.31**	**3,491,891**	**62.55**
1. Corporate deposits	1,765,364	35.42	1,943,073	37.76	2,212,093	39.62
2. Retail deposits	1,049,278	21.05	1,160,310	22.55	1,279,798	22.93
Other deposits	**2,342**	**0.05**	**7,625**	**0.14**	**12,361**	**0.22**
Total	**4,984,630**	**100.00**	**5,145,959**	**100.00**	**5,582,435**	**100.00**

Note: the amounts contained in this table are prepared in accordance with IFRS.

Capital Adequacy

The following table sets forth information relating to the capital adequacy of the Bank as at 31 December 2025 calculated in accordance with the relevant provisions in the Capital Management Rules as promulgated by the NAFR:

	(RMB in millions unless otherwise stated)
1. Core Tier 1 capital-net	658,273
2. Additional Tier 1 capital-net	79,920
3. Capital-Net	928,981
Total risk-weighted assets	7,360,131
Core Tier 1 capital adequacy ratio (per cent.)	8.94
Tier 1 capital adequacy ratio (per cent.)	10.03
Capital adequacy ratio (per cent.)	12.62

ASSETS AND LIABILITIES

The following discussions and analysis should be read in conjunction with the Bank's audited consolidated financial statements for the years ended 31 December 2023, 2024 and 2025, included elsewhere in this Offering Circular. The Bank's audited consolidated financial statements for the years ended 31 December 2023, 2024 and 2025 have been prepared in accordance with IFRS. Unless otherwise stated, all financial data discussed in this section are consolidated financial data.

ASSETS

As at 31 December 2025, the Group's total assets were RMB10,081,746 million, representing an increase of RMB619,866 million or 6.55 per cent. as compared with 31 December 2024.

Loans

As at 31 December 2025, the Group's gross loans and advances to customers amounted to RMB5,703,973 million, representing an increase of RMB312,443 million or 5.80 per cent. as compared with 31 December 2024.

Distribution of Loans by Product Type

The following table sets forth the distribution of the Group's gross loans and advances to customers by product type as at the indicated dates:

	As at 31 December					
	2023		2024		2025	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
	(RMB in millions)	*(per cent.)*	*(RMB in millions)*	*(per cent.)*	*(RMB in millions)*	*(per cent.)*
Corporate loans	2,840,999	56.62	3,179,154	58.97	3,588,500	62.91
Retail loans	1,865,822	37.18	1,889,267	35.04	1,928,248	33.81
Discounted bills	310,933	6.20	323,109	5.99	187,225	3.28
Total.....	**5,017,754**	**100.00**	**5,391,530**	**100.00**	**5,703,973**	**100.00**

Distribution of Loans by Industry

The following table sets forth information on the Group's gross loans and advances to customers by industry sector as of the dates indicated:

	As at 31 December					
	2023		2024		2025	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
	(RMB in millions)	*(per cent.)*	*(RMB in millions)*	*(per cent.)*	*(RMB in millions)*	*(per cent.)*
Corporate loans						
Manufacturing.....	572,695	11. 42	684,214	12.70	740,956	13.00
Wholesale and retail.....	189,398	3.77	210,354	3.90	264,904	4.64
Real estate.....	345,744	6.89	397,011	7.36	399,870	7.01
Construction.....	176,645	3.52	190,723	3.54	218,007	3.82

	As at 31 December					
	2023		2024		2025	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
	(RMB in millions)	*(per cent.)*	*(RMB in millions)*	*(per cent.)*	*(RMB in millions)*	*(per cent.)*
Transportation, warehouse and postal service	193,132	3.85	201,696	3.74	207,267	3.63
Lease and commercial services	548,048	10.92	649,273	12.04	769,880	13.51
Water conservancy, environment and public facilities management	196,775	3.92	215,743	4.00	234,813	4.12
Mining	78,825	1.57	88,356	1.64	99,821	1.75
Electricity, heat, gas, water production and supply	165,020	3.29	174,549	3.24	172,969	3.03
Agriculture, forestry, farming and fishery	12,721	0.25	16,701	0.31	22,341	0.39
Information transmission, software and information technology services	75,275	1.50	89,029	1.65	142,243	2.49
Education	16,443	0.33	20,499	0.38	25,169	0.44
Healthcare and social welfare	13,420	0.27	17,530	0.33	18,343	0.32
Scientific research and technology services	36,334	0.72	46,964	0.87	63,898	1.12
Culture, sport and entertainment	20,169	0.40	21,293	0.39	20,186	0.35
Financial services	193,704	3.86	146,268	2.71	170,662	2.99
Hotels and catering services	5,043	0.10	6,344	0.12	10,188	0.18
Residential services, repairs and other services	1,288	0.03	1,790	0.03	2,360	0.04
Others	320	0.01	1,087	0.02	4,623	0.08
Discounted bills	**310,933**	**6.20**	**323,109**	**5.99**	**187,225**	**3.28**
Retail loans	**1,865,822**	**37.18**	**1,889,267**	**35.04**	**1,928,248**	**33.81**
Total	**5,017,754**	**100.00**	**5,391,530**	**100.00**	**5,703,973**	**100.00**

Distribution of Loans by Geographic Area

The following table sets forth the geographical concentration of the Group's net loans and advances to customers as at the dates indicated[(1)]:

	As at 31 December					
	2023		2024		2025	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
	(RMB in millions)	*(per cent.)*	*(RMB in millions)*	*(per cent.)*	*(RMB in millions)*	*(per cent.)*
Head Office	473,394	9.65	467,759	8.88	439,865	7.89
Yangtze River Delta	1,644,988	33.54	1,819,076	34.52	1,980,775	35.55

	As at 31 December					
	2023		2024		2025	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
	(RMB in millions)	*(per cent.)*	*(RMB in millions)*	*(per cent.)*	*(RMB in millions)*	*(per cent.)*
Pearl River Delta and West Side of Taiwan Strait	655,933	13.37	677,446	12.86	714,513	12.82
Bohai Rim	624,499	12.73	683,677	12.98	751,435	13.48
Central China	510,431	10.41	539,842	10.25	564,605	10.13
Western China	614,887	12.54	683,491	12.97	704,876	12.65
North-east China	181,805	3.71	180,413	3.42	175,737	3.15
Overseas and subsidiaries	202,147	4.12	220,514	4.18	245,455	4.40
Elimination	(3,388)	-0.07	(3,058)	-0.06	(4,759)	-0.09
Total	**4,904,696**	**100.00**	**5,269,160**	**100.00**	**5,572,502**	**100.00**

Note:

(1) The data in this table includes accrued interest and impairment allowances, which is different from the data in the two tables in front.

Borrower Concentration

The table below shows the amount of loans granted to the Group's top ten customers as at 31 December 2025.

Customer name	Amount	Percentage of total loans
	(RMB in millions)	*(per cent.)*
Customer A	26,902	0.47
Customer B	19,440	0.34
Customer C	15,000	0.26
Customer D	11,662	0.20
Customer E	10,078	0.18
Customer F	10,076	0.18
Customer G	10,000	0.18
Customer H	9,483	0.17
Customer I	8,000	0.14
Customer J	6,960	0.12
Total	**127,601**	**2.24**

Loan Quality

The Bank's loans and other assets are classified in compliance with the NAFR and PBOC guidelines. The table below sets out the five-tier classification of the loans offered by the Bank.

Tier	Summary Description
Pass	Loans for which borrowers can fulfil the contractual obligation, and there is no reason to believe their ability to repay the principal and interest of loans in full and on time is in doubt.
Special Mention	Loans for which borrowers are able to service the loans currently, although the repayment might be adversely affected by some factors.
Substandard	Loans for which borrowers' ability to service loans is apparently in doubt and borrowers cannot rely on their proceeds from normal operations to repay the principal and interest of loans in full. Certain losses might be incurred by the Bank even when guarantees are executed.
Doubtful	Loans for which borrowers cannot repay the principal and interest of loans in full and significant losses will be incurred by the Bank even when guarantees are executed.
Loss	Principal and interest of loans cannot be recovered or only a small portion can be recovered after taking all possible measures or necessary legal procedures.

The following table shows the distribution of the Group's gross loans and advances to customers by loan classification as at the indicated dates:

	As at 31 December					
	2023		2024		2025	
Item	Amount	Percentage	Amount	Percentage	Amount	Percentage
	(RMB in millions)	*(per cent.)*	*(RMB in millions)*	*(per cent.)*	*(RMB in millions)*	*(per cent.)*
Pass	4,826,437	96.19	5,191,869	96.30	5,512,552	96.65
Special mention	117,119	2.33	126,507	2.34	119,431	2.09
Substandard	24,640	0.49	19,746	0.37	15,771	0.28
Doubtful	22,353	0.45	15,333	0.28	18,578	0.32
Loss	27,205	0.54	38,075	0.71	37,641	0.66
Total	**5,017,754**	**100.00**	**5,391,530**	**100.00**	**5,703,973**	**100.00**

LIABILITIES

As at 31 December 2025, the Group's total liabilities were RMB9,257,316 million, representing an increase of RMB540,217 million or 6.20 per cent. as compared with 31 December 2024.

	As at 31 December					
	2023		2024		2025	
Item	**Amount**	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
	(RMB in millions)	*(per cent.)*	*(RMB in millions)*	*(per cent.)*	*(RMB in millions)*	*(per cent.)*
Deposits from customers....	5,060,344	61.16	5,229,282	59.99	5,653,358	61.07
Deposits and placements from banks and other financial institutions	1,293,709	15.64	1,221,605	14.01	1,773,689	19.16
Financial assets sold under repurchase agreement.....	519,784	6.28	505,962	5.81	305,914	3.30
Others(1)	1,400,526	16.92	1,760,250	20.19	1,524,355	16.47
Total liabilities.....	**8,274,363**	**100.00**	**8,717,099**	**100.00**	**9,257,316**	**100.00**

Note:

(1) Others include borrowing from central bank, financial liabilities at fair value through profit or loss, derivative financial liabilities, income tax payable, debt securities issued, deferred income tax liabilities, lease liabilities, provisions and other liabilities.

RISK MANAGEMENT

The Bank has established a well-structured risk governance framework with clearly defined responsibilities to specify the division of duties among the board of directors of the Bank (the "**Board of Directors**"), the Senior Management and functional departments in terms of risk management, built a risk management architecture that matches the risk profile of primary-level outlets, and put in place a multi-level and interconnected operation mechanism with effective checks and balances, all of which ensure that the policies, systems and processes related to comprehensive risk management can be implemented at the Head Office and branches at all levels. As the highest decision-making body of the Bank for comprehensive risk management, the Board of Directors takes ultimate responsibility for the Bank's efforts in this regard. The Senior Management carries out comprehensive risk management by implementing the resolutions of the Board of Directors and receiving its oversight. The Risk Control Committee of the Head Office, as a special committee under the Senior Management, conducts comprehensive risk management in accordance with the Bank's business strategy and overall objectives for risk management. Under the Risk Control Committee of the Head Office are the Credit Approval Committee, the Special Assets Management Committee, the Product Risk Review Committee, the Model Review Committee, the Anti-money Laundering Steering Group and the Credit Information Security Steering Group.

As a special enterprise engaged in currencies and credit, the Bank faces the following major risks in operation: credit risk, liquidity risk, market risk (including interest rate risk and exchange rate risk, etc.), operational risk (including settlement risk, technical risk, and system risk, etc.) as well as compliance risk, legal risk, IT risk, strategic risk, reputational risk, country risk, etc. The Bank aims to strike an appropriate balance between risk and return and minimise the potential adverse impact on the Bank's financial performance. It strives to improve its all-round risk management capability, refine the risk management system, and strengthen the risk mechanism as well as the policy and credit line system. It closely follows the macroeconomic and financial situation, implements the requirements set forth by financial regulators, and prudently conducts credit approval to protect its asset quality and security.

Credit Risk

Credit risk is the risk of loss that a customer or counterparty may fail to fulfil an obligation or commitment to the Group.

In 2025, the Bank continued to improve its credit risk management. Both the NPL balance and ratio declined compared with the end of the prior year, with the NPL ratio reaching its lowest level since 2015. Key risk indicators achieved their strongest levels in recent years. The allowance-to-NPL ratio exceeded 200 per cent. and has increased for four consecutive years, reaching its highest level since 2016, with risk offsetting capabilities continuing to strengthen.

Policy making

Continuously guided by its risk appetite and aligned with its annual strategic plan, resource allocation, business arrangements, and risk control objectives, the Bank further enhanced the management of various risk types. First, the Bank continued to advance the implementation of a tiered indicator framework and explored the digital and intelligent application of risk appetite indicators. Second, it refined the assessment mechanism for risk appetite to enhance its binding effect. Third, it strengthened the management of sub-indicators to reinforce refined risk management across the Bank. Fourth, it continued to improve the risk appetite transmission mechanism, ensuring effective transmission to branches through policy measures and limit management.

With respect to corporate credit risk management, during 2025, the Bank resolutely implemented national policies aimed at addressing structural imbalances in key industries and promoting quality upgrades. It formulated its 2025 Customer Credit Orientation Policy, allocated high-quality financial resources to support the real economy development, continuously strengthened the guiding role of these policies, and promoted the high-quality development of its corporate banking business. At the same time, focusing on industry limit management targets, the Bank comprehensively optimised monitoring technologies and tools for industry limits, continuously enhanced industry risk buffers and effectively ensured the achievement of risk appetite management objectives.

Credit extension management

First, the Bank closely monitored the national macroeconomic and financial landscape, conscientiously implemented the directives outlined at the Central Economic Work Conference and the Central Financial Work Conference and maintained a stance of prudence and professionalism in business approvals, with the quality of approvals improving steadily. Its approval efficiency remained industry-leading. Second, the Bank persistently conducted quality inspections of all credit operations, thereby fostering continued enhancements to the compliance of rights exercise and the appropriateness of approvals. It effectively safeguarded the stability of asset quality. Third, the Bank continued to enhance the depth and granularity of credit extension management by implementing a "five-dimensional evaluation" system across all domestic branches. This system could integrate institutional and personnel assessments, thereby laying the groundwork for comprehensive management. These efforts resulted in an overall enhancement of credit management practices. Fourth, the Bank made every effort to enhance professional competence and ensured that all credit-granting personnel could steadily sharpen their necessary skills and capabilities for transformation and development through such methods as hierarchical training, online teaching, and the WeChat official account for credit extension. Fifth, the Bank kept conducting onsite inspections on credit extension management of its branches and sub-branches, consistently enhancing the quality of and control over its credit business.

Risk forewarning

The Bank continued to create a risk forewarning system that can send "precise signals", cover "full processes" and emphasise "application", making risk forewarning more comprehensive, effective and timely. First, the Bank continuously upgraded its risk forewarning rule framework by integrating multi-dimensional data sources to enrich the rule library and strengthen the identification of potential risks, while reinforcing dynamic post-evaluation management of rules to enhance the refined management of early warnings. Second, it optimised the closed-loop management mechanism for risk early warnings by establishing an online, closed-loop operating system that integrates automatic triggering, real-time notifications, verification feedback and follow-up assessment, thereby ensuring the effective implementation of early warning management measures. Third, it strengthened the integration of risk early warning results into business processes, with early warning information directly connected to business systems, covering the entire operational process and enabling forward-looking risk control.

Asset preservation

The Bank proactively optimised its risk mitigation and disposal strategies to maximise asset value. It intensified the disposal of non-performing assets through a comprehensive range of measures, including mediation, litigation, market-based transfers, asset securitisation, restructuring, debt-for-asset swaps, and debt-to-equity swaps, fully leveraging synergies among these measures to enhance the quality and efficiency of risk resolution and NPL disposal.

Write-off of loss loans of the Bank

During 2025, the total amount of loss assets, as approved by the Board of Directors or by the Senior Management upon the authorisation of the Board of Directors, and subsequently subjected to accounting treatment for write-off, amounted to RMB65,829 million, representing a decrease of more than RMB10 billion compared with the prior year. This reflects a reduced reliance on write-off measures. Guided by the principle of "account cancellation, case recording and existence of right", the Bank continued to exercise its external recourse rights over written-off assets to ensure that asset rights and interests are preserved and to minimise risks and losses to the greatest extent possible.

Liquidity Risk

The objective of liquidity risk management is to ensure the Bank's ability to perform its obligations to provide funds when customers want to make withdrawals and to make payments to customers, as well as to realise a balance between total assets and liabilities and their structure; through active management, the liquidity cost can be reduced, liquidity crises can be avoided, and systemic liquidity risk can be coped with effectively. In accordance with the Group's liquidity risk policy and risk limit requirements, in line with the pace of credit policy and monetary policy regulation, and in light of its own asset-liability structure and overall balance of funds, the Bank has maintained layered and proactive management of liquidity risk in accordance with the principle of aggregate balance and structural

equilibrium. By establishing a monitoring mechanism for aggregate liquidity, it has strengthened real-time monitoring of intraday position accounts in local and foreign currencies. It has improved position forecasting in light of business developments, continued to enhance the position forecasting mechanism, and optimised the beforehand declaration system for large-amount positions. It has prepared a cash flow gap table on a daily basis and used the gap management method to predict cash flow gap changes in future assets and liabilities' on-and-off-balance-sheet items. It has carried out regular stress tests and emergency response drills and enhanced its ability to respond to and deal with liquidity risk events. It has closely monitored indicators related to liquidity risk, promptly conducted liquidity risk assessments for assets and liabilities' on-and off-balance-sheet items, and made proactive financing arrangements and adjustments to asset and liability portfolios, to meet liquidity safety requirements and achieve a balance between liquidity, safety, and profitability.

During 2025, the Bank's liquidity operated smoothly, with the level of liquidity risk deemed safe and manageable. Firstly, provisioning was safe and abundant, and the cash flow gap was maintained at a reasonable level. Secondly, efforts were made to optimise the liability scale and structure and maintain robust deposit growth. Thirdly, liquidity risk indicators remained stable. Overall, the Bank's liquidity risk was assessed to be at a low level.

Market Risk

The Bank adapted itself to changes in the market, business landscape, and regulatory requirements, by continuing to optimise market risk management and enhance risk management capabilities. First, it closely monitored financial market trends and tracked changes in the external environment, with overall sound execution of market risk limits across the Bank. Second, it continued to advance refined monitoring and management of the trading book, regularly reviewed stress testing scenarios, strengthened market risk assessments for new underlying assets and structures, and improved its ability to identify market risks in trading activities. Third, it continued to upgrade and iterate market risk management systems to fully support the measurement of market risks for innovative businesses, while further enhancing market risk management capabilities, transaction monitoring capabilities, and data quality control.

As at 31 December 2025, the Bank's consolidated market risk capital was approximately RMB9.59 billion under the standardised approach, and capital occupied by interest rate risk, exchange rate risk, commodity risk and stock risk was RMB3,335.08 million, RMB1,928.87 million, RMB2,181.98 million and RMB140.97 million, respectively.

Operational Risk

Operational risk refers to the risk of losses caused by an inadequate or problematic internal procedure, staff or information technology system or external events. Operational risk includes legal risk but excludes strategic risk and reputational risk.

During 2025, in alignment with regulatory requirements and its operational risk management measures, the Bank updated four management procedures covering operational risk event collection, key operational risk indicators, operational risk reporting, and operational risk and control self-assessment (RCSA). It strengthened specialised training and inspections on operational risk for Head Office departments, domestic and overseas branches, and consolidated entities, while continuously optimising various relevant tools and modules, thereby keeping overall operational risk within a manageable range.

Other Risks

Large exposures management

According to the Rules on Large Exposure of Commercial Banks, large exposure refers to the credit risk exposure of a commercial bank exceeding 2.5 per cent. of its net Tier 1 capital (including various kinds of credit risk exposures arising in the banking book and the trading book) to a single customer or a group of related customers. The Bank integrates large exposure management into its comprehensive risk management framework, continuously enhances credit extension requirements for customers, refines risk exposure measurement rules, monitors changes in large exposures, and regularly reports large exposure indicators and related management practices to regulators, thereby effectively controlling customer concentration risk. As at 31 December 2025, with the exception of customers exempt

from regulatory requirements, the Bank's non-interbank single customers, non-interbank group customers, interbank single customers, and interbank group customers that met the criteria for large risk exposure all complied with regulatory requirements.

Compliance risk

During 2025, the Bank adhered to the overarching requirement of "safeguarding the bottom line and empowering development", set the objectives of "improving compliance indicators, strengthening compliance consensus and achieving breakthroughs in key compliance areas" and focused on the central task of "managing personnel, policies and business properly", with priority given to "reducing penalties, cases and violations". It continuously advanced five key initiatives: "holding the bottom line, strengthening support, reinforcing the foundation, enhancing capabilities and improving work style". The Bank aligned mindsets, addressed issues head-on, and reinforced accountability, applying strict governance to safeguard the Bank's high-quality development with high-standard compliance. During 2025, the Bank's overall compliance risk management remained sound, with no major risk events or material violations of laws or regulations. All key compliance indicators improved steadily

***Anti-money laundering* ("*AML*")**

The Bank adhered to a risk-based approach, implemented the requirements of the new Anti-Money Laundering Law, refined internal control mechanisms, and enhanced the effectiveness of AML prevention and control. Building on its longstanding compliance foundation, the Bank further strengthened identity management throughout the entire customer lifecycle, optimised suspicious transaction monitoring models and fund flow analysis capabilities, deepened cross-border AML coordination, and reinforced all-staff compliance training and culture building. The Bank diligently fulfilled its social responsibilities, strengthened its AML defences with professional expertise, and safeguarded financial security and stability.

Legal risk

The Bank has made comprehensive strides in law-based corporate governance, revised and enhanced foundational legal management policies, and established a robust institutional framework spanning business processes and management links. It took measures to prevent legal and compliance risks and strengthened the interpretation of relevant policies, providing effective legal support for key initiatives, major decisions, and significant projects. The Bank applied and further advanced the Fengqiao model in the new era to establish an integrated dispute resolution mechanism that combines mediation with litigation. It also promoted the implementation of legal talent development programmes to build a high-calibre, multidisciplinary talent pool, and deeply integrated legal awareness and education initiatives with business development, thereby supporting the Bank's high-quality growth.

Information technology ("IT") risk

The Bank continued to strengthen its IT risk management framework by conducting IT risk assessments, risk assessments for domestic IT innovation, data security risk assessments and mobile application risk assessments. It also maintained ongoing IT risk monitoring and issued timely alerts based on internal and external events as well as monitoring outcomes.

Business continuity management

During 2025, the Bank further strengthened its business continuity management. It revised and updated business continuity management policies, further optimised the scope of critical operational activities, and continuously enhanced the quality of business continuity plans and related contingency plans. The Bank also advanced the development of business continuity resources and conducted regular business continuity drills. As a result, the Bank's business continuity risks remained under control.

Strategic risk

The Bank maintained a prudent strategic risk appetite, closely aligning with the digitalisation & intelligentisation strategy and focusing on its key business priorities. It continued to advance the five priority tracks and the three supers in depth, further consolidating its positive development momentum. Building on its overall sound operating

performance, the Bank strengthened strategic guidance, accelerated transformation and development, and enhanced its core competitiveness. Its strategy remained well aligned with national strategic requirements, regulatory policy guidance, and changes in the external environment. This was accompanied by a notable increase in the strength of strategy execution and the Bank's ability to manage strategic risks effectively. As a result, the Bank maintained its strategic risk at a stable and manageable level.

Reputational risk

During 2025, the Bank strictly implemented regulatory requirements and continuously enhanced its reputational risk management framework. It strengthened end-to-end risk monitoring, deepened governance at the source, improved the efficiency of coordinated online and offline response, and enhanced forward-looking assessment and public opinion guidance, thereby laying a solid foundation for sustained, effective management. Focused on key areas such as serving the real economy, supporting Science and Technology Innovation, boosting consumption, and supporting the development of micro, small, and medium-sized enterprises, the Bank carried out targeted brand promotion initiatives to proactively showcase its new image and achievements under the guidance of the digitalisation & intelligentisation strategy.

Country risk

During 2025, the Bank comprehensively enhanced the effectiveness of country risk management. It deepened risk identification in key areas through targeted foreign-related risk screening, specialised monitoring of country risk in key areas, and analysis and due diligence of key countries of operation, thereby strengthening its capacity to assess and withstand external risks. The Bank also continuously optimised country risk management system tools, integrated them into an enterprise-level monitoring platform, and leveraged digital and intelligent capabilities to improve the effectiveness of country risk management. It further reinforced the guiding role of country risk limits in cross-border business, increasing the utilisation rate of such limits to 90 per cent., while maintaining the proportion of low- and relatively low-risk exposures at above 99 per cent. As at 31 December 2025, the Bank's exposure to country risk was prudently distributed and remained stable and manageable on the whole.

Off-balance sheet risk

During 2025, the Bank actively adhered to the requirements outlined in the Rules on Risk Management of Off-Balance Sheet Business of Commercial Banks, aiming to comprehensively conduct the management of risks associated with off-balance sheet businesses. The Bank incorporated off-balance-sheet risks into its comprehensive risk management framework, leveraged digital technologies to strengthen digital and intelligent risk management, and continuously enhanced the quality and efficiency of risk management through measures, such as conducting stress tests, refining product policies, implementing limit management and continuously upgrading risk monitoring systems.

INTERNAL CONTROLS

The internal control system of the Bank seeks to ensure legal and regulatory compliance of the Bank's operations, to safeguard the Bank's assets, to ensure the accuracy of financial and other data, to increase the efficiency of management and to promote the sustainable development of the Bank.

To ensure the effectiveness and efficiency of the Bank's internal control system, the Bank has implemented a central internal control information management system to allow the collection and sharing of relevant data. Access to relevant laws, regulations and internal rules is also made available to varying levels of management and operations personnel to increase the effectiveness of control and coordination between different departments. The Bank continues to improve the efficiency of its internal rules and regulations through standardisation of procedures and central management. Through regular evaluation and the establishment of channels for feedback, the Bank continues to ensure the effective distribution and implementation of internal rules and regulations. The Bank continually enhances its rules and regulations through a systematic process of devising, approval, distribution, evaluation and revision to ensure that they are fit for actual operation and to ensure effective coverage of risks.

The Bank has implemented a clear division of responsibilities for the monitoring of internal control. Firstly, the

management and operations of the head office and the branches are responsible for the day-to-day supervision and evaluation. Secondly, the Internal Control Department is responsible for targeted checks, supervision and evaluation, through both conducting evaluation of the internal control management of the branches and through testing of the procedures and system. Thirdly, the Audit Department is tasked with conducting evaluation on an independent basis at the direction of the Board of Directors. The three strands share resources whilst at the same time providing checks and balances to ensure effective internal control.

In 2025, the Bank continuously strengthened its internal control management framework, laying the foundation for robust and effective controls across the Group.

Firstly, it launched an institutional optimisation initiative with the aim of "streamlining total volume, clarifying logic, embedding risk, and ensuring a positive user experience". This involved reviewing key products to align their core policies, supporting procedures, and auxiliary regulations. The Bank undertook a thorough re-assessment of existing policies, incorporating findings from internal and external audits to ensure all policies were systematic, comprehensive, and efficient. Enhanced usability and operability were also prioritised to improve user experience.

Secondly, the Bank carried out targeted remediation in key areas by combining self-inspections at all levels with monitoring and audits led by its headquarters. Comprehensive reviews were conducted on business management activities to reinforce the foundation of internal controls and ensure lawful and compliant operations.

Thirdly, it employed advanced technologies to enhance internal control and compliance capabilities. Digital solutions reduced the reliance on manual interventions, minimising the risk of human manipulation. Meanwhile, systems for monitoring abnormal transactions and employee behaviour enabled real-time monitoring and automated early warnings.

Fourthly, the Bank strengthened case prevention and employee management by tightening accountability at all levels. Identified issues were addressed comprehensively, focusing on root-cause mitigation to prevent recurring violations. Special attention was paid to high-risk areas prone to misconduct or non-compliance. Using a combination of system monitoring, manual audits, and big data analysis, the Bank worked to identify and address risks at their source, effectively mitigating potential threats in their early stages.

SUBSTANTIAL SHAREHOLDERS

The table below sets forth shareholding information of the ten largest ordinary shareholders of the Bank as at 31 December 2025.

Top Ten Ordinary Shareholders

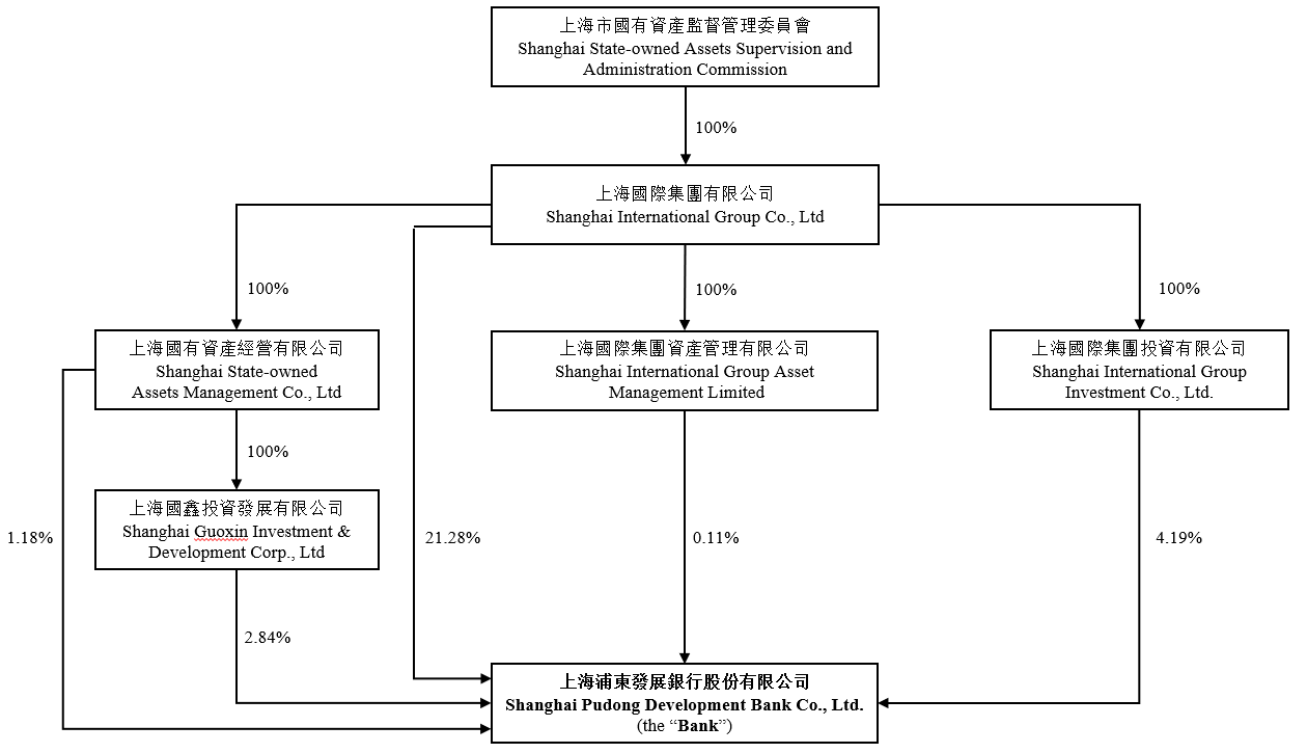
Shareholder name	Number of shares	Percentage	Number of shares with restricted sale conditions	Number of pledged or frozen shares
Shanghai International Group Co., Ltd.....	7,086,834,641	21.28	-	-
China Mobile Guangdong.....	6,053,495,450	18.18	-	-
Funde Sino Life Insurance Co., Ltd. - Conventional.....	2,779,437,274	8.35	-	-
Funde Sino Life Insurance Co., Ltd. - Capital	1,763,232,325	5.29	-	-
China Orient Asset Management Company.....	1,502,726,171	4.51	-	-
Shanghai Sitico Assets Management Co., Ltd.	1,395,571,025	4.19	-	-
Funde Sino Life Insurance Co., Ltd. - Universal H.....	1,270,428,648	3.81	-	-
China Securities Finance Corporation Limited	1,179,108,780	3.54	-	-
Cinda Investment Co., Ltd.	1,088,460,793	3.27	-	-
Shanghai Guoxin Investment & Development Co., Ltd.....	945,568,990	2.84	-	-

The Bank's Largest Shareholder

As at 31 December 2025, the Bank's largest ordinary shareholder, on a consolidated basis, was Shanghai International Group. Together with its controlling subsidiaries, Shanghai International Group held 29.60 per cent. of the Bank's share capital as at 31 December 2025.

Shanghai International Group is a wholly state-owned limited liability company. It was founded on 20 April 2000 with a registered capital of RMB30,000 million. Its registered address is at No. 511, Weihai Road, Jing'an District, Shanghai and its legal representative is Mr. ZHOU Jie. The business scope of Shanghai International Group includes investment with finance business and non-finance business, capital operation and asset management, financial research and social and economic consultancy.

The shareholding relationships between the Bank and Shanghai International Group and its affiliates are set out as follows as at 31 December 2025:



Other Substantial Shareholders

Save as disclosed above, there are no other shareholders holding 10 per cent. or more in the ordinary shares of the Bank as at 31 December 2025.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors

The following table sets out certain information relating to the Bank's directors as at the date of this Offering Circular.

Name	Position	Date of Appointment
ZHANG Weizhong	Party Committee Secretary, Chairman, Executive Director	23 January 2026
XIE Wei	Deputy Party Committee Secretary, Vice Chairman, Executive Director, President	23 January 2026
ZHAO Wanbing	Deputy Party Committee Secretary, Employee Director, Chairman of Labor Union	23 January 2026
GONG Dexiong	Non-executive Director	18 May 2026
GUAN Wei	Non-executive Director	23 January 2026
BO Jingang	Non-executive Director	23 January 2026
ZHU Yi	Non-executive Director	23 January 2026
LIN Huazhe	Non-executive Director	23 January 2026
JI Hongmei	Non-executive Director	30 March 2026
WU Hong	Independent Director	23 January 2026
SUN Lijian	Independent Director	23 January 2026
YE Jianfang	Independent Director	23 January 2026
WU Xiaoqiu	Independent Director	23 January 2026
SONG Zheng	Independent Director	Assume duties upon regulatory approval

Mr. ZHANG Weizhong, male, born in 1967, has a Master's degree, and is a Senior Economist. He previously served as General Manager of Development Zone Branch of China Construction Bank ("**CCB**") Dalian Branch, Chief Auditor (concurrently Director) of CCB Dalian General Audit Office, Chief Auditor (concurrently Director) of CCB Inner Mongolia General Audit Office, Secretary of the Discipline Inspection Commission, Party Committee Member and Deputy General Manager of CCB Hubei Branch, General Manager of CCB Inclusive Finance Department (Small Business Department) (concurrently Vice President of the Inclusive and Retail Finance Training Institute of CCB Learning Centre), and Director of Corporate Banking at CCB Head Office (concurrently General Manager of CCB Inclusive Finance Department). He is currently Party Committee Secretary, Chairman, and Executive Director of SPD Bank.

Mr. XIE Wei, male, born in 1971, has a Master's degree, and is a Senior Economist. He previously acted as General Manager of Corporate Banking Department of CCB Henan Branch, Party Committee Secretary and General Manager of CCB Xuchang Branch, General Manager of Development Management Department of Corporate and Investment Banking Headquarters of SPD Bank, Deputy General Manager of Corporate and Investment Banking Headquarters of SPD Bank and concurrently General Manager of Investment Banking Department, Development Management Department and Key Client Department, Party Committee Secretary and General Manager of SPD Bank Fuzhou Branch, General Manager of SPD Bank Treasury Headquarters, General Manager of SPD Bank Asset Management Department, General Manager of SPD Bank Financial Markets Department, Director of Financial Market Business at SPD Bank Head Office, Party Committee Member, Vice President and Secretary to the Board of Directors at SPD Bank Head Office, and Chairman of AXA SPDB Investment Managers Co., Ltd. He currently works as Deputy Party

Committee Secretary, Vice Chairman, Executive Director, and President of SPD Bank, and Dean of SPD Bank Research Institute.

Mr. ZHAO Wanbing, male, born in 1970, has an MBA. He previously served as Deputy Director of the Research Office at the Shanghai Municipal Committee of the Communist Youth League of China ("**CYLC**"), Head of the Organisation Division (Publicity Division and United Front Work Division) at the Shanghai Financial Work Committee of the CPC, Head of the Financial Stability Division at the Shanghai Municipal Financial Services Office, Deputy Director of the Shanghai Municipal Financial Services Office, and Deputy Director General of Shanghai Municipal Financial Regulatory Bureau (Shanghai Municipal Finance Bureau). He is currently Deputy Party Committee Secretary, Employee Director, Chairman of the Labor Union Committee, President of the Party School, and Party Committee Secretary of Head Office-affiliated Institutions at SPD Bank.

Mr. GONG Dexiong, male, born in 1969, holds a Bachelor's degree and an Executive Master of Business Administration (EMBA), and is an Economist. He previously served as Deputy Manager of the Securities Department of Shanghai International Trust Investment Company, Party Committee Secretary and Chairman of Shanghai Securities Co., Ltd., Chairman of Hicend Futures Co., Ltd., General Manager of the Financial Management Headquarters of Shanghai International Group Co., Ltd., Party Committee Member, Vice President, President of the Asset Management Business Committee, and President of the Wealth Management Business Committee at Guotai Junan Securities Co., Ltd., Chairman and CEO of Shanghai Guotai Junan Securities Asset Management Co., Ltd., Chairman of Guotai Junan Capital Management Co., Ltd., Chairman, General Manager, and Executive Committee Chairman of Guotai Junan Innovation Investment Co., Ltd., Deputy General Manager of Shenergy (Group) Co., Ltd., Party Committee Secretary and Chairman of Orient Securities Co., Ltd., Executive Director and General Manager of Shenergy Investment Management Co., Ltd., and Chairman of Shenergy Property & Casualty Insurance Co., Ltd. He currently works as Deputy Party Committee Secretary, Director, and General Manager of Shanghai International Group Co., Ltd.

Ms. GUAN Wei, female, born in 1971, has a Master's degree in Management, and is a Senior Accountant. She previously served as Assistant Manager of the Financial Management Department at Shanghai Shentong Metro Group Co., Ltd., Deputy Manager and Manager of the Financial Management Department, Discipline Inspection Commission Member, Manager of the Auditing and Supervision Department, and Member of the Board of Supervisors at Shanghai Jiushi (Group) Co., Ltd., Party Branch Secretary and General Manager of Shanghai City Tour Card Development Co., Ltd., and CFO of Shanghai Land (Group) Co., Ltd. She currently works as a Party Committee Member, Deputy General Manager, and CFO of Shanghai International Group Co., Ltd. She concurrently serves as Party Committee Secretary and Chairperson of Shanghai State-owned Assets Operation Co., Ltd., Director of Guotai Haitong Securities Co., Ltd., and Director of Shanghai Rural Commercial Bank Co., Ltd.

Mr. BO Jingang, male, born in 1964, has a Doctorate degree, and is a Professor-Level Senior Engineer. He previously served as Chief Engineer and Deputy Director General of Tianjin Municipal Bureau of Telephone Exchange, Deputy General Manager of China Mobile Communications Group Tianjin Co., Ltd., Chairman of China Mobile Communications Group Jilin Co., Ltd., Party Committee Secretary and General Manager of the Procurement Sharing Service Center of China Mobile Communications Co., Ltd., and Party Committee Secretary and Chairman of China Mobile Communications Group Terminal Co., Ltd. He currently works as Director of China Mobile IoT Company Limited and Director of TravelSky Mobile Technology Co., Ltd.

Mr. ZHU Yi, male, born in 1964, has a Master's degree, and is a Senior Accountant. He previously served as Deputy Director of the Corporate Audit Division of the Audit Bureau of the Ministry of Posts and Telecommunications, Chief of the Infrastructure Finance Division of the General Administration of Posts and Telecommunications of China, Director of the Fund Allocation Center and Deputy General Manager of the Finance Department of China Mobile Communications Corporation, and Party Committee Secretary, Chairman and General Manager of China Mobile Financial Company Limited. He is currently Director of China Mobile State Investment Innovation Investment Management Co., Ltd.

Mr. LIN Huazhe, male, born in 1974, has a Master's degree, and is an Economist. He previously served as Party Committee Member of China Cinda Asset Management Co., Ltd. Chengdu Office, Party Committee Member,

Secretary of the Discipline Inspection Commission, and Deputy General Manager of China Cinda Asset Management Co., Ltd. Sichuan Provincial Branch, Party Committee Secretary and General Manager of China Cinda Asset Management Co., Ltd. Gansu Provincial Branch, and Party Committee Secretary and General Manager of China Cinda Asset Management Co., Ltd. Sichuan Provincial Branch. He is currently Party Committee Secretary and Chairman of Cinda Investment Co., Ltd.

Ms. JI Hongmei, female, born in 1971, completed the undergraduate education and holds a Master's degree. She previously served as Deputy Chief of the Information Technology Department and Deputy Chief of the Business Department at the Shanghai Pudong Branch of Bank of China, Senior Manager of Asset Management Division I at China Orient Asset Management Co., Ltd. Shanghai Office, Assistant General Manager of Shanghai Dongxing Investment Holding Co., Ltd., Deputy General Manager of China Orient Asset Management Co., Ltd. Shanghai Office, Deputy General Manager of China Orient Asset Management Co., Ltd. Shanghai Branch, and General Manager of the Special Situation Investment Department of China Orient Asset Management Co., Ltd. She currently works as Party Committee Secretary and General Manager of China Orient Asset Management Co., Ltd. Shanghai Branch.

Mr. WU Hong, male, born in 1956, has a Doctorate degree. He previously served as Dean of the College of Economic Laws at East China University of Political Science and Law, Standing Member of China Commercial Law Society, Deputy Head of Shanghai International Commercial Law Institute, Member of the National Judicial Examination Proposition Committee, Advisory Consultant to the Shanghai Municipal People's Congress Standing Committee for Legislation, Advisory Consultant to the Shanghai High People's Court, Member of the Shanghai Consumer Council, Member of the Listing Committee of the Shanghai Stock Exchange, Member of the Trading Committee of the China Financial Futures Exchange, and Academic Member of the Shanghai Futures Exchange Research Institute, among other positions. He currently works as Professor and Doctorate Supervisor of East China University of Political Science and Law, Vice President of the China Banking Law Society, President of the Financial Law Research Association of the Shanghai Law Society, Vice President of the Shanghai Financial Legal System Research Association, Independent Director of Bank of Nanjing Co., Ltd., and Independent Director of Orient Securities Co., Ltd.

Mr. SUN Lijian, male, born in 1962, has a Doctorate degree. He previously served as Assistant Professor at a Tongji University branch, Design Assistant at Nose Shuji Architectural Research Institute in Japan, and Member of the 7th State Council Academic Degree Committee for Applied Disciplines. He currently works as Director of the Financial Research Center, Professor of the School of Economics, and Doctoral Supervisor at Fudan University, Specially-invested Expert of the Economic and Financial Committee of Shanghai CPPCC, Member of the Central Committee and Deputy Director of the Central Economic Committee of the Zhigong Party, Executive Director of China Society of World Economics, and Executive Director of the Chinese Association of Quantitative Economics.

Ms. YE Jianfang, female, born in 1966, has a Doctorate degree. She previously served as Lecturer and Associate Professor at Shanghai University of Finance and Economics, as well as Member of the Third and Fourth Advisory Committees of the China Accounting Standards Committee of the Ministry of Finance. She currently works as Professor and Doctoral Supervisor at the School of Accountancy of Shanghai University of Finance and Economics, Vice Chair of the Women Directors Committee of the China Association for Public Companies, Independent Director of Shanghai Chlor-Alkali Chemical Co., Ltd., Independent Director of China Merchants Shekou Industrial Zone Holdings Co., Ltd., Independent Director of CCB Life Insurance Co., Ltd., and Independent Director of China Industrial Securities International Financial Group Limited.

Mr. WU Xiaoqiu, male, born in 1959, holds a Ph.D. in Economics. He previously served as Professor and Director of the Institute of Economics at Renmin University of China ("**RUC**"), Vice Dean of the School of Finance and Director of the Institute of Securities at RUC, Assistant to the President of RUC, Executive Dean of the Graduate School at RUC, and Vice President of RUC. He is currently Dean of the National Academy of Financial Research at RUC, Dean of the Research Institute of Capital Market at RUC, National-level First-class Professor, Independent Director of Sunshine Insurance Group Co., Ltd., and Independent Director of Guangxi Beibu Gulf Bank Co., Ltd.

Mr. SONG Zheng, male, born in 1975, holds a Ph.D. in Economics. He previously served as Associate Research Fellow at the School of Economics, Fudan University, Assistant Professor in the Department of Economics at The

Chinese University of Hong Kong, and Assistant Professor and Associate Professor at the Booth School of Business, University of Chicago. In 2013, he received the Sun Yefang Economic Science Award. He is currently Wei Lun Professor of Economics and Head of Department of Economics at The Chinese University of Hong Kong, Distinguished Visiting Professor at the School of Economics and Management, Tsinghua University, special-term professor at the Guanghua School of Management, Peking University, Fellow of the Econometric Society, and Member of the Currency Board Sub-Committee of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority.

Supervisors

In accordance with the relevant approval of the NAFR, with effect from the date of approval of the revised Articles of Association (26 December 2025), the Bank has no longer established a board of supervisors. The Audit Committee of the Board of Directors shall exercise the relevant functions and powers of the board of supervisors.

Senior Management

The following table sets out certain information relating to the Bank's senior management as at the date of this Offering Circular.

Name	Position	Date of Appointment
XIE Wei	Deputy Party Committee Secretary, Vice Chairman, Executive Director, President	23 January 2026
CUI Bingwen	Vice President and Chief Legal Advisor	23 January 2026
KANG Jie	Vice President	23 January 2026
GAO Weihua	Head of Discipline Inspection and Supervision Office at SPD Bank	6 November 2024
DING Wei	Vice President	23 January 2026
ZHANG Jian	Vice President and Secretary to the Board of Directors	23 January 2026

Please refer to "Directors" in this section for the biography of Mr. XIE Wei.

Mr. CUI Bingwen, male, born in 1969, has a Doctorate degree, and is a Senior Economist. He previously acted as Deputy Head of Jinxi Subbranch, Deputy Head (in overall charge) of Dongli Sub-branch of ICBC Tianjin Branch, Head of the Human Resources Department, General Manager of the Corporate Banking Department, Party Committee Member, Head Assistant, Deputy General Manager, Party Committee Secretary and General Manager of SPD Bank Tianjin Branch, Party Committee Secretary and General Manager of SPD Bank Beijing Branch and concurrently General Manager of the Group Customer Department and General Manager of the Financial Markets Department (Beijing) of SPD Bank Head Office. He currently works as Party Committee Member, Vice President, CRO (this role to be formally assumed upon regulatory approval), CCO (this role to be formally assumed upon regulatory approval), and CLA of SPD Bank, and Chairman of Shanghai International Trust Co., Ltd.

Mr. KANG Jie, male, born in 1979, has a Bachelor's degree. He previously served as Chief of Cadre Management Section at Human Resources Department of Shanghai Rural Commercial Bank ("**SHRCB**"), Deputy Secretary and Secretary of CYLC SHRCB Committee, Deputy General Manager of SHRCB Qingpu Sub-branch, Deputy General Manager of SHRCB Huangpu Sub-branch (in overall charge), and General Manager of SHRCB Huangpu Branch, Vice President of SHRCB, and Party Committee Member and Deputy Director of Shanghai Stateowned Assets

Supervision and Administration Commission ("**Shanghai SASAC**"). Currently, he is Party Committee Member and Vice President of SPD Bank and Chairman of Shanghai Innovation Bank Co., Ltd.

Mr. GAO Weihua, male, born in 1969, holds a Bachelor's degree and is a Senior Political Worker. He previously served as Deputy Director and Director of the Supervision Office at Shanghai Pharmaceuticals Holdings Co., Ltd. ("**SPH**"), and Deputy Secretary of the Discipline Inspection Commission at SPH. He later held roles including Deputy Secretary of the Discipline Inspection Commission at Shanghai SASAC, Deputy Head of the Discipline Inspection Group stationed by the Shanghai Municipal Commission for Discipline Inspection to the Shanghai SASAC Party Committee, and Deputy Head of the Discipline Inspection and Supervision Group stationed by the Shanghai Municipal Commission for Discipline Inspection and Supervision to Shanghai SASAC Party Committee. He also worked as Secretary of the Discipline Inspection Commission, Party Committee Member, and Vice Chairman of the Board of Supervisors at Bright Food (Group) Co., Ltd., and Secretary of the Discipline Inspection Commission, Party Committee Member and Supervisory Commissioner stationed by the Shanghai Municipal Commission for Discipline Inspection and Supervision at Bright Food (Group) Co., Ltd. He currently works as Head of the Discipline Inspection and Supervision Office at SPD Bank dispatched by Shanghai Municipal Discipline Inspection Commission and Supervisory Commission and Party Committee Member of SPD Bank.

Ms. DING Wei, female, born in 1971, holds an MBA and is a Senior Economist. She previously served as Deputy Director of the Long Card Business Processing Center and Deputy General Manager of the Personal Banking Department at CCB Shanghai Branch. At SPD Bank, she held roles including General Manager of the Bank Card Department at the Personal Banking Headquarters, Deputy General Manager of the Personal Banking Headquarters, General Manager of the E-Banking Department (Mobile Finance Department) and General Manager of the Retail Banking Department at SPD Bank Head Office, and Party Committee Member, Retail Banking Director, and General Manager of the Retail Banking Department at SPD Bank Head Office. She currently works as Party Committee Member and Vice President of SPD Bank.

Mr. ZHANG Jian, male, born in 1975, has a Doctorate degree. He previously served as Deputy General Manager of the Financial Markets Department at SPD Bank Head Office, Deputy Director of the General Office at SPD Bank Head Office, Deputy Party Committee Secretary and Secretary of the Discipline Inspection Commission of SPD Bank Shanghai Branch, Deputy Party Committee Secretary of and Vice General Manager of SPD Bank Shanghai Branch, Party Committee Secretary and General Manager of SPD Bank Nanchang Branch, Party Committee Secretary and General Manager of SPD Bank Zhengzhou Branch, and General Manager of the Asset and Liability Management Department at SPD Bank Head Office, and General Manager of the Asset, Liability, and Financial Management Department at SPD Bank Head Office. He currently works as Party Committee Member, Vice President, and Secretary to the Board of Directors at SPD Bank, and Chairman of AXA SPDB Investment Managers Co., Ltd.

TAXATION

The following summary of certain PRC, Hong Kong and EU tax consequences of the purchase, ownership and disposal of the Notes is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Noteholder or any persons acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. Persons considering the purchase of the Notes should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.

PRC TAXATION

The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Noteholders in this section. In considering whether to invest in the Notes, potential purchasers should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Pursuant to the Enterprise Income Tax Law promulgated on 16 March 2007 and effective on 1 January 2008, as amended on 29 December 2018, and the PRC Individual Income Tax Law, as amended on 31 August 2018 and effective on 1 January 2019, and their implementation regulations, an income tax is imposed on payment of interest by way of withholding in respect of debt securities, issued by PRC enterprises to non-resident Noteholders, including non-resident enterprises and non-resident individuals.

On 25 December 2024, the National People's Congress issued the new Value-added Tax law (the "**New VAT Law**"), which is effective on 1 January 2026. Pursuant to the New VAT Law, VAT is applicable where the entities or individuals provide services within the PRC. The revenues generated from the taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT, if the seller of the services is within the PRC or the services are consumed within the PRC (including services provided to the entities or individuals located within the PRC by the entities or individuals outside of the PRC).

(i) In the event that the Issuer is the Bank

In the event that the Issuer is the Bank, the Bank will be subject to withhold PRC income tax on the payment of interest of the Notes to non-resident Noteholders. The current rates of such income tax are 20 per cent. (for non-resident individuals) and 10 per cent. (for non-resident enterprises) of the gross amount of the interest, in each case, unless a lower rate is available under an applicable tax treaty. For example, the tax so charged on interests paid on the Notes to non-resident Noteholders who, or which are residents of Hong Kong (including enterprise holders and individual holders) as defined under the arrangement between the mainland China and Hong Kong for purpose of the avoidance of double taxation will be 7 per cent. of the gross amount of the interest pursuant to such arrangement.

Further, given that the Bank is located in the PRC, in the event that the Issuer is the Bank, holders of the Notes would be regarded as providing the financial services within China and consequently, the holders of the Notes shall be subject to VAT at the rate of 6 per cent. when receiving the interest payments under the Notes. Given that the Bank pays interest income to Noteholders who are located outside of the PRC, the Bank, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT and local levies from the payment of interest income to Noteholders who are located outside of the PRC.

The Bank has agreed to pay additional amounts to holders of the Notes so that holders of the Notes would receive the full amount of the scheduled payment, as further set out in the "*Terms and Conditions of the Notes*".

(ii) In the event that the Issuer is a Branch Issuer

In the event that the Issuer is a Branch Issuer, the relevant Issuer is not obliged to withhold PRC income tax at the rate up to 10 per cent. (for non-resident enterprises) or 20 per cent. (for non-resident individuals) on the payments of interest made by it to non-resident Noteholders provided that the payments are made outside of the territory of PRC. However, this is subject to the interpretation by the PRC tax authorities. If the PRC tax authorities take an interpretation that the interest on the Notes payable by the relevant Issuer is treated as income sourced from the PRC, a withholding tax may be imposed on such interest and the relevant Issuer will pay additional amounts to holders of the Notes so that holders of the Notes would receive the full amount of the scheduled payment, as further set out in the Conditions. If the Bank shall perform the obligation of paying interest of the Notes in the event and only when the relevant Branch Issuer fails to perform its obligations of paying the interest of the Notes, the Bank will be obliged to withhold PRC income tax at a rate of 10 per cent. (for non-resident enterprises) or 20 per cent. (for non-resident individuals) (unless a lower rate is available under an applicable tax treaty) and PRC VAT tax at the rate of 6 per cent. of the interest component of the amount payable by the Bank to the Noteholders if the PRC tax authority views such component as an interest income arising within the territory of the PRC.

Non-resident Noteholders will not be subject to the PRC tax on any capital gains derived from a sale or exchange of Notes consummated outside the PRC between non-resident Noteholders, except however, if such capital gains are determined as income sourced in China, accordingly such capital gains would be subject to the rate of 10 per cent. (for non-resident enterprises) or 20 per cent. (for non-resident individuals) of PRC withholding tax unless there is a lower tax rate applicable. There is uncertainty as to whether gains realised on the transfer of the Notes by individual holders who are not PRC citizens or residents will be treated as income sourced within the PRC which as a result will be subject to PRC individual income tax.

Where a holder of the Notes who is an entity or individual located outside of the PRC resells the Notes to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically VAT prescribed under New VAT Law does not apply and the Issuer does not have the obligation to withhold the VAT or the local levies. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located inside the PRC.

Pursuant to the EIT Law, IIT Law and the VAT reform detailed above, in the case of (i) and (ii), the relevant Branch Issuer or the Bank shall withhold EIT or IIT, (should such tax apply) from the payments of interest in respect of the Notes for any non-PRC-resident Noteholder and the relevant Branch Issuer or the Bank shall withhold VAT (should such tax apply) from the payments of interest in respect of the Notes for any Noteholders located outside of the PRC. However, in the event that such relevant Branch Issuer and the Bank are required to make such a deduction or withholding (whether by way of EIT, IIT or VAT otherwise), each relevant Branch Issuer and the Bank have agreed to pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required. For more information, see "*Terms and Conditions of* the *Notes - Condition 13* (*Taxation*)".

HONG KONG

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in

respect of any capital gains arising from the sale of the Notes.

Profits tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person (other than a financial institution) who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation (other than a financial institution) by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal and redemption of the Notes will be subject to Hong Kong profits tax.

In addition, pursuant to various foreign-sourced income exemption legislation in Hong Kong (together, the "**FSIE Amendments**", of which the latest amendment became effective from 1 January 2024), specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined, and subject to certain exceptions, in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp duty

Stamp duty will not be payable on the issue of Bearer Notes by the relevant Issuer, provided that either:

(a) such Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(b) such Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable, it is payable by the relevant Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes issued by the relevant Issuer if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfers of Registered Notes, provided that either:

(a) the Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(b) the Registered Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

With effect from 17 November 2023, if stamp duty applies to the transfer of Registered Notes required to be registered in Hong Kong and which are not otherwise exempt, it will be payable in respect of the transfer of Registered Notes, it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

FATCA WITHHOLDING

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Bank is a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the relevant Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under "*Terms and Conditions of the Notes - Condition 19 (Further Issues)*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

BANKING REGULATION AND SUPERVISION IN THE PRC

OVERVIEW

The banking industry in the PRC is highly regulated. The principal regulatory authorities in the PRC banking industry include the NAFR and the PBOC. The NAFR is responsible for supervising and regulating banking institutions, and the PBOC, as the central bank of the PRC, is responsible for formulating and implementing monetary policies. The principal laws and regulations relating to the PRC banking industry are the People's Bank of China Law of the People's Republic of China, the Commercial Banking Law of the People's Republic of China and the Banking Supervision and Regulatory Law of the People's Republic of China, and the rules and regulations established thereunder.

NAFR (formerly known as the CBIRC)

Functions and Powers

The NAFR is the principal regulatory authority in the PRC responsible for the supervision and regulation of banking institutions operating within the PRC, including commercial banks, urban credit cooperatives, rural credit cooperatives, other deposit-taking financial institutions and policy banks, as well as certain non-bank financial institutions, such as asset management companies, trust and investment companies, finance companies, financial leasing companies and other financial institutions that can only be set up with the NAFR's approval. The NAFR is also responsible for the supervision and regulation of the entities established by domestic financial institutions outside the PRC and the overseas operations of such institutions. According to the Banking Supervision and Regulatory Law of the People's Republic of China and relevant regulations, the NAFR's primary regulatory responsibilities include:

- formulating and issuing rules and regulations governing banking institutions and their activities;
- examining and approving the establishment, change and termination of banking institutions and their scope of business, as well as granting banking licences to commercial banks and their branches;
- regulating the business activities of banking institutions, including their products and services offered;
- setting qualification requirements for, and approving and overseeing the nomination of, directors and senior management personnel of banking institutions;
- setting prudential guidelines and standards for risk management, internal control, capital adequacy, asset quality, allowance for impairment losses, risk concentration, related party transactions and asset liquidity requirements for banking institutions;
- conducting on-site examinations and off-site surveillance of the business activities and risk levels of banking institutions;
- imposing integrated supervision on banking institutions;
- establishing emergency disposal mechanisms with relevant authorities in the banking sector and formulating emergency disposal plans;
- imposing corrective and punitive measures for violations of applicable banking regulations; and
- drafting and publishing statistics and financial reports of national banking institutions.

Supervision over Capital Adequacy

In January 2013, the CBRC (now the NAFR) implemented the Capital Management Rules regulating capital

adequacy ratios ("**CAR**") of PRC commercial banks. The Capital Management Rules, which are intended to reflect the Basel III regulatory capital requirements, set out minimum CAR requirements for commercial banks and provide detailed guidelines on the calculation of "capital" and "risk-weighted assets". The CBRC promulgated the Capital Management Rules on 7 June 2012 based on the reform of the banking industry and the existing regulatory framework of the PRC. The Capital Management Rules establish a unified regulatory system in respect of the capital adequacy ratio, clarify the definition of capital, expand the range of capital risk coverage, raise the bottom line for the capital adequacy ratio and set a six-year transition period (from 2013 to 2018) for banks to comply with capital adequacy ratio requirements. On 30 November 2012, the CBRC issued the Notice on Matters in relation to the Implementation of Transition Period Arrangements in the (Trial) Measures on the Administration of the Capital of Commercial Banks, which provides the regulatory standards and implementation course for the transition period.

On 26 October 2023, the NAFR promulgated the New Capital Management Rules, which became effective from 1 January 2024. As a result, the Bank is required to maintain a minimum core Tier 1 capital adequacy of five per cent., a minimum Tier 1 capital adequacy of six per cent. and a minimum capital adequacy of eight per cent. In addition, the domestic systemically important bank is required to maintain a further capital surcharge above prevailing Core Tier 1 Capital requirements as separately stipulated by the PBOC in conjunction with the NFRA. The CARs are calculated in accordance with the New Capital Management Rules as follows:

$$\text{CAR} = \frac{\text{Total Capital} - \text{deductions from corresponding capital instruments}}{\text{Risk-weighted Assets}} \times 100\%$$

$$\text{Tier 1 CAR} = \frac{\text{Tier 1 Capital} - \text{deductions from corresponding capital instruments}}{\text{Risk-weighted Assets}} \times 100\%$$

$$\text{Core Tier 1 CAR} = \frac{\text{Core Tier 1 Capital} - \text{deductions from corresponding capital instruments}}{\text{Risk-weighted Assets}} \times 100\%$$

Further details regarding the basic principles of such calculations can be obtained at the official website of the NAFR.

The contents of this website do not form a part of this Offering Circular.

Examination and Supervision

The NAFR (formerly known as the CBIRC), through its headquarters in Beijing and its bureaux throughout the PRC, monitors the operations of banks and their branches through on-site examinations and off-site surveillance. On-site examinations generally include inspecting a bank's business premises, interviewing its employees, senior management and directors for an explanation of significant issues relating to its operations and risk management, and reviewing relevant documents and materials kept by the bank. The NAFR also conducts off-site surveillance by reviewing financial and other reports regularly submitted by banks and monitoring banks' business activities and risk exposure status to evaluate and analyse the operational risk of the banks.

If a banking institution is not in compliance with an applicable banking regulation, the NAFR is authorised to impose corrective and punitive measures, including fines, ordering the suspension of certain business activities, restrictions on dividends and other forms of distributions and asset transfers, and suspending the opening of new branches. In extreme cases, or when a commercial bank fails to take corrective action within the time period specified by the NAFR, the banking institution may be ordered to suspend operations and may revoke its operating-business licence. In the event of a crisis or failure within a banking institution, the NAFR may assume control over, or facilitate the restructuring of, such banking institution.

PBOC

As the central bank of the PRC, the PBOC is responsible for formulating and implementing monetary policies

and maintaining the stability of the PRC financial markets. According to the People's Bank of China Law of the People's Republic of China and relevant regulations, the PBOC is empowered to:

- issue and implement orders and regulations in relation to its duties;
- formulate and implement monetary policy in accordance with laws;
- issue Renminbi and administer its circulation;
- regulate the interbank money market and the interbank bond market;
- implement foreign exchange controls and regulate the interbank foreign exchange market;
- regulate the gold market;
- hold, administer and manage state reserves of foreign exchange and gold;
- manage the national treasury;
- safeguard the normal operation of payment and clearing systems;
- guide and coordinate the financial industry in its anti-money laundering activities and take responsibility for monitoring capital in respect of anti-money laundering;
- take responsibility for financial industry statistics, surveys, analyses and forecasts;
- participate in international financial activities in its capacity as the central bank of the PRC; and
- undertake other duties as prescribed by the State Council.

On 15 August 2013, the State Council issued the Reply of the State Council on the Establishment of the Interdepartmental Coordination Joint Meeting System for Financial Supervision (國務院關於同意建立金融監管協調部際聯席會議制度的批復), which aims to build up an interdepartmental coordination joint meeting system. The PBOC shall take the lead at such joint meeting, with the NAFR, the CSRC, the CIRC and the SAFE being the major members. The National Development and Reform Commission and the MOF may be invited to attend the joint meetings, if necessary.

PRC CURRENCY CONTROLS

Current Account Items

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Following progressive reforms, Renminbi settlement of imports and exports of goods and of services and other current account items became permissible nationwide in 2012.

Since July 2013, the procedures for cross-border Renminbi trade settlement under current account items have been simplified and trades through e-commerce can also be settled in Renminbi under the current regulatory regime. A cash pooling arrangement for qualified multinational enterprise group companies was introduced in late 2014, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group. In addition, the eligibility requirements for multinational enterprise groups have been lowered and the cap for net cash inflow has been increased in September 2015.

The PBOC also permit enterprises in the Shanghai FTZ to establish an additional cash pool in the local scheme in the Shanghai FTZ, but each onshore company within the group may only elect to participate in one cash pooling programme. In November 2016, PBoC Shanghai Headquarters further allowed banks in Shanghai to provide multinational enterprise groups with services of full-function onshore cash pooling, which will enable broader scope for utilising pooled cash.

On 23 October 2019, the SAFE promulgated Notice by the State Administration of Foreign Exchange of Simplifying Foreign Exchange Accounts (國家外匯管理局關於精簡外匯帳戶的通知(匯發[2019]29號)) which became effective on 1 February 2020. SAFE has decided to review and integrate certain foreign exchange accounts and further reduce the types of accounts in order to further intensify the reform of foreign exchange administration, simplifying the relevant business operating procedures, and facilitate true and compliant foreign exchange transactions by banks, enterprises and other market participants, for example, "current accounts - foreign currency cash account" and "current accounts - foreign exchange account under current accounts of overseas institutions" are included in "current accounts - foreign exchange settlement account".

On the same day, the SAFE issued Notice by the State Administration of Foreign Exchange of Further Facilitating Cross-border Trade and Investment (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知(匯發[2019]28號)), based on which, for the revenue obtained by an enterprise from trade in goods, the enterprise may, on its own, decide whether to open a to-be-inspected account for export revenue ("**to-be-inspected account**"). If an enterprise has not opened a to-be-inspected account, the examined revenue from trade in goods by the Issuer in accordance with the existing provisions may be directly deposited into the foreign exchange account under current accounts or used for foreign exchange settlement.

On 10 April 2020, the SAFE issued Notice of the SAFE on Optimising Foreign Exchange Administration to Support the Development of Foreign-related Business (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知(匯發[2020]8號)), which relaxed the purchase of foreign exchange with export background for repayments of domestic foreign exchange loans and the examination and endorsement formalities. For example, financial institutions examining foreign exchange receipts and payments under the current account pursuant to the provisions may, based on internal control requirements and actual business needs and under the substantive compliance principle, decide on their own whether to endorse the amount and date of foreign exchange receipts and payments on the original copy of the document, and affix the business seal, but shall retain examination materials pursuant to the prevailing provisions for future inspection.

The regulations referred to above are subject to interpretation and application by the relevant PRC authorities.

Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration or filing with, the relevant PRC authorities.

Until recently, settlement of capital account items, for example, the capital contribution of foreign investors to foreign invested enterprises in the PRC, were generally required to be made in foreign currencies. Under progressive reforms, foreign enterprises are now permitted use Renminbi to settle all capital account items that can be settled in foreign currencies. Cross-border Renminbi payment infrastructure and trading facilities are being improved. Approval, registration and filing requirements specifically for capital account payments in Renminbi are being removed gradually.

PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as "foreign debt") and lend Renminbi-denominated loans to foreign borrowers (which are referred to as "outbound loans"), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make Renminbi payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as "cross-border security"). Under current rules promulgated by the SAFE and PBOC, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies. After piloting in the free trade zones, PBOC and SAFE launched a nation-wide system of macro-prudential management on cross-border financing in 2016, which provides for a unified regime for financings denominated in both foreign currencies and Renminbi.

Since September 2015, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or non-self-use real estate assets, or purchase wealth management products or extend loans to enterprises outside the group. Enterprises within the Shanghai FTZ may establish another cash pool under the Shanghai FTZ rules to extend inter-company loans, although Renminbi funds obtained from financing activities may not be pooled under this arrangement.

The securities markets, specifically the Renminbi Qualified Foreign Institutional Investor ("**RQFII**") regime and the China Interbank Bond Market ("**CIBM**"), have been further liberalised for foreign investors. PBoC has relaxed the quota control for RQFII, initiated a bond market mutual access scheme between mainland and Hong Kong to allow eligible investors to invest in CIBM and has also expanded the list of foreign investors eligible to directly invest in CIBM, removed quota restriction, and granted more flexibility for the settlement agents to provide the relevant institutions with more trading facilities (for example, in relation to derivatives for hedging foreign exchange risk).

Interbank foreign exchange market is also opening up. In 2018, CFETS further relaxed qualifications, application materials and the procedures for foreign participating banks (which needs to have a relatively large scale of Renminbi purchase and sale business and international influence) to access the inter-bank foreign exchange market.

On 23 October 2019, the SAFE promulgated Notice by the State Administration of Foreign Exchange of Simplifying Foreign Exchange Accounts (國家外匯管理局關於精簡外匯帳戶的通知(匯發[2019]29號)) which became effective on 1 February 2020, according to which, several measures were taken to intensify, for example, "Capital accounts - special account for domestic reinvestment" is included in "capital accounts - foreign exchange capital account".

On the same day, the SAFE issued Notice by the State Administration of Foreign Exchange of Further

Facilitating Cross-border Trade and Investment (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知(匯發[2019]28 號)) in order to further promote the reform of "simplification of administrative procedures and decentralization of powers, combination of decentralization and appropriate control, and optimisation of services". It cancelled restrictions on the use of funds in domestic asset realisation accounts for foreign exchange settlement and restrictions on the number of opened foreign exchange accounts under capital accounts.

On 10 April 2020, the SAFE issued Notice of the SAFE on Optimising Foreign Exchange Administration to Support the Development of Foreign-related Business (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知(匯發[2020]8 號)), which aimed to promoting the reform of facilitating the payment of income under the capital account. For example, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc. for domestic payment, without prior provision of proof materials for veracity to the bank for each transaction.

Recent reforms introduced were aimed at controlling the remittance of Renminbi for payment of transactions categorised as capital account items. There is no assurance that the PRC government will continue to gradually liberalise the control over Renminbi payments of capital account item transactions in the future. The relevant regulations are relatively new and will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

SUBSCRIPTION AND SALE

Dealer Agreement

Subject to the terms and on the conditions contained in the Dealer Agreement, the Notes will be offered on a continual basis by the relevant Issuer to the Dealers. However, the relevant Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers as at the date of the Dealer Agreement. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the relevant Issuer through the Dealers, acting as agents of the relevant Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are severally underwritten by two or more Dealers.

The relevant Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The relevant Issuer has agreed to reimburse each Arranger for certain of its expenses incurred in connection with the establishment and any future update of the Programme and the Dealers for certain of their activities in connection with the Programme.

The relevant Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Arranger or Dealer or any affiliate of such Arranger or Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Arranger or Dealer or such affiliate on behalf of the relevant Issuer in such jurisdiction.

The Arrangers, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for the relevant Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the relevant Issuer and/or its affiliates in the ordinary course of the relevant Issuer's or their business. The Dealers or certain of their respective affiliates may purchase the Notes and be allocated the Notes for asset management and/or proprietary purposes but not with a view to distribution.

In connection with each Series of the Notes issued under the Programme, the relevant Issuer, the Arrangers, the Dealers and/or their respective affiliates may place orders, receive allocations and purchase Notes for their own account (without a view to distributing such Notes) and such orders and/or allocations of the Notes may be material. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the relevant Issuer, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering. Accordingly, references herein to the Notes being "offered" should be read as including any offering of the Notes to the relevant Issuer, the Arrangers, the Dealers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Notes. If this is the case, liquidity of trading in the Notes may be constrained (see "*Risks Relating to the Market Generally - Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity*"). The relevant Issuer, the Arrangers and the Dealers are under no obligation to disclose the extent of the distribution of the Notes amongst individual investors.

Important Notice to CMIs (including private banks) Pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may

also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the relevant Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the relevant Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the relevant Issuer or any CMI (including its group companies) and inform the relevant Dealers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the relevant CMI Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Offering Circular and/or the applicable Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the relevant Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes. CMIs are informed that a private bank rebate may be payable as stated above and in the applicable Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Dealers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Manager(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;

- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to the Managers named in the relevant Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the relevant Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The relevant Dealers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Dealer with such evidence within the timeline requested.

By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the Dealers that it is not a Sanctions Restricted Person. A "Sanctions Restricted Person" means an individual or entity (a "**Person**"): (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current "Specially Designated Nationals and Blocked Persons" list or (ii) the Foreign Sanctions Evaders List or (iii) the most current "Consolidated list of persons, groups and entities subject to EU financial sanctions"; or (b) that is otherwise the subject of any asset freeze or sanctions administered or enforced by any Sanctions Authority to the extent such asset freeze or sanctions would prohibit the provision of services to an investor by any participating CMI in respect of the relevant CMI Offering; or (c) that is located, organised or a resident in a comprehensively sanctioned country or territory, including Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the Donetsk's People's Republic, Luhansk People's Republic or the non-government controlled areas of the Zaporizhzhia and Kherson Regions. "Sanctions Authority" means: (a) the United Nations; (b) the United States; (c) the European Union (or any of its member states); (d) the United Kingdom; (e) the People's Republic of China; (f) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (g) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and the United Kingdom government (including His Majesty's Treasury and the Foreign, Commonwealth & Development Office).

Selling Restrictions

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Notes is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or

publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

United States

The following paragraph shall apply in respect of any Notes the Pricing Supplement for which specifies that "Regulation S Category 1" applies.

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or, in the case of Bearer Notes, deliver the Notes, and that it will not offer, sell or, in the case of Bearer Notes, deliver, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this paragraph have the meaning given to them by Regulation S.

The following paragraphs shall apply in respect of any Notes the Pricing Supplement for which specifies that "Regulation S Category 2" applies.

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Bearer Notes having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed that, except as permitted by the Dealer Agreement, and each further Dealer appointed under the Programme will be required to represent and agree that, it has not offered, sold or, in the case of Bearer Notes, deliver and will not offer, sell or, in the case of Bearer Notes deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each distributor, dealer or person to which it sells the Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meetings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the EU Prospectus Regulation; and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Public Offer Selling Restriction under the EU Prospectus Regulation

If the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

(a) *Approved prospectus*: if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the EU Prospectus Regulation in that Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the EU Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or the Pricing Supplement, as applicable and the relevant Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;

(c) *Fewer than 150 offerees:* at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) *Other exempt offers:* at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Notes referred to in (b) to (c) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**EU Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended.

Prohibition of Sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any Notes which are the subject of this

Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is either one (or both) of the following:

(i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or

(ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024; and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to buy or subscribe for the Notes.

Prohibition of offers under the POATRs

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

(a) at any time where the offer is conditional on the admission of the Notes to trading on the London Stock Exchange plc's main market (in reliance on the exception in paragraph 6(a) of Schedule 1 to the POATRs;

(b) at any time to any legal entity which is a qualified investor as defined in paragraph 15 of Schedule 1 to the POATRs;

(c) at any time to fewer than 150 persons (other than qualified investors as defined in paragraph 15 of Schedule 1 to the POATRs) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Part 1 of Schedule 1 to the POATRs.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to buy or subscribe for the Notes and the expression "**POATRs**" means the Public Offers and Admissions to Trading Regulations 2024.

Other UK regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the Notes would otherwise constitute a contravention of section 19 of Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances

in which section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**FIEA**"). Accordingly, each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

PRC

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may not be offered or sold directly or indirectly in the People's Republic of China (the "**PRC**") (which, for the sole purpose herein, does not include Hong Kong, Macau or Taiwan). This Offering Circular, the Notes and any material or information contained or incorporated by reference herein relating to the Notes have not been, and will not be, submitted to or approved/verified by or registered with the China Securities Regulatory Commission ("**CSRC**") or other relevant governmental and regulatory authorities in the PRC pursuant to relevant laws and regulations and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC. Neither this Offering Circular nor any material or information contained or incorporated by reference herein relating to the Notes constitutes an offer to sell or the solicitation of an offer to buy any securities in the PRC.

The Notes may only be invested by PRC investors that are authorised to engage in the investment in the Notes of the type being offered or sold. PRC investors are responsible for informing themselves about and observing all legal and regulatory restrictions, obtaining all relevant government regulatory approvals/licences, verification and/or registrations themselves, including, but not limited to, any which may be required from the People's Bank of China, the State Administration of Foreign Exchange, CSRC, the NAFR and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or overseas investment regulations.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (i) to "professional investors" as defined in the SFO, and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, in each case whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws

of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Macau

Each of the Dealers has represented, warranted and agreed that the Notes may not be offered, sold or delivered to members of the public in Macau.

Taiwan

Each of the Dealers has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that the Notes have not been, and shall not be, offered, sold or re-sold, directly or indirectly, in Taiwan, to investors other than "professional institutional investors" as defined under Paragraph 2, Article 19-7 of the Regulations Governing Securities Firms of Taiwan, currently including overseas or domestic banks, insurance companies, bills finance companies, securities firms, fund management companies, government investment institutions, government funds, pension funds, mutual funds, unit trusts, securities investment trust enterprises, securities investment consulting enterprises, trust enterprises, futures commission merchants, futures service enterprises, and other institutions approved by the Financial Supervisory Commission of Taiwan.

GENERAL INFORMATION

Authorisations

The Bank has obtained all necessary consents, approvals and authorisations in connection with the update of the Programme and the issue of the Notes thereunder. The establishment and update of the Programme and the issue of the Notes thereunder was authorised by the resolutions of the Board of the Bank on 29 April 2015, 18 July 2018, 25 March 2021 and 28 March 2024 and the shareholder resolutions of the Bank dated 11 June 2021. PRC counsel to the Bank and the Dealers have advised that no approvals or consents were required from any regulatory authorities or other relevant authorities in the PRC for the Bank to enter into the Dealer Agreement, the Deed of Covenant and the Agency Agreement. The Bank and each relevant Branch Issuer have obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes.

NDRC Approval

Where applicable for a relevant Tranche of Notes, the Notes will be issued in accordance with the NDRC Measures. After the issuance of such relevant Tranche of Notes, the Branch Issuer (acting through the Bank) or, as the case may be, the Bank, will provide the requisite information and documents within the prescribed timeframe after the relevant Issue Date in accordance with the NDRC Measures.

Litigation

None of the relevant Issuer, the Bank or any other member of the Group is involved in any litigation or arbitration proceedings that the relevant Issuer or the Bank believes are material in the context of the issue of Notes or have a material adverse impact on the relevant Issuer, the Bank or the Group or any of their subsidiaries or any of their respective assets. The relevant Issuer or, as the case may be, the Bank is not aware of any pending or threatened proceedings, which are material in the context of the issue of the Notes.

No Material Adverse Change

Since 31 December 2025, there has been no material adverse change, nor any development or event involving a prospective material adverse change, in or affecting the general affairs, financial condition, results of operations or prospects of the relevant Issuer, the Bank or any of its subsidiaries.

Documents Available

For so long as Notes may be issued pursuant to this Offering Circular, copies of the following documents will be available (upon written request), during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the principal place of business of the Bank at No.12 Zhongshan Dong Yi Road, Shanghai, 200002, PRC:

(a) the Deed of Covenant;

(b) the constitutive documents of the Bank;

(c) the audited consolidated financial statements of the Bank as at and for the years ended 31 December 2024 and 2025; and

(d) the most recent annual and interim reports (including the financial statements) published by the Bank,

and at the specified office of the Fiscal Agent, being at the date of this Offering Circular, at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom:

(i) the Agency Agreement (which includes the form of the Global Notes, the Global Note Certificate, the Notes in definitive form, the Coupons, the Receipts and the Talons);

(ii) each Pricing Supplement (save that a Pricing Supplement related to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence

satisfactory to the Issuer or the Fiscal Agent as to its holding of Notes and identity); and

(iii) a copy of this Offering Circular together with any supplement to this Offering Circular and any other documents incorporated herein or therein referenced.

Clearing of the Notes

Notes have been accepted for clearance through the Euroclear and Clearstream systems. The relevant ISIN, the Common Code and the Legal Entity Identifier (LEI) Code will be specified in the applicable Pricing Supplement. The relevant Issuer may also apply to have Notes accepted for clearance through the CMU. The relevant CMU instrument number will be set out in the relevant Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be set out in the relevant Pricing Supplement.

Financial Statements

The Group's 2024 Financial Statements and the Group's 2025 Financial Statements have been prepared in accordance with IFRS and are audited by KPMG, as stated in its reports appearing herein. The unaudited and unreviewed consolidated quarterly financial statements as at and for the three months ended 31 March 2026 were prepared under PRC GAAP. The audited consolidated financial statements of the Bank have been prepared in Chinese only, which can be downloaded free of charge from the websites of the Shanghai Stock Exchange at http://www.sse.com.cn and the Bank at http://www.spdb.com.cn, respectively. Such Chinese Financial Statements are deemed to be incorporated in, and to form part of, this Offering Circular. The Bank has prepared the English translations of its audited consolidated financial statements as at and for the years ended 31 December 2024 and 2025, which are included elsewhere in this Offering Circular for reference only.

Should there be any inconsistency between the Chinese Financial Statements and the English translations, the Chinese Financial Statements shall prevail. The English translations do not constitute audited or, as the case may be, unaudited but reviewed financial statements, and are qualified in their entirety by, and are subject to the financial information set out or referred to in, the Chinese Financial Statements.

Listing of Notes

Application has been made to the HKSE for the listing of the Programme on the HKSE under which Notes may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the HKSE.

Separate application may be made for the listing of, and the permission to deal in, the Notes on the HKSE. The issue price of Notes listed on the HKSE will be expressed as a percentage of their nominal amount. Listing of any Notes on the HKSE is not to be taken as an indication of the merits of the Programme, the Notes, the relevant Branch Issuer, the Bank or the Group. The HKSE assumes no responsibility for the correctness of any of the statements made or opinions or reports contained herein.

Application has been made to the SGX-ST for permission to deal in and quotation for any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes, if traded, will be traded on the SGX-ST in a board lot size of at least S$200,000 (or its equivalent in other currencies).

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for Definitive Note(s). In addition, in the event that a Global Note is exchanged for Definitive Note(s), an announcement of such exchange will be made by the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Definitive Note(s), including details of the paying agent in Singapore.

INDEX TO FINANCIAL STATEMENTS

The following English translations of the Bank's audited consolidated financial statements are for reference only. Should there be any inconsistency between the Chinese Financial Statements and the English translations, the Chinese Financial Statements shall prevail.

English Translation of Consolidated Financial Statements for the year ended 31 December 2025[(1)]

Independent Auditor's Report F-2

Consolidated and the Bank's Statements of Profit or Loss F-9

Consolidated and the Bank's Statements of Comprehensive Income F-10

Consolidated and the Bank's Statements of Financial Position F-11

Consolidated and the Bank's Statements of Changes in Equity F-13

Consolidated and the Bank's Cash Flows Statements F-17

Notes to the Financial Statements F-19

English Translation of Consolidated Financial Statements for the year ended 31 December 2024[(1)]

Independent Auditor' Report F-108

Consolidated and the Bank's Statements of Profit or Loss F-115

Consolidated and the Bank's Statements of Comprehensive Income F-116

Consolidated and the Bank's Statements of Financial Position F-117

Consolidated and the Bank's Statements of Changes in Equity F-119

Consolidated and the Bank's Cash Flows Statements F-123

Notes to the Financial Statements F-125

Note:

(1) The Bank's audited consolidated financial statements for the years ended 31 December 2024 and 2025 (together with the independent auditor's reports) set out herein are reproduced or translated from the Bank's annual reports for the years ended 31 December 2024 and 2025, respectively. Page references referred to in the auditor's reports named above refer to pages set out in such annual reports.

Shanghai Pudong Development Bank Co., Ltd.

Financial Statements for the year ended 31 December 2025

English Translation of the Financial Statements

IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND ITS ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL

Independent Auditor's Report

KPMG Huazhen Tongzi NO. 2600178

To the Shareholders of Shanghai Pudong Development Bank Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the financial statements of Shanghai Pudong Development Bank Co., Ltd. ("the Bank") and its subsidiaries ("the Group") set out on pages 261 to 359, which comprise the consolidated and the Bank's statement of financial position as at 31 December 2025, and the consolidated and the Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and the Bank's financial position as at 31 December 2025, and its consolidated and the Bank's financial performance and its consolidated and the Bank's cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the IASB and the independence requirements as applicable to audits of financial statements of public interest entities. 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 the Group in accordance with the China Code of Ethics for Certified Public Accountants ("the Code") and the independence requirements as applicable to audits of financial statements of public interest entities, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

Measurement of expected credit losses ("ECL") for loans and advances to customers, financial investments at amortized cost, financial guarantee contracts and loan commitments

Refer to Notes II.4(8)(vi), III.13, III.14(b), III.27, VIII.1(1), VIII.1(3), VIII.1(4) and VIII.1(5) to the financial statements.

The Key Audit Matter	How the matter was addressed in our audit
Measurement of ECL for loans and advances to customers, financial investments at amortized cost, financial guarantee contracts and loan commitments involves subjective judgment by management. The Group established internal controls for the ECL measurement.	Our audit procedures to assess ECL for loans and advances to customers, financial investments at amortized cost, financial guarantee contracts and loan commitments included the following: • Understanding and evaluating the design and operating effectiveness of the key internal controls over financial reporting related to ECL measurement for loans and advances to customers, financial investment at amortized cost, financial guarantee contracts and loan commitments: - Understanding and evaluating the design and operating effectiveness of the key internal controls of the financial reporting process, including credit approval, recording, monitoring, periodic re-evaluation of credit grading, and the accrual of loss allowance; in particular, we assessed the design and operating effectiveness of the key internal controls over financial reporting related to the classification of loans by credit quality across all stages, financial investment at amortized cost, credit quality of financial guarantee contracts and loan commitments; - Utilising the work of our information technology experts and financial risk management experts to understand and evaluate the design and operating effectiveness of information system controls, including: general information technology control, completeness of key internal historical data, inter-system data transmission, mapping of parameters of ECL model, and system calculation logic of loss allowance for ECL for loans and advances to customers, financial investments at amortized cost, financial guarantee contracts and loan commitments, based on the works of our Information Technology Risk Management ("IRM") Specialists and Financial Risk Management ("FRM") Specialists;
The Group assesses whether the credit risks of loans and advances to customers, financial investments at amortized cost and financial guarantee contracts and loan commitments have increased significantly since their initial recognition, and applies a three-stage impairment model to measure their ECL. For loans and advances to customers, financial investments at amortized cost and financial guarantee contracts and loan commitments, management assesses loss allowance using the risk parameter modelling approach that incorporates key parameters, including probability of default, loss given default, exposure at default and discount rates.	• Based on the work of FRM Specialists, evaluating the reliability of ECL models and parameters used by management, including prudently evaluating probability of default, loss given default, exposure at default, discount rates, forward-looking information adjustment and other adjustment factors, and evaluating the reasonableness of key management judgments involved; • Evaluating the completeness and accuracy of key data used by the ECL models. For key internal data related to the original business files, we compared the respective amount of loans and advances to customers, financial investments at amortized cost, financial guarantee contracts and loan commitments used by the management to evaluate the loss allowances with the general ledger amounts, in order to assess the completeness of lists. Select samples and compare the information of the loans and advances to customers and financial investment at amortized cost, financial guarantee contracts and loan commitments with relevant agreements and other relevant documents to assess the accuracy of the lists. For key external data, we compared it with public information to check its accuracy; • Evaluating key parameters involving subjective judgments by seeking evidence from external sources and comparing it with internal records including historical loss scenarios and security types. As part of these procedures, we inquired management about the reasons for modifications of key estimates and parameters input, and assessed the consistency of judgment used by management;

Measurement of ECL for loans and advances to customers, financial investments at amortized cost, financial guarantee contracts and loan commitments (continued)

Refer to Notes II.4(8)(vi), III.13, III.14(b), III.27, VIII.1(1), VIII.1(3), VIII.1(4) and VIII.1(5) to the financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The ECL model involves significant management judgments and assumptions, primarily including the following: (1) Division of business operations sharing similar credit risk characteristics into the same group, selection of appropriate models and determination of relevant key parameters; (2) Criteria for determining a significant increase in credit risk, default and credit impairments; (3) Application of economic indicators, economic scenarios and their respective weightings for forward-looking information.	• Comparing the predictive economic indicators used by the management to measure the ECL in the previous year with the actual situation of the current year to consider whether there are indicators of management bias; • For key internal data which was generated by the system calculation, we selected samples and compared the input data used in the system with the original business files to evaluate the accuracy of the data input. In addition, based on the work of IRM Specialists, we selected samples and tested the logic of preparing overdue information of loans and advances to customers; • Selecting samples to assess the reasonableness of management judgment on whether the credit risk has increased significantly since initial recognition and whether credit impairment has occurred. We analyzed the loan portfolio and financial investments at amortized cost by industry sector to select samples in industries sensitive to the current business cycle and regulatory policies. We also focused on loans and financial investments at amortized cost with perceived higher risk and selected samples from borrowers with significant risk factors. On the basis of sample selection, we reviewed the business documents, checked the overdue information, inquired customer managers about the operation conditions of borrowers, checked the financial information of the borrower and searched for market information about the borrower's business and operation;
Measurement of ECL for loans and advances to customers, financial investment at amortized cost, financial guarantee contracts and loan commitments is subject to inherent uncertainty and involves management judgments, and has an important influence on operational conditions and capital positions of the Group. In view of these reasons, we identified the ECL measurement of loans and advances to customers, financial investments measured at amortized cost, financial guarantee contracts and loan commitments as a key audit matter.	• Performing credit reviews for the selected credit impaired loans and advances to customers and financial investment at amortized cost by evaluating loss ratio calculation model based on grouping, or assessing the forecast of recoverable cash flows through inquiry, applying professional judgment and performing independent research, including the timing and realisation method of collaterals and other sources of repayment asserted by the management. We also assessed the consistency of the application of key assumptions made by the management and compared the assumptions with our data sources; • Selecting samples and reviewing the calculation of ECL to assess the application of ECL model by the Group; • According to the relevant accounting standards, evaluate the reasonableness of the information disclosure of financial statements in terms of loans and advances to customers, financial investments measured at amortized cost, financial guarantee contracts and loan commitments.

Consolidation of structured entities

Refer to Notes II.4(1) and III.37 to the financial statements.

The Key Audit Matter	How the matter was addressed in our audit
Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Group may acquire or retain an ownership interest in, or act as a sponsor to, a structured entity, through issuing a wealth management product, an asset-backed security, a trust plan, an asset management plan or a securities investment fund. In determining whether the Group should retain any partial interests in a structured entity or should consolidate a structured entity, management is required to consider the risks and rewards retained, the power the Group is able to exercise over the activities of the entity and its ability to influence the Group's own returns from the entity. These factors are not purely quantitative and need to be considered collectively in the overall substance of the transactions. We identified the recognition of interests in and consolidation of structured entities as a key audit matter because of the complex nature of certain of these structured entities and because of the judgment exercised by management in the qualitative assessment of the terms and nature of each entity.	Our audit procedures to assess the recognition of interests in and consolidation of structured entities included the following: • Making enquiries of management and inspecting documents relating to the judgment process over whether a structured entity is consolidated or not to assess whether the Group has a robust process in this regard; • Selecting significant structured entities of each key product type and performing the following procedures for each structured entity selected: - Inspecting the related contracts, internal establishment documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management's judgment over whether the Group has the ability to exercise power over the structured entity; - Inspecting the risk and reward structure of the structured entity, including any capital or return guarantee, provision of liquidity support, commission paid and distribution of the returns, to assess management's judgment as to the exposure, or rights, to variable returns from the Group's involvement in such an entity; - Evaluating management's analysis of the structured entity, including qualitative analysis and the calculation of the magnitude and variability associated with the Group's economic interests in the structured entity, to assess management's judgment over the Group's ability to influence its own returns from the structured entity; - Assessing management's judgment over whether the structured entity should be consolidated or not; • Evaluating the disclosures relating to structured entities in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Valuation of Level 3 financial assets measured at fair value on a recurring basis

Refer to Note II.4.(8), Note II.4.(22), Note II.4.(31) of the accounting policy to the financial statements, and Note VIII.4.

The Key Audit Matter	How the matter was addressed in our audit
The Group classified certain financial instruments without active market quotations – including unlisted equities, unlisted investment funds, certain fund trusts and asset management plans, and asset-backed securities – as Level 3 financial assets measured at fair value on a recurring basis. This classification was made because the Group used significant unobservable inputs that materially affected the valuation of these financial instruments. The Group applied various valuation techniques to assess the fair value of Level 3 financial assets, primarily using income approach, market approach, and net asset value approach. These approaches involve unobservable inputs including cash flows of underlying assets, liquidity discounts, discount rates, and price-to-book ratios. Due to the material amount of the Level 3 financial assets measured at fair value on a recurring basis, the complexity of fair value measurement techniques, and the significant management judgment required when using unobservable inputs as key assumptions, we identified the Level 3 financial assets measured at fair value on a recurring basis as a key audit matter.	Our audit procedures relating to the evaluation of valuation of Level 3 financial assets measured at fair value on a recurring basis included the following: • Understanding and evaluating the design and operating effectiveness of key internal controls over financial reporting related to the application of valuation models and front-to-back reconciliations for these assets; • Selecting samples and using the work of our financial risk management experts gained an understanding of management's valuation models (including whether there were any changes during the year) and evaluated the appropriateness of the valuation methods under relevant accounting standards. These procedures specifically included comparing the Group's valuation models with industry-standard valuation methods we were aware of, independently testing significant inputs used in fair value calculations, assessing the appropriateness of valuation parameters applied, and building parallel valuation models to reperform the calculation; • Evaluating the reasonableness of the financial statement disclosures relating to these Level 3 financial assets measured at fair value on a recurring basis under relevant accounting standards, including disclosures about the fair value hierarchy.

Other Information

Management is responsible for the other information. The other information comprises the information included in the 2025 annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as 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, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, 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.

• Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with 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.

The engagement partner on the audit resulting in this independent auditor's report is Ying Chenbin.

KPMG Huazhen LLP

Beijing, China

27 March 2026

Consolidated and the Bank's Statement of Profit or Loss
For the year ended 31 December 2025

	Note	The Group		The Bank	
		2025	2024	2025	2024
Interest income		265,116	288,125	252,911	277,751
Interest expense		(144,633)	(173,408)	(138,773)	(167,227)
Net interest income	III.1	120,483	114,717	114,138	110,524
Fee and commission income		29,397	29,788	24,971	26,003
Fee and commission expense		(6,672)	(6,972)	(6,707)	(6,964)
Net fee and commission income	III.2	22,725	22,816	18,264	19,039
Net trading gains	III.3	14,370	20,912	17,446	24,403
Net gains arising from financial investments	III.4	10,558	7,451	9,701	7,507
Other net operating income		5,769	5,884	353	310
Operating expenses	III.5	(54,788)	(54,151)	(48,558)	(49,120)
Impairment losses	III.6	(65,901)	(69,480)	(63,280)	(67,795)
Net gains arising from associates and joint ventures		158	217	121	155
Profit before income tax		53,374	48,366	48,185	45,023
Income tax expense	III.7	(2,969)	(2,531)	(1,564)	(1,737)
Net profit		50,405	45,835	46,621	43,286
Net profit attributable to:					
Shareholders of the Bank		50,017	45,257	46,621	43,286
Non-controlling interests		388	578	-	-
Earnings per share attributable to the shareholders of the Bank:					
Basic earnings per share (expressed in RMB)	III.8	1.52	1.36		
Diluted earnings per share (expressed in RMB)	III.8	1.42	1.25		

The notes on pages 271 to 359 are an integral part of these financial statements.

Consolidated and the Bank's Statement of Comprehensive Income
For the year ended 31 December 2025

	Note	The Group		The Bank	
		2025	2024	2025	2024
Net profit		50,405	45,835	46,621	43,286
Other comprehensive income	III.34				
Items that may be reclassified to profit or loss					
Other comprehensive income recognized under equity method		-	2	-	2
Changes in fair value of debt investments at fair value through other comprehensive income recognized		(8,110)	10,795	(8,234)	10,510
Credit impairment allowance of debt investments at fair value through other comprehensive income		978	(954)	1,021	(897)
Cash flow hedge reserve		(241)	248	-	(17)
Exchange differences from the translations of foreign financial statements		(107)	74	61	(26)
Item that will not be reclassified to profit or loss					
Changes in fair value of equity instruments investments at fair value through other comprehensive income		383	878	359	880
Other comprehensive income, net of tax		(7,097)	11,043	(6,793)	10,452
Total comprehensive income		43,308	56,878	39,828	53,738
Total comprehensive income attributable to:					
Shareholder of the Bank		43,020	56,186	39,828	53,738
Non-controlling interests		288	692	-	-

The notes on pages 271 to 359 are an integral part of these financial statements.

Consolidated and the Bank's statement of Financial position as at 31 December 2025

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Assets					
Cash and deposits with central bank	III.9	422,767	411,539	418,792	405,297
Deposits and placements with banks and other financial institutions	III.10	595,463	533,482	586,669	511,445
Precious metals		82,382	23,062	82,382	23,062
Derivative financial assets	III.11	93,440	89,590	93,364	88,838
Financial assets purchased under resale agreements	III.12	56,119	63,879	56,119	63,879
Loans and advances to customers	III.13	5,572,502	5,269,160	5,461,896	5,146,724
Financial investments:	III.14				
-Financial investments at fair value through profit or loss		820,948	691,019	892,271	767,780
-Financial investments at amortized cost		1,250,256	1,326,638	1,020,042	1,120,026
-Financial investments at fair value through other comprehensive income		890,665	791,467	873,457	775,907
Investments in associates and joint ventures	III.15	8,274	1,807	7,771	1,464
Investments in subsidiaries		-	-	33,139	33,404
Fixed assets	III.16	67,749	56,235	17,558	17,246
Construction in progress		1,968	1,272	1,955	1,233
Right-of-use assets	III.17	5,535	6,350	5,194	5,858
Intangible assets	III.18	9,217	9,584	6,737	7,117
Goodwill	III.19	5,351	5,351	-	-
Deferred income tax assets	III.20	85,166	75,261	81,919	72,695
Other assets	III.21	113,944	106,184	107,342	98,832
Total assets		10,081,746	9,461,880	9,746,607	9,140,807

The notes on pages 271 to 359 are an integral part of these financial statements.

Consolidated and the Bank's statement of Financial position (continued) as at 31 December 2025

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Liabilities					
Borrowing from central bank		139,039	118,442	138,934	117,770
Deposits and placements from banks and other financial institutions	III.22	1,773,689	1,221,605	1,633,236	1,106,359
Financial liabilities at fair value through profit or loss	III.23	66,863	33,172	63,334	29,972
Derivative financial liabilities	III.11	81,292	78,575	80,836	78,434
Financial assets sold under repurchase agreements	III.24	305,914	505,962	206,559	406,346
Deposits from customers	III.25	5,653,358	5,229,282	5,610,763	5,175,643
Income tax payable		17,775	17,060	17,053	16,484
Debt securities issued	III.26	1,140,416	1,419,972	1,139,102	1,417,346
Deferred income tax liabilities	III.20	629	630	-	-
Lease liabilities	III.17	5,152	6,013	4,797	5,507
Provisions	III.27	8,100	7,810	8,097	7,805
Other liabilities	III.28	65,089	78,576	55,043	67,771
Total liabilities		9,257,316	8,717,099	8,957,754	8,429,437
Equity					
Share capital	III.29	33,306	29,352	33,306	29,352
Other equity instruments	III.30	79,919	82,701	79,919	82,701
Capital reserves	III.31	134,461	81,921	134,276	81,719
Surplus reserves	III.32	196,551	192,222	196,551	192,222
General risk reserve	III.33	115,675	106,696	111,024	102,500
Other reserves	III.34	6,039	13,036	5,551	12,345
Retained earnings	III.35	250,963	230,401	228,226	210,531
Equity attributable to the shareholders of the Bank		816,914	736,329	788,853	711,370
Non-controlling interests		7,516	8,452	-	-
Total equity		824,430	744,781	788,853	711,370
Total liabilities and equity		10,081,746	9,461,880	9,746,607	9,140,807

The notes on pages 271 to 359 are an integral part of these financial statements.

These financial statements were approved for issue by the Board of Directors of the Bank on 27 March 2026:

Chairman of the board of the directors:	President (in-charge of financial work):	Head of the finance and accounting department:
Weizhong Zhang	Wei Xie	Hui Zhang

Consolidated and the Bank's statement of Changes in Equity
For the year ended 31 December 2025

	Equity attributable to the shareholders of the Bank								Non-controlling interests	Total
	Ordinary Shares	Other equity instruments	Capital reserves	Surplus reserves	General risk reserve	Other reserves	Retained earnings	Subtotal		
Balance at 1 January 2025	29,352	82,701	81,921	192,222	106,696	13,036	230,401	736,329	8,452	744,781
Net profit	-	-	-	-	-	-	50,017	50,017	388	50,405
Other comprehensive income	-	-	-	-	-	(6,997)	-	(6,997)	(100)	(7,097)
Total comprehensive income	-	-	-	-	-	(6,997)	50,017	43,020	288	43,308
Appropriation to surplus reserves and general risk reserve	-	-	-	4,329	8,979	-	(13,308)	-	-	-
Cash dividends paid to ordinary shareholders	-	-	-	-	-	-	(12,410)	(12,410)	-	(12,410)
Cash dividends paid to preference shareholders	-	-	-	-	-	-	(1,362)	(1,362)	-	(1,362)
Interests payment of open-term capital bonds	-	-	-	-	-	-	(2,375)	(2,375)	-	(2,375)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	(231)	(231)
Convertible bonds converted into equity	3,954	(2,782)	52,606	-	-	-	-	53,778	-	53,778
Purchase of equities of subsidiaries and subsidiaries restructured to branches	-	-	(64)	-	-	-	-	(64)	(993)	(1,057)
Others	-	-	(2)	-	-	-	-	(2)	-	(2)
Balance at 31 December 2025	33,306	79,919	134,461	196,551	115,675	6,039	250,963	816,914	7,516	824,430

The notes on pages 271 to 359 are an integral part of these financial statements.

Consolidated and the Bank's statement of Changes in Equity (continued)
For the year ended 31 December 2024

	Equity attributable to the shareholders of the Bank								Non-controlling interests	Total
	Ordinary Shares	Other equity instruments	Capital reserves	Surplus reserves	General risk reserve	Other reserves	Retained earnings	Subtotal		
Balance at 1 January 2024	29,352	112,691	81,762	188,929	101,575	2,107	208,333	724,749	8,135	732,884
Net profit	-	-	-	-	-	-	45,257	45,257	578	45,835
Other comprehensive income	-	-	-	-	-	10,929	-	10,929	114	11,043
Total comprehensive income	-	-	-	-	-	10,929	45,257	56,186	692	56,878
Appropriation to surplus reserves and general risk reserve	-	-	-	3,293	5,121	-	(8,414)	-	-	-
Cash dividends paid to ordinary shareholders	-	-	-	-	-	-	(9,422)	(9,422)	-	(9,422)
Cash dividends paid to preference shareholders	-	-	-	-	-	-	(1,559)	(1,559)	-	(1,559)
Interests payment of open-term capital bonds	-	-	-	-	-	-	(3,794)	(3,794)	-	(3,794)
Capital increase to subsidiary	-	-	169	-	-	-	-	169	(169)	-
Dividends of subsidiaries	-	-	-	-	-	-	-	-	(206)	(206)
Redemption of open-term capital bonds	-	(29,990)	(10)	-	-	-	-	(30,000)	-	(30,000)
Balance at 31 December 2024	29,352	82,701	81,921	192,222	106,696	13,036	230,401	736,329	8,452	744,781

The notes on pages 271 to 359 are an integral part of these financial statements.

The Bank's statement of Changes in Equity
For the year ended 31 December 2025

	Share capital	Other equity instruments	Capital reserves	Surplus reserves	General risk reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2025	29,352	82,701	81,719	192,222	102,500	12,345	210,531	711,370
Net profit	-	-	-	-	-	-	46,621	46,621
Other comprehensive income	-	-	-	-	-	(6,793)	-	(6,793)
Total comprehensive income	-	-	-	-	-	(6,793)	46,621	39,828
Appropriation to surplus reserves and general risk reserve	-	-	-	4,329	8,300	-	(12,629)	-
Cash dividends paid to ordinary shareholders	-	-	-	-	-	-	(12,410)	(12,410)
Cash dividends paid to preference shareholders	-	-	-	-	-	-	(1,362)	(1,362)
Interests payment of open-term capital bonds	-	-	-	-	-	-	(2,375)	(2,375)
Convertible bonds converted into equity	3,954	(2,782)	52,606	-	-	-	-	53,778
Other reserves transferred to retained earnings	-	-	-	-	-	(1)	1	-
Subsidiaries restructured to branches	-	-	(47)	-	224	-	(151)	26
Others	-	-	(2)	-	-	-	-	(2)
Balance at 31 December 2025	33,306	79,919	134,276	196,551	111,024	5,551	228,226	788,853

The notes on pages 271 to 359 are an intergral part of these financial statements.

The Bank's statement of Changes in Equity (continued)
For the year ended 31 December 2024

	Share capital	Other equity instruments	Capital reserves	Surplus reserves	General risk reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2024	29,352	112,691	81,712	188,929	98,000	1,893	189,813	702,390
Net profit	-	-	-	-	-	-	43,286	43,286
Other comprehensive income	-	-	-	-	-	10,452	-	10,452
Total comprehensive income	-	-	-	-	-	10,452	43,286	53,738
Appropriation to surplus reserves and general risk reserve	-	-	-	3,293	4,500	-	(7,793)	-
Cash dividends paid to ordinary shareholders	-	-	-	-	-	-	(9,422)	(9,422)
Cash dividends paid to preference shareholders	-	-	-	-	-	-	(1,559)	(1,559)
Interests payment of open-term capital bonds	-	-	-	-	-	-	(3,794)	(3,794)
Redemption of open-term capital bonds	-	(29,990)	(10)	-	-	-	-	(30,000)
Others	-	-	17	-	-	-	-	17
Balance at 31 December 2024	29,352	82,701	81,719	192,222	102,500	12,345	210,531	711,370

The notes on pages 271 to 359 are an intergral part of these financial statements.

Consolidated and the Bank's Cash Flow Statements
For the year ended 31 December 2025

	The Group		The Bank	
	2025	2024	2025	2024
Cash flows from operating activities				
Profit before income tax	53,374	48,366	48,185	45,023
Adjustment for:				
Depreciation and amortization	8,655	8,287	6,315	6,453
Interest expense on lease liability	177	210	166	198
Assets impairment losses	65,901	69,480	63,280	67,795
Interest expense from financing activities	27,858	32,959	27,780	32,759
Interest income from financial investments	(57,139)	(60,491)	(51,764)	(56,846)
Net profit or loss on disposal of fixed assets, intangible assets and other long-term assets	(81)	(20)	(29)	30
Net investment profit from associates and joint ventures	(158)	(217)	(121)	(155)
Unrealized net profit or loss on derivative financial instruments	(3,705)	(6,927)	(3,816)	(6,802)
Net profit or loss arising from financial investments	(10,558)	(7,451)	(9,701)	(7,507)
Net trading profit or loss	(7,363)	(15,143)	(10,240)	(18,538)
Foreign exchange gain or loss arising from investing and financing activities	-	(22)	(9)	(22)
Changes in operating assets:				
Statutory reserves with central bank	5,568	27,605	5,023	27,843
Deposits and placements with banks and other financial institutions	(16,101)	18,106	(39,663)	22,466
Financial assets held for trading	(82,200)	30,198	(94,075)	22,727
Financial assets purchased under resale agreements	521	316	521	316
Loans and advances to customers	(362,158)	(411,592)	(371,602)	(405,430)
Other operating assets	(40,148)	(33,160)	(43,089)	(30,489)
Changes in operating liabilities:				
Borrowing from central bank	21,255	(116,098)	21,822	(116,118)
Deposits and placements from banks and other financial institutions	533,993	(96,062)	508,926	(100,341)
Financial assets sold under repurchase agreements	(200,308)	(13,761)	(200,047)	(42,624)
Deposits from customers	436,476	161,329	447,087	140,890
Other operating liabilities	11,786	45,403	12,151	44,767
Cash generated from operating activities before income tax payment	385,645	(318,685)	317,100	(373,605)
Income tax paid	(9,809)	(14,969)	(7,934)	(13,575)
Net cash generated from / (used in) operating activities	375,836	(333,654)	309,166	(387,180)

The notes on pages 271 to 359 form an integral part of these financial statements.

Consolidated and the Bank's Cash Flow Statements (continued)
For the year ended 31 December 2024

	The Group		The Bank	
	2025	2024	2025	2024
Cash flows from investing activities				
Cash received from redemption of investment	2,475,659	2,001,177	2,469,920	1,900,627
Investment income received	69,919	87,157	65,487	83,110
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	1,156	1,717	106	32
Cash received from equity transactions of subsidiaries	-	5,145	443	-
Purchase of fixed assets, intangible assets and other long-term assets	(20,899)	(20,128)	(4,607)	(3,241)
Cash payment of investment	(2,564,955)	(2,158,620)	(2,515,253)	(2,023,483)
Net cash (used in) / generated from investing activities	(39,120)	(83,552)	16,096	(42,955)
Cash flows from financing activities				
Proceeds from issuance of bonds and interbank certificates of deposit	1,432,029	1,607,199	1,430,727	1,607,199
Cash payment of debt repayment	(1,656,636)	(1,219,376)	(1,654,083)	(1,214,349)
Cash paid for dividends, profit and interest of bond issued	(45,376)	(57,414)	(45,040)	(57,066)
Payment for other financing activities	(4,111)	(2,930)	(2,929)	(2,919)
Net cash (used in) / generated from financing activities	(274,094)	327,479	(271,325)	332,865
Effect of exchange rate changes on cash and cash equivalents	(2,795)	1,224	(2,573)	1,164
Net increase / (decrease) in cash and cash equivalents	59,827	(88,503)	51,364	(96,106)
Cash and cash equivalents at the beginning of the year	273,624	362,127	258,837	354,943
Cash and cash equivalents at the end of the year	333,451	273,624	310,201	258,837
Cash flows from operating activities include:				
Interest received	221,907	238,033	213,213	232,223
Interest paid	(133,569)	(132,990)	(124,207)	(127,248)
Composition of cash and cash equivalents:	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Cash	4,933	5,724	4,854	5,606
Surplus reserves with central bank	125,323	107,378	123,502	103,873
Deposits and placements with banks and other financial institutions with original maturities no more than three months	147,913	98,015	126,563	86,851
Financial assets purchased under resale agreements with original maturities no more than three months	55,282	62,507	55,282	62,507
Total	333,451	273,624	310,201	258,837

The notes on pages 271 to 359 form an integral part of these financial statements.

Notes to the financial statements

I General Information

Shanghai Pudong Development Bank Co., Ltd. (the "Bank") is a joint-stock commercial bank incorporated in Shanghai, the People's Republic of China ("the PRC") on 28 August 1992 in accordance with the approval from the People's Bank of China ("the PBOC" or "Central Bank") (Yin Fu [1992] No.350). The Address of the head office is 12 First East Zhongshan Road, Shanghai. The Bank obtained its business licence from Shanghai Municipal Administration of Industry and Commerce on 19 October 1992 and commenced its business on 9 January 1993. On 10 November 1999, the Bank's share capital denominated in RMB was listed and traded on the Shanghai Stock Exchange.

The unified social credit code of the Bank is 9131000013221158XC, and the financial service certificate No. of the Bank is B0015H131000001.

The Bank and its subsidiaries (collectively referred to as "the Group") are mainly engaged in financial businesses. The scope of business mainly includes commercial banking services, financial leasing businesses, trust services, wealth management business approved by the PBOC and the National Financial Regulatory Administration (the "NFRA"), investment banking and fund management business defined by relevant licenses issued by Securities & Futures Commission of Hong Kong. The Bank's principal regulator is the NFRA. The Bank's overseas branches and subsidiaries are subject to the supervision by local regulators.

The major subsidiaries are consolidated in the Bank's financial statements are disclosure in Note III.38(1).

II Basis of preparation and accounting policies

1 Basis of preparation

The accounting year of the Group is from 1 January to 31 December.

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"), on the basis of going concern. The financial statements have been prepared under the historical cost convention, except for derivative financial instruments, financial assets and financial liabilities measured at fair value through profit or loss ("FVTPL") , financial assets measured at fair value through other comprehensive income ("FVOCI") and precious metals and commodities held for trading purposes.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Judgments made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note II.4(31).

2 Changes in significant accounting policies

The Group has adopted the following amendments to the IFRS issued by the IASB in the current year.

• *Lack of Exchangeability - Amendments to IAS 21*

The above amended IFRS Accounting Standards that are effective in 2025 has been initially adopted in the financial report. The initial adoption of the above amendments did not have any material impact on the financial position and financial performance of the Group.

3 Impact of issued but not yet effective International Financial Reporting Standards

The Group has not adopted the following issued but not yet effective standards and amendments in the financial statements.

• *Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7* [(1)]
• *Contracts Referencing Nature-dependent Electricity - - Amendments to IFRS 9 and IFRS 7* [(1)]
• *Annual Improvements to IFRS Accounting Standards - Volume 11* [(1)]
• *Presentation and Disclosure in Financial Statements - IFRS 18* [(2)]
• *Subsidiaries without Public Accountability: Disclosures - IFRS 19* [(2)]
• *Translation to a Hyperinflationary Presentation Currency - Amendments to IAS 21* [(2)]
• *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28* [(3)]

(1)Effective for accounting periods beginning on or after 1 January 2026.
(2)Effective for accounting periods beginning on or after 1 January 2027.
(3)Effective date indefinitely deferred.

The adoption of the above amendments will not have a material impact on the Group's consolidated financial statements.

4 Summary of significant accounting policies

The Group determines the materiality of the financial statement disclosures, both in terms of nature and amount. In determining the materiality of the nature, the Group considers whether the matter is part of the Group's daily activities and whether it significantly affects the Group's financial position, financial performance, cash flows and other factors. In determining the materiality of the amount, the Group considers the proportion of the amount to the amount of the relevant items (such as total assets, total liabilities, total owners' equity, operating income, operating costs, net profit, total comprehensive income), or to the amount of a separate item in the financial statements to which it belongs.

(1)Subsidiaries

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g., those resulting from a lending relationship) become substantive and lead to the Group having power over an entity.

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

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and any unrealized profit or loss arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

In the Bank's statement of financial position, its investments in subsidiaries are stated at cost less impairment losses (see Note II. 4(20)).

(2)Non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to a parent.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the shareholders of the Bank, and net profit attributable to non-controlling interests and shareholders of the Bank is presented separately in the consolidated statement of profit or loss.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

(3)Associates and joint ventures

An associate is an entity in which the Group has significant influence.

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

The Group's investments in associates or joint ventures are accounted for under the equity method of accounting. Under the equity method, an investment in an associate or joint venture is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate or joint venture, less any impairment losses. The consolidated statement of profit or loss reflects the share of the results of operations of the associate or joint venture. Where there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Under the equity method, unrealized profits and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures.

In the Bank's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see Note II.4(20)).

(4) Functional currency

The functional currency of the Group's domestic institutions is Renminbi and these financial statements are presented in Renminbi. Items included in the financial statements of each of the Group's overseas institutions are measured using the currency of the primary economic environment in which the entity operates. Their financial statements have been translated based on the accounting policy set out in Note II.4(5).

(5)Foreign currency translation

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate on the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates or rates that approximate the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate on the reporting date. For monetary items denominated in foreign currency and classified as financial assets measured at fair value and whose changes are included in other comprehensive income, the foreign currency translation difference is decomposed into the translation difference caused by the change of amortized cost and the translation difference caused by the change of other book amounts of these items. The translation difference arising from the change of amortized cost is included in the current profit and loss, and the translation difference arising from the change of other carrying amounts is included in other comprehensive income. The resulting exchange differences are generally recognized in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition, construction or production of qualifying assets.

Non-monetary items that are measured at historical cost in a foreign currency are still translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value is determined. The resulting exchange differences are recognized in profit or loss, except for the differences arising from the re-translation of equity investments at fair value through other comprehensive income, which are recognized in other comprehensive income.

As at the end of the reporting period, the assets and liabilities of foreign operations are translated into the presentation currency of the Bank at the exchange rates ruling at the end of the reporting period. All items within equity except for retained profits and the translation differences in other comprehensive income are translated at the exchange rates ruling at the dates of the initial transactions. Income and expenses in the statement of profit or loss are translated at the spot exchange rates or rates that approximate the spot exchange rates at the transaction dates. The exchange differences arising from the above translation are taken to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

(6)Criteria for determining cash and cash equivalents

Cash and cash equivalents refer to cash on hand, deposits that can be readily withdrawn on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(7)Precious metals

Precious metals comprise gold, silver and other precious metals. 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 realisable 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 the statement of profit or loss.

(8)Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

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

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.

At initial recognition, if the fair value of a financial asset or financial liability is determined in another manner, the difference between the fair value and the transaction price shall be deferred.

(ii)Classification and subsequent measurement of financial assets

(a)Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing

financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

-It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
-Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

-It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
-Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(b)Subsequent measurement of financial assets

-Financial assets measured at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses (including any interest or dividend income) are recognized in profit or loss unless the financial assets are part of a hedging relationship.

-Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. A gain or loss on a financial asset that is measured at amortized cost and is not part of a hedging relationship shall be recognized in profit or loss when the financial asset is derecognized, reclassified, amortized under the effective interest method or when an impairment gain or loss is recognised.

-Debt investments measured at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

-Equity investments measured at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(iii)Classification and subsequent measurement of financial liabilities

-Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as a financial liability designated at fair value through profit or loss (including

derivative financial liability).

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss, unless:

-The financial liability is part of a hedging relationship;
-The financial liability is a financial liability designated at fair value through profit or loss, and changes in fair value arising from changes in the Group's credit risks are included in other comprehensive income.

-Other financial liabilities

Other financial liabilities are measured at amortized cost using the effective interest method, except for financial liabilities, financial guarantee contracts and loan commitments arising from transfers of financial assets that do not qualify for the derecognition conditions or continue to be involved in the transferred financial assets.

(iv)Offsetting

Financial assets and financial liabilities are generally presented separately in the statement of financial position, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the statement of financial position when both of the following conditions are satisfied:

-The Group currently has a legally enforceable right to set off the recognized amounts;
-The Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

(v)Derecognition of financial assets and financial liabilities

Financial asset is derecognized when one of the following conditions is met:

-The Group's contractual rights to the cash flows from the financial asset expire;
-The financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
-The financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

The financial assets have been transferred. If the Group neither transfers nor retains almost all the risks and rewards of the ownership of the financial assets, and retains the control over the financial assets, the relevant financial assets shall be recognized according to the degree of continuous involvement in the transferred financial assets, and the corresponding liabilities shall be recognized.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized in profit or loss:

-the carrying amount of the financial asset transferred measured at the date of derecognition;
-the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment measured at FVOCI, any cumulative gain or loss that has been recognized directly in other comprehensive income for the part derecognized.

The Group derecognizes a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(vi)Impairment

The Group recognizes loss allowances for expected credit loss ("ECL") on:

-Financial assets measured at amortized cost;
-Contract assets;
-Debt instruments measured at FVOCI;
-Loan commitments and financial guarantee contracts that are not measured at FVTPL; and
-Lease receivables.

Financial assets measured at fair value, including debt investments or equity instruments investments measured at FVTPL, equity instruments investments designated as at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses for financial instruments with a risk of default. Credit losses are measured as the present value of all cash shortfalls which is the difference between the cash flows due to the entity discounted at the original effective interest rate in accordance with the contract and the cash flows that the Group expects to receive.

The Group's method of measuring ECL of financial instruments reflects the following elements: (i) unbiased weighted average probability determined by the results of evaluating a range of possible outcomes; (ii) time value of money; (iii) reasonable and evidence-based information about past events, current conditions, and future economic forecasts that are available at no additional cost or effort at the end of the reporting period.

The maximum period considered when estimating ECL is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECL is the ECL that results from all possible default events over the expected life of a financial instrument.

12-month ECL is the portion of the lifetime ECL that results from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Refer to Note VIII.1(3) for more detailed explanations of measuring ECL.

Presentation of allowance for ECL

ECL is remeasured at the end of each reporting period to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for financial instruments measured at amortized cost with a corresponding adjustment to their carrying amount through a loss allowance account; for debt investments that are measured at FVOCI, the loss allowance is recognized in other comprehensive income, without deducting the carrying amount of the financial asset. For loan commitments and financial guarantee contracts that are not measured at fair value and whose changes are included in current profits and losses, the Group recognizes loss reserves in estimated liabilities (Refer to Note III.27).

Write-off

The book value of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(vii)Modification of financial asset contracts

In some cases (such as restructured loans), the Group may renegotiate or otherwise modify the financial assets contracts. The Group would assess or renegotiate whether or not the new contractual terms are substantially different to the original maturities.

If the terms are substantially different, the Group derecognizes the original financial asset and recognizes a new financial asset under the revised terms.

If the modified contract terms do not change substantially, but lead to changes in the contract cash flow, the Group shall recalculate the book balance of the financial assets and record the relevant gains or losses into the current profits and losses. The recalculated book balance of the financial asset shall be determined according to the present value of the modified or renegotiated contract cash flow discounted at the original effective interest rate of the financial asset (or the purchased or originated financial asset with credit impairment shall be discounted at the effective interest rate adjusted by credit). For all costs or expenses incurred in modifying or renegotiating the contract, the Group adjusts the book value of the modified financial asset and amortizes it within the remaining period of the modified financial asset. When assessing whether the credit risk of relevant financial instruments has increased significantly, the Group compares the risk of default on the reporting date based on the changed contract terms with the risk of default on the initial recognition based on the original contract terms.

(viii)Equity instrument

The Bank recorded equity instruments it issued at their actual issue prices in shareholders' equity and deducted the related transaction costs from shareholders' equity (capital reserves). Where capital reserves were insufficient to absorb these costs, the Bank offset them against surplus reserves and retained earnings in that order. Transaction consideration and costs paid by the Bank for repurchasing self-issued equity instruments are deducted from shareholders' equity.

(9)Financial guarantee contracts and loan commitments

Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the initial or modified terms of a debt instrument.

The financial guarantee contract shall be initially recognized at fair value on the date of providing the guarantee. After initial recognition, the relevant income of the financial guarantee contract shall be amortized and included in the current profit and loss in accordance with the accounting policies described in Note II.4(25). Financial guarantee liabilities are subsequently measured according to the higher of the amount of loss reserves determined according to the impairment principle of financial instruments (Refer to Note II.4(8)) and the balance of its initially recognized amount after deducting the accumulated amortization of the income related to the financial guarantee contract.

Loan commitments

Loan commitment refers to the definite commitment to provide credit according to the pre-defined terms and conditions.

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

The Group's expected credit losses of financial guarantee contracts and loan commitments are presented as "provisions".

(10)Derivatives and hedge accounting

Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments with positive fair value are recognized as an asset, and those with negative fair value are recognized as a liability.

If the main contract included in the hybrid contract is an asset within the scope of financial instrument standards, the embedded derivative will no longer be separated from the main contract of financial assets, but the relevant provisions on the classification of financial assets will be applied to the hybrid financial instruments as a whole. If the main contract included in the hybrid contract is not an asset within the scope of the financial instrument standard, when some embedded derivative financial instruments are not closely related to the economic characteristics and risks of their main contract, the separate instrument with the same terms as the embedded derivative meets the definition of derivative financial instrument, and the hybrid instrument is not measured at fair value and its changes are included in the current profit and loss, then the embedded derivative financial instrument shall be separated from the hybrid contract and treated as an independent derivative financial instrument. These embedded derivative financial instruments are measured at fair value, and the changes in fair value are included in the current profit and loss.

If the profits and losses derived from the changes in the fair value of derivative financial instruments do not meet the requirements of hedge accounting, they shall be directly included in the current profits and losses.

Hedge accounting

Hedge accounting is a method that recognizes in profit or loss (or other comprehensive income) the gain or loss on the hedging instrument and the hedged item in the same accounting period(s) to represent the effect of risk management.

Hedged items are items that expose the Group to risks of changes in fair value or cash flows and that are designated as being hedged and can be reliably measured. The Group's hedged items include fixed-rate borrowings that expose the Group to the risk of changes in fair value, floating rate borrowings that expose the Group to the risk of variability in cash flows, and a firm commitment that is settled with a fixed amount of foreign currency and that exposes the Group to foreign currency risk.

A hedging instrument is a designated financial instrument whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item. For a hedge of foreign currency risk, the foreign currency risk component of a non-derivative financial asset or non-derivative financial liability may also be designated as a hedging instrument provided that it is not an investment in an equity instrument for which an entity has elected to present changes in the fair value in other comprehensive income.

The Group assesses at the inception of a hedging relationship, and on an ongoing basis, whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship is regarded as having met the hedge effectiveness requirements if all of the following conditions are satisfied:

-There is an economic relationship between the hedged item and the hedging instrument;
-The effect of credit risk does not dominate the value changes that result from the economic relationship;
-The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

When a hedging relationship no longer meets the hedge effectiveness requirements due to the hedge ratio, but the risk management objective of the designated hedging relationship remains unchanged, the Group rebalances the hedging relationship. Rebalancing refers to the adjustments made to the designated quantities of the hedged item or the hedging instrument of an already existing hedging relationship for the purpose of maintaining a hedge ratio that complies with the hedge effectiveness requirements.

The Group discontinues applying hedge accounting in any of the following circumstances:

-The hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting;
-The hedging instrument expires or is sold, terminated or exercised;
-There is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from that economic relationship;
-The hedging relationship no longer meets other criteria for applying hedge accounting.

(i)Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income as a cash flow hedge reserve. The amount of the cash flow hedge reserve is adjusted to the lower of the following (in absolute amounts):

-the cumulative gain or loss on the hedging instrument from inception of the hedge;

-the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The change in the amount of the cash flow hedge reserve is recognized in other comprehensive income in each period.

The portion of the gain or loss on the hedging instrument that is determined to be ineffectiveness is recognized in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group removes that amount from the cash flow hedge reserve recognized in other comprehensive income and includes it in the initial carrying amount of the asset or liability.

For cash flow hedges other than those covered above, that amount is reclassified from the cash flow hedge reserve recognized in other comprehensive income to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

When the Group discontinues hedge accounting for a cash flow hedge, the amount of the accumulated cash flow hedge reserve recognized in other comprehensive income is accounted for as follows:

-If the hedged future cash flows are still expected to occur, that amount will remain in the cash flow hedge reserve, and be accounted for in accordance with the above policy;

-If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified from the cash flow hedge reserve recognized in other comprehensive income to profit or loss as a reclassification adjustment.

(ii)Fair value hedges

A fair value hedge is a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, or a portion of such an asset, liability or firm commitment.

The gain or loss from remeasuring the hedging instrument is recognized in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the recognized hedged item not measured at fair value and is recognized in profit or loss.

Any adjustment to the carrying amount of a hedged item is amortized to profit or loss if the hedged item is a financial instrument (or a component thereof) measured at amortized cost. The amortization is based on a recalculated effective interest rate at the date that amortization begins.

(iii) Hedges of a net investment in a foreign operation

A hedge of a net investment in a foreign operation is a hedge of the exposure to foreign exchange risk associated with a net investment in a foreign operation. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income. When disposing of a foreign operation, in whole or in part, the aforesaid gain or loss on the hedging instrument will be transferred from equity to profit or loss as a reclassification adjustment. The portion of the gain or loss on the hedging instrument that is determined to be ineffective is recognized in profit or loss.

(11)Convertible instruments

Convertible instruments containing an equity component

Convertible instruments issued by the Group that can be converted to equity shares, where the number of shares to be issued and the value of consideration to be received at that time do not vary, are accounted for as compound financial instruments containing both

liability and equity components.

The initial carrying amount of a compound financial instrument is allocated to its equity and liability components. The amount recognized in the equity is the difference between the fair value of the instrument as a whole and the separately determined fair value of the liability component (including the fair value of any embedded derivatives other than the equity component). Transaction costs that relate to the issuance of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest method, unless it is designated upon recognition at fair value through profit or loss. The equity component is not re-measured.

If the convertible instrument is converted, the liability component, together with the equity component, is transferred to equity. If the convertible instrument is redeemed, the consideration paid for the redemption, together with the transaction costs that relate to the redemption, is allocated to the liability and equity components. The method used to allocate the consideration and transaction costs is the same as that used for issuance. After allocating the consideration and transaction costs, the difference between the allocated and carrying amounts is charged to profit and loss if it relates to the liability component or is directly recognized in equity if it relates to the equity component.

Other convertible instruments not containing an equity component

For other convertible instruments issued by the Group which do not contain an equity component, at initial recognition, the derivative component is measured at fair value, and any excess of proceeds over the derivative component is recognized as the liability component.

The derivative component is subsequently measured at fair value, and gains or losses from the changes in the fair value are recognized in profit or loss. The liability component is subsequently carried at amortized cost using the effective interest method.

On conversion, the carrying amounts of the derivative and liability components are transferred to equity. If the instrument is redeemed, any difference between the redemption amount paid and the carrying amounts of both components is recognized in profit or loss.

(12)Preference shares and perpetual bonds

At initial recognition, the Group classifies the preference shares, perpetual bonds issued or their components as financial assets, financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial assets, financial liabilities and equity instruments.

Preference shares and perpetual bonds issued that should be classified as equity instruments are recognized in equity based on the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the preference shares and perpetual bonds are redeemed according to the contractual terms, the redemption price is charged to equity.

(13)Financial assets purchased under resale agreements and financial assets sold under repurchase agreements

The financial assets purchased under resale agreements refer to the funds raised by the Group to buy financial assets first and then resell them at a fixed price according to the resale agreement. The financial assets sold under repurchase agreements refer to the funds incorporated into the Group's financial assets sold first according to the repurchase agreement and then repurchased at a fixed price.

The financial assets purchased under resale agreements and financial assets sold under repurchase agreements shall be recorded according to the actual payment or receipt at the time of business and reflected in the statement of financial position. The purchased target assets purchased for resale are not recognized and recorded off statement of financial position; The underlying assets sold and repurchased are still reflected in the statement of financial position.

The bid-ask price difference of buy for resale and sell for repurchase business is amortized by the effective interest method during the relevant transaction period and recognized as interest income and interest expense respectively.

(14)Fixed assets

Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in supply of services, for rental or for administrative purposes with useful lives over one accounting year.

The initial cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The initial cost of self-constructed assets is measured in accordance with the policy set out in Note II.4(15).

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating the use of different depreciation rates or methods, each part is recognized as a separate fixed asset.

Any subsequent costs including the cost of replacing a component of fixed assets are recognized as the cost of the fixed assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognized. The costs of the day-to-day maintenance of fixed assets are recognized in profit or loss as incurred.

Fixed assets are stated in the statement of financial position at cost less accumulated depreciation and impairment losses.

Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held-for-sale. The estimated useful lives, estimated residual value rates and depreciation rates of each class of fixed assets are as follows:

Class	Estimate useful life	Estimated residual value rate	Depreciation rate
Plant and buildings	30 years	5%	3.17%
Motor vehicles	5 - 10 years	0 - 5%	9.50 - 20.00%
Electronic computers and other equipment	3 - 5 years	0 - 5%	19.00 - 33.33%
Leased out fixed assets	8 - 25 years	0 - 10%	3.60 - 12.50%

Useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end by the Group.

For the impairment of the fixed assets, refer to Note II.4(20).

Disposal of fixed assets

The carrying amount of a fixed asset is derecognized:

-when the fixed asset is held for disposal;

-when no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognized in profit or loss on the date of retirement or disposal.

(15)Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labor, capitalised borrowing costs, and any other costs directly attributable to bringing the asset to working condition for its intended use. A self-constructed asset is classified as construction in progress and transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress. Construction in progress is stated in the statement of financial position at cost less accumulated impairment losses (see Note II.4(20)).

(16)Intangible assets

Intangible assets are stated in the statement of financial position at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see Note II.4(20)). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortized using the straight-line method over its estimated useful life, unless the intangible asset is classified as held-for-sale.

-Land use right is amortized since the month of acquisition using the straight-line method within its statutory useful life. The useful life of the land use right is 27 to 70 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognized as fixed assets.

-Software is amortized since the month of acquisition using the straight-line method over its beneficial life. The useful life of the software is 1 to 10 years.

-Where data resources met the recognition criteria of intangible assets, the Group commenced amortization from the month of acquisition or the month when the assets became available for use. The amortization method reflected the expected pattern of consumption of the future economic benefits. In determining the useful lives, the Group gave particular consideration to the factors such as business models, limitation of rights, update frequency and timeliness, iterations of relevant products or technologies, and similar competing products of the same kind of data resources, etc.

-Brand and franchise rights are intangible assets with no expected useful lives, which are not subject to amortization.

The Group at least reviews the useful life and amortization method of a finite useful life intangible assets at the end of each year.

An intangible asset is regarded as having an indefinite useful life and is not amortized when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. The Group reassesses the useful lives of intangible assets with indefinite useful lives in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, the Group estimates its useful life and accounts for it in accordance with the same policy as intangible assets with finite useful lives described above.

(17)Long-term deferred expenses

Expenditures incurred with a beneficial period of over one year are recognized as long-term deferred expenses. Long-term deferred expenses are stated in the statement of financial position at cost less accumulated amortization and impairment losses.

(18)Repossessed assets

Repossessed assets refer to the physical assets or property rights of the Group that are compensated to the debtor, guarantor or a third party by exercising the creditor's rights or security interests according to law.

For the transferred financial asset of repossessed assets, the Group initially measures them at their fair value, and classifies and subsequently measures them in accordance with the accounting policies described in Note II.4(8).

For the transferred non-financial asset of repossessed assets, the Group makes initial measurement according to the fair value of the abandoned creditor's rights and other costs such as taxes directly attributable to the assets, and makes subsequent measurement according to the lower of the cost and the net realizable value of the debt paying assets. Refer to Note II.4(20) for the impairment test method and the impairment provision method.

(19)Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving entities under common control. The Group's goodwill is not amortized and is stated in the statement of financial position at cost less accumulated impairment losses (see Note II.4(20)). On disposal of an asset group or a set of asset groups, goodwill shall be transferred out and included in the calculation of the profit or loss on disposal.

(20)Impairment of assets other than financial assets

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

- fixed assets
- construction in progress
- right-of-use assets
- intangible assets
- long-term equity investments
- goodwill
- long-term deferred expenses
- non-financial-asset-linked repossessed assets, etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least annually and the recoverable amounts of goodwill and intangible assets with indefinite useful lives at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset (or asset group, set of asset groups; the same below) is the higher of its fair value (see Note II.4(22)) less costs to sell and its present value of expected future cash flows.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

When the estimation of the recoverable amount indicates that the recoverable amount of an asset is less than its carrying amount, the carrying amount shall be reduced to the recoverable amount, and the amount of the reduction shall be recognized as an impairment loss in profit pr loss. A provision for impairment of the asset is recognized accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation

would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognized, it is not reversed in a subsequent period.

(21)Provisions and contingent liabilities

Contingent liabilities refer to the potential obligations formed by past transactions or events, and their existence must be confirmed by the occurrence or non-occurrence of future uncertain events; Or the current obligation formed by past transactions or events, the performance of the obligation is not likely to lead to the outflow of economic benefits from the Group or the amount affected by the obligation cannot be measured reliably. The Group does not recognize these obligations and only discloses contingent liabilities in Note V, contingencies and commitments to the financial statements.

A provision is recognized for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

-Where the contingency involves a single item, the best estimate is the most likely outcome.
-Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision on the reporting date and adjusts the carrying amount to the current best estimate.

(22)Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions on the sale or use of the asset) that market participants would consider when pricing the asset or liability on the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

(23)Dividend distribution

Dividends are recognized as a liability and deducted from equity when they are approved by the Bank's shareholders in general meetings and declared. Interim dividends are deducted from equity when they are approved and declared, and are no longer at the discretion of the Bank. Dividend for the year that is approved after the end of the reporting period is disclosed as an event after the reporting period.

(24)Fiduciary activities

The Group acts as the manager, trustee or agent of customers in the entrusted business. The statement of financial position of the Group does not include the assets held by the Group due to entrusted business and the commitment to return such assets to customers. The risks and benefits of such assets are borne by customers.

The Group signed an entrusted loan agreement with the customer, and the customer provided funds to the Group (hereinafter referred to as "entrusted loan funds"), and the Group issued loans to third parties (hereinafter referred to as "entrusted loans") according to the customers instructions. As the Group does not bear the risks and rewards of entrusted loans and related entrusted loan funds, entrusted loans and entrusted loan funds are recorded as off-balance sheet items according to their principal, and no impairment provision is made for these entrusted loans.

(25)Revenue recognition

Interest income

For all financial instruments measured at amortized cost and interest-generating financial instruments classified as financial assets measured at FVOCI, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, where appropriate, to the book value of the financial asset, or

the amortized cost of financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not expected credit losses.

The Group determines the interest income is calculated by applying the effective interest rate to the book value of financial assets and reports it as interest income, except for:

(i)For purchased or originated credit-impaired financial assets, whose interest income is calculated, since initial recognition, by applying the credit adjusted effective interest rate to their amortized cost;

(ii)Financial assets that are not purchased or originated credit-impaired but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortized cost (i.e., net of the expected credit loss provision). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their book value.

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income is recognized when its performance obligation in contracts is satisfied. The income is recognized at the time point or period when the customer obtains the control right of relevant services.

The Group recognizes income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met; otherwise, the Group recognizes the income at a certain point in time:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The customer controls the service provided by the Group in the course of performance;
- The Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

Dividend income

Dividend income from equity instruments is recognized in the current profit and loss when the Group's right to receive dividends is established.

Net trading income

Net trading income includes gains and losses arising from holding financial assets and liabilities measured at fair value through profit or loss, holding derivative financial instruments, trading precious metals and bulk commodities, etc.

(26)Expenses

Interest expenses

Interest expenses on financial liabilities are calculated based on the amortized cost of financial liabilities and the timing of capital occupation using the effective interest method, and are recognized in the corresponding period.

Other expenses

Other expenses are recognized on an accrual basis.

(27)Employee benefits

Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

Post-employment benefits

Pursuant to the relevant laws and regulations of the PRC, the Group participated in a defined contribution basic pension insurance in the social insurance system established and managed by government organizations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognized as a liability and charged to part of the cost of the assets or profit or loss as the related services are rendered by the employees.

In addition, employees also participate in a defined contribution retirement benefit plan established by the Group (the "Annuity Plan").

The Group and its employees are required to contribute a certain percentage of the employees' basic salaries in the previous year to the Annuity Plan. The contribution is charged to profit or loss when it is incurred. The Group pays a fixed contribution into the Annuity Plan and has no obligation to pay further contributions if the Annuity Plan does not hold sufficient assets to pay all employee benefits.

The Group pays supplementary retirement benefits for certain retired employees, which are the defined benefit plans. The Group recognizes its liabilities based on the actuarial results, and the related actuarial gains and losses are recognized in other comprehensive income and shall not be reversed to profit or loss in subsequent accounting periods.

Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognized with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Other long-term employee benefits

According to the actual payment of employees salaries or services during the accounting period, when employees provide services, the amount accrued or paid by employees shall be recognized as a liability, and included in the current profit and loss or cost of related assets.

(28)Income tax

Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the end of the reporting period, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognized for temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination, affects neither accounting profit nor taxable profit (or deductible loss) and does not give rise to equal taxable and deductible temporary differences. Deferred tax is also not recognized for taxable temporary differences arising from the initial recognition of goodwill.

At the end of the reporting period, the Group measured the carrying amount of deferred tax assets and liabilities based on the expected recovery or settlement method of the deferred tax assets and liabilities, in accordance with the tax laws and regulations that have been promulgated, at the applicable tax rate during the expected period of recovery of the assets or settlement of the liabilities.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised. When it is virtually probable that sufficient taxable income will be available, the reduced amount can be reversed accordingly.

At the end of the reporting period, deferred tax assets and liabilities are shown in net offset amounts at the end of the reporting period when both of the following conditions are met:

-That taxpayer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities;
-Deferred tax assets and liabilities are related to the income tax levied by the same tax administration department on the same taxpayer or to different taxpayer, but within the period of the reversal of each deferred tax asset and liability of importance in the future, the involved taxpayer intends to settle the current income tax assets and liabilities on a net basis or acquire assets and pay off liabilities at the same time.

(29)Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

-The contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified when the assets are available for use by the customer in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
-The lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
-The lessee has the right to direct the use of the asset.

For a contract that contains more separate lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components.

1)As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note II.4(20).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

-There is a change in the amounts expected to be payable under a residual value guarantee;
-There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
-There is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or the exercise of the extension or termination option is inconsistent with the original assessment.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Group will recognize the remaining amount into the profit and loss of current period.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases (leases with a term of 12 months or less) and leases of low-value assets (a lease of a single leased asset with relatively low value when the single leased asset is a new asset). The Group recognizes the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

2)As a lessor

The Group determines at lease inception whether each lease is a financial leasing or an operating lease. A lease is classified as a financial leasing if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a financial leasing.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies a practical expedient described above, then it classifies the sub-lease as an operating lease.

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

The Group recognizes interest income over the lease term, based on a pattern reflecting a constant periodic rate of return. The derecognition and impairment of the financial leasing receivable are recognized in accordance with the accounting policy in Note II.4(8). Variable lease payments not included in the measurement of net investment in the lease are recognized in profit or loss as they are earned.

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

(30)Related parties

A party is considered to be related to the Group if:

(a)the party is a person or a close member of that person's family and that person:

(i)has control or joint control over the Group;
(ii)has significant influence over the Group; or
(iii)is a member of the key management personnel of the Group or of a parent of the Group;

(b)the party is an entity where any of the following conditions applies:

(i)the entity and the Group are members of the same group;
(ii)one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
(iii)the entity and the Group are joint ventures of the same third party;
(iv)one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v)the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
(vi)the entity is controlled or jointly controlled by a person identified in (a);
(vii)a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
(viii)The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

(31)Significant accounting estimates and judgments

In preparing the financial statements, the management of the Group is required to apply estimates and assumptions which affect the application of accounting policies and the amounts of assets, liabilities, revenues and expenses. The reality may differ from these estimates. The Group's management continuously evaluates the judgment of the key assumptions and uncertainties involved in the estimates, and the impact of changes in accounting estimates is recognized in the current and future periods of the changes.

In the process of implementing the Group's accounting policies, the management will make judgments and assumptions on the impact of future uncertainties on the financial statements. On the reporting date, the management makes the following judgments and main assumptions on major future uncertainties, which may lead to significant adjustments to the book value of assets and liabilities in the next accounting period.

Measurement of ECL

For loans and debt instrument investments measured at amortized cost and at fair value with changes included in other comprehensive income, as well as loan commitments and financial guarantee contracts, complex models and a large number of assumptions are used in the measurement of expected credit losses. These models and assumptions relate to future macroeconomic conditions and customer credit behavior (for example, the possibility of customer default and corresponding losses). Note VIII.1 specifies the parameters, assumptions and estimation techniques used in the measurement of expected credit loss.

Goodwill impairment

The Group tests whether goodwill is impaired at least annually, and an impairment test is also required when there are signs that goodwill may be impaired. During the impairment test, it is necessary to allocate goodwill to the corresponding asset group or set of asset groups, and assess the recoverable amount generated by the asset group or set of asset groups. Information on impairment tests on the Group's goodwill is set out in Note III.19.

Income tax

The Group needs to make judgments on the future tax treatment of certain transactions to confirm income tax. In accordance with relevant tax laws and regulations, the Group carefully judges the income tax impact corresponding to the transaction and accrues income tax accordingly. Deferred income tax assets can only be recognized when it is possible to have future taxable profits and can be used to offset relevant temporary differences. In this regard, it is necessary to make a significant judgment on the tax treatment of some transactions and make a significant estimation on whether there are enough future taxable profits to offset the possibility of deferred income tax assets.

Fair value of financial instruments

For financial instruments that lack an active market, the Group uses valuation methods to determine their fair value. The valuation method includes referring to the transaction price determined during a fair transaction between economic entities with complete information and willingness to buy and sell in the market, referring to the fair value of another similar financial instrument in the market, or estimating by using discounted cash flow analysis and option pricing model. The valuation method makes maximum use of observable market information. However, when observable market information is unavailable, the management will estimate the significant unobservable information included in the valuation method.

Judgment on whether the structured entities have control

The Group manages or invests in multiple fund investments, equity investments, fund trusts as well as asset management plans, asset-backed securities, financial products and other investments. When judging whether to control such structured entities, the Group determines whether it exercises its decision-making power as the main responsible person or agent, and evaluates its overall economic benefits to such structured entities (including the income generated by direct holding and expected management fees) and the scope of decision-making power to such structured entities. When the other party has the decision-making power, it is also necessary to determine whether the other party exercises the decision-making power as its agent.

For fund investments, equity investments, fund trusts as well as asset management plans, asset-backed securities, financial products and other investments in which the Group has interests or is the initiator but is not included in the scope of the consolidated financial statements, see Note III.37.

III NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS

1 Net interest income

	The Group		The Bank	
	2025	2024	2025	2024
Interest income				
Loans and advances to customers				
-Corporate loans	107,846	110,307	102,221	104,674
-Retail loans	75,621	87,913	75,111	87,234
-Discounted bills	2,766	5,117	2,766	5,117
Financial investments				
-at amortized cost	35,799	41,264	30,866	38,010
-at fair value through other comprehensive income	21,340	19,227	20,898	18,836
Deposits and placements with banks and other financial institutions	15,507	17,167	14,862	16,785
Deposits with central bank	4,827	4,964	4,788	4,932
Financial assets purchased under resale agreements	1,410	2,166	1,399	2,163
Subtotal	265,116	288,125	252,911	277,751
Interest expense				
Deposits from customers	(85,452)	(96,452)	(84,549)	(95,602)
Debt securities issued	(27,858)	(32,959)	(27,780)	(32,759)
Deposits and placements from banks and other financial institutions	(21,926)	(32,322)	(18,661)	(28,418)
Financial assets sold under repurchase agreements	(7,427)	(6,627)	(5,819)	(5,414)
Borrowing from central bank	(1,970)	(5,048)	(1,964)	(5,034)
Subtotal	(144,633)	(173,408)	(138,773)	(167,227)
Net interest income	120,483	114,717	114,138	110,524

2 Net fee and commission income

	The Group		The Bank	
	2025	2024	2025	2024
Fee and commission income				
Fees from bank cards	9,957	11,462	9,957	11,462
Custodian and other fiduciary activities commissions	7,348	6,038	3,155	2,430
Agency commissions	4,681	4,026	4,605	3,983
Fees from investment banking activities	3,196	3,836	3,115	3,779
Credit commitment fees	2,241	2,307	2,241	2,307
Settlement and clearing fees	724	880	721	878
Others	1,250	1,239	1,177	1,164
Subtotal	29,397	29,788	24,971	26,003
Fee and commission expense	(6,672)	(6,972)	(6,707)	(6,964)
Net fee and commission income	22,725	22,816	18,264	19,039

3 Net trading gains and losses

	The Group		The Bank	
	2025	2024	2025	2024
Financial investments measured at FVTPL	14,962	19,590	17,981	23,132
Exchange gains and losses	250	988	309	1,065
Hedged bonds	(952)	18	(952)	18
Others	110	316	108	188
Total	14,370	20,912	17,446	24,403

4 Net gains and losses arising from financial investments

	The Group		The Bank	
	2025	2024	2025	2024
Financial investments measured at amortized cost	5,471	3,902	4,660	3,897
Financial investments measured at FVOCI	5,009	3,488	4,845	3,392
Dividend income	78	61	196	218
Total	10,558	7,451	9,701	7,507

5 Operating expenses

	The Group		The Bank	
	2025	2024	2025	2024
Staff costs				
- Employee benifits	25,045	25,193	22,993	23,272
- Post-employment benifits	2,901	3,037	2,694	2,849
Subtotal	27,946	28,230	25,687	26,121
Depreciation and amortization	6,637	6,652	6,315	6,453
Taxes and surcharges	2,051	1,972	1,886	1,825
Others	18,154	17,297	14,670	14,721
Total	54,788	54,151	48,558	49,120

6 Impairment losses

	The Group		The Bank	
	2025	2024	2025	2024
Loans and advances to customers	57,329	55,555	55,122	54,416
Financial investments measured at:				
-Amortized cost	5,196	11,652	4,941	11,283
-FVOCI	1,543	470	1,523	448
Others	1,833	1,803	1,694	1,648
Total	65,901	69,480	63,280	67,795

7 Income tax expense

	The Group		The Bank	
	2025	2024	2025	2024
Current income tax expense	10,524	10,219	8,503	8,681
Deferred income tax expense	(7,555)	(7,688)	(6,939)	(6,944)
Total	2,969	2,531	1,564	1,737

Reconciliation between the Group and the Bank's total income tax expenses and the product of accounting profit multiplied by the applicable tax rates:

	The Group		The Bank	
	2025	2024	2025	2024
Profit before income tax	53,374	48,366	48,185	45,023
Tax calculated at statutory tax rate of the PRC	13,344	12,092	12,046	11,256
Tax effect from other various tax rates adopted by subsidiaries	(7)	56	-	-
Tax effect of non-deductible expenses	588	565	573	497
Tax effect of non-taxable income	(9,485)	(9,796)	(9,429)	(9,685)
Other income tax adjustments	(1,471)	(386)	(1,626)	(331)
Income tax expense	2,969	2,531	1,564	1,737

8 Earnings per share

(1) Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing net profit for the year attributable to the holders of the Bank's share capital by the weighted average number of share capital outstanding during the year. The conversion feature of preference shares is considered to fall within the category of contingently issuable share capital. As at 31 December 2025, the triggering events of share conversion did not occur. Therefore, the conversion feature of preference shares has no effect on the calculation of basic and diluted earnings per share in the current period.

The Group	2025	2024
Net profit for the year attributable to shareholders of the Bank	50,017	45,257
Less: Net profit for the year attributable to preference shareholders of the Bank	(1,362)	(1,559)
Payment of interests of open-term capital bonds	(2,375)	(3,794)
Net profit for the year attributable to the shareholders of the Bank	46,280	39,904
Weighted average number of outstanding share capital (million)	30,422	29,352
Basic EPS (RMB)	1.52	1.36

(2) Diluted earnings per share

The diluted earnings per share is calculated on the assumption that the RMB50 billion convertible corporate bonds publicly issued by the Bank in 2019 deemed to have all been converted to ordinary shares upon issuance and by dividing, after adjustments for the interest expenses of the convertible corporate bonds for the year the net profit of the year attributable to ordinary shareholders of the Bank by the adjusted weighted average number of ordinary shares outstanding during the year.

The Group	2025	2024
Net profit for the current year attributable to shareholders of the Bank	46,280	39,904
Add: Interest expenses of convertible corporate bonds in the current year (after tax)	1,089	1,530
Net profit for calculating diluted earnings per share this year	47,369	41,434
Weighted average number of outstanding ordinary shares issued by the Bank (million)	30,422	29,352
Add: Assume that convertible corporate bonds are entirely converted to weighted average number of ordinary shares (million)	2,894	3,776
Weighted average number of outstanding ordinary shares of the year for calculating diluted earnings per share (million)	33,316	33,128
Diluted earnings per share (RMB)	1.42	1.25

9 Cash and deposits with central bank

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Cash		4,933	5,724	4,854	5,606
Statutory reserves with central bank	(1)	290,918	296,486	288,844	293,867
Surplus reserves with central bank	(2)	125,323	107,378	123,502	103,873
Fiscal deposits with central bank		1,439	1,799	1,439	1,799
Accrued interest		154	152	153	152
Total		422,767	411,539	418,792	405,297

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

(2)The surplus reserves refer to money deposited by the Group with the PBOC and overseas central banks for the purpose of funds liquidation.

10 Deposits and placements with banks and other financial institutions

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Deposits with domestic banks	91,485	72,192	61,899	47,061
Deposits with overseas banks	36,062	40,375	36,012	41,215
Deposits with domestic non-bank financial institutions	2,049	650	1,395	359
Placements with domestic banks	37,133	31,023	34,624	29,514
Placements with overseas banks	118,397	49,160	118,397	49,160
Placements with domestic non-bank financial institutions	305,433	334,974	329,698	339,133
Placements with overseas non-bank financial institutions	1,715	474	1,715	474
Accrued interest	3,575	4,961	3,185	4,703
Less: Impairment allowance	(386)	(327)	(256)	(174)
Total	595,463	533,482	586,669	511,445

As at 31 December 2025 and 31 December 2024, the Group's due from and placements with banks and other financial institutions included refundable deposits and risk reserves, and were restricted in usage.

11 Derivative financial instruments

The Group	31 December 2025		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	7,202,875	22,050	(21,934)
Exchange rate derivatives	3,035,482	14,219	(13,213)
Precious metal and other derivatives	775,850	57,171	(46,145)
Total		93,440	(81,292)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	10,774	44	(126)
- Currency swap contracts	12,171	71	(267)
Cash flow hedges			
- Interest rate swap contracts	512	3	-
- Currency swap contracts	49,707	150	(294)
Total		268	(687)

	31 December 2024		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	5,891,771	37,371	(36,810)
Exchange rate derivatives	3,091,321	30,901	(27,347)
Precious metal and other derivatives	534,488	21,318	(14,418)
Total		89,590	(78,575)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	14,653	55	(133)
- Currency swap contracts	15,150	28	(195)
Cash flow hedges			
- Interest rate swap contracts	452	12	-
- Currency swap contracts	64,829	974	(153)
Total		1,069	(481)

The Bank	31 December 2025		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	7,196,556	22,047	(21,929)
Exchange rate derivatives	3,007,290	14,146	(12,762)
Precious metal and other derivatives	775,850	57,171	(46,145)
Total		93,364	(80,836)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	10,774	44	(126)
Cash flow hedges			
- Currency swap contracts	33,369	144	(105)
Total		188	(231)

	31 December 2024		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	5,889,179	37,357	(36,803)
Exchange rate derivatives	3,057,730	30,163	(27,213)
Precious metal and other derivatives	534,488	21,318	(14,418)
Total		88,838	(78,434)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	14,653	55	(133)
Cash flow hedges			
- Currency swap contracts	44,691	318	(153)
Total		373	(286)

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognized on the statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. With fluctuations in foreign exchange rates, market interest rates, precious metal prices, and other market prices related to the terms of derivative financial product contracts, the valuation of derivative financial products may have favorable (recognized as assets) or unfavorable (recognized as liabilities) effects on the Group, which may have significant fluctuations in different periods.

Fair value hedges

The Group uses the interest rate swap instruments and currency swap instruments to hedge a portion of its exposure to changes in fair value due to changes in interest rates or changes in foreign exchange rates respectively. Hedged items include other debt investments, debt securities issued and monetary items arising from internal transactions that cannot be fully offset. The management of the Group considers the hedging relationship is effective after the testing.

Cash flow hedges

The Group uses the interest rate swap instruments and currency swap instruments to hedge the cash flow fluctuations due to the interest rate risk and foreign currency risk respectively. Hedged items include loans and advances to customers, debt investments, other debt investments, deposits and placements with banks and other financial institutions, deposits and placements from banks and other financial institutions, financial assets sold under repurchase agreements, debt securities issued, deposits from customers. The management of the Group considers the hedging relationship is effective after the testing.

12 Financial assets purchased under resale agreements

The Group and the Bank	31 December 2025	31 December 2024
Bonds	27,893	51,495
Interbank certificates of deposit	16,917	-
Bills	11,338	12,399
Accrued interest	43	17
Less: Impairment allowance	(72)	(32)
Total	56,119	63,879

13 Loans and advances to customers

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Loans and advances to customers measured at:				
- amortized cost (a)	5,502,383	5,056,985	5,385,616	4,929,774
- FVOCI (b)	195,063	331,012	195,063	331,012
- FVTPL (c)	6,527	3,533	4,926	1,405
Subtotal	5,703,973	5,391,530	5,585,605	5,262,191
Accrued interest	14,253	15,528	13,541	14,752
Less: impairment allowances				
- Principal of loans and advances to customers measured at amortized cost	(144,280)	(136,602)	(135,874)	(128,923)
- Accrued interest of loans and advances to customers measured at amortized cost	(1,444)	(1,296)	(1,376)	(1,296)
Subtotal	(145,724)	(137,898)	(137,250)	(130,219)
Net loans and advances to customers	5,572,502	5,269,160	5,461,896	5,146,724

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
(a)Loans and advances to customers measured at amortized cost				
Corporates loans				
Corporate loans and advances	3,573,964	3,167,423	3,465,314	3,054,011
Discounted bills	171	295	171	295
Retail loans				
Mortgage loans (1)	908,639	903,704	905,280	898,282
Business loans	408,434	416,147	406,394	412,341
Credit card and overdraft	389,327	370,223	389,327	370,223
Consumer loans and others	221,848	199,193	219,130	194,622
Subtotal	5,502,383	5,056,985	5,385,616	4,929,774
(b)Loans and advances to customers measured at FVOCI				
Corporates loans				
Corporate loans and advances	9,302	9,048	9,302	9,048
Discounted bills	185,761	321,964	185,761	321,964
Subtotal	195,063	331,012	195,063	331,012
(c)Loans and advances to customers measured at FVTPL				
Corporates loans				
Corporate loans and advances	5,234	2,683	3,633	555
Discounted bills	1,293	850	1,293	850
Subtotal	6,527	3,533	4,926	1,405
Total loans and advances to customers	5,703,973	5,391,530	5,585,605	5,262,191

(1)Retail mortgage loans include retail housing loans and retail commercial housing loans.

13.1 Loans and advances to customers analyzed by industry

The Group	31 December 2025		31 December 2024	
	Amount	Rate (%)	Amount	Rate (%)
Corporate loans				
Lease and commercial service	769,880	13.50	649,273	12.04
Manufacturing	740,956	12.99	684,214	12.70
Real estate	399,870	7.01	397,011	7.36
Wholesale and retail	264,904	4.64	210,354	3.90
Water conservancy, environment and public facilities management	234,813	4.12	215,743	4.00
Construction	218,007	3.82	190,723	3.54
Transportation, warehouse and postal services	207,267	3.63	201,696	3.74
Electricity, heat, gas, water production and supply	172,969	3.03	174,549	3.24
Financial services	170,662	2.99	146,268	2.71
Information transmission, software and IT services	142,243	2.49	89,029	1.65
Mining	99,821	1.75	88,356	1.64
Scientific research and technology services	63,898	1.12	46,694	0.87
Education	25,169	0.44	20,499	0.38
Agriculture, forestry, farming and fishery	22,341	0.39	16,701	0.31
Culture, sports and entertainment	20,186	0.35	21,293	0.39
Healthcare and social welfare	18,343	0.32	17,530	0.33
Hotels and catering services	10,188	0.18	6,344	0.12
Public management, social security, and social organizations	4,623	0.08	1,087	0.02
Residential services, repairs and other services	2,360	0.04	1,790	0.03
Subtotal	3,588,500	62.91	3,179,154	58.97
Discounted bills	187,225	3.28	323,109	5.99
Retail loans	1,928,248	33.81	1,889,267	35.04
Total	5,703,973	100.00	5,391,530	100.00

The Bank	31 December 2025		31 December 2024	
	Amount	Rate (%)	Amount	Rate (%)
Corporate loans				
Lease and commercial service	754,564	13.53	639,650	12.16
Manufacturing	710,194	12.71	654,479	12.44
Real estate	399,849	7.16	396,985	7.54
Wholesale and retail	263,167	4.71	207,248	3.94
Water conservancy, environment and public facilities management	233,854	4.19	214,263	4.07
Construction	215,866	3.86	186,310	3.54
Transportation, warehouse and postal services	176,576	3.16	165,595	3.15
Financial services	174,674	3.13	148,318	2.82
Electricity, heat, gas, water production and supply	161,672	2.89	160,377	3.05
Information transmission, software and IT services	130,766	2.34	81,765	1.55
Mining	96,105	1.72	82,827	1.57
Scientific research and technology services	61,007	1.09	43,232	0.82
Education	24,973	0.45	20,200	0.38
Agriculture, forestry, farming and fishery	20,361	0.36	15,311	0.29
Culture, sports and entertainment	19,539	0.35	20,954	0.40
Healthcare and social welfare	18,109	0.32	17,194	0.33
Hotels and catering services	10,054	0.18	6,154	0.12
Public management, social security, and social organizations	4,618	0.08	1,058	0.02
Residential services, repairs and other services	2,301	0.04	1,694	0.03
Subtotal	3,478,249	62.27	3,063,614	58.22
Discounted bills	187,225	3.35	323,109	6.14
Retail loans	1,920,131	34.38	1,875,468	35.64
Total	5,585,605	100.00	5,262,191	100.00

13.2 Loans and advances to customers analyzed by security type

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Unsecured loans	2,160,385	2,034,367	2,140,136	2,004,128
Guaranteed loans	1,423,762	1,238,069	1,359,301	1,176,498
Collateralized loans	1,865,477	1,857,201	1,855,239	1,842,574
Pledged loans	254,349	261,893	230,929	238,991
Total	5,703,973	5,391,530	5,585,605	5,262,191

13.3 Overdue loans

The Group	31 December 2025				
	Past due up to 90 days (inclusive)	Past due 90 days to 1 year (inclusive)	Past due 1 year to 3 years (inclusive)	Past due over 3years	Total
Unsecured loans	23,273	9,250	2,316	1,093	35,932
Guaranteed loans	4,608	5,412	6,102	1,283	17,405
Collateralized loans	19,756	17,285	9,921	3,902	50,864
Pledged loans	698	315	1,560	773	3,346
Total	48,335	32,262	19,899	7,051	107,547

	31 December 2024				
	Past due up to 90 days (inclusive)	Past due 90 days to 1 year (inclusive)	Past due 1 year to 3 years (inclusive)	Past due over 3years	Total
Unsecured loans	21,001	10,707	2,266	1,577	35,551
Guaranteed loans	4,204	4,802	7,839	686	17,531
Collateralized loans	21,342	16,352	9,340	4,306	51,340
Pledged loans	1,282	2,465	1,123	1,604	6,474
Total	47,829	34,326	20,568	8,173	110,896

The Bank	31 December 2025				
	Past due up to 90 days (inclusive)	Past due 90 days to 1 year (inclusive)	Past due 1 year to 3 years (inclusive)	Past due over 3years	Total
Unsecured loans	23,061	9,216	1,938	808	35,023
Guaranteed loans	4,488	5,033	6,057	1,210	16,788
Collateralized loans	19,639	17,160	9,583	3,893	50,275
Pledged loans	698	289	1,517	773	3,277
Total	47,886	31,698	19,095	6,684	105,363

	31 December 2024				
	Past due up to 90 days (inclusive)	Past due 90 days to 1 year (inclusive)	Past due 1 year to 3 years (inclusive)	Past due over 3years	Total
Unsecured loans	20,554	10,544	2,029	975	34,102
Guaranteed loans	3,777	4,738	7,730	586	16,831
Collateralized loans	21,244	16,231	8,929	4,301	50,705
Pledged loans	1,279	2,421	1,123	1,566	6,389
Total	46,854	33,934	19,811	7,428	108,027

The Group and the Bank classify the total loans with principal or interest past due over 1 day (inclusive) as overdue loans.

13.4 Movements of ECL allowance

(a)Movements of ECL allowance of loans and advances to customers at amortized cost

The Group	Note	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance at 1 January 2025		36,463	29,857	70,282	136,602
Transfers during the year:					
- to stage 1		4,652	(4,464)	(188)	-
- to stage 2		(2,480)	8,444	(5,964)	-
- to stage 3		(1,595)	(15,955)	17,550	-
Net increase during the year	(1)	1,387	25,905	29,982	57,274
Written-offs and disposals during the year		-	-	(60,330)	(60,330)
Recovery of original written off loans and advances		-	-	11,147	11,147
Others		(42)	(13)	(358)	(413)
Balance at 31 December 2025		38,385	43,774	62,121	144,280

	Note	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance at 1 January 2024		38,847	21,298	68,279	128,424
Transfers during the year:					
- to stage 1		4,163	(4,004)	(159)	-
- to stage 2		(3,517)	5,692	(2,175)	-
- to stage 3		(2,592)	(10,481)	13,073	-
Net (decrease) / increase during the year	(1)	(497)	17,334	38,887	55,724
Written-offs and disposals during the year		-	-	(59,464)	(59,464)
Recovery of original written off loans and advances		-	-	11,739	11,739
Others		59	18	102	179
Balance at 31 December 2024		36,463	29,857	70,282	136,602

The Bank	Note	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance at 1 January 2025		33,757	27,083	68,083	128,923
Transfers during the year:					
- to stage 1		4,380	(4,192)	(188)	-
- to stage 2		(2,231)	8,145	(5,914)	-
- to stage 3		(1,592)	(15,812)	17,404	-
Net increase during the year	(1)	1,655	24,161	29,251	55,067
Written-offs and disposals during the year		-	-	(59,042)	(59,042)
Recovery of original written off loans and advances		-	-	11,040	11,040
Others		84	33	(231)	(114)
Balance at 31 December 2025		36,053	39,418	60,403	135,874

	Note	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance at 1 January 2024		36,032	19,451	66,151	121,634
Transfers during the year:					
- to stage 1		3,968	(3,810)	(158)	-
- to stage 2		(3,349)	5,517	(2,168)	-
- to stage 3		(2,588)	(10,178)	12,766	-
Net (decrease) / increase during the year	(1)	(313)	16,102	38,796	54,585
Written-offs and disposals during the year		-	-	(58,704)	(58,704)
Recovery of original written off loans and advances		-	-	11,410	11,410
Others		7	1	(10)	(2)
Balance at 31 December 2024		33,757	27,083	68,083	128,923

(1) This item includes changes of Probability of Default ("PD"), Exposure At Default ("EAD"), Loss Given Default ("LGD") due to routine updates to model parameters, and the impact of stage changes on the measurement of ECL.

(2) Financial instruments whose credit risks haven't significantly increased since the initial recognition are classified into stage 1, then they will be transferred into stage 2 if their credit risks have significantly increased since the initial recognition with no objective evidence for impairment, and will be further transferred into stage 3 where there is objective impairment evidence on the reporting date. Refer to Note VIII. 1(3) for ECL measurement.

(b)Movements of ECL allowance of loans and advances to customers at fair value through other comprehensive income

The Group and the Bank	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance at 1 January 2025	145	1	-	146
Transfers during the year:				
- to stage 1	-	-	-	-
- to stage 2	-	-	-	-
- to stage 3	-	(1)	1	-
Net increase during the year	2	-	53	55
Balance at 31 December 2025	147	-	54	201

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance at 1 January 2024	311	4	-	315
Transfers during the year:				
- to stage 1	-	-	-	-
- to stage 2	-	-	-	-
- to stage 3	-	-	-	-
Net decrease during the year	(166)	(3)	-	(169)
Balance at 31 December 2024	145	1	-	146

14 Financial Investments

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Financial investments measured at FVTPL	(a)	820,948	691,019	892,271	767,780
Financial investments measured at amortized cost	(b)	1,250,256	1,326,638	1,020,042	1,120,026
Fnancial investments measured at FVOCI	(c)	890,665	791,467	873,457	775,907
Net financial investments		2,961,869	2,809,124	2,785,770	2,663,713

(a)Financial investments measured at FVTPL

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Fund investments		498,560	485,481	530,088	541,561
Government bonds		122,272	39,813	122,272	39,813
Beneficiary certificates of securities companies		49,749	11,913	49,749	11,913
Corporate bonds		18,840	7,084	18,449	6,411
Equity investment		16,713	17,268	12,991	12,122
Bonds issued by financial institutions		7,884	20,312	6,467	18,427
Assets backed securities ("ABS")		4,761	2,222	4,761	2,222
Bonds issued by policy banks		4,534	1,332	4,534	1,332
Interbank certificates of deposit		912	8,579	912	8,579
Other investments in structured entities	(1)	96,723	97,015	142,048	125,400
Total		820,948	691,019	892,271	767,780

(1) Other investments in structured entities mainly include the Group's investments in structured entities included in the scope of consolidation, the long-term employee benefits payable to Changjiang Pension Insurance Co., Ltd. for investment entrusted by the Group and other investment products not included in the scope of consolidation. The Group's investments in structured entities included in the scope of consolidation include fund products, trust and asset management plans controlled by the Group, mainly invested in assets such as various types of bonds, equity, equity funds and equity investments with third-party repurchase arrangements; as at 31 December 2025, the size of the underlying assets of the Group's above investments in the structured entities included in the scope of consolidation amounted to RMB83,757 million.

(b)Financial Investments measured at amortized cost

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Government bonds		530,084	537,943	530,084	537,747
Bonds issued by policy banks		177,980	278,855	177,769	278,514
ABS		122,356	106,449	122,234	106,327
Bonds issued by financial institutions		51,307	61,320	50,402	61,248
Corporate bonds		49,071	35,865	47,293	34,720
Beneficiary certificates of securities companies		29,020	-	29,020	-
Interbank certificates of deposit		3,028	13,134	1,744	12,738
Other investments in structured entities	(1)	290,346	296,198	71,055	97,199
Other investments		4,869	2,784	-	-
Subtotal		1,258,061	1,332,548	1,029,601	1,128,493
Accrued interest		16,077	18,683	12,991	15,635
Impairment allowance					
- Principal of financial investments		(23,602)	(24,253)	(22,280)	(23,773)
-Accrued interest of financial Investments		(280)	(340)	(270)	(329)
Subtotal of impairment allowance		(23,882)	(24,593)	(22,550)	(24,102)
Financial investments at amortized cost, net		1,250,256	1,326,638	1,020,042	1,120,026

(1)Other investments in structured entities mainly include fund products, fund trusts and asset management plans invested by the Group. As at 31 December 2025, the size of the underlying assets of the Group's investments in the structured entities included in the scope of consolidation amounted to RMB271,663 million, mainly invested in various types of bonds, loans and receivables, etc.

(i)Movement for ECL allowance of the financial investments measured at amortized cost:

The Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2025	492	717	23,044	24,253
Transfers during the year:				
- to stage 1	37	(37)	-	-
- to stage 2	(9)	1,487	(1,478)	-
- to stage 3	-	(157)	157	-
Net increase / (decrease) during the year	307	(213)	5,102	5,196
Write-off and disposals during the year	-	-	(6,094)	(6,094)
Recovery of original written off investments	-	-	120	120
Others	(1)	1	127	127
Balance at 31 December 2025	826	1,798	20,978	23,602

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2024	962	1,051	26,332	28,345
Transfers during the year:				
- to stage 1	12	(12)	-	-
- to stage 2	(125)	125	-	-
- to stage 3	-	(337)	337	-
Net (decrease) / increase during the year	(359)	(110)	12,121	11,652
Write-off and disposals during the year	-	-	(15,898)	(15,898)
Recovery of original written off investments	-	-	143	143
Others	2	-	9	11
Balance at 31 December 2024	492	717	23,044	24,253

The Bank	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2025	474	718	22,581	23,773
Transfers during the year:				
- to stage 1	37	(37)	-	-
- to stage 2	(8)	1,486	(1,478)	-
- to stage 3	-	(157)	157	-
Net increase / (decrease) during the year	292	(213)	4,862	4,941
Write-off and disposals during the year	-	-	(6,544)	(6,544)
Recovery of original written off investments	-	-	120	120
Others	-	-	(10)	(10)
Balance at 31 December 2025	795	1,797	19,688	22,280

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2024	940	1,046	26,250	28,236
Transfers during the year:				
- to stage 1	12	(12)	-	-
- to stage 2	(125)	125	-	-
- to stage 3	-	(331)	331	-
Net (decrease) / increase during the year	(355)	(110)	11,748	11,283
Write-off and disposals during the year	-	-	(15,898)	(15,898)
Recovery of original written off investments	-	-	143	143
Others	2	-	7	9
Balance at 31 December 2024	474	718	22,581	23,773

(c) Financial investments measured at FVOCI

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Government bonds		393,446	388,424	385,583	382,514
Corporate bonds		180,903	140,216	176,635	134,450
Bonds issued by financial institutions		136,715	110,231	133,521	107,816
Bonds issued by policy banks		97,362	84,996	96,349	84,149
ABS		46,694	19,660	46,474	19,373
Interbank certificates of deposit		16,071	31,421	15,972	31,421
Repossessed equity instruments	(1)	1,417	1,406	1,417	1,406
Other equity investment	(1)	10,047	7,623	9,584	7,372
Trust and asset management plans		-	16	-	-
Subtotal		882,655	783,993	865,535	768,501
Accrued interest		8,010	7,474	7,922	7,406
Total		890,665	791,467	873,457	775,907

(1)The Group and the Bank designated certain equity investments that are not held for trading as financial assets measured at fair value through other comprehensive income.
In 2025, the Group and the Bank recognized dividend income from investments in such equity instruments of RMB78 million (2024: RMB58 million). In 2025, the accumulated profit or loss resulting from derecognising such equity instrument investments transferred from other comprehensive income to retained earnings was not significant (in 2024, neither the Group nor the Bank recorded any reclassification of accumulated losses from the disposal of such equity instrument investments from other comprehensive income to retained earnings).

(i)Movements of ECL allowance of financial investments measured at FVOCI:

The Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2025	363	91	4,727	5,181
Transfers during the year:				
- to stage 1	4	(4)	-	-
- to stage 2	(2)	2	-	-
- to stage 3	-	(47)	47	-
Net increase / (decrease) during the year	369	(2)	1,176	1,543
Write-off and disposals during the year	-	-	(405)	(405)
Others	(9)	-	(27)	(36)
Balance at 31 December 2025	725	40	5,518	6,283

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2024	428	216	5,331	5,975
Transfers during the year:				
- to stage 1	-	-	-	-
- to stage 2	(5)	5	-	-
- to stage 3	-	(137)	137	-
Net (decrease) / incease during the year	(69)	6	533	470
Write-off and disposals during the year	-	-	(1,300)	(1,300)
Recovery of original written off investments	-	-	3	3
Others	9	1	23	33
Balance at 31 December 2024	363	91	4,727	5,181

The Bank	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2025	311	76	4,240	4,627
Transfer during the year:				
- to stage 1	4	(4)	-	-
- to stage 2	(2)	2	-	-
- to stage 3	-	(32)	32	-
Net increase / (decrease) during the year	375	(2)	1,150	1,523
Write-off and disposals during the year	-	-	(244)	(244)
Others	(6)	-	(12)	(18)
Balance at 31 December 2025	682	40	5,166	5,888

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2024	378	180	4,905	5,463
Transfer during the year:				
- to stage 1	-	-	-	-
- to stage 2	(5)	5	-	-
- to stage 3	-	(120)	120	-
Net (decrease) / increase during the year	(69)	11	506	448
Write-off and disposals during the year	-	-	(1,300)	(1,300)
Recovery of original written off investments	-	-	3	3
Others	7	-	6	13
Balance at 31 December 2024	311	76	4,240	4,627

15 Investments in associate and joint ventures

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Investments in joint ventures	III.38(2)	1,564	1,464	1,564	1,464
Investments in associates	III.38(2)	6,710	343	6,207	-
Total		8,274	1,807	7,771	1,464

The Group	1 January 2025	Increase in investments	Net income adjusted by equity method	OCI adjusted by equity method	Declared cash dividends	Other changes	31 December 2025
Shanghai Xingqi Hengtai Enterprise Management Partnership Enterprise (Limited Partnership) ("Xingqi Hengtai")	-	6,207	-	-	-	-	6,207
AXA SPDB Investment Managers Co., Ltd.	1,464	-	121	-	(21)	-	1,564
Shanghai Guozhi Technology Co., Ltd.	-	109	(1)	-	-	-	108
Shanghai Bund Jinke Economic Development Co., Ltd.	-	20	-	-	-	-	20
Others	343	-	38	-	(6)	-	375
Total	1,807	6,336	158	-	(27)	-	8,274

	1 January 2024	Decrease in investments	Net income adjusted by equity method	OCI adjusted by equity method	Declared cash dividends	Other changes	31 December 2024
AXA SPDB Investment Managers Co., Ltd.	1,386	-	130	(1)	(51)	-	1,464
SPD Silicon Valley Bank Co., Ltd.	1,072	-	25	3	-	(1,100)	-
Others	367	(1)	62	-	(85)	-	343
Total	2,825	(1)	217	2	(136)	(1,100)	1,807

The Group and the Bank conduct impairment tests on long-term equity investments, and the recoverable amount is determined based on the present value of the expected future cash flows of the relevant subsidiaries. The expected future cash flows are determined based on financial forecasts approved by the management of the corresponding subsidiaries. The average growth rate, discount rate, and other assumptions used to forecast cash flows all reflect the specific risks associated with them.

In December 2025, the Bank contributed RMB6.207 billion to Xingqi Hengtai, holding 58.33% of its partnership share as a limited partner. Xingqi Hengtai mainly engages in non-listed equity investments.

16 Fixed assets

The Group	Plant and buildings	Motor vehicles	Electronic computers and other equipment	Leased out fixed assets	Total
Cost					
1 January 2024	21,468	436	11,414	33,297	66,615
Purchases	80	29	820	14,405	15,334
Transferred in	824	-	32	-	856
Disposals	-	(27)	(1,205)	(2,245)	(3,477)
31 December 2024	22,372	438	11,061	45,457	79,328
Purchases	456	24	1,570	14,303	16,353
Transferred in	199	-	3	-	202
Disposals	(61)	(35)	(606)	(1,022)	(1,724)
31 December 2025	22,966	427	12,028	58,738	94,159
Accumulated depreciation					
1 January 2024	(6,174)	(356)	(8,107)	(6,632)	(21,269)
Additions	(707)	(24)	(1,222)	(1,635)	(3,588)
Disposals	-	26	1,143	613	1,782
31 December 2024	(6,881)	(354)	(8,186)	(7,654)	(23,075)
Additions	(739)	(24)	(1,185)	(2,018)	(3,966)
Disposals	35	33	581	152	801
31 December 2025	(7,585)	(345)	(8,790)	(9,520)	(26,240)
Impairment allowance					
1 January 2024	-	-	-	(38)	(38)
Transferred out	-	-	-	20	20
31 December 2024	-	-	-	(18)	(18)
Charge	-	-	-	(152)	(152)
31 December 2025	-	-	-	(170)	(170)
Carrying amount					
31 December 2025	15,381	82	3,238	49,048	67,749
31 December 2024	15,491	84	2,875	37,785	56,235

The Bank	Plant and buildings	Motor vehicles	Electronic computers and other equipment	Total
Cost				
1 January 2024	21,002	406	11,131	32,539
Purchases	80	25	790	895
Transferred in	-	-	12	12
Disposals	-	(24)	(1,190)	(1,214)
31 December 2024	21,082	407	10,743	32,232
Purchases	456	23	1,523	2,002
Transferred in	199	-	11	210
Disposals	(60)	(33)	(564)	(657)
31 December 2025	21,677	397	11,713	33,787
Accumulated depreciation				
1 January 2024	(6,025)	(332)	(7,896)	(14,253)
Additions	(675)	(21)	(1,189)	(1,885)
Disposals	-	22	1,130	1,152
31 December 2024	(6,700)	(331)	(7,955)	(14,986)
Additions	(683)	(22)	(1,145)	(1,850)
Disposals	35	31	541	607
31 December 2025	(7,348)	(322)	(8,559)	(16,229)
Carrying amount				
31 December 2025	14,329	75	3,154	17,558
31 December 2024	14,382	76	2,788	17,246

As at 31 December 2025, the plant and buildings with original cost of RMB1,044 million (2024: RMB3,448 million) and net book value of RMB899 million (2024: RMB3,196 million) were in use by the Group and the Bank while the property right registration were still in progress.

The Group regularly performs impairment testing on certain leased out fixed assets under operating leases. If the results of the impairment testing indicate that the recoverable amount of an asset is less than its carrying amount, a provision for impairment is made in accordance with the differences and recognized in impairment losses. The recoverable amount of an asset is the higher of its fair value less costs to sell and its present value of expected future cash flows. The management obtained the value of the assets at the end of the lease term from a professional evaluation authority, the costs of disposal include legal costs, related taxes and etc. In calculating the present value of the expected future cash flows from the assets, the management uses the rental amount agreed in the lease contract and the value of the assets at the end of the lease term as the basis for the estimate of future cash flows and selects an appropriate discount rate to determine the present value of the future cash flows, as well as estimating the future cash flows under different scenarios for certain lessees. Except for certain fixed assets leased out under operating leases as mentioned above, there were no significant indications of impairment of the Group's other fixed assets at the end of 2025 and 2024.

17 Lease

(1)Right-of-use assets

The Group	Plant & buildings	Equipment & others	Total
Cost			
1 January 2024	16,264	137	16,401
Additions	2,072	15	2,087
Decreases	(3,446)	(56)	(3,502)
31 December 2024	14,890	96	14,986
Additions	2,133	15	2,148
Decreases	(3,646)	(34)	(3,680)
31 December 2025	13,377	77	13,454
Accumulated amortization			
1 January 2024	(9,166)	(85)	(9,251)
Additions	(2,790)	(22)	(2,812)
Decreases	3,374	53	3,427
31 December 2024	(8,582)	(54)	(8,636)
Additions	(2,814)	(17)	(2,831)
Decreases	3,522	26	3,548
31 December 2025	(7,874)	(45)	(7,919)
Carrying amount			
31 December 2025	5,503	32	5,535
31 December 2024	6,308	42	6,350

The Bank	Plant & buildings	Equipment & others	Total
Cost			
1 January 2024	15,383	137	15,520
Additions	1,884	15	1,899
Decreases	(3,246)	(56)	(3,302)
31 December 2024	14,021	96	14,117
Additions	2,084	15	2,099
Decreases	(3,447)	(34)	(3,481)
31 December 2025	12,658	77	12,735
Accumulated amortization			
1 January 2024	(8,719)	(85)	(8,804)
Additions	(2,641)	(22)	(2,663)
Decreases	3,155	53	3,208
31 December 2024	(8,205)	(54)	(8,259)
Additions	(2,701)	(17)	(2,718)
Decreases	3,410	26	3,436
31 December 2025	(7,496)	(45)	(7,541)
Carrying amount			
31 December 2025	5,162	32	5,194
31 December 2024	5,816	42	5,858

(2)Lease liabilities

As at the date of financial statement, the analysis by remaining maturity date is as follows:

The Group	31 December 2025	31 December 2024
Within 3 months	607	669
3 months to 1 year	1,703	1,863
1 year to 5 years	3,025	3,704
More than 5 years	17	83
Total undiscounted lease liabilities	5,352	6,319
Book value of lease liabilities at year-end	5,152	6,013

The Bank	31 December 2025	31 December 2024
Within 3 months	582	628
3 months to 1 year	1,623	1,756
1 year to 5 years	2,762	3,339
More than 5 years	12	52
Total undiscounted lease liabilities	4,979	5,775
Book value of lease liabilities at year-end	4,797	5,507

(3)Short-term leases and leases of low-value assets

The Group's short-term leases and leases of low-value assets mainly represent plant and buildings and other equipment.

(4)Leases in which the Group is lessor

Items	2025	2024
Operating leasing income	4,819	3,710
Financial leasing income	4,695	4,822

The Group conducts the finance leasing business and operating leasing business in accordance with relevant regulatory requirements. The leased items involved mainly include leased equipment such as aircraft, vessels and clean energy, and the lessees are primarily corporate customers.

18 Intangible assets

The Group	Land use rights	Software and others	Brand and franchise right	Total
Cost				
1 January 2024	6,800	11,044	2,236	20,080
Additions	14	1,255	-	1,269
Disposals	-	(3)	-	(3)
31 December 2024	6,814	12,296	2,236	21,346
Additions	-	1,112	-	1,112
Disposals	-	(9)	-	(9)
31 December 2025	6,814	13,399	2,236	22,449
Accumulated amortization				
1 January 2024	(1,148)	(9,165)	-	(10,313)
Amortization	(176)	(1,274)	-	(1,450)
Disposals	-	1	-	1
31 December 2024	(1,324)	(10,438)	-	(11,762)
Amortization	(176)	(1,301)	-	(1,477)
Disposals	-	7	-	7
31 December 2025	(1,500)	(11,732)	-	(13,232)
Carrying amount				
31 December 2025	5,314	1,667	2,236	9,217
31 December 2024	5,490	1,858	2,236	9,584

In 2025, the Group performed an impairment testing for the brand and franchise rights (with indefinite useful lives) of Shanghai International Trust Co., Ltd. ("Shanghai International Trust"), and concluded that no provisions for impairment were required. In the impairment testing, the recoverable amount is determined by reference to its fair value less costs of disposal. The management selected comparable company cases and evaluated the fair value of such brands and franchise rights with a price to book value ratio method, and corrected the price to book value ratio according to specific risk factors.

The Bank	Land use rights	Software and others	Total
Cost			
1 January 2024	6,797	10,241	17,038
Additions	14	1,057	1,071
Disposals	-	-	-
31 December 2024	6,811	11,298	18,109
Additions	-	895	895
Disposals	-	(3)	(3)
31 December 2025	6,811	12,190	19,001
Accumulated amortization			
1 January 2024	(1,146)	(8,428)	(9,574)
Amortization	(176)	(1,242)	(1,418)
Disposals	-	-	-
31 December 2024	(1,322)	(9,670)	(10,992)
Amortization	(176)	(1,098)	(1,274)
Disposals	-	2	2
31 December 2025	(1,498)	(10,766)	(12,264)
Carrying amount			
31 December 2025	5,313	1,424	6,737
31 December 2024	5,489	1,628	7,117

19 Goodwill

	31 December 2025	31 December 2024
Goodwill		
-Shanghai International Trust	5,351	5,351
Less: impairment allowances	-	-
Total	5,351	5,351

The goodwill is recognized as a result of the Bank's issuance of ordinary shares to acquire 97.33% equity of Shanghai International Trust in March 2016.

The goodwill allocated to the cash generating unit (CGU) or CGUs on transcation date according to operating segments are summarized as follows:

	31 December 2025	31 December 2024
Shanghai International Trust	4,739	4,739
Subsidiaries of Shanghai International Trust	612	612
Total	5,351	5,351

(1)Asset groups or asset group combinations related to goodwill

It mainly represents the Shanghai International Trust asset group and the asset group of Shanghai International Trust's related subsidiaries. At the end of 2025, the cash flows of the above asset groups were basically independent of cash inflows generated by other assets or asset groups, and belonged to the trust operating segment, monetary brokerage segment and investment management segment respectively. The asset group to which the Group's goodwill was allocated remained unchanged during the year.

(2)Method used to determine the recoverable amount:

As at the reporting date, the recoverable amount of the Shanghai International Trust asset group was determined by reference to its fair value less costs of disposal.

Item	Carrying amount (RMB)	Recoverable amount (RMB)	Impairment amount	The method used to determine the fair value and the cost of disposal	Key parameters	Basis for determining the key parameters
Shanghai International Trust	30.8 billion	36.3 billion	-	Use the comparable company analysis method to determine fair value and consider related costs of disposal	Price-to-book ratio (P/B) (0.9 time to 2.6 times)	Determine based on the comparable company P/B multiples and adjust the P/B in accordance with specific risk factors

As at the reporting date, the recoverable amount of the asset group of Shanghai International Trust's related subsidiaries was determined by reference to the present value of expected future cash flows. Key parameters used to calculate the present value of future cash flows include revenue growth rate, earnings before interest, tax, depreciation and amortization (EBITDA) margin, gross margin, pre-tax discount rate, etc. The Group comprehensively determines the revenue growth rate, EBITDA margin and gross margin for the five-year forecast period based on historical experience and market development, and on the basis of the realized financial performance in the year prior to the forecast period, taking into account the expected limitations on the scope of the future operations as well as the level of the related expenses; the Group determines the revenue growth rate for the future stable period based on the level of long-term inflation rate for the PRC economy, and the EBITDA margin and gross margin for the stable period based on the forecast level for the last period of the forecast period; the pre-tax discount rate reflects the risks specific to the future cash flows of the underlying asset group. As at the reporting date, the recoverable amount of the asset group of Shanghai International Trust's related subsidiaries was higher than the carrying amount, no impairment was recognized.

20 Deferred income tax

20.1 The table below includes the deferred income tax assets and liabilities of the Group and the Bank after offsetting qualifying amounts:

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Deferred income tax assets	85,166	75,261	81,919	72,695
Deferred income tax liabilities	(629)	(630)	-	-

20.2 Deferred income tax assets and liabilities and related temporary differences, before offsetting qualifying amounts, are attributable to the following items:

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)
Impairment allowances for assets	347,323	86,831	312,228	78,058
Fair value changes of derivative financial liabilities	80,836	20,209	78,434	19,609
Fair value changes of financial assets measured at FVOCI	7,098	1,775	6,906	1,726
Employee benefits payable	4,320	1,080	4,996	1,249
Provisions	8,098	2,025	7,806	1,951
Fair value changes of financial instruments measured at FVTPL	15,611	3,903	6,860	1,715
Others	9,190	2,296	12,226	3,056
Subtotal	472,476	118,119	429,456	107,364
Offset amounts		(32,953)		(32,103)
Deferred income tax assets after offsetting		85,166		75,261

	31 December 2025		31 December 2024	
	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)
Fair value changes of derivative financial assets	(93,364)	(23,341)	(88,854)	(22,214)
Fair value changes of financial instruments measured at FVTPL	(25,717)	(6,429)	(15,859)	(3,964)
Fair value changes of financial assets measured at FVOCI	(7,630)	(1,908)	(17,843)	(4,471)
Differences between fair value and carrying amount of identifiable net assets arising from business combinations of entities not under common control	(2,403)	(601)	(2,464)	(616)
Others	(5,213)	(1,303)	(5,876)	(1,468)
Subtotal	(134,327)	(33,582)	(130,896)	(32,733)
Offset amounts		32,953		32,103
Deferred tax liabilities after offsetting		(629)		(630)

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)
Impairment allowances for assets	337,787	84,447	304,702	76,176
Fair value changes of derivative financial liabilities	80,836	20,209	78,434	19,609
Fair value changes of financial assets measured at FVOCI	6,651	1,663	6,386	1,596
Provisions	8,097	2,024	7,805	1,951
Employee benefits payable	2,802	701	3,368	842
Fair value changes of financial instruments measured at FVTPL	15,583	3,896	6,869	1,717
Others	7,112	1,777	11,505	2,877
Subtotal	458,868	114,717	419,069	104,768
Offset amounts		(32,798)		(32,073)
Deferred income tax assets after offsetting		81,919		72,695

	31 December 2025		31 December 2024	
	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)
Fair value changes of derivative financial assets	(93,364)	(23,341)	(88,838)	(22,210)
Fair value changes of financial instruments measured at FVTPL	(25,082)	(6,270)	(15,857)	(3,964)
Fair value changes of financial assets measured at FVOCI	(7,535)	(1,884)	(17,739)	(4,435)
Others	(5,210)	(1,303)	(5,858)	(1,464)
Subtotal	(131,191)	(32,798)	(128,292)	(32,073)
Offset amounts		32,798		32,073
Deferred tax liabilities after offsetting		-		-

20.3 The movement of the deferred income tax account is as follows:

	Note	The Group		The Bank	
		2025	2024	2025	2024
Balance at the beginning of the year		74,631	70,584	72,695	69,250
Charged to profit or loss	III.7	7,555	7,688	6,939	6,944
Charged to other comprehensive income	III.34	2,351	(3,641)	2,285	(3,499)
Balance at the end of the year		84,537	74,631	81,919	72,695

21 Other assets

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Refundable deposits	49,229	42,953	48,365	42,378
Suspense accounts	45,840	41,843	44,593	40,261
Other receivables	8,135	9,478	7,367	8,158
Interest receivable	3,704	3,940	3,517	3,940
Long-term deferred expenses	1,134	1,334	1,065	1,262
Prepayments	689	2,892	666	1,123
Repossessed assets	539	582	313	298
Payments to Trust Protection Fund	307	658	-	-
Others	4,367	2,504	1,456	1,412
Total	113,944	106,184	107,342	98,832

22 Deposits and placements from banks and other financial institutions

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Deposits from domestic banks	137,765	99,083	145,228	108,093
Deposits from overseas banks	1,239	1,659	1,239	1,659
Deposits from domestic non-bank financial institutions	1,243,247	752,408	1,244,902	754,990
Deposits from overseas non-bank financial institutions	28,294	14,680	29,256	15,602
Placements from domestic banks	319,530	278,883	180,686	161,988
Placements from overseas banks	31,858	67,811	21,038	57,674
Placements from domestic non-bank financial institutions	6,569	1,185	6,569	1,185
Accrued interest	5,187	5,896	4,318	5,168
Total	1,773,689	1,221,605	1,633,236	1,106,359

23 Financial liabilities measured at FVTPL

		The Group		The Bank	
	Note	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Financial liabilities associated with bonds		56,965	24,787	56,965	24,787
Financial liabilities related to precious metals		6,369	5,185	6,369	5,185
Interest of other unit holders in consolidated structured entities	(1)	3,529	3,200	-	-
Total		66,863	33,172	63,334	29,972

(1)The Group designated interests attributable to other unit holders in consolidated structured entities as financial liabilities measured at FVTPL.

(2)As at 31 December 2025 and 31 December 2024, no significant fair value changes have occurred due to changes in the Group's own credit risk.

24 Financial assets sold under repurchase agreements

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Bonds	296,342	352,006	196,987	252,390
Bills	7,921	153,761	7,921	153,761
Interbank certificates of deposit	1,196	-	1,196	-
Accrued interest	455	195	455	195
Total	305,914	505,962	206,559	406,346

25 Deposits from customers

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Current deposits				
-Corporate	1,623,986	1,620,275	1,612,447	1,606,476
-Retail	454,197	414,676	452,188	411,861
Time deposits				
-Corporate	2,212,093	1,943,073	2,197,927	1,928,882
-Retail	1,279,798	1,160,310	1,265,517	1,138,522
Other deposits	12,361	7,625	12,341	7,592
Subtotal	5,582,435	5,145,959	5,540,420	5,093,333
Accrued interest	70,923	83,323	70,343	82,310
Total	5,653,358	5,229,282	5,610,763	5,175,643

26 Debt securities issued

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Interbank certificates of deposit and certificates of deposit issued	(1)	830,796	1,010,322	830,995	1,010,322
Bonds issued					
2020 Tier II First Financial Bond	(2)	-	32,000	-	32,000
2020 Tier II Second Financial Bond	(3)	8,000	8,000	8,000	8,000
2020 Tier II Third Financial Bond	(4)	-	30,000	-	30,000
2020 Tier II Fourth Financial Bond	(5)	10,000	10,000	10,000	10,000
2022 First Financial Bond	(6)	-	25,000	-	25,000
2022 Second Financial Bond	(6)	-	5,000	-	5,000
2022 Third Financial Bond	(7)	-	30,000	-	30,000
2022 Fourth Financial Bond	(8)	-	30,000	-	30,000
2023 Green Financial Bond	(9)	30,000	30,000	30,000	30,000
2024 First Tier II Capital Bond (Variety I)	(10)	35,000	35,000	35,000	35,000
2024 First Tier II Capital Bond (Variety II)	(10)	5,000	5,000	5,000	5,000
2024 Second Tier II Capital Bond (Variety I)	(11)	34,000	34,000	34,000	34,000
2024 Second Tier II Capital Bond (Variety II)	(11)	6,000	6,000	6,000	6,000
2024 First Financial Bond	(12)	29,990	29,990	30,000	30,000
2024 Second Financial Bond	(13)	30,000	30,000	30,000	30,000
2025 First Financial Bond	(14)	25,000	-	25,000	-
2025 Second Financial Bond	(14)	5,000	-	5,000	-
2025 Sci-tech innovation bond (Series 1)	(15)	15,000	-	15,000	-
2025 Third Financial Bond	(16)	12,500	-	12,500	-
2025 Fourth Financial Bond	(16)	7,500	-	7,500	-
2025 SPDB Financial Leasing Green Financial Bond (Series 1)	(17)	20,000	-	20,000	-
2025 First Tier II Capital Bond (Variety I)	(18)	16,500	-	16,500	-
2025 First Tier II Capital Bond (Variety II)	(18)	3,500	-	3,500	-
Hong Kong medium-term note	(19)	6,944	3,600	6,944	3,600
Singapore medium-term note	(20)	2,097	2,190	2,097	2,190
London medium-term note	(21)	2,796	2,920	2,796	2,920
SPDB Convertible corporate bonds	(22)	-	49,998	-	49,998
2020 Tier II SPDB Financial Leasing Financial Bond	(23)	-	1,100	-	-
2022 First SPDB Financial Leasing Financial Bond	(24)	-	1,500	-	-
2025 First SPDB Financial Leasing Financial Bond (Bond Connect)	(25)	1,500	-	-	-
Subtotal		306,327	401,298	304,837	398,708
Add: Unamortized issue cost and others		(43)	2,346	(42)	2,348
Debt securities issued		306,284	403,644	304,795	401,056
Accrued interest		3,336	6,006	3,312	5,968
Total		1,140,416	1,419,972	1,139,102	1,417,346

(1)As at 31 December 2025, the Group and the Bank issued a total of 194 interbank certificates of deposit in the domestic interbank bond market which have not yet expired, with the longest term to maturity being 365 days and actual interest rates falling within a range from 1.53% to 2.02% (As at 31 December 2024, the Group and the Bank issued a total of 182 interbank certificates of deposit in the domestic interbank bond market which have not yet expired, with the longest term to maturity being 365 days and actual interest rates falling within a range from 1.60% to 2.47%).

The deposit certificates of the Group were all issued by overseas institutions of the Group. As at 31 December 2025, the number of deposit certificates publicly issued but not yet expired were 65 in total, with the longest term to maturity being 375 days and actual interest rates falling within a range from 1.68% to 4.52% (As at 31 December 2024, the number of deposit certificates issued but not yet expired were 122 in total, with the longest term to maturity being 387 days and actual interest rates falling within a range from 1.99% to 5.66%).

(2)The Bank issued Tier II capital instruments in the amount of RMB32 billion in the domestic interbank bond market on 30 July 2020 which have a term of 10 years through maturity, with a fixed annual coupon rate of 3.87%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its fifth anniversary under certain conditions. As at 31 December 2025, the Bank had exercised the afore-mentioned redemption option.

(3)The Bank issued Tier II capital instruments in the amount of RMB8 billion in the domestic interbank bond market on 30 July 2020 which have a term of 15 years through maturity, with a fixed annual coupon rate of 4.18%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its tenth anniversary under certain conditions.

(4)The Bank issued Tier II capital instruments in the amount of RMB30 billion in the domestic interbank bond market on 15 September 2020 which have a term of 10 years through maturity, with a fixed annual coupon rate of 4.27%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its fifth anniversary under certain conditions. As at 31 December 2025, the Bank had exercised the afore-mentioned redemption option.

(5)The Bank issued Tier II capital instruments in the amount of RMB10 billion in the domestic interbank bond market on 15 September 2020 which have a term of 15 years through maturity, with a fixed annual coupon rate of 4.52%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its tenth anniversary under certain conditions.

(6)The Bank publicly issued "2022 First Financial Bond (Variety I)" in the amount of RMB25 billion and "2022 First Financial Bond (Variety II)" in the amount of RMB5 billion in the domestic interbank bond market on 21 January 2022. Both bonds have a term of 3 years through maturity, with a fixed annual coupon rate of 2.69%. As at 31 December 2025, the bond was matured and been fully repaid.

(7)The Bank publicly issued "2022 Second Financial Bond" in the amount of RMB30 billion in the domestic interbank bond market on 24 February 2022 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.78%. As at 31 December 2025, the bond had matured and been fully repaid.

(8)The Bank publicly issued "2022 Third Financial Bond" in the amount of RMB30 billion in the domestic interbank bond market on 9 November 2022 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.45%. As at 31 December 2025, the bond had matured and been fully repaid.

(9)The Bank issued "2025 First Green Financial Bond" in the amount of RMB30 billion in the domestic interbank bond market on 24 March 2025; the bond has a term of 3 years through maturity, with a fixed annual coupon rate of 2.79%.

(10)The Bank issued Tier II Capital Instruments with a total amount of RMB35 billion and RMB5 billion respectively in the domestic interbank bond market on 14 August 2024. The bonds have a maturity of 10 years and 15 years respectively, and the Bank has the option to conditionally redeem all or part of the bond at face value at the end of the fifth and tenth year, with fixed annual interest rates of 2.17% and 2.30%, respectively.

(11)The Bank issued Tier II Capital Instruments with a total amount of RMB34 billion and RMB6 billion respectively in the domestic interbank bond market on 6 December 2024. The bonds have a maturity of 10 years and 15 years respectively, and the Bank has the option to conditionally redeem all or part of the bond at face value at the end of the fifth and tenth year, with fixed annual interest rates of 2.15% and 2.34%, respectively.

(12)The Bank issued "2024 First Financial Bond" in the amount of RMB30 billion in the domestic interbank bond market on 29 February 2024; the bond has a term of 3 years through maturity, with a fixed annual coupon rate of 2.35%.

(13)The Bank issued "2024 Second Financial Bond" in the amount of RMB30 billion in the domestic interbank bond market on 26 March 2024; the bond has a term of 3 years through maturity, with a fixed annual coupon rate of 2.38%.

(14)The Bank issued "2025 First Financial Bond (Variety I)" in the amount of RMB25 billion and "2025 First Financial Bond (Variety II)" in the amount of RMB5 billion in the domestic interbank bond market on 24 April 2025. Both bonds have a term of 3 years through maturity, with a fixed annual coupon rate of 1.82% and 1.81% respectively.

(15)The Bank issued "2025 First Sci-tech Innovation Bond" in the amount of RMB15 billion in the domestic interbank bond market on 12 May 2025; the bond has a term of 3 years through maturity, with a fixed annual coupon rate of 1.66%.

(16)The Bank issued "2025 Second Financial Bond (Variety I)" in the amount of RMB12.5 billion and "2025 Second Financial Bond (Variety II)" in the amount of RMB7.5 billion in the domestic interbank bond market on 10 December 2025. Both bonds have a term of 3 years through maturity, with a fixed annual coupon rate of 1.85% and a floating interest rate of LPR-1.12% respectively.

(17)The Bank issued "2025 First Green Financial Bond" in the amount of RMB20 billion in the domestic interbank bond market on 11 November 2025; the bond has a term of 3 years through maturity, with a fixed annual coupon rate of 1.73%.

(18)The Bank issued "2025 First Tier II Capital Bond (Variety I)" in the amount of RMB16.5 billion and "2025 First Tier II Capital Bond (Variety II)" in the amount of RMB3.5 billion in the domestic interbank bond market on 17 November 2025. The bonds have a maturity of 10 years and 15 years respectively, and the Bank has the option to conditionally redeem all or part of the bonds at face value at the end of the fifth and tenth year, with fixed annual interest rates of 2.17% and 2.40%, respectively.

(19)The Bank issued HKD1.5 billion medium-term notes and USD300 million medium-term notes on the Hong Kong Stock Exchange on 20 March 2024; the notes have a maturity of 2 years and 3 years respectively, and the coupon rates are fixed rate of 4.60% and floating rate of SOFR+59BPS. The Bank issued RMB3.5 billion medium-term notes on the Hong Kong Stock Exchange on 17 July 2025; the notes have a fixed rate of 1.80%.

(20)The Bank issued medium-term notes totalling USD300 million on the Singapore Exchange on 21 October 2024; the notes have a term of 3 years and a floating interest rate of SOFR+60BPS.

(21)The Bank issued USD400 million medium-term notes on the London Stock Exchange on 14 July 2022; the notes have a term of 3 years through maturity, with a fixed coupon rate of 3.25% per annum. As at 31 December 2025, the medium-term notes had been redeemed upon maturity. The Bank issued USD400 million medium-term notes on the London Stock Exchange on 3 June 2025; the notes have a term of 3 years through maturity and a floating interest rate of SOFR+53BPS.

(22)The Bank made a public offering of RMB50 billion of convertible corporate bonds, which was listed on 15 November 2019 on the Shanghai Stock Exchange. The convertible corporate bonds have a term of six years from 28 October 2019 to 27 October 2025, at coupon rates of 0.20% for the first year, 0.80% for the second year, 1.50% for the third year, 2.10% for the fourth year, 3.20% for the fifth year and 4.00% for the sixth year. The bond is payable on an annual basis, with principal and last year's interest due. The conversion of these convertible corporate bonds begins from the first trading day after six months upon the completion date of the offering (4 May 2020) to the maturity date (27 October 2025).

In accordance with formulas set out in the prospectus of the convertible corporate bonds, the initial conversion price of the convertible corporate bonds is RMB15.05 per share, and the price of the convertible corporate bonds will be adjusted to reflect the impact of cash dividends and change in paid-in capital under specified circumstances (excluding the conversion of convertible bonds due to this issue). The holder of this bond applies for a conversion within the conversion period. The number of conversions is calculated by dividing the total amount of the bond faced by the bond holder applying for the conversion by the effective conversion price on the day of application for the conversion. Within five trading days after the expiration of the convertible bonds issued by the Bank, the Bank will redeem all unconverted convertible bonds at 110% of the face value of the convertible bonds (including the interest of the last year). For the specific issuance terms of this bond, please refer to the relevant issuance announcement.

As at 31 December 2025, the bond had matured, a total of RMB49,837,082,000 covertible corporate bonds were converted to ordinary share of the Bank, and the accumulated numbers of shares converted were 3,953,757,903, accounting for 13.47% of the Bank's total issued ordinary shares before the conversion, and the total amount of redemption at maturity was RMB179,209,800.

(23)SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank issued Tier II capital instruments in the amount of RMB1.1 billion in the domestic interbank bond market on 11 August 2020 which have a term of 10 years through maturity, with a fixed annual coupon rate of 4.20%. The subsidiary of the Bank is entitled to redeem entire portion or part of the instruments at par value on its fifth anniversary under certain conditions. As at 31 December 2025, the subsidiary of the Bank had exercised the afore-mentioned redemption option.

(24)SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank, issued "2022 First Financial Bond (Freight and logistics)" in the amount of RMB1.5 billion in the domestic interbank bond market on 8 July 2022 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.93%. As at 31 December 2025, the bond had matured and been fully repaid.

(25)SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank, issued "2025 First Financial Bond (Bond Connect)" in the amount of RMB1.5 billion in the domestic interbank bond market on 17 January 2025 which has a term of 3 years through maturity, with a fixed annual coupon rate of 1.75%.

27 Provisions

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Impairment allowance for financial guarantee contracts and loan commitments	8,023	7,733	8,022	7,732
Pending litigation losses	75	73	75	73
Others	2	4	-	-
Total	8,100	7,810	8,097	7,805

28 Other liabilities

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Suspense accounts	38,297	47,755	38,185	47,504
Employee benefits payable	10,109	12,373	8,220	10,466
VAT and other taxes payable	3,462	3,475	3,019	2,981
Advance for performance and other deposits	3,227	3,797	519	678
Contract liabilities	2,450	2,469	1,848	1,920
Accrued expenses	1,961	2,501	1,834	2,389
Dividend payable	48	55	47	45
Others	5,535	6,151	1,371	1,788
Total	65,089	78,576	55,043	67,771

29 Share capital

The Group and the Bank	31 December 2025	31 December 2024
Domestic listed RMB ordinary share (A shares)	33,306	29,352

A shares issued by the Bank are all ordinary share, with par value of RMB1 per share. All shares rank pari passu in all respects with each other.

In 2025, some bondholders of convertible corporate bonds issued by the Bank applied for conversion, resulting in a total increase of 3.954 billion shares of the Bank's ordinary shares.

30 Other equity instrument

The Group and the Bank	Note	31 December 2025	31 December 2024
Preference shares and perpetual bonds included in other tier 1 capital of the Bank	(1)	79,919	79,919
Other equity instruments included in the tier 1 capital of the Bank-Equity of SPDB convertible corporate bonds	(2)	-	2,782
Total		79,919	82,701

(1)Preference shares and perpetual bonds included in other tier 1 capital of the Bank

Name of other equity instruments outstanding	Dividend rate	Issuance Price (RMB)	Number	Opening amount	Movements during the year	Closing amount	Maturity date or renewals	Conversion (Yes/No)
Pufayou 1 (a)	6% for the first five years 5.58% for the second five years 4.27% for the third five years	100	150 million	15,000	-	15,000	No maturity date	No
Pufayou 2 (a)	5.5% for the first five years 4.81% for the second five years 3.80% for the third five years	100	150 million	15,000	-	15,000	No maturity date	No
20 SPDB Perpetual bonds (b)	4.75% for the first five years	100	500 million	50,000	(50,000)	-	Redeemed	No
25 SPDB Perpetual bonds 01(b)	2.03% for the first five years	100	300 million	-	30,000	30,000	No maturity date	No
25 SPDB Perpetual bonds 02(b)	1.96% for the first five years	100	200 million	-	20,000	20,000	No maturity date	No
Less: Issue expenses				(81)	-	(81)		
Carrying amount				79,919	-	79,919		

(a)On 28 November 2014 and 6 March 2015, the Bank issued non-cumulative preference shares with a total par value of RMB30 billion to domestic investors. The proceeds after deducting transaction costs amounted to RMB29.92 billion and were recorded as other equity instruments. During the term of preference shares, the Bank has the option to redeem part or all outstanding preference shares on any dividend payment date after five years from the issuance if certain conditions are met, under the approval obtained from the regulatory authorities. Holders of the preference shares have no right to require the Bank to redeem the outstanding preference shares. Dividends of the preference shares are payable in cash on annual basis at a fixed dividend rate which is adjusted every five years. The Bank at its discretion has the right not to declare and distribute the dividends of the preference shares in part or full.

Upon occurrence of any of the following triggering events and subject to the approval from the regulatory authorities, the Bank's outstanding preference shares shall be mandatorily converted in part or full to the Bank's ordinary shares:

1. When the Common Equity Tier 1 ("CET1") adequacy ratio of the Bank decreases to 5.125%(or below), upon the approval from the Board of Directors, the outstanding preference share shall be converted into the Bank's ordinary A shares in part or full at a pre-determined mandatory conversion price so as to bring the Bank's CET1 adequacy ratio back to above 5.125%;

2. When any triggering event of the Bank's tier 2 capital instruments occurs, the outstanding preference shares shall be converted to the Bank's ordinary A shares at the pre-determined mandatory conversion price.

Under the approval from regulatory authority, the outstanding preference shares will be fully or partially converted to ordinary A-shares at the price of RMB7.62 per share when meeting the mandatory conversion triggering conditions. Following the board resolution date, if the Bank subsequently appropriates bonus shares, transfers retained earnings to ordinary shares, issues new ordinary shares (excluding any increase of ordinary shares due to conversion of convertible financial instruments issued by the Bank, such as preference shares and convertible corporate bonds, etc.) or issue rights, the conversion price shall be adjusted subject to the terms and formula provided by the offering documents to adjust for the dilutive effects of these specified increases in ordinary shares.

Pursuant to the relevant laws and regulations, and the Approval from CBIRC on the Bank's Non-Public Offering of Preference Shares and Corresponding Revisions to the Article of Association (Yin jianfu [2014] No.564), the proceeds from the issuance of preference shares shall be used to supplement the other tier 1 capital of the Bank.

Upon liquidation, the holders of the Bank's preference shares are entitled to the repayment at the par value of the outstanding preference shares prior to any distribution to the holders of the Bank's ordinary shares. If the remaining assets of the Bank are not sufficient to cover the par value, they are allocated to the holders of preference shares on proportionate basis.

(b)The Bank issued "2020 Open-term capital bonds of the Shanghai Pudong Development Bank Co., Ltd." (RMB50 billion), "2025 First Open-term capital bonds of the Shanghai Pudong Development Bank Co., Ltd." (RMB30 billion) and "2025 Second Open-term capital

bonds of the Shanghai Pudong Development Bank Co., Ltd." (RMB20 billion) in the interbank bond market on 19 November 2020, 10 June 2025 and 9 July 2025 respectively, which were all accounted for as other equity instruments after deducting issuance expenses.The duration of this open-term capital bonds was consistent with the duration of the Bank's continuing operations. The Bank shall have the right to redeem the open-term capital bonds in whole or in part on the fifth distribution payment date since the issuance, provided that prerequisite for redemption is met and such redemption is approved by the regulatory authorities, and the bond investors have no right to request the Bank to redeem the capital bonds with unfixed terms. The Bank shall have the right to cancel, in whole or in part, declaration and distributions on the open-term capital bonds.

Pursuant to applicable laws and regulations and approval from relevant regulatory authorities, the funds raised from open-term capital bonds are used to supplement other Tier 1 capital of the Bank.

The compensation order of the open-term capital bonds is behind of depositors, general creditors and subordinated debts that are prior than the capital bonds with unfixed terms, and ahead of all types of shares held by shareholders of the Bank; the open-term capital bonds will be compensated in the same order with other Tier 1 capital instruments which have the same compensation order.

As for the above open-term capital bonds, in the case of an unable-to-survive trigger event, the Bank has the right to write down the bonds in whole or in part without obtaining the consent of the bond holder.

No occurrence of trigger events refers to the earlier of the below situation: (1) NFRA determines that the issuer will not survive without written-off; or (2) the relevant departments determine that the issuer will not survive without the capital contribution from public sector or equivalent support.

As at 31 December 2025, "2020 Open-term Capital Bonds of Shanghai Pudong Development Bank Co., Ltd." had been redeemed in advance.

(2)As at 31 December 2025, the convertible corporate bonds issued by the Bank had been converted into shares or redeemed. The equity component had been fully transferred out. See Note III. 26(22) for details.

31 Capital reserves

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Share premium	134,297	81,691	134,297	81,691
Other capital surplus				
- Capital increase of subsidiaries and purchase of minority equity	155	219	(47)	-
- Others	9	11	26	28
Total	134,461	81,921	134,276	81,719

As mentioned in Note III. 26(22), with the regulatory approval and other relevant institutions, the Bank publicly issued A-share convertible corporate bonds with a face value of RMB50 billion in 2019. As at 31 December 2025, about RMB49,837 million of convertible corporate bonds had been converted into A-share ordinary shares, accumulatively increasing the Bank's share capital of 3,954 million shares; in addition, the amount redeemed upon maturity of the convertible corporate bonds was RMB179 million. Accordingly, the Bank's share premium increased due to the above-mentioned matter.

32 Surplus reserves

The Group and The Bank	1 January 2025	Addition	31 December 2025
Statutory surplus reserve	25,499	4,329	29,828
Discretionary surplus reserve	166,723	-	166,723
Total	192,222	4,329	196,551

	1 January 2024	Addition	31 December 2024
Statutory surplus reserve	22,206	3,293	25,499
Discretionary surplus reserve	166,723	-	166,723
Total	188,929	3,293	192,222

Pursuant to related PRC regulations, the Bank is required to appropriate 10% of its annual net profit to a statutory surplus reserve until such surplus reserve has reached 50% of ordinary shares. After the appropriation of statutory surplus reserve, the Bank may further appropriate discretionary surplus reserve.

33 General risk reserve

The Group	1 January 2025	Addition	31 December 2025
General risk reserve	106,696	8,979	115,675

	1 January 2024	Addition	31 December 2024
General risk reserve	101,575	5,121	106,696

The Bank	1 January 2025	Addition	31 December 2025
General risk reserve	102,500	8,524	111,024

	1 January 2024	Addition	31 December 2024
General risk reserve	98,000	4,500	102,500

Pursuant to Caijin [2012] No. 20 "Administration Rules on Appropriation to General Risk Reserve for Financial Institutions" issued by the MOF, the Bank is required to make appropriation to a general risk reserve.

General risk reserve of the Group also includes other reserves of the Bank's subsidiaries required by industry or district regulations.

34 Other reserves

The Group	Opening balance of other comprehensive income attributable to the Bank's Shareholders	2025						Ending balance of other comprehensive income attributable to the Bank's Shareholders
		Transfer in before tax	Less: transfer out	Less: income tax	Attributable to the Bank after tax	Attributable to minority shareholders after tax	Transfers within equity	
Items that may be reclassified to profit or loss								
Debt instruments measured at FVOCI								
- Fair value changes	7,150	(5,945)	(4,896)	2,731	(8,110)	-	-	(960)
- Impairment allowance	4,417	1,573	(262)	(333)	978	-	-	5,395
Exchange differences from the translation of foreign operations	510	(107)	-	-	(80)	(27)	-	430
Cash flow hedge reserve	237	(322)	-	81	(168)	(73)	-	69
Others	2	-	-	-	-	-	-	2
Item that will not be reclassified to profit or loss								
Change in fair value of other equity instruments								
- Fair value changes	720	511	-	(128)	383	-	-	1,103
Total	13,036	(4,290)	(5,158)	2,351	(6,997)	(100)	-	6,039

	Opening balance of other comprehensive income attributable to the Bank's Shareholders	2024					Ending balance of other comprehensive income attributable to the Bank's Shareholders
		Transfer in before tax	Less: Transfer out	Less: Income tax	Attributable to the Bank after tax	Attributable to minority shareholders after tax	
Items that may be reclassified to profit or loss							
Debt instruments measured at FVOCI							
- Fair value changes	(3,645)	17,699	(3,412)	(3,492)	10,795	-	7,150
- Impairment allowance	5,371	120	(1,300)	226	(954)	-	4,417
Exchange differences from the translation of foreign operations	469	74	-	-	41	33	510
Cash flow hedge reserve	70	330	-	(82)	167	81	237
Others	-	2	-	-	2	-	2
Item that will not be reclassified to profit or loss							
Change in fair value of other equity instruments							
- Fair value changes	(158)	1,171	-	(293)	878	-	720
Total	2,107	19,396	(4,712)	(3,641)	10,929	114	13,036

The Bank	Opening balance of other comprehensive income	2025					Ending balance of other comprehensive income
		Transfer in before tax	Less: transfer out	Less: income tax	After tax	Transfers within equity	
Items that may be reclassified to profit or loss							
Debt instruments measured at FVOCI							
- Fair value changes	7,708	(6,177)	(4,803)	2,746	(8,234)	-	(526)
- Impairment allowance	3,966	1,624	(262)	(341)	1,021	-	4,987
Exchange differences from the translation of foreign operations	(46)	61	-	-	61	-	15
Cash flow hedge reserve	(7)	-	-	-	-	-	(7)
Others	2	-	-	-	-	-	2
Item that will not be reclassified to profit or loss							
Change in fair value of other equity instruments							
- Fair value changes	722	479	-	(120)	359	(1)	1,080
Total	12,345	(4,013)	(5,065)	2,285	(6,793)	(1)	5,551

	Opening balance of other comprehensive income	2024				Ending balance of other comprehensive income
		Transfer in before tax	Less: Transfer out	Less: Income tax	After tax	
Items that may be reclassified to profit or loss						
Debt instruments measured at FVOCI						
- Fair value changes	(2,802)	17,336	(3,316)	(3,510)	10,510	7,708
- Impairment allowance	4,863	104	(1,300)	299	(897)	3,966
Exchange differences from the translation of foreign operations	(20)	(26)	-	-	(26)	(46)
Cash flow hedge reserve	10	(22)	-	5	(17)	(7)
Others	-	2	-	-	2	2
Item that will not be reclassified to profit or loss						
Change in fair value of other equity instruments						
- Fair value changes	(158)	1,173	-	(293)	880	722
Total	1,893	18,567	(4,616)	(3,499)	10,452	12,345

35 Profit distribution

(1)Profit distribution for the year ended 31 December 2024

Pursuant to the approval at the Shareholders' meeting on 27 June 2025, the Bank's profit distribution plan for the year ended 31 December 2024 is as follows:

(i)The Bank appropriated for statutory surplus reserve at 10% of the profit after tax, amounting to RMB4,329 million;

(ii)Appropriate RMB8.3 billion as general risk reserve;

(iii)The Bank declared and distributed cash dividends of RMB4.1 (tax included) for every 10 shares to all shareholders based on the total share capital of ordinary shares on the date of equity registration for profit distribution. In case of any changes in the total share capital that occur before the date of equity registration for equity distribution, the dividend per share remains unchanged, with any adjustment to total dividend distribution accordingly.

(2)Profit distribution for the year ended 31 December 2023

Pursuant to the approval at the Shareholders' meeting on 28 June 2024, the Bank's profit distribution plan for the year ended 31 December 2023 is as follows:

(i)The Bank appropriated for statutory surplus reserve at 10% of the profit after tax, amounting to RMB3,293 million;

(ii)Appropriate RMB4.5 billion as general risk reserve;

(iii)The Bank declared and distributed cash dividends of RMB3.21 (tax included) for every 10 shares to all shareholders based on the total share capital of ordinary shares on the date of equity registration for profit distribution.

(3)Dividend distribution for preference shares

On 25 November 2025, the dividend distribution plan for Pufayou 1 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB640.5 million in total (tax included) on 3 December 2025, which were calculated according to the coupon rate of Pufayou 1 (4.27%).

On 21 February 2025, the dividend distribution plan for Pufayou 2 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB721.5 million in total (tax included) on 11 March 2025, which were calculated according to the coupon rate of Pufayou 2 (4.81%).

On 29 October 2024, the dividend distribution plan for Pufayou 1 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB837 million in total (tax included) on 3 December 2024, which were calculated according to the coupon rate of Pufayou 1 (5.58%).

On 23 February 2024, the dividend distribution plan for Pufayou 2 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB721.5 million in total (tax included) on 11 March 2024, which were calculated according to the coupon rate of Pufayou 2 (4.81%).

(4)Interests payment of open-term capital bonds

In November 2025, the Bank has declared the distribution of RMB2.375 billion of interests of open-term capital bonds according to the relevant terms of issuance of the 2020 open-term capital bonds.

In November 2024, the Bank has declared the distribution of RMB2.375 billion of interests of open-term capital bonds according to the relevant terms of issuance of the 2020 open-term capital bonds.

In July 2024, the Bank has declared the distribution of RMB1.419 billion of interests of open-term capital bonds according to the relevant terms of issuance of the 2019 open-term capital bonds.

36 Transfers of financial assets

The Group enters into transactions in the normal course of business by which it transfers recognized financial assets to third parties or to special purpose vehicles. In some cases where these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continued to recognize the transferred assets.

Assets backed securitization transaction

The Group sells loan assets to structured entities, which then issue asset-backed securities to investors. The partial securitization transactions conducted by the Group will result in the Group terminating the recognition of all transferred financial assets. For the year ended 31 December 2025, the Group transferred financial assets amounted to RMB34,341 million through assets backed securitization transactions, and all have met the requirement of derecognition (31 December 2024: RMB29,621 million).

As at 31 December 2025, except for the aforementioned securitised transactions, the Group transferred credit assets of an original book value of RMB35,874 million (31 December 2024: RMB35,874 million) to securitised entities. The Group neither transfers nor retains substantially all of the risks and rewards related to ownership of the credit assets, but it retains control over the credit assets. The Group will recognize the assets on the statement of financial position according to the degree of its continued involvement, and the rest will be derecognized. As at 31 December 2025, the assets value of the Group's continued recognition was RMB4,650 million (31 December 2024: RMB4,650 million).

Transfer of non-performing financial assets

In 2025, the Group directly transferred non-performing loans and financial investments totalling RMB15,661 million to third-party asset management companies, with all such assets derecognized (2024: directly transferred non-performing loans and financial investments totalling RMB20,508 million to third-party asset management companies, with all such assets derecognized).

Securities lending transaction

In the securities lending transaction, the counterparty may sell or re-use the above securities in the condition that no default exists, but at the same time bear the obligation to return the above securities on the expiration date specified in the agreement. For the above business, the Group believes that the Group retains most of the risks and rewards of the relevant securities and therefore does not derecognize the relevant securities. As at 31 December 2025, the carrying amount of the assets transferred by the Group in securities lending transactions was RMB40,200 million (31 December 2024: RMB51,405 million).

Financial assets sold under repurchase agreements

Sale and repurchase agreements represent transactions in which the Group sells financial assets while simultaneously entering into an agreement to repurchase the same or substantially identical assets at a predetermined price on a specified future date. As the repurchase price is fixed, the Group retains substantially all credit and market risks and rewards associated with the sold assets. The sold financial assets (which remain unavailable to the Group during the repurchase period) are not derecognized in the financial statements. Instead, they are classified as collateral for corresponding secured borrowings, given the Group's retention of substantially all risks and rewards. Furthermore, the Group recognizes a financial liability for the consideration received. Please see Note III. 24.

37 Involvement with unconsolidated structured entities

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

The Group directly holds an interest in some structured entities sponsored by third party institutions through investments in the products issued by these structured entities. Such structured entities include fund investment, equity investment, trust and asset management plans, ABS and other investments, the Group does not consolidate these structured entities. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and are financed through the issue of investment products to investors.

The following table sets out an analysis of the carrying amounts and maximum exposure of interests held by the Group in the structured entities sponsored by third party institutions:

Carrying amount	The Group	
	31 December 2025	31 December 2024
Financial investments measured at FVTPL		
Fund investments	495,875	485,481
Equity investments	11,854	11,100
ABS	4,668	2,211
Trust and asset management plans	658	3,990
Other investments	3,387	4,099
Financial investments measured at amortized cost		
ABS	118,384	101,171
Trust and asset management plans	5,967	94,314
Financial investments measured at FVOCI		
ABS	46,893	19,660
Repossessed equity instruments	498	495
Other investments	210	105

The maximum exposures to loss in the above trust and asset management plans and ABS are the amortized cost or fair value of the assets held by the Group at the reporting date. The maximum exposures to loss in the fund investment and other investments are the fair value of the assets held by the Group at the reporting date.

(2)Structured entities sponsored by the Group which the Group did not consolidate but held an interest

The types of unconsolidated structured entities sponsored by the Group include wealth management products, trust plan, fund investment and ABS. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of investment products to investors. Interest held by the Group includes investments in notes issued by these structured entities and fees charged by providing management services.

As at 31 December 2025, the amount of assets held by the unconsolidated wealth management products, which are sponsored by the Group, was RMB1,564,410 million (31 December 2024: RMB1,395,127 million).

As at 31 December 2025, the Group did not provide liquidity support to unconsolidated wealth management products sponsored by the Group (31 December 2024: Nil).

As at 31 December 2025, the amount of assets held by the unconsolidated trust plans, which are sponsored by the Group, was RMB1,269,243 million (31 December 2024: RMB768,245 million).

As at 31 December 2025, the amount of assets held by the unconsolidated fund investments, which are sponsored by the Group, was RMB12,394 million (31 December 2024: RMB22,772 million).

As at 31 December 2025, the amount of assets held by the unconsolidated ABS, which are sponsored by the Group, was RMB103,195 million (31 December 2024: RMB118,262 million).

In 2025, the Group's commission income from providing services to the wealth management products and trust plans was RMB4,554 million and RMB911 million, respectively. (In 2024: RMB3,279 million and RMB652 million). The commission income from other non-consolidated structured entities managed by the Group is not material.

(3)Unconsolidated structured entities sponsored by the Group during the year in which the Group does not have an interest at 31 December 2025

The total amount of the wealth management products issued by the Group after 1 January 2025 but matured before 31 December 2025 was RMB122,969 million (The total amount of the wealth management products issued by the Group after 1 January 2024 but matured before 31 December 2024 was RMB139,445 million).

The total amount of ABS, trust plans or investments in funds issued by the Group after 1 January 2025 and expired before 31 December 2025 was not significant (The total amount of ABS, trust plans or investments in funds issued by the Group after 1 January 2024 and expired before 31 December 2024 was not significant).

38 Interests in other entities

(1)Interests in major subsidiaries

(i)Major subsidiaries of the Group

Name of subsidiaries	Place of main business	Place of registration	Registered capital	Obtaining method	Share-holding percentage (direct)
SPDB Financial Leasing Co., Ltd.	Shanghai	Shanghai	CNY6,403,574,436	Establishment	69.56%
Shanghai International Trust	Shanghai	Shanghai	CNY5,000,000,000	Acquisition	97.33%
SPDB International Holding, Ltd.	Hong Kong	Hong Kong	HKD505,000,000	Acquisition	100.00%
SPDB Wealth Management Co., Ltd.	Shanghai	Shanghai	CNY5,000,000,000	Establishment	100.00%
Shanghai Innovation Bank Co., Ltd.	Shanghai	Shanghai	CNY1,000,000,000	Establishment	100.00%
Mianzhu SPD Rural Bank Co., Ltd.	Mianzhu, Sichuan	Mianzhu, Sichuan	CNY50,000,000	Establishment	55.00%
Liyang SPD Rural Bank Co., Ltd.	Liyang, Jiangsu	Liyang, Jiangsu	CNY150,000,000	Establishment	51.00%
Gongyi SPD Rural Bank Co., Ltd.	Gongyi, Henan	Gongyi, Henan	CNY150,000,000	Establishment	80.00%
Shanghai Fengxian SPD Rural Bank Co., Ltd.	Fengxian, Shanghai	Fengxian, Shanghai	CNY150,000,000	Establishment	51.00%
Zixing SPD Rural Bank Co., Ltd.	Zixing, Hunan	Zixing, Hunan	CNY150,000,000	Establishment	51.00%
Hancheng SPD Rural Bank Co., Ltd.	Hancheng Shaanxi	Hancheng Shaanxi	CNY50,000,000	Establishment	74.00%
Zhejiang Xinchang SPD Rural Bank Co., Ltd.	Xinchang, Zhejiang	Xinchang, Zhejiang	CNY100,000,000	Establishment	51.00%
Yuanjiang SPD Rural Bank Co., Ltd.	Yuanjiang, Hunan	Yuanjiang, Hunan	CNY50,000,000	Establishment	51.00%
Chaling SPD Rural Bank Co., Ltd.	Zhuzhou, Hunan	Zhuzhou, Hunan	CNY50,000,000	Establishment	51.00%
Linwu SPD Rural Bank Co., Ltd.	Chenzhou, Hunan	Chenzhou, Hunan	CNY50,000,000	Establishment	51.00%
Hengnan SPD Rural Bank Co., Ltd.	Hengyang, Hunan	Hengyang, Hunan	CNY50,000,000	Establishment	51.00%
Gongzhuling SPD Rural Bank Co., Ltd.	Siping, Jilin	Siping, Jilin	CNY50,000,000	Establishment	51.00%
Ningbo Haishu Rural Bank Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	CNY100,000,000	Establishment	100.00%
Urumchi Midong SPD Rural Bank Co., Ltd.	Urumchi, Xinjiang	Urumchi, Xinjiang	CNY100,000,000	Establishment	97.00%
Qianxinan yilong SPD Rural Bank Co., Ltd.	Yilong, Guizhou	Yilong, Guizhou	CNY50,000,000	Establishment	100.00%
Fufeng SPD Rural Bank Co., Ltd.	Baoji, Shaanxi	Baoji, Shaanxi	CNY50,000,000	Establishment	100.00%

During 2025, the Bank received approvals from the relevant local offices of the NFRA ("local offices of the NFRA") to acquire minority equity of Yuzhong SPD Rural Bank Co., Ltd., Harbin Hulan SPD Rural Bank Co., Ltd., Linchuan SPD Rural Bank Co., Ltd., Fumin SPD Rural Bank Co., Ltd., Tianjin Baodi SPD Rural Bank Co., Ltd., Chongqing Banan SPD Rural Bank Co., Ltd., Chongqing Tongliang SPD Rural Bank Co., Ltd., Zhejiang Pingyang SPD Rural Bank Co., Ltd., Zouping SPD Rural Bank Co., Ltd., Zezhou SPD Rural Bank Co., Ltd., Dalian Ganjingzi SPD Rural Bank Co., Ltd. and Jiangyin SPD Rural Bank Co., Ltd., and the Bank shall undertake all assets, liabilities, rights and obligations of the aforementioned subsidiaries. As at 31 December 2025, the aforementioned subsidiaries had been approved by local offices of the NFRA for dissolution and being restructured to branches of the Bank.

Except for the aforementioned subsidiaries, the Bank received the approvals from local offices of the NFRA to acquire minority equity of Gongyi SPD Rural Bank Co., Ltd., Hancheng SPD Rural Bank Co., Ltd., Ningbo Haishu SPD Rural Bank Co., Ltd., Urumqi Midong SPD Rural Bank Co., Ltd., Qianxinan Yilong SPD Rural Bank Co., Ltd. and Fufeng SPD Rural Bank Co., Ltd. As at 31 December 2025, the aforementioned subsidiaries had not been approved by local offices of the NFRA for dissolution or being restructured as branches of the Bank.

The above-mentioned subsidiaries are all non-listed companies.

(ii)Relevant information of major partly-owned subsidiaries

After individual assessment, the Group concluded that no subsidiary has non-controlling interest that is material to the Group.

(2)Interests in joint ventures and associates

(i)General information of major joint ventures and associates

Name of the investee	Note	Place of main business	Place of registration	Strategic investment	Share-holding percentage (Direct)	Business nature
Joint ventures:						
AXA SPDB Investment Managers Co., Ltd.	(a)	Shanghai	Shanghai	Y	51.00%	Financial industry
Associate:						
Xingqi Hengtai	(b)	Shanghai	Shanghai	N	58.33%	Financial industry

Equity investments above-mentioned are all accounted for by equity method.

(a)According to the Articles of Association of AXA SPDB Investment Managers Co., Ltd., resolutions on certain significant operations and finance decisions shall be approved by shareholders representing more than two-thirds (including the number) voting shares. These resolutions are involved with the Company's strategic plans, investment plans, authorization on the Board of Directors for approval of annual financial budget and settlement plans, approval of profit distributions and plans to cover accumulated losses, and approval of equity transfers and modification of the Articles of Association, etc. Although the Group owns 51% voting shares of AXA SPDB Investment Management Co., Ltd., it has to exercise influences over the company jointly with other major shareholders.

(b)Shanghai Pudong Development Bank, as one of the limited partners, made capital contribution to Xingqi Hengtai. According to the partner decision-making mechanism, all significant matters shall be resolved by the partner meetings, and the Bank is unable to independently lead the relevant activities of Xingqi Hengtai, so the Bank has no control over Xingqi Hengtai.

(ii)Key financial information of major joint ventures and associates

The Group's joint ventures and associates are all unlisted companies. The Group is of the view that these joint ventures and associates are not material to the Group in terms of their aggregated net profit and net assets.

IV SEGMENT REPORTING

The senior management of the Group reviews the performance of the Bank's branches and subsidiaries in different economic regions from geographic perspective. The branches and subsidiaries of the Bank mainly provide services to local customers domiciled in respective geographic areas, therefore operating segments are analyzed principally based on the location of the assets. The Group's operating segments primarily derive revenue from providing commercial banking services and investment activities, including deposit-taking and lending, bill transactions, trade finance, money market operations, and securities investments.

The Group's operating segments of regions are set out as follows:

Head Office:	Head Office (including the direct institutions under Head Office)
Yangtze River Delta:	Branches in Shanghai, Jiangsu, Zhejiang, Anhui
Pearl River Delta and West Side of Taiwan Strait:	Branches in Guangdong and Fujian
Bohai Rim:	Branches in Beijing, Tianjin, Hebei and Shandong
Central China:	Branches in Shanxi, Henan, Hubei, Hunan, Jiangxi and Hainan
Western China:	Branches in Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongoli and Xizang
North-east China:	Branches in Liaoning, Jilin and Heilongjiang
Overseas and subsidiaries:	Overseas branches and domestic and overseas Subsidiaries

	2025									
	Head Office	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Interest income	106,777	89,834	24,390	31,625	19,607	23,827	8,122	18,059	(57,125)	265,116
Including: External interest income	*97,863*	*58,725*	*21,455*	*23,377*	*18,367*	*22,797*	*5,808*	*17,326*	*(602)*	*265,116*
Internal interest income	*8,914*	*31,109*	*2,935*	*8,248*	*1,240*	*1,030*	*2,314*	*733*	*(56,523)*	-
Interest expense	(80,879)	(51,337)	(13,439)	(16,851)	(8,609)	(12,600)	(3,974)	(14,070)	57,126	(144,633)
Including: External interest expense	*(45,719)*	*(41,315)*	*(10,708)*	*(15,455)*	*(8,105)*	*(7,602)*	*(3,974)*	*(12,367)*	*612*	*(144,633)*
Internal interest expense	*(35,160)*	*(10,022)*	*(2,731)*	*(1,396)*	*(504)*	*(4,998)*	-	*(1,703)*	*56,514*	-
Net interest income	25,898	38,497	10,951	14,774	10,998	11,227	4,148	3,989	1	120,483
Net fee and commission income / (expense)	9,806	4,841	1,910	574	804	50	(86)	4,827	(1)	22,725
Net trading income	11,036	602	251	387	279	345	134	1,336	-	14,370
Net gains arising from financial investments	9,701	-	-	-	-	-	-	857	-	10,558
Other operating income / (expense)	95	72	11	83	24	28	8	5,461	(13)	5,769
Operating expenses	(17,689)	(10,901)	(3,579)	(5,384)	(3,654)	(4,874)	(1,707)	(7,013)	13	(54,788)
Impairment losses	(22,106)	(9,403)	(9,609)	(3,677)	(6,612)	(9,326)	(1,622)	(3,546)	-	(65,901)
Share of profits of associates and joint ventures	121	-	-	-	-	-	-	37	-	158
Total segment profits / (losses) before tax	16,862	23,708	(65)	6,757	1,839	(2,550)	875	5,948	-	53,374

	31 December 2025									
	Head Office	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Loans and advances to customers	439,865	1,980,775	714,513	751,435	564,605	704,876	175,737	245,455	(4,759)	5,572,502
Investments in associates and joint ventures	7,771	-	-	-	-	-	-	503	-	8,274
Total segment assets	5,231,631	3,153,708	835,912	1,173,942	640,500	764,533	290,947	524,553	(2,533,980)	10,081,746
Deposits from customers	(90,010)	(2,501,542)	(663,143)	(894,850)	(563,619)	(542,195)	(235,593)	(162,792)	386	(5,653,358)
Total segment liabilities	(4,471,358)	(3,129,912)	(835,965)	(1,167,456)	(638,648)	(767,323)	(290,929)	(489,705)	2,533,980	(9,257,316)
Net position of segment assets and liabilities	760,273	23,796	(53)	6,486	1,852	(2,790)	18	34,848	-	824,430

	2024									
	Head Office	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Interest income	118,527	90,603	27,514	33,907	21,007	26,022	8,472	21,497	(59,424)	288,125
Including: External interest income	*106,691*	*61,557*	*23,224*	*24,843*	*20,019*	*25,050*	*6,732*	*20,741*	*(732)*	*288,125*
Internal interest income	*11,836*	*29,046*	*4,290*	*9,064*	*988*	*972*	*1,740*	*756*	*(58,692)*	-
Interest expense	(90,399)	(57,317)	(17,949)	(20,110)	(10,702)	(14,907)	(4,747)	(16,716)	59,439	(173,408)
Including: External interest expense	*(52,852)*	*(48,880)*	*(14,061)*	*(19,347)*	*(10,075)*	*(8,854)*	*(4,735)*	*(15,348)*	*744*	*(173,408)*
Internal interest expense	*(37,547)*	*(8,437)*	*(3,888)*	*(763)*	*(627)*	*(6,053)*	*(12)*	*(1,368)*	*58,695*	-
Net interest income	28,128	33,286	9,565	13,797	10,305	11,115	3,725	4,781	15	114,717
Net fee and commission income / (expense)	10,206	4,997	2,422	709	744	(314)	(108)	4,161	(1)	22,816
Net trading income	20,992	914	329	402	313	440	247	(2,722)	(3)	20,912
Net gains arising from financial investments	7,503	-	-	-	-	-	-	(52)	-	7,451
Other operating income / (expense)	76	76	15	45	27	29	(3)	5,759	(140)	5,884
Operating expenses	(20,016)	(10,257)	(3,584)	(4,686)	(3,487)	(4,650)	(1,625)	(5,975)	129	(54,151)
Impairment losses	(33,523)	(7,229)	(9,390)	(3,518)	(3,192)	(7,306)	(1,515)	(3,807)	-	(69,480)
Share of profits of associates and joint ventures	155	-	-	-	-	-	-	62	-	217
Total segment profits / (losses) before tax	13,521	21,787	(643)	6,749	4,710	(686)	721	2,207	-	48,366

	31 December 2024									
	Head Office	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Loans and advances to customers	467,759	1,819,076	677,446	683,677	539,842	683,491	180,413	220,514	(3,058)	5,269,160
Investments in associates and joint ventures	1,464	-	-	-	-	-	-	343	-	1,807
Total segment assets	4,859,101	2,879,811	754,997	1,052,634	607,397	740,412	280,258	565,939	(2,278,669)	9,461,880
Deposits from customers	(69,231)	(2,345,633)	(583,455)	(855,908)	(516,853)	(511,605)	(229,798)	(117,004)	205	(5,229,282)
Total segment liabilities	(4,176,436)	(2,857,950)	(755,618)	(1,046,164)	(602,665)	(741,395)	(280,327)	(535,213)	2,278,669	(8,717,099)
Net position of segment assets and liabilities	682,665	21,861	(621)	6,470	4,732	(983)	(69)	30,726	-	744,781

V CONTINGENCIES AND COMMITMENTS

1 Credit commitments

The Group's credit commitments are listed as follows:

	31 December 2025	31 December 2024
Bank acceptance bills	868,231	760,672
Credit cards commitments	623,805	586,705
Letters of credit issued	309,226	277,511
Other loan commitments	210,606	246,865
Letters of guarantee issued	117,470	113,713
Total	2,129,338	1,985,466

2 Commitment on redemption of treasury saving bonds

The Group is entrusted by the MOF to underwrite certificate treasury saving bonds. The investors of these treasury saving bonds have a right to redeem the bonds in advance and the Group is committed to redeem these treasury saving bonds. The redemption price is the principal value of the saving bonds plus unpaid interest. As at 31 December 2025, the outstanding principal value of the commitment on redemption treasury saving bonds sold by the Group and the Bank amounted to RMB2,517 million (31 December 2024: RMB2,833 million). The original maturities of these treasury saving bonds vary from three to five years. The management expects the amount of saving bonds to be eventually redeemed by the Group before the maturity date will not be material.

3 Capital commitments

As at 31 December 2025, the major capital commitments the Group had signed but not paid amounted to RMB4,880 million (31 December 2024: RMB6,348 million). Additionally, as at 31 December 2025, the amount of the procurement plan of operating fixed assets that the Bank's subsidiaries had signed but not paid was RMB830 million (31 December 2024: RMB426 million).

As at 31 December 2025, the major capital commitments the Group had approved but not signed amounted to RMB3,597 million (31 December 2024: RMB1,075 million).

4 Legal proceedings

As at 31 December 2025, the number of outstanding legal proceedings where the Group acts as the defendant and third party defendant was 275 and 112, respectively. The corresponding amount involved was about RMB2,840 million and RMB345 million, respectively, the estimated compensation amount is approximately RMB75 million (As at 31 December 2024, the number of outstanding legal proceedings where the Group acts as the defendant and third party defendant was 235 and 112, respectively. The corresponding amount involved was about RMB3,176 million and RMB928 million, respectively, the estimated compensation amount is approximately RMB73 million).

VI FIDUCIARY BUSINESSES

The Group provides entrusted loan businesses to independent third party customers. The assets arising from these businesses are not recorded on the Group's balance sheet. As at 31 December 2025, the balance of entrusted loan business was RMB61,561 million (As at 31 December 2024: RMB65,111 million).

VII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1 Major shareholders holding more than 5% shares of the Bank

As at 31 December 2025 and 31 December 2024 major shareholders holding more than 5% ordinary shares of the Bank are as follows:

	Direct shareholding percentage	Major business
Shanghai International Group Co., Ltd.	21.28%	Investment Management
China Mobile Group Guangdong Company Limited	18.18%	Mobile and Communication
Funde Sino Life Insurance Co., Ltd. – Traditional	8.35%	Insurance Business
Funde Sino Life Insurance Co., Ltd. – Capital	5.29%	Insurance Business

2 Other substantial shareholders having significant influence over the Bank

As at 31 December 2025, other substantial shareholders having significant influence over the Bank include:

	Direct shareholding percentage	Major business
China Orient Asset Management Co., Ltd.	4.51%	Asset management
Cinda Investment Co., Ltd.	3.27%	Investment management

3 Subsidiaries

For general information of the Group's subsidiaries, please refer to Note III. 38(1) "Interests in other entities".

4 Joint ventures and associates

For general information of the joint ventures and associates, please refer to Note III. 38(2) "Interests in joint ventures and associates".

5 Other major related parties

Other related parties mainly include respective group companies of shareholders who hold 5%, other substantial shareholders and the Group to which they belong that have significant influence on the Group, key management personnel of the Bank (including the directors and the senior management) and their close family members, and the companies that are controlled or jointly controlled by these key management personnel and their close family members, or the companies in which key management personnel and their close family members serve as directors (excluding independent directors in both parties) or senior executives.

6 Transactions and balances with related parties

The amounts of material transactions and significant off-balance items between the Group and its related parties and related balances at the reporting date are summarized as follows:

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relavent transactions / balances
Amounts of significant transactions from 1 January 2025 to 31 December 2025 are listed below:							
Interest income	289	-	717	56	1	1,063	0.40%
Interest expense	(960)	(2)	(273)	(217)	(1)	(1,453)	1.00%
Fee and commission income	3	34	45	3	1	86	0.29%
Net trading gains and net gains arising from financial investments	(1)	-	48	277	-	324	1.30%
Share of profits of associates and joint ventures	-	158	-	-	-	158	100.00%
Operating expenses	(11)	-	(290)	-	-	(301)	0.55%
Other comprehensive income	(13)	-	57	421	-	465	(6.55%)
Transfers of financial assets	-	-	2,406	-	-	2,406	Not applicable

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relavent transactions and balances
Significant item balances at 31 December 2025:							
Deposits and placements with banks and other financial institutions	55,000	-	49,901	377	-	105,278	17.68%
Loans and advances to customers	-	-	4,092	550	19	4,661	0.08%
Derivative financial assets	-	-	61	598	-	659	0.71%
Financial investments:							
- Financial investments measured at FVTPL	-	-	606	6,047	-	6,653	0.81%
- Financial investments measured at amortized cost	-	-	775	4,952	-	5,727	0.46%
- Financial investments measured at FVOCI	1,884	-	4,513	4,689	-	11,086	1.24%
Investments in associates and joint ventures	-	8,274	-	-	-	8,274	100.00%
Other assets	-	-	1	-	-	1	0.01%
Deposits and placements from banks and other financial institutions	(1,301)	(615)	(28,765)	(6,462)	-	(37,143)	2.09%
Derivative financial liabilities	-	-	(52)	(375)	-	(427)	0.53%
Deposits from customers	(30,719)	(56)	(15,312)	(6,108)	(22)	(52,217)	0.92%
Other liabilities	(1)	-	(99)	-	-	(100)	0.15%
Significant off-balance item at 31 December 2025:							
Letters of guarantee issued	-	-	352	-	-	352	0.30%
Credit card and loan commitments	-	-	1,398	-	13	1,411	0.17%
Guarantees provided for credit business	-	-	-	60	-	60	0.01%
Bank acceptance bills	-	-	427	-	-	427	0.05%
Investment of funds for issuing wealth management products	525	68	2,273	476	-	3,342	0.23%
Notional principal of derivative financial instruments	-	-	6,330	88,947	-	95,277	0.87%

Note1: As at 31 December 2025, key management of the Bank possessed a total number of 684,100 shares of ordinary shares issued by the Bank and regularly received corresponding cash dividends.

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relavent transactions and balances
Amounts of significant transactions from 1 January 2024 to 31 December 2024 are listed below:							
Interest income	-	-	10	24	1	35	0.01%
Interest expense	(852)	(2)	(392)	(154)	(1)	(1,401)	0.81%
Fee and commission income	2	41	2	1	1	47	0.16%
Net trading gains and net gains arising from financial investments	-	(9)	-	11	-	2	0.01%
Share of profits of associates and joint ventures	-	217	-	-	-	217	100.00%
Operating expenses	(11)	-	(260)	-	-	(271)	0.50%
Other comprehensive income	14	-	-	1,070	-	1,084	9.82%

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relavent transactions and balances
Significant item balances at 31 December 2024:							
Deposits and placements with banks and other financial institutions	-	-	-	101	-	101	0.02%
Loans and advances to customers	-	-	906	653	25	1,584	0.03%
Derivative financial assets	-	-	-	273	-	273	0.30%
Financial investments:							
- Financial investments measured at FVTPL	-	-	-	1,203	-	1,203	0.17%
- Financial investments measured at amortized cost	-	-	40	121	-	161	0.01%
- Financial investments measured at FVOCI	386	-	-	2,714	-	3,100	0.39%
Investments in associates and joint ventures	-	1,807	-	-	-	1,807	100.00%
Other assets	-	-	3	-	-	3	0.01%
Deposits and placements from banks and other financial institutions	-	(128)	(21,244)	(9,038)	-	(30,410)	2.49%
Derivative financial liabilities	-	-	-	(217)	-	(217)	0.28%
Deposits from customers	(35,805)	(11)	(12,807)	(6,578)	(20)	(55,221)	1.06%
Other liabilities	(1)	-	(77)	-	-	(78)	0.10%
Significant off-balance item at 31 December 2024:							
Letters of guarantee issued	-	-	157	-	-	157	0.14%
Credit card and loan commitments	-	-	-	-	14	14	0.01%
Guarantees provided for credit business	-	-	906	10,919	-	11,825	0.35%
Bank acceptance bills	-	-	-	210	-	210	0.03%
Investment of funds for issuing financial products	-	-	-	145	-	145	0.01%
Notional principal of derivative financial instruments	-	-	-	24,460	-	24,460	0.26%

Note 1: As at 31 December 2024, key management of the Bank possessed a total number of 684,100 shares of ordinary shares issued by the Bank and regularly received corresponding cash dividends.
Note 2: As at 31 December 2024, China Mobile Group Guangdong Co., Ltd., directly holds 18.17% shares of convertible corporate bonds issued by the Bank.

7 Related parties that are controlled by the Bank

Related parties that are controlled by the Bank are the subsidiaries of the Bank. Major transactions with these subsidiaries and their balances are eliminated in the consolidated financial statements, and are summarized as follows:

Balances at the year end:	31 December 2025	31 December 2024
Deposits and placements with banks and other financial institutions	3,037	8,325
Loans and advances to customers	4,759	3,058
Deposits and placements from banks and other financial institutions	10,218	12,682
Derivative financial assets	15	11
Derivative financial liabilities	29	96
Deposits from customers	386	205
Debt securities issued	209	10
Others	43	52

Transactions during the year:	2025	2024
Interest income from deposits and placemets from banks and other financial institutions	216	284
Interest income from loans and advances to customers	159	165
Interest expenses on deposits from banks and other financial institutions	229	294
Interest expenses from debt securities issued	2	-
Fee and commission income	59	61
Fee and commission expense	94	69
Other operating net income	4	4
Operating expenses	-	127

8 Compensation of key management personnel

Key management personnel are those people having authority and responsibility for planning, directing, and controlling the activities of the Group, either directly or indirectly, including directors and senior executives.

Compensation of key management personnel for the respective periods (excluding the social insurance charges paid by the Bank) is as follows:

	2025	2024
Compensation of key management personnel	9	13

The key management personnel are represented by directors and senior management personnel who have served in the Bank for the past 12 months of the reporting period or in the next 12 months according to relevant agreements. The compensation for key management personnel for 2025 refers to those all compensation received from the Bank during the year, excluding social insurance contributions made by the Bank. The compensation of key management personnel for 2024 includes the pre-tax compensation obtained from the Bank during the reporting period disclosed in the 2024 annual report and the remaining pre-tax compensation after the assessment of the 2022-2024 term.

9 Transactions with the annuity plan

In terms of the enterprise annuity funds established by the Group, in addition to the normal contribution, there has been no other related party transactions during the reporting period.

10 Major credit related transactions to related parties

Major credit related transactions to related parities refer to transactions in which the amount of a single transaction between the Bank and a related party accounts for more than 1% of the latest audited net assets of the Bank, or the accumulated transaction amount between the Bank and a related party accounts for more than 5% of the latest audited net assets of the Bank.

In 2025, the newly added major related party credit in major credited related transations between the Bank and related parties outside the Group are as follows:

Related parties	Total credit limit to related parties and other companies in their group
Guotai Haitong Securities Co., Ltd.	120,000
China Cinda Asset Management Co., Ltd.	109,892
Shanghai International Group Co., Ltd.	35,000
China Mobile Communications Group Co., Ltd.	20,000

For details of major credit related transactions, please refer to the relevant resolutions of the Board of Directors publicly disclosed by the Bank.

VIII FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks in its operating activities. The Group analyzes, evaluates, accepts and manages a certain degree of risks or risk portfolios. Managing financial risk is critical to the financial industry, and the inherent financial risks are an inevitable consequence of business operation. The Group's aim is therefore to strike an appropriate balance between risk and return and minimise potential adverse impact on the Group's financial performance.

The Group has designed a series of risk management policies to identify and analyze these risks, so as to set appropriate risk limits and formulate control procedures. It has also monitored the risks and their limits through reliable information systems.

The most significant types of risks to the Group are credit risk, market risk and liquidity risk. Market risk mainly consists of foreign currency risk, interest rate risk and commodity price risk.

The Board of Directors of the Bank is responsible for determining the Group's overall risk appetite. Within this framework, the senior management of the Bank designs risk management policies and procedures for credit risk, market risk and liquidity risk accordingly. After the policies and procedures are approved by the Board of Directors, relevant departments of the Head Office are responsible for the implementation.

1 Credit risk

Credit risk is the risk of loss that a customer or counterparty may fail to fulfil an obligation or commitment to the Group.

(1)Credit risk management

(i)Loans

The Group manages, restricts and controls the concentration of credit risk identified, especially with regards to concentration on singular counterparty, group, industry and region.

The Group continuously optimizes the credit risk structure by setting limits on the borrower, group of borrowers, geographical and industry segments. Concentration risks are monitored on ongoing basis and subject to more frequent review where necessary.

The Group manages the exposure to credit risk through regular analysis of borrowers' ability to repay principal and interest payments and amends the credit facilities where appropriate.

The Group has established relevant policies and various measures to mitigate credit risk. Obtaining collateral, pledged assets, guarantee deposits or guarantees from corporates or individuals has been one of the main strategies to control credit risk. The Group provides guidelines on the specific types of acceptable collateral or pledged assets, mainly include the following:

- Residential property and land tenure;
- Commercial assets, such as commercial property, inventory and accounts receivable;
- Financial instruments, such as bonds and equity shares.

Fair value of collaterals or pledged assets is generally assessed by professional evaluation agencies designated by the Group. When

there are indications of impairment, the value of collaterals or pledged assets will be re-examined by the Group to assess whether the collaterals or pledged assets could adequately cover the credit risks associated with loans. To mitigate the credit risk, the Group has implemented loan-to-value ratio requirement based on type of collaterals or pledged assets. The main types of collaterals or pledged assets for corporate loans and retail loans and their corresponding maximum loan-to-value ratio are as follows:

Collaterals or pledged assets	Maximum loan-to-value ratio
Time deposits	90% - 100%
Government bonds	90% - 100%
Financial bonds	90% - 100%
Corporate bonds (including financial institutions)	80%
Right to collect fees	60% - 70%
Franchise right	50%
Commercial property and standard plant	60%
Residential property	70%
Land use right	50% - 60%

The management assesses fair value of collaterals or pledged assets based on the latest available external valuation results, and adjusts the fair value with reference to experience, current market conditions and disposal expenses to be incurred.

For loans guaranteed by third parties, the Group evaluates the financial condition and credit record of guarantors and guarantor's ability to meet obligations.

(ii)Bonds and other bills

The Group manages the credit risk exposure of bonds and other bills through mechanisms include controlling the investment scale, setting access list of issuers, rating access, establishing post-investment management, etc. Generally, external credit rating of the issuer of foreign currency bonds at the time of purchase (by Standard & Poor's or equivalent rating agencies) should be at BBB- or above. Overseas investments in RMB bonds are limited to those issuers with external credit rating at BBB+ or above (by rating agencies identified by the PBOC). Rating of domestic middle to long term RMB bonds should be at AA or above (by rating agencies identified by the PBOC) and rating of short term RMB bonds should be at A-1 (by rating agencies identified by the PBOC). For proprietary investments, the Bank manages credit risk exposure on bonds and other notes through investment size controls, issuer eligibility review processes, rating thresholds, and post-investment monitoring mechanisms.

(iii)Other financial assets measured at amortized cost

Other financial assets measured at amortized cost mainly include trust and asset management plans. The Group implements an admission system on the trust companies, security companies and fund companies with the set credit facility for ultimate investors of trust plans and asset management plans, and performs post-risk management periodically. Setting limit management for the ultimate financing parties of trust plans and asset management plans in which the Bank's proprietary funds are invested independently, and conducting regular subsequent risk management.

(iv)Inter-bank transactions

The Group reviews and manages the credit risk of individual financial institution on regularly basis and sets credit limit for individual bank or non-banking financial institution which has credit risk exposure in the Group. The Bank regularly reviews and manages the credit risks of individual financial institution.

(v)Derivative financial instruments

The Group strictly restricts transactions in derivative financial instruments. For corporate customers, the Group mitigates credit risk associated with derivative financial instruments by acquiring margin deposits.

(vi)Credit commitments

The primary purpose of credit commitments is to ensure that funds are available to customers as required. Letters of guarantee issued, acceptance bills and letters of credit are irrevocable commitments the Group made and the Group will make payments on behalf of its clients in the event that its customer cannot perform the obligations to third parties. Credit commitments carry the same credit risk as loans. When the amount of credit commitment applied exceeds that of the original credit limit of the client, margin deposits are required to mitigate the credit risk. The Group's exposure to the credit risk is equivalent to the total amount of credit commitments. In addition, credit card limit and loan commitments granted by the Group will incur cash outflows when credit card limit and loan commitments are used.

(vii)Trust plan

The credit risk of trust plan is mainly the possibility of potential loss to the trust property due to the failure of the counterparties to fulfill their commitments and inability or unwillingness to fulfill their contractual commitments. The Group strictly enforces the policy "pre-loan investigation, in-process review, post-lending inspection" over trust plan. In the design of the product trade structure, the Group introduces guarantee mechanism including financial institution credit, property mortgage, rights pledge to comprehensively manages risks through avoidance, prevention, dispersion, transfer and compensation, and disperses and transfers credit risks of financing entities to reduce risk exposure.

(2)Credit risk measurement

To ensure the Group's current financial asset risk classification mechanism complies with the "Rules on Risk Classification of Financial Assets of Commercial Banks" (Order No. 1 [2023] of the China Banking and Insurance Regulatory Commission and the People's Bank of China, hereafter referred to as the "Rules"), the Group implements dynamic, real-time adjustments to the financial asset risk classifications with quarterly reviews as the minimum frequency. During the reporting period, the Group classified the relevant financial assets into five categories, including: pass, special-mention, substandard, doubtful and loss, among which credit assets with the grading of substandard, doubtful and loss are regarded as non-performing loans.

During the reporting period, the Group established a sound long-term mechanism for the prevention and resolution of significant risks, actively prevented and controlled risks in key areas and continued to improve asset quality.

(3)ECL measurement

Pursuant to the new accounting standards, the Group divides the loss allowance for expected credit losses on financial assets into three stages:

Stage 1 (no significant increase in credit risk since initial recognition): measure the loss at an amount equal to 12-month ECL;
Stage 2 (significant increase in credit risk since initial recognition): measure the loss allowance at an amount equal to the lifetime ECL; and
Stage 3 (credit- impaired assets): measure the loss allowance at an amount equal to the lifetime ECL.

The Group has developed the impairment model to calculate ECL in accordance with the new accounting standards. A top-down development method was adopted to establish a logistic regression model of risk parameters and macroeconomic indicators such as gross domestic product (GDP) and consumer price index (CPI). The Group periodically forecasts three kind of macroeconomic scenarios (optimistic, basic and pessimistic) and measures ECL based on different scenarios.

Credit risk rating

The Group has established a comprehensive internal rating system in accordance with the "Rules on Capital Management of Commercial Banks", employing statistical models, expert judgment, or a combination of both approaches, along with standardized and uniform evaluation and criteria. This system includes internal rating frameworks for sovereign, financial institution, and corporate risk exposures (i.e., non-retail risk exposures), as well as a risk-pooling system for retail risk exposures. Through investigation, analysis and judgment of the Bank's credit customers' or retail debt obligations' solvency and performance ability, the Bank achieves internal estimation of probability of default and qualification of credit risk.

The Group has no financial assets recognized as "low risk" and subject to credit risk management in accordance with the relevant requirements of the Accounting Standards.

Stage division

Significant increase in credit risk ("SICR")

The Group assesses on each reporting date whether the credit risk of the relevant financial assets has increased significantly since initial recognition. When considering the ECL stage of financial assets, the Group considers all reasonable and supportable information, including that which is forward-looking. The main factors to be considered are regulatory and operational environment, internal and external credit rating, solvency, operational capability, loan contract terms, repayment behaviour, etc.

The Group considers that there has been a significant increase in credit risk of financial instrument when one or more of the following quantitative, qualitative or upper limits criteria have been met:

Quantitative criteria:

The Group assesses whether credit risk has significantly increased for corporate loans and financial investments by evaluating changes in counterparties' credit ratings from the initial recognition date to the reporting date. Specifically, the Group considers whether these ratings have declined to Grade B or lower. For personal loans, the Group determines a significant increase in credit risk by comparing the probability of default (PD) on the reporting date against threshold values or the initial PD levels. This assessment includes identifying if the PD has risen to 8-14 times the initial PD.

Qualitative criteria:

For corporate loans and financial investments, if the borrower is on the Watchlist and/or the instrument meets one or more of the following criteria:

•Significant increase in credit spread
•Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
•Actual or expected forbearance or restructuring
•Actual or expected significant adverse change in operational results of the borrower
•Early signs of cashflow / liquidity problems such as delay in repayment of payables / loans

Upper limit:

If the borrower fails to make payment for more than 30 days after contractual payment date.

According to the relevant policies from regulators, the Group has carefully evaluated the deferred loan payment applications for whom are influenced by COVID-19 in order to offer temporary convenience for qualified borrowers. Meanwhile, the Group has analyzed if the credit risks of the relevant financial assets will increase significantly since the initial recognition after the borrowers received their first approval, based on the policy of deferred loan payment, the repayment ability of borrowers, and other relevant factors.

Default and credit-impaired

In alignment with the "Rules on Capital Management of Commercial Banks", the Group has established unified internal policies for customer default management – precisely defining default events, standardizing identification protocols, and ensuring consistent enforcement across all business lines. The Group defines a financial asset as credit impaired when it meets one or more of the following criteria:

Qualitative criteria:

The borrower meets "capability to repay is apparently in question" criteria, which indicates the borrower is in significant financial difficulty and examples include:

• The issuer or borrower is in significant financial difficulties
• The borrower has breached financial contract(s), such as default or past due of interest or principal repayments
• Concessions have been made by the lender relating to the borrower's financial difficulty with consideration of economy and contract
• The borrower is likely to head towards bankruptcy or other debts restructuring
• Issuer or borrower's financial difficulties lead to disappearance of active market for financial assets
• Financial assets are purchased or originated at substantial discount that reflects the incurred credit losses

Upper limit:

If the borrower fails to make payment for more than 90 days after contractual payment date.
The criteria above have been applied to all financial assets held by the Group and are consistent with internal credit risk management purposes. The default definition has been consistently applied to establish models for the PD, Exposure at Default (EAD) and Loss Given Default (LGD) throughout the Group's ECL measurement.

Grouping of credit risk exposure

To calculate the relevance between ECL allowance and macro-economic indicators, a grouping of exposure is performed for assets with similar credit risk characteristics. In performing this grouping, the Group has obtained sufficient information to ensure the data reliability for statistical purposes and group the credit risk exposure according to the credit risk characteristics such as product types, client types and client industries. The Group re-examines and corrects the reasonableness of the groupings and conducts quantitative and qualitative assessments on a regular basis. When the credit risk characteristics of risk exposures in the portfolio change, the Group shall re-examine the reasonableness of the groupings in a timely manner, and re-group the assets according to the risk characteristics of relevant credit risk exposures when necessary.

Explanation of parameters, assumptions and estimation techniques of ECL model

The ECL is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the product of the PD, EAD and LGD, and the relevant definitions are as follows:

• The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD) or the remaining lifetime (Lifetime PD) of the obligation.
• The EAD is the amounts the Group expects to be repaid at the time of default.
• LGD is expressed as a percentage loss per unit of exposure at the time of default.

The ECL is determined by projecting the PD, LGD and EAD for individual future exposure, which effectively calculates the ECL for each

future month.

The Lifetime PD is based on expiry information derived from 12M PD. Maturity analysis covers the change of loan default situation from initial recognition to maturity. Maturity portfolio is based on historical observed data with the assumption of same portfolio and identical credit rating assets. The above analysis is supported by historical data.

The Group determines LGD based on factors affecting recovery after default, which vary by product type.

Forward-looking economic information should be considered in determining the 12M and lifetime ECL.

There have been no significant changes in estimation techniques or significant assumptions during the reporting period.

Forward-looking information incorporated in the ECL model

Both the assessment of SICR and the calculation of ECL incorporate forward-looking information. The Group identifies the key economic indicators impacting credit risk and ECL for each portfolio through historical data analysis.

The Group has selected a series of macroeconomic indicators based on industry best practices and the Group's internal experts' judgment, and has formed forecasts of macroeconomic indicators under multiple scenarios such as standard, optimistic and pessimistic. The Group also establishes statistical relationship between actual PD, LGD and macro indicators for each model exposure, and calculates the actual PD and LGD by using forecasted economic indicators.

The number and attributes of scenarios are reassessed at each reporting date. The scenario weightings are determined by combination of statistical analysis and expert judgment, taking into account of the range of possible outcomes represented by scenarios. The Group adopts the base and lifetime PD with scenario weightings, along with qualitative and upper limit criteria to determine whether the credit risk has increased significantly. The determination of financial instrument stage indicates the measurement of the loss allowance at an amount equal to the 12-month or lifetime ECL accordingly. The Group measures ECL as either a probability weighted 12-month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3).

Macroeconomic information used by the Group includes macro indicators such as gross domestic product (GDP), consumer price index (CPI) and producer price index (PPI). The GDP year-on-year growth rate for 2026 under the standard scenario is 5.00%, and the GDP year-on-year growth rate for 2026 under the optimistic and pessimistic scenarios are formed by adjusting upward and downward by a certain level, respectively, from the standard scenario projections.

The Group considers these projections have represented the best estimate of the possible outcomes and analyzes the non-linearities and asymmetries within the Group's different portfolios to determine that selected scenarios adequately represent scenarios that might occur. Similar to other economic projections, there are inherent uncertainties regarding estimates of projected values and likelihood of occurrence, thus substantial differences may occur between actual results and projections.

Combination method for evaluation of expected credit risk

When analysing the relevance of ECL with macroeconomic indicators, the Group has classified the assets with similar credit risk characteristics into the same portfolio. The Group has obtained sufficient information to ensure the statistical reliability for the portfolio classification. Where sufficient information is not available internally, the Group establishes the model with reference to internal or external supplementary data. The characteristics and any supplementary data used to determine portfolio classification are outlined below:

Corporate loans and financial investments

- Industry
- Collateral type

Retail loans

- Product type (i.e. mortgage loans, consumer loan and credit card)
- Repayment type
- Utilization percentage range
- The range of mortgage rate (loan balance / collateral value)

Assessment of ECLs on other receivables

The Group measures its loss provision for other receivables that meet relevant requirements at an amount equivalent to the ECL over the entire period of existence. The Group uses the ECL model to calculate the ECLs on the above financial assets based on the historical credit loss experience, and the related methodology is the same as the "ECL measurement" in this section.

(4)Maximum exposure to credit risk

Financial assets and guarantee commitment subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognized. The book value of financial assets below represents the Group's maximum exposure to credit risk on these assets.

	31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
Cash and deposits with central bank	417,834	-	-	417,834
Deposits and placements with banks and other financial institutions	574,807	-	-	574,807
Financial assets purchased under resale agreements	56,119	-	-	56,119
Loans and advances to customers measured at:				
- Amortized cost	5,149,865	204,665	16,382	5,370,912
- FVOCI	193,865	1,063	135	195,063
Financial investments measured at:				
- Amortized cost	1,208,323	29,637	12,296	1,250,256
- FVOCI	877,036	803	1,362	879,201
Other financial assets	104,878	1,159	1,178	107,215
Total	8,582,727	237,327	31,353	8,851,407

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Cash and deposits with central bank	405,815	-	-	405,815
Deposits and placements with banks and other financial institutions	524,559	-	-	524,559
Financial assets purchased under resale agreements	63,879	-	-	63,879
Loans and advances to customers measured at:				
- Amortized cost	4,695,922	216,456	22,237	4,934,615
- FVOCI	330,515	479	18	331,012
Financial investments measured at:				
- Amortized cost	1,262,375	24,787	39,476	1,326,638
- FVOCI	778,694	2,136	1,608	782,438
Other financial assets	95,957	645	2,270	98,872
Total	8,157,716	244,503	65,609	8,467,828

	31 December 2025	31 December 2024
	Maximum exposure to credit risk	Maximum exposure to credit risk
Commitment and guarantee:		
Bank acceptance bills	865,291	758,120
Credit cards commitments	620,607	583,169
Letters of credit issued	308,923	277,356
Other loan commitments	209,284	245,579
Letters of guarantee issued	117,210	113,509
Total	2,121,315	1,977,733

Financial assets not included in impairment assessment

The analysis of maximum credit risk exposure of those financial assets which are not included in expected credit losses assessment are as follows:

	31 December 2025	31 December 2024
	Maximum exposure to credit risk	Maximum exposure to credit risk
Financial investments measured at FVTPL	820,948	691,019
Derivative financial assets	93,440	89,590
Loans and advances to customers	6,527	3,533
Total	920,915	784,142

(5)Credit-impaired loans and advances to customers

The Group closely monitors collateral held for financial assets considered to be credit-impaired, because the Group is more likely to confiscate these collateral to reduce potential credit losses comparing to other collaterals. As at 31 December 2025, carrying amount of the Group's loans and advances to customers that are credit-impaired is RMB78,638 million (31 December 2024: RMB92,537 million), in which the loans covered by collaterals are amounting to RMB45,873 million (31 December 2024: RMB52,847 million).

(6)Restructured loans

According to the Rules, restructured loans refer to loans where the Group modifies the original loan contract terms to accommodate borrowers experiencing financial difficulties or provides refinancing for existing loans to urge the borrowers to repaythe debt, including new loans to refinance existing debts and additional financing. As at 31 December 2025, the Group's restructured loans balance meeting the Rules effective requirements and involving renegotiated written contract terms amounted to RMB37,932 million (31 December 2024: RMB36,932 million).

(7)Bonds and other investments

The table below analyzes the Group's investment securities by major rating agencies in the countries where Standard & Poor's or the bond issuing institution is located.

	31 December 2025			
	Financial investments measured at FVTPL	Financial investments measured at amortized cost	Financial investments measured at FVOCI	Total
Medium or long-term bonds:				
AAA	26,655	526,235	289,575	842,465
AA+ to AA-	1,354	14,336	32,017	47,707
A+ to A-	717	10,935	46,989	58,641
Below A-	1,334	5,094	32,307	38,735
Short-term bonds:				
AAA	822	36,512	376	37,710
AA+ to AA-	8	161	5,741	5,910
A and below A	696	759	12,200	13,655
Unrated	186,121	656,224	459,996	1,302,341
Total	217,707	1,250,256	879,201	2,347,164

	31 December 2024			
	Financial investments measured at FVTPL	Financial investments measured at amortized cost	Financial investments measured at FVOCI	Total
Medium or long-term bonds:				
AAA	23,561	514,560	347,409	885,530
AA+ to AA-	1,908	5,268	30,429	37,605
A+ to A-	1,578	8,447	34,545	44,570
Below A-	3,025	787	17,714	21,526
Short-term bonds:				
AAA	12	10,959	396	11,367
AA+ to AA-	182	106	4,113	4,401
A and below A	318	2,666	10,322	13,306
Unrated	70,482	783,845	337,510	1,191,837
Total	101,066	1,326,638	782,438	2,210,142

2 Market risk

Market risk is the risk of losses of on and off-balance sheet businesses arising from adverse movements in market prices, such as interest rates, exchange rates, price of stock and commodity. Both the Group's trading book and banking book is exposed to market risk, which mainly consists of interest rate risk, currency risk and commodity price risk. The Group considers the exposure to the commodity price risk to be insignificant.

The Board of Directors of the Bank is ultimately responsible for monitoring the market risk management and ensuring the Group can effectively identify, measure, monitor and control the market risk associated with the Group's business activities. Under the authorisation of the Board of Directors, the senior management of the Group is responsible for establishing the Group-wide market risk management system, organizational structure with well-defined roles and responsibilities, authorisation structures and accountability mechanism. Relevant departments of Head Office are responsible for carrying out detailed market risk management activities including policies and procedures, measurement approaches and models, analyses and reporting and monitoring of various limits in order to timely and accurately identify, measure, monitor and control the market risk exposures in respective business areas and reporting to the senior management and Board of Directors on timely basis.

Meanwhile, the Group's market risk management follows the principle of combining internal control with external supervision. Relevant business units are responsible for executing the daily control activities, together with the market risk management department, compliance department, and review department, form the three lines of defense for market risk management.

The Group measures market risk based on established standards and current management capabilities. The major measurement approaches include stress testing, gap analysis and sensitivity analysis etc. The market risk of new products and businesses should be identified before these new products and businesses are launched according to relevant policies.

(1)Currency risk

The Group mainly operates in the PRC and its main business activities are conducted in RMB. Majority of its foreign currency business are conducted in USD. The table below summarizes the Group's exposure to currency risk. Included in the table are the Group's financial assets and liabilities at carrying amounts in RMB, categorized by original currency.

	31 December 2025				
	RMB	USD Into RMB	HKD Into RMB	Others Into RMB	Total Into RMB
Cash and deposits with central bank	412,972	7,824	1,509	462	422,767
Deposits and placements with banks and other financial institutions	398,455	159,722	2,993	13,728	574,898
Derivative financial assets	89,715	3,483	172	70	93,440
Financial assets purchased under resale agreements	47,358	8,734	-	27	56,119
Loans and advances to customers	5,410,204	106,803	31,655	23,840	5,572,502
Financial investments measured at:					
- FVTPL	810,893	9,495	13	547	820,948
- Amortized cost	1,211,692	26,294	328	11,942	1,250,256
- FVOCI	712,023	150,790	4,317	23,535	890,665
Other financial assets	75,255	31,540	369	51	107,215
Total financial assets	9,168,567	504,685	41,356	74,202	9,788,810
Borrowing from central bank	139,039	-	-	-	139,039
Deposits and placements from banks and other financial institutions	1,461,943	150,114	17,989	25,491	1,655,537
Financial liabilities measured at FVTPL	66,542	321	-	-	66,863
Derivative financial liabilities	78,095	3,010	170	17	81,292
Financial assets sold under repurchase agreement	284,578	4,543	1,428	15,365	305,914
Deposits from customers	5,344,096	261,769	30,147	17,346	5,653,358
Debt securities issued	1,115,712	14,211	9,304	1,189	1,140,416
Lease liabilities	4,577	40	528	7	5,152
Other financial liabilities	45,442	1,002	194	73	46,711
Total financial liabilities	8,540,024	435,010	59,760	59,488	9,094,282
Net position of financial instruments	628,543	69,675	(18,404)	14,714	694,528
Currency derivatives	49,396	(69,174)	(777)	20,809	254
Credit commitments	2,052,841	54,459	7,793	6,222	2,121,315

	31 December 2024				
	RMB	USD Into RMB	HKD Into RMB	Others Into RMB	Total Into RMB
Cash and deposits with central bank	401,765	1,232	8,174	368	411,539
Deposits and placements with banks and other financial institutions	426,500	84,545	2,221	11,293	524,559
Derivative financial assets	84,145	5,390	49	6	89,590
Financial assets purchased under resale agreements	57,932	5,947	-	-	63,879
Loans and advances to customers	5,131,927	97,930	22,820	16,483	5,269,160
Financial investments measured at:					
- FVTPL	676,922	13,401	194	502	691,019
- Amortized cost	1,302,636	21,720	-	2,282	1,326,638
- FVOCI	665,908	117,119	4,404	4,036	791,467
Other financial assets	80,253	18,089	305	225	98,872
Total financial assets	8,827,988	365,373	38,167	35,195	9,266,723
Borrowing from central bank	118,442	-	-	-	118,442
Deposits and placements from banks and other financial institutions	930,771	188,358	23,022	11,790	1,153,941
Financial liabilities measured at FVTPL	21,604	11,568	-	-	33,172
Derivative financial liabilities	75,121	3,396	54	4	78,575
Financial assets sold under repurchase agreement	485,607	18,586	-	1,769	505,962
Deposits from customers	4,992,970	214,767	9,642	11,903	5,229,282
Debt securities issued	1,393,136	23,038	3,115	683	1,419,972
Lease liabilities	5,239	43	714	17	6,013
Other financial liabilities	53,604	2,708	224	178	56,714
Total financial liabilities	8,076,494	462,464	36,771	26,344	8,602,073
Net position of financial instruments	751,494	(97,091)	1,396	8,851	664,650
Currency derivatives	(57,932)	72,424	(1,118)	1,905	15,279
Credit commitments	1,923,149	43,956	5,644	4,984	1,977,733

The Group employs sensitivity analysis to measure possible impacts of changes in exchange rates on the Group's net profits. The following table presents the results of foreign exchange sensitivity analysis performed on financial assets and financial liabilities as at the reporting date using prevailing exchange rates.

Net profit	31 December 2025		31 December 2024	
	Exchange rate fluctuation		Exchange rate fluctuation	
(Decrease) / Increase	(1%)	1%	(1%)	1%
USD against RMB	(4)	4	185	(185)
Other currencies against RMB	(123)	123	(83)	83

The above sensitivity analysis was performed on the basis of static characteristics of the interest risk of the assets and liabilities, and calculated the impact on the net profit from changes in exchange rates of other foreign currencies against RMB when other factors remain constant. The assumptions are shown as below:

• Exchange rate sensitivity represents the exchange gain or loss resulting from the 1% change in daily closing exchange rates (middle) of each currency against the RMB on the reporting date;
• Changes in exchange rates of other foreign currencies means the exchange rates of other foreign currencies against RMB are fluctuating simultaneously and in the same direction;
• Foreign currency exposure contains spot exchange exposure and forward exchange exposure. Based on the above assumption, the actual exchange gains or losses may differ from the sensitivity analysis results.

(2)Interest rate risk

Interest rate risk is the risk of losses in overall earnings and economic value arising from adverse movements in factors such as interest rates, term structure, etc., including interest rate risk in the banking book and trading book.

Interest rate risk of banking book refers to the risk that adverse changes in interest rate level and term structure will lead to loss of economic value and overall income of banking book. The Group has established a sound interest rate risk management system for banking books. The Board of Directors of the Bank is responsible for approving the interest rate risk appetite and material policies and procedures in the banking books, and bears the ultimate responsibility for managing the interest rate risk in the banking books. The senior management of the bank is responsible for developing the appropriate management mechanism for interest rate risk in the banking book, the organizational structure, systems and processes in accordance with the risk appetites for interest rate risk in the banking book approved by the Board of Directors to ensure the achievement of management objectives. The Bank's Asset-Liability Management Committee formulates policies and strategies for interest rate risks in the banking book management. The Asset-Liability and Financial Management Department leads the daily processes of risk identification, measurement, monitoring, control, and mitigation. The Risk Management Department of the Bank independently validates the interest rate risks in the banking book models, while the Audit Department of the Bank conducts internal audits of the interest rate risks in the banking book management independently.

The Group mainly uses appropriate measurement methods and tools (such as repricing gap analysis, duration analysis, sensitivity analysis, scenario simulation and other suitable measurement) to measure and monitor the interest rate risk in the banking book. During the reporting period, the Group adhered to the neutral and prudent risk appetite for interest rate risk in the banking book, enhanced the research and judgment on domestic and foreign macro policies as well as monetary policies, carried out dynamic monitoring and forward-looking risk management based on interest rate liberalization, trends of interest rate curve reform; During the reporting period, the Group guided the adjustments of business scale and term structure based on risk management strategies as well as asset and liability business objectives through asset and liability active configuration tools and price tools, maintained the interest rate risk in the banking book indicators within the risk appetite of the Board of Directors and kept sustainable operation.

The table below summarizes the Group's exposures to interest rate risk. The table presents the Group's financial assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

	31 December 2025						
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and deposits with central bank	406,647	-	-	-	-	16,120	422,767
Deposits and placements with banks and other financial institutions	150,980	268,616	151,385	348	-	3,569	574,898
Derivative financial assets	-	-	-	-	-	93,440	93,440
Financial assets purchased under resale agreements	53,258	2,532	287	-	-	42	56,119
Loans and advances to customers	1,323,723	1,007,278	2,446,761	724,183	57,747	12,810	5,572,502
Financial investments measured at:							
- FVTPL	11,319	48,556	66,863	74,541	16,259	603,410	820,948
- Amortized cost	12,818	28,464	139,112	475,047	576,141	18,674	1,250,256
- FVOCI	8,302	29,784	88,199	431,899	311,765	20,716	890,665
Other financial assets	3,880	-	-	-	-	103,335	107,215
Total financial assets	1,970,927	1,385,230	2,892,607	1,706,018	961,912	872,116	9,788,810
Liabilities							
Borrowing from central bank	1,108	22,059	115,089	-	-	783	139,039
Deposits and placements from banks and other financial institutions	944,701	289,373	416,276	-	-	5,187	1,655,537
Financial liabilities measured at FVTPL	-	-	-	-	-	66,863	66,863
Derivative financial liabilities	-	-	-	-	-	81,292	81,292
Financial assets sold under repurchase agreements	237,346	36,575	30,357	-	1,181	455	305,914
Deposits from customers	2,588,056	531,228	1,048,821	1,414,330	-	70,923	5,653,358
Debt securities issued	173,983	244,100	453,663	147,352	117,982	3,336	1,140,416
Lease liabilities	237	368	1,675	2,859	13	-	5,152
Other financial liabilities	460	-	-	-	-	46,251	46,711
Total financial liabilities	3,945,891	1,123,703	2,065,881	1,564,541	119,176	275,090	9,094,282
Total interest repricing gap	(1,974,964)	261,527	826,726	141,477	842,736	597,026	694,528

	31 December 2024						
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and deposits with central bank	395,188	-	-	-	-	16,351	411,539
Deposits and placements with banks and other financial institutions	157,948	116,755	230,838	14,063	-	4,955	524,559
Derivative financial assets	-	-	-	-	-	89,590	89,590
Financial assets purchased under resale agreements	18	62,474	657	730	-	-	63,879
Loans and advances to customers	820,522	492,198	1,992,188	1,328,397	620,799	15,056	5,269,160
Financial investments measured at:							
- FVTPL	9,694	11,353	27,600	30,926	23,111	588,335	691,019
- Amortized cost	33,145	34,984	151,053	449,268	639,845	18,343	1,326,638
- FVOCI	5,987	29,534	102,482	379,221	257,251	16,992	791,467
Other financial assets	3,953	-	42,866	-	-	52,053	98,872
Total financial assets	1,426,455	747,298	2,547,684	2,202,605	1,541,006	801,675	9,266,723
Liabilities							
Borrowing from central bank	20,527	33,128	63,346	-	-	1,441	118,442
Deposits and placements from banks and other financial institutions	904,574	123,362	104,714	9,386	6,008	5,897	1,153,941
Financial liabilities measured at FVTPL	-	-	-	-	-	33,172	33,172
Derivative financial liabilities	-	-	-	-	-	78,575	78,575
Financial assets sold under repurchase agreements	434,845	48,739	22,184	-	-	194	505,962
Deposits from customers	2,487,241	547,553	1,035,142	1,076,023	-	83,323	5,229,282
Debt securities issued	120,265	244,524	795,214	94,690	159,273	6,006	1,419,972
Lease liabilities	256	665	1,827	3,199	66	-	6,013
Other financial liabilities	1,153	1,916	923	-	-	52,722	56,714
Total financial liabilities	3,968,861	999,887	2,023,350	1,183,298	165,347	261,330	8,602,073
Total interest repricing gap	(2,542,406)	(252,589)	524,334	1,019,307	1,375,659	540,345	664,650

Note: The above financial assets listed as within one month include overdue amounts as at 31 December 2025 and 31 December 2024 (excluding impairment provisions).

The Group performs sensitivity analysis to measure the potential impact of changes in interest rate on net profit and equity. The following table presents the results of interest rate sensitivity analysis conducted on assets and liabilities as at the reporting date.

	31 December 2025		31 December 2024	
	Interest rate fluctuation (Basis points)		Interest rate fluctuation (Basis points)	
	-100	+100	-100	+100
(Decrease) / increase in net profit	(5,046)	5,046	3,312	(3,312)
Increase / (decrease) in other comprehensive income under equity	22,251	(20,573)	8,213	(7,703)

The above sensitivity analysis was performed on the basis of static characteristics of the interest risk of the assets and liabilities. The analysis only measures the impact of changes in the interest rates within one year, showing how annualised interest income would have been affected by repricing of the Group's assets and liabilities within the one-year period based on the following assumptions:

• Except for current deposits, assets and liabilities, whose maturity dates are within three months or more than three months but will be repricing within one year, are assumed to be re-priced or matured in the middle of each specified period;
• The interest rates of current deposits and statutory deposit reserves with central bank remain unchanged;
• The yield curve moves in parallel with interest rate;
• There are no changes in asset and liability portfolios.

Based on the assumptions, the actual change in net profit caused by changes in interest rates may be different from the sensitivity analysis results.

Based on the assumption of the parallel movement of the yield curve along with interest rate change, the sensitivity analysis of the equity is derived by remeasuring the fair value of debt instruments at fair value through other comprehensive income as a result of changes in interest rate with a certain percentage.

3 Liquidity risk

The Group's liquidity risk management is intended to meet the obligations to serve customers for withdrawal and payment, to achieve the balance between the total amount and structure of assets and liabilities; to reduce the liquidity cost, avoid liquidity crisis of the Group, and to effectively respond to systematic liquidity risk by active management.

The Group has established a relatively complete liquidity risk governance system. The Board of Directors of the bank is responsible for reviewing and approving liquidity risk appetite and material policies and procedures, and bears the ultimate responsibility for managing the liquidity risk. The Board of Supervisors is responsible for supervising the performance of the Board of Directors and the senior management on liquidity risk management. The senior management of the Bank is responsible for developing appropriate liquidity risk management mechanisms, organizational structures, systems and processes, risk limits, key assumptions for stress test, and emergency plans based on the liquidity risk appetite approved by the Board of Directors, to ensure the Bank achieves its management objectives. The Asset and Liability Management Committee of the Bank is responsible for reviewing liquidity risk management strategies, risk limits, key assumptions for stress test, etc. The Asset-Liability and Financial Management Department of the Head Office of the Bank is responsible for drafting liquidity risk management policies and procedures at a group level and leading specific management of the liquidity risk management, such as qualitative and quantitative analysis. Audit Department of the Head Office of the Bank is responsible for the internal audit on liquidity risks independently. The Group has a prudent liquidity risk preference which complies with the regulatory requirements and management requirements of the Group.

The Group's liquidity risk management system comprises mainly regular and contingent management system which includes 10 components, such as policies and strategies, management framework, regulations, management tools, daily operation, stress tests, system construction, risk monitoring, risk report, and emergency management and drilling.

During the reporting period, the Group implemented forward-looking and proactive management of liquidity risk at different levels in accordance with the requirements of the balance in the total amount and structure; it carries out real-time monitoring on daily position accounts in local and foreign currencies, and made centralised allocation of positions in local and foreign currencies; it established a beforehand declaration system for large-amount positions, and established a monitoring mechanism for total liquidity level; it prepared a cash flow gap table on a daily basis, used the gap management method to predict cash flow gap changes in future assets and liabilities' on and off-balance sheet items, and conducted liquidity risk assessments on both internal and external items of the statement of financial position in a timely manner, and in accordance with the liquidity risk policy and risk limit requirements of the Group, adjusted the total amount, structure, and pace of the Group's business development to meet the requirements of liquidity safety through active financing arrangements and asset liability portfolio adjustments.

The following table presents the contractual undiscounted cash flows of the Group's non-derivative financial assets and non-derivative financial liabilities by remaining maturity. The actual remaining maturities of these financial instruments may differ materially from the analysis presented below. For instance, while demand deposits are classified as repayable on demand in the table, they are expected to maintain stable or even growing balances.

	31 December 2025								
	Repayable on demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Overdue	No maturity	Total
Assets									
Cash and deposits with central bank	130,410	-	-	-	-	-	-	292,357	422,767
Deposits and placements with banks and other financial institutions	87,825	67,286	119,385	190,021	120,558	281	-	-	585,356
Financial assets purchased under resale agreements	-	53,455	2,573	300	-	-	-	-	56,328
Loans and advances to customers	-	581,231	610,661	1,529,175	1,997,216	1,561,208	107,370	-	6,386,861
Financial investments measured at:									
- FVTPL	574,207	6,821	50,892	69,881	78,064	16,687	2,372	29,133	828,057
- Amortized cost	-	10,077	34,438	167,141	582,378	665,800	25,265	-	1,485,099
- FVOCI	-	10,250	33,458	105,546	486,813	395,103	2,875	11,464	1,045,509
Other financial assets	55,527	-	-	-	-	-	8,760	49,234	113,521
Total financial assets	847,969	729,120	851,407	2,062,064	3,265,029	2,639,079	146,642	382,188	10,923,498
Liabilities									
Borrowing from central bank	-	1,127	22,479	116,957	-	-	-	-	140,563
Deposits and placements from banks and other financial institutions	681,859	264,662	263,025	440,309	12,507	2,723	-	-	1,665,085
Financial liabilities held for trading	6,369	2,740	6,521	50,129	-	-	-	1,104	66,863
Financial assets sold under repurchase agreements	-	237,601	36,862	30,672	-	4,638	-	-	309,773
Deposits from customers	2,112,798	486,332	543,933	1,087,538	1,567,863	-	-	-	5,798,464
Debt securities issued	-	174,156	246,942	463,216	164,140	132,823	-	-	1,181,277
Lease liabilities	-	237	370	1,703	3,025	17	-	-	5,352
Other financial liabilities	42,529	351	803	1,529	826	673	-	-	46,711
Total financial liabilities	2,843,555	1,167,206	1,120,935	2,192,053	1,748,361	140,874	-	1,104	9,214,088
Net liquidity	(1,995,586)	(438,086)	(269,528)	(129,989)	1,516,668	2,498,205	146,642	381,084	1,709,410
Cash flows of derivative financial instruments									
Derivative financial instruments on a net settlement basis	-	6,607	(1,062)	3,796	(1,055)	9	-	-	8,295
Derivative financial instruments on a gross settlement basis	-	(786)	397	(443)	142	-	-	-	(690)
Including: Cash inflow	-	483,745	411,729	556,533	53,024	-	-	-	1,505,031
Cash outflow	-	484,531	411,332	556,976	52,882	-	-	-	1,505,721
Credit commitments	627,393	225,807	357,970	717,212	76,148	124,808	-	-	2,129,338

	31 December 2024								
	Repayable on demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Overdue	No maturity	Total
Assets									
Cash and deposits with central bank	112,755	-	-	-	-	-	-	298,784	411,539
Deposits and placements with banks and other financial institutions	66,153	95,333	127,627	255,729	35,056	-	-	-	579,898
Financial assets purchased under resale agreements	-	62,616	676	758	-	-	-	-	64,050
Loans and advances to customers	-	770,144	444,330	1,540,511	1,544,195	1,587,159	110,896	-	5,997,235
Financial investments measured at:									
- FVTPL	564,849	1,930	12,136	30,272	35,520	25,010	2,715	26,524	698,956
- Amortized cost	-	25,609	42,381	182,394	571,848	741,828	28,683	-	1,592,743
- FVOCI	-	7,145	32,412	117,902	426,311	268,119	4,498	9,029	865,416
Other financial assets	55,136	-	-	-	-	-	8,524	42,953	106,613
Total financial assets	798,893	962,777	659,562	2,127,566	2,612,930	2,622,116	155,316	377,290	10,316,450
Liabilities									
Borrowing from central bank	-	21,043	33,942	64,624	-	-	-	-	119,609
Deposits and placements from banks and other financial institutions	748,206	160,927	125,346	108,473	10,613	7,933	-	-	1,161,498
Financial liabilities held for trading	5,185	2,543	24,826	-	-	618	-	-	33,172
Financial assets sold under repurchase agreements	-	436,126	49,055	22,352	-	-	-	-	507,533
Deposits from customers	2,066,194	438,856	564,614	1,083,600	1,219,231	-	-	-	5,372,495
Debt securities issued	-	122,383	249,650	802,894	120,355	283,483	-	-	1,578,765
Lease liabilities	-	256	411	1,863	3,705	83	-	-	6,318
Other financial liabilities	53,268	661	2,143	1,587	1,042	515	-	-	59,216
Total financial liabilities	2,872,853	1,182,795	1,049,987	2,085,393	1,354,946	292,632	-	-	8,838,606
Net liquidity	(2,073,960)	(220,018)	(390,425)	42,173	1,257,984	2,329,484	155,316	377,290	1,477,844
Cash flows of derivative financial instruments									
Derivative financial instruments on a net settlement basis	-	(1,960)	411	4,537	(3,334)	(10)	-	-	(356)
Derivative financial instruments on a gross settlement basis	-	(4,082)	(327)	2,743	746	-	-	-	(920)
Including: Cash inflow	-	329,042	267,708	939,199	72,042	-	-	-	1,607,991
Cash outflow	-	333,124	268,035	936,456	71,296	-	-	-	1,608,911
Credit commitments	609,984	187,655	305,753	620,412	86,599	175,063	-	-	1,985,466

4 Fair value of financial instruments

(1)Fair value hierarchy

According to the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement, the levels are defined as follows:

•Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities. The financial instruments of this level include listed equity securities, debt instruments and open-end fund investments;

•Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities. The financial instruments of this level include most Over-the-Counter ("OTC") derivatives and bonds. The sources of the yield curve or counterparty credit risk input value parameters are Thomson Reuters, Bloomberg and ChinaBond.com.

•Level 3 inputs: inputs that are unobservable for underlying assets or liabilities. The financial instruments of this level include equity instruments and debt instruments with significant non-observable components.

(2)Financial instruments not measured at fair value

Financial assets and financial liabilities not measured at fair value in the statement of financial position mainly include: deposits with central banks, deposits and placements with banks and other financial institutions, financial assets purchased under resale agreements, loans and advances to customers (measured at amortized cost), financial investment measured at amortized cost, borrowing from central bank, deposits and placements from banks and other financial institutions, financial assets sold under repurchase agreements, deposits from customers, lease liabilities and debt securities issued.

The book value and corresponding fair value of financial investment not measured at fair value (financial investment measured at amortized cost) and bonds issued as at the financial statement date are listed in the following table.

	31 December 2025				
	Book Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial investment measured at amortized cost	1,250,256	1,749	1,159,701	114,440	1,275,890
Financial liabilities:					
Debt securities issued	1,140,416	38,987	1,100,601	-	1,139,588

	31 December 2024				
	Book Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets：					
Financial investment measured at amortized cost	1,326,638	15,650	1,256,618	109,788	1,382,056
Financial liabilities：					
Debt securities issued	1,419,972	54,497	1,375,798	-	1,430,295

(i)Financial investment measured at amortized cost

The fair value of financial investments measured at amortized cost is based on market quotes, and therefore belongs to the first level. If the relevant market information of financial investments measured at amortized cost cannot be obtained, then the discounted cash flow model is used for the valuation of fair value, which belongs to Level 3. Where applicable, the fair value of financial investments measured at amortized cost are determined with reference to the valuation results of China Central Depository & Clearing Co., Ltd., China Securities Index Co., Ltd. or Bloomberg, which belongs to Level 2.

(ii)Debt securities issued

The fair value of bonds issued is based on public quotes on the market. For bonds that cannot be quoted in the market, the fair value is determined by the discounted cash flow method and is based on the actual return rate matching the remaining maturity of the bond.

In addition to the above financial assets and financial liabilities, the fair value of other financial assets and financial liabilities that are not

measured at fair value in the statement of financial position are determined with the discounted future cash flow method. There is no significant difference between their book value and fair value because these financial instruments have a shorter duration, or their interest rates fluctuate with market interest rates.

(3)Assets and liabilities measured at fair value on a recurring basis

The Group's assets and liabilities measured at fair value on a recurring basis are presented in the following three levels:

	31 December 2025			
	Level 1	Level 2	Level 3	Total
Financial investments:				
Financial investments measured at FVTPL				
- Fund investments	495,437	1	3,122	498,560
- Bond investments	-	152,716	814	153,530
- Beneficiary certificates of securities companies	-	49,749	-	49,749
- Equity investments	2,355	-	14,358	16,713
- ABS	-	4,761	-	4,761
- Interbank certificates of deposit	-	912	-	912
- Other investments in structured entities	57,263	9,339	30,121	96,723
Financial investments measured at FVOCI				
- Bond investments	10,130	798,296	-	808,426
- ABS	221	46,473	-	46,694
- Interbank certificates of deposit	688	15,383	-	16,071
- Repossessed equity instruments	1	-	1,416	1,417
- Other investments	463	-	9,584	10,047
Loans and advances to customers:				
Loans and advances to customers measured at FVOCI				
- Discounted bills	-	185,761	-	185,761
- Corporate loans and advances	-	9,302	-	9,302
Loans and advances to customers measured at FVTPL				
- Corporate loans and advances	-	3,633	1,601	5,234
- Discounted bills	-	1,293	-	1,293
Derivative financial assets	-	93,440	-	93,440
Total financial assets	566,558	1,371,059	61,016	1,998,633
Derivative financial liabilities	-	81,292	-	81,292
Financial liabilities measured at FVTPL				
- Financial liabilities associated with bonds	-	56,965	-	56,965
- Financial liabilities related to precious metals	-	6,369	-	6,369
- Interest of other unit holders in consolidated structured entities	-	2,425	1,104	3,529
Deposits from customers	-	3,777	-	3,777
Total financial liabilities	-	150,828	1,104	151,932

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Financial investments:				
Financial investments measured at FVTPL				
- Fund investments	482,620	712	2,149	485,481
- Bond investments	3,411	63,974	1,156	68,541
- Equity investments	1,748	-	15,520	17,268
- Beneficiary certificates of securities companies	-	11,913	-	11,913
- Trust and asset management plans	-	8,672	1,139	9,811
- Interbank certificates of deposit	-	8,579	-	8,579
- ABS	-	2,216	6	2,222
- Other investments	79,841	2,154	5,209	87,204
Financial investments measured at FVOCI				
- Bond investments	71,814	652,053	-	723,867
- Interbank certificates of deposit	2,308	29,113	-	31,421
- ABS	540	19,120	-	19,660
- Repossessed equity instruments	1	-	1,405	1,406
- Trust and asset management plans	-	-	16	16
- Other investments	251	-	7,372	7,623
Loans and advances to customers measured at:				
FVOCI				
- Discounted bills	-	321,964	-	321,964
- Corporate loans and advances	-	9,048	-	9,048
FVTPL				
- Corporate loans and advances	-	553	2,130	2,683
- Discounted bills	-	850	-	850
Derivative financial assets	-	89,590	-	89,590
Total financial assets	642,534	1,220,511	36,102	1,899,147
Derivative financial liabilities	-	78,575	-	78,575
Financial liabilities measured at FVTPL				
- Financial liabilities associated with bonds	805	23,982	-	24,787
- Financial liabilities related to precious metals	-	5,185	-	5,185
- Interest of other unit holders in consolidated structured entities	-	2,582	618	3,200
Deposits from customers	-	5,222	-	5,222
Total financial liabilities	805	115,546	618	116,969

The Group takes the date of the event that caused the transfer between levels as the date of the transfer. There is no transfer between the first and second levels this year.

(i)Level 2 Financial Instruments

The fair value of financial instruments that are not traded in an active market (such as OTC derivatives) is determined using valuation techniques. Valuation techniques use observable market data (if any) as much as possible, and rely as little as possible on the entity's specific estimates. If all significant inputs required to calculate the fair value of a financial instrument are observable data, the financial instrument is included in level 2. If one or more significant inputs are not based on observable market data, the financial instrument is included in level 3.

The financial instruments classified by the Group as level 2 mainly include bonds, foreign exchange forwards and swaps, interest rate swaps and foreign exchange options. The fair value of RMB bonds is determined according to the valuation results of China Central Depository & Clearing Co., Ltd., and the fair value of foreign currency bonds is determined according to Bloomberg's valuation results. Foreign exchange forwards and swaps, interest rate swaps, foreign exchange options are valued using discounted cash flow method and the Blair-Scholes model. All significant valuation parameters are obtained from observable market information.

(ii)Level 3 Financial Instruments

The changes in the Group's Level 3 assets and liabilities as follows:

	Financial investments measured at FVTPL	Financial investments measured at FVOCI	Loans and advances to customers measured at FVTPL	Financial liabilities measured at FVTPL	Total
1 Janurary 2025	25,179	8,793	2,130	(618)	35,484
Additions	27,795	1,851	1,447	(486)	30,607
Disposals and settlements	(4,222)	(20)	(2,061)	-	(6,303)
Total gains / (losses) recorded in profit or loss	(337)	-	85	-	(252)
Total gains recorded in other comprehensive income	-	376	-	-	376
31 December 2025	48,415	11,000	1,601	(1,104)	59,912
Unrealized gains or losses recognized in profit or loss for the year ended 31 December 2025 for the positions held at 31 December 2025	58	-	13	-	71

	Financial investments measured at FVTPL	Financial investments measured at FVOCI	Loans and advances to customers measured at FVTPL	Financial liabilities measured at FVTPL	Total
1 Janurary 2024	31,348	6,749	1,849	(558)	39,388
Additions	1,505	251	1,976	-	3,732
Disposals and settlements	(7,762)	(4)	(1,789)	59	(9,496)
Total gains / (losses) recorded in profit or loss	88	-	94	(119)	63
Total gains recorded in other comprehensive income	-	1,797	-	-	1,797
31 December 2024	25,179	8,793	2,130	(618)	35,484
Unrealized gains or losses recognized in profit or loss for the year ended 31 December 2024 for the positions held at 31 December 2024	(1,024)	-	21	(32)	(1,035)

The relevant information of Level 3 of fair value measurement using important unobservable input values is as follows:

31 December 2025	Fair value	Valuation method	Unobservable inputs
Financial investment:			
Financial investments measured at FVTPL			
- Fund investments	3,122	Market approach	Liquidity discount
- Bond investments	814	Income approach	Discount rate
- Equity investments	12,529	Net asset based method	Liquidity discount
	1,829	Market approach	Liquidity discount
- Other investments in structured entities	23,588	Net asset based method	Liquidity discount
	5,321	Market approach	Liquidity discount
	1,212	Income approach	Discount rate
Total	48,415		
Financial investments measured at FVOCI			
- Other equity investments	7,150	Net asset based method	Liquidity discount
	2,302	Market approach	Liquidity discount
	132	Income approach	Discount rate
- Repossessed equity instruments	962	Market approach	Liquidity discount
	454	Net asset based method	Liquidity discount
Total	11,000		
Loans and advances to customers measured at FVOCI			
- Corporate loans and advances	1,601	Income approach	Credit spread
Financial liabilities measured at FVTPL			
- Interest of other unit holders in consolidated structured entities	1,104	Note 1	Note 1

31 December 2024	Fair value	Valuation method	Unobservable inputs
Financial investment:			
Financial investments measured at FVTPL			
- Fund investments	2,149	Market approach	Liquidity discount
- Bond investments	1,156	Income approach	Discount rate
- Equity investments	13,716	Net asset based method	Liquidity discount
	1,804	Market approach	Liquidity discount
- ABS	6	Income approach	Discount rate
- Other investments in structured entities	5,209	Market approach	Liquidity discount
	1,139	Income approach	Discount rate
Total	25,179		
Financial investments measured at FVOCI			
- Other investments	5,378	Net asset based method	Liquidity discount
	1,874	Market approach	Liquidity discount
	120	Income approach	Discount rate
- Repossessed equity instruments	953	Market approach	Liquidity discount
	448	Net asset based method	Liquidity discount
	4	Income approach	Discount rate
- Trust and asset management plan	16	Income approach	Discount rate
Total	8,793		
Loans and advances to customers			
- Corporate loans and advances	2,130	Income approach	Credit spread
Financial liabilities measured at FVTPL			
- Interest of other unit holders in consolidated structured entities	618	Note 1	Note 1

Note1: The fair value of the interest of other unit holders in consolidated structured entities is the amount attributable to the investors of the structured entity based on the net value of the structured entity.

5 Offsetting of financial assets and financial liabilities

Some financial assets and financial liabilities in the Group follow executable net amount settlement arrangements or similar agreements. Such arrangements with the Group and counterparties normally allow the net amount settlement under agreements of both parties. If no agreement is reached, it would be settled in full amount. But one party could choose to settle in net amount under the condition that the other party violates the agreement. According to the relevant requirements of the Accounting Standards, the Group did not offset these financial assets and financial liabilities.

As at 31 December 2025, the amount of the Group's financial assets and financial liabilities following executable net amount settlement arrangements or similar agreements is not significant.

6 Capital management

The objectives of the Group's capital management are to:

(1)Satisfy regulatory requirements for capital adequacy ratio on an ongoing basis, ensure operational compliance to ultimately optimize capital stock and structure.
(2)Ensure adequate capital for resisting corresponding risks, realize the operational safety, and keep capital at an adequate and reasonable level.
(3)Establish a capital allocation and management system that focuses on economic capital, optimize the resource allocation and management control mechanism at the Group level, achieve capital intensive management to ultimately maximise shareholders' value.

The Group manages its capital structure and adjusts it based on the changes in economic condition and the risk characteristics. Generally, the mechanism of adjusting the capital structure comprises dividend distribution policies and issuance of additional capital instruments such as tier 1 capital instruments and tier 2 capital instruments, etc.

As at 31 December 2025, commercial banks in China should meet the minimum requirements for capital adequacy ratio set out in the Administrative Measures on the Capital of Commercial Banks which required the capital adequacy ratio of CET1 shall not be less than 7.5%, capital adequacy ratio of tier 1 capital shall not be less than 8.5% and capital adequacy ratio shall not be less than 10.5%.

In addition, the PBOC and related regulatory departments have formulated "Measures for the Assessment of Systemically Important Banks" and the "Additional Regulatory Rules for Systemically Important Banks (for Trial Implementation)". According to the above provisions, systemically important banks shall meet certain additional capital requirements in addition to minimum capital requirements, reserve capital and counter-cyclical capital requirements, which are satisfied by CET1. Systemically important banks are divided into five groups, and the additional capital requirements of 0.25%, 0.5%, 0.75%, 1% and 1.5% shall apply to the banks in Group I to Group V respectively. According to the List of Domestic Systemically Important Banks most recently issued by the PBOC and the NFRA, the Bank was identified as systemically important banks in Group II. Therefore, after considering the additional capital requirements of systemically important banks, the Group should meet the minimum requirement of 8% of CET1 adequacy, 9% of tier 1 capital adequacy and 11% of capital adequacy.

As at December 31, 2025, the Group's CET1 ratio, tier 1 capital ratio, and capital ratio all meet the requirements of the "Rules on Capital Management of Commercial Banks" and other relevant regulations.

IX ASSET PLEDGED AS COLLATERAL

Certain assets of the Group are pledged as collateral for financial liabilities, and the analysis of these assets are as follows:

	31 December 2025	31 December 2024
Financial investments	672,653	712,451
Bills	7,930	154,078
Deposits with banks and other financial institutions	8,117	9,056
Loans	658	1,045
Total	689,358	876,630

Apart from the aforementioned collaterals and the Group's assets for operating leases, the amount of assets with restricted ownership or usage due to pledges, seizures, freezes, or detentions was not significant as the end of 2025 (at the end of 2024: not significant).

X EVENTS AFTER THE REPORTING DATE

1 Profit distribution plan

The Bank convened the meeting of the Board of Directors on 27 March 2026, approved the profit distribution plan for 2025 and submitted it to the Annual General Meeting for consideration and approval.

XI COMPARATIVE FIGURES

In order to be consistent with the presentation of financial statements for the current year, a number of comparative figures have been reclassified.

Shanghai Pudong Development Bank Co., Ltd.

Financial Statements for the year ended 31 December 2024

English Translation of the Financial Statements

IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND ITS ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL

Independent Auditor's Report

KPMG Huazhen Tongzi NO. 2500100

To the Shareholders of Shanghai Pudong Development Bank Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the financial statements of Shanghai Pudong Development Bank Co., Ltd. (the "Bank") and its subsidiaries (the "Group") set out on pages 269 to 369, which comprise the consolidated and the Bank's statement of financial position as at 31 December 2024, and the consolidated and the Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and the Bank's financial position as at 31 December 2024, and its consolidated and the Bank's financial performance and its consolidated and the Bank's cash flows for the year then ended in accordance with "International Financial Reporting Standards" ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the IASB. 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 the Group in accordance with the ethical requirements regarding audit of financial statements in China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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.

Measurement of expected credit losses ("ECL") for loans and advances to customers, financial investments at amortized cost, financial guarantees and loan commitments

Refer to Notes II.4(8)(vi), III.13, III.14(b), III.27, VIII.1(1), VIII.1(3), VIII.1(4) and VIII.1(5) to the financial statements.

The Key Audit Matter	How the matter was addressed in our audit
Measurement of ECL for loans and advances to customers, financial investments at amortized cost, financial guarantees and loan commitments involves significant management judgments. The Group established internal controls for the ECL measurement.	Our audit procedures to assess ECL for loans and advances to customers, financial investments at amortized cost, financial guarantees and loan commitments included the following: • Understanding and evaluating the design and operating effectiveness of the key internal controls over financial reporting related to ECL measurement for loans and advances to customers, financial investment at amortized cost, financial guarantees and loan commitments: - Understanding and evaluating the design and operating effectiveness of the key internal controls of the financial reporting process, including credit approval, recording, monitoring, periodic re-evaluation of credit grading, and the accrual of loss allowance; in particular, we assessed the design and operating effectiveness of the key internal controls over financial reporting related to the classification of loans by credit quality across all stages, financial investment at amortized cost, credit quality of financial guarantees and loan commitments; - Utilizing the work of our information technology experts and financial risk management experts to understand and evaluate the design and operating effectiveness of information system controls, including: general information technology control, completeness of key internal historical data, inter-system data transmission, mapping of parameters of ECL model, and system calculation logic of loss allowance for ECL for loans and advances to customers, financial investments at amortized cost, financial guarantees and loan commitments, based on the works of our Information Technology Risk Management ("IRM") Specialists and Financial Risk Management ("FRM") Specialists;
The Group assesses whether the credit risks of loans and advances to customers, financial investments at amortized cost and financial guarantees and loan commitments have increased significantly since their initial recognition, and applies a three-stage impairment model to measure their ECL. For loans and advances to customers, financial investments at amortized cost and financial guarantees and loan commitments, management assesses loss allowance using the risk parameter modelling approach that incorporates key parameters, including probability of default, loss given default, exposure at default and discount rates.	• Based on the work of FRM Specialists, evaluating the reliability of ECL models and parameters used by management, including prudently evaluating probability of default, loss given default, exposure at default, discount rate, forward-looking information adjustment and other adjustment factors, and evaluating the reasonableness of key management jugments involved; • Evaluating the completeness and accuracy of key data used by the ECL models. For key internal data related to the original business files, we compared the respective amount of loans and advances to customers, financial investments at amortized cost, financial guarantees and loan commitments used by the management to evaluate the loss allowances with the general ledger amounts, in order to assess the completeness of lists. Select samples and compare the information of the loans and advances to customers and financial investment at amortized cost, financial guarantees and loan commitments with relevant agreements and other relevant documents to assess the accuracy of the lists. For key external data, we compared it with public information to check its accuracy; • Evaluating key parameters involving subjective judgments by seeking evidence from external sources and comparing it with internal records including historical loss scenarios and security types. As part of these procedures, we inquired management about the reasons for modifictions of key estimates and parameters input, and assessed the consistency of judgement used by management;

Measurement of ECL for loans and advances to customers, financial investments at amortized cost, financial guarantees and loan commitments (continued)

Refer to Notes II.4(8)(vi), III.13, III.14(b), III.27, VIII.1(1), VIII.1(3), VIII.1(4) and VIII.1(5) to the financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The measurement models of expected credit losses involves significant management judgments and assumptions, primarily including the following: (1) Division of business operations sharing similar credit risk characteristics into the same group, selection of appropriate models and determination of relevant key parameters; (2) Criteria for determining a significant increase in credit risk, default and credit impairments; (3) Application of economic indicators, economic scenarios and their respective weightings for forward-looking information.	• Comparing the predictive economic indicators used by the management to measure the ECL in the previous year with the actual situation of the current year to consider whether there are indicators of management bias; • For key internal data which was generated by the system calculation, we selected samples and compared the input data used in the system with the original business files to evaluate the accuracy of the data input. In addition, based on the work of IRM Specialists, we selected samples and tested the logic of preparing overdue information of loans and advances to customers; • Selecting samples to assess the reasonableness of management judgement on whether the credit risk has increased significantly since initial recognition and whether credit impairment has occurred. We analysed the loan portfolio and financial investments at amortized cost by industry sector to select samples in industried sensitive to the current business cycle and regulatory policies. We also focused on loans and financial investments at amortized cost with perceived higher risk and selected samples from loans credit impairment has occurred, overdue but credit impairment has not occurred, a significant increase in credit risk and borrowers with warning signs, adverse press coverage. On the basis of sample selection, we reviewed the business documents, checked the overdue information, inquired customer managers about about the operation conditions of borrowers, checked the financial information of the borrower and searched for market information about the borrower's business and operation;
Measurement of ECL for loans and advances to customers, financial investment at amortized cost, financial guarantees and loan commitments is subject to inherent uncertainty and involves management judgments, and has an important influence on operation conditions and capital positions of the Group. In view of these reasons, we identified the ECL measurement of loans and advances to customers, financial investments measured at amortized cost, financial guarantees and loan commitments as a key audit matter.	• Performing credit reviews for the selected credit impaired loans and advances to customers and financial investment at amortized cost by evaluating loss ratio calculation model based on grouping, or assessing the forecast of recoverable cash flows through inquiry, applying professional judgment and performing independent research, including the timing and realisation method of collaterals and other sources of repayment asserted by the management. We also assessed the consistency of the application of key assumptions made by the management and compared the assumptions with our data sources; • Selecting samples and reviewing the calculation of ECL to assess the application of ECL model by the Group; • According to the relevant accounting standards, evaluate the reasonableness of the information disclosure of financial statements in terms of loans and advances to customers, financial investments measured at amortised cost, financial guarantee contracts and loan commitments.

Consolidation of structured entities

Refer to Notes II.4(1) and III.37 to the financial statements.

The Key Audit Matter	How the matter was addressed in our audit
Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Group may acquire or retain an ownership interest in, or act as a sponsor to, a structured entity, through issuing a wealth management product, an asset-backed security, a trust plan, an asset management plan or a securities investment fund. In determining whether the Group should retain any partial interests in a structured entity or should consolidate a structured entity, management is required to consider the risks and rewards retained, the power the Group is able to exercise over the activities of the entity and its ability to influence the Group's own returns from the entity. These factors are not purely quantitative and need to be considered collectively in the overall substance of the transactions. We identified the recognition of interests in and consolidation of structured entities as a key audit matter because of the complex nature of certain of these structured entities and because of the judgement exercised by management in the qualitative assessment of the terms and nature of each entity.	Our audit procedures to assess the recognition of interests in and consolidation of structured entities included the following: • Making enquiries of management and inspecting documents relating to the judgment process over whether a structured entity is consolidated or not to assess whether the Group has a robust process in this regard; • Selecting significant structured entities of each key product type and performing the following procedures for each structured entity selected: - Inspecting the related contracts, internal establishment documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management's judgement over whether the Group has the ability to exercise power over the structured entity; - Inspecting the risk and reward structure of the structured entity, including any capital or return guarantee, provision of liquidity support, commission paid and distribution of the returns, to assess management's judgement as to the exposure, or rights, to variable returns from the Group's involvement in such an entity; - Evaluating management's analysis of the structured entity, including qualitative analysis and the calculation of the magnitude and variability associated with the Group's economic interests in the structured entity, to assess management's judgement over the Group's ability to influence its own returns from the structured entity; - Assessing management's judgement over whether the structured entity should be consolidated or not; • Evaluating the disclosures relating to structured entities in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Valuation of Level 3 financial assets measured at fair value on a recurring basis

Refer to Note II.4.(8), Note II.4.(22), Note II.4.(31) of the accounting policy to the financial statements, and Note VIII.4.

The Key Audit Matter	How the matter was addressed in our audit
The Group classified certain financial instruments without active market quotations – including unlisted equities, unlisted investment funds, certain fund trust and asset management plans, and asset-backed securities – as Level 3 financial assets measured at fair value on a recurring basis. This classification was made because the Group used significant unobservable inputs that materially affected the valuation of these financial instruments. The Group applied various valuation techniques to assess the fair value of Level 3 financial assets, primarily using income approach, market approach, and net asset value approach. These approaches involve unobservable inputs including cash flows of underlying assets, liquidity discounts, discount rates, and price-to-book ratios. Due to the material amount of the Level 3 financial assets measured at fair value on a recurring basis, the complexity of fair value measurement techniques, and the significant management judgement required when using unobservable inputs as key assumptions, we identified the Level 3 financial assets measured at fair value on a recurring basis as a key audit matter.	Our audit procedures relating to the evaluation of valuation of Level 3 financial assets measured at fair value on a recurring basis included the following: • Understanding and evaluating the design and operating effectiveness of key internal controls over financial reporting related to the application of valuation models and front-to-back reconciliations for these assets; • Selecting samples and, using the work of our financial risk management experts, gained an understanding of management's valuation models (including whether there were any changes during the year) and evaluated the appropriateness of the valuation methods under relevant accounting standards. These procedures specifically included comparing the Group's valuation models with industry-standard valuation methods we were aware of, independently testing significant inputs used in fair value calculations, assessing the appropriateness of valuation parameters applied, and building parallel valuation models to reperform the calculation; • Evaluating the reasonableness of the financial statement disclosures relating to these Level 3 financial assets measured at fair value on a recurring basis under relevant accounting standards, including disclosures about the fair value hierarchy.

Other Information

Management is responsible for the other information. The other information comprises all the information included in the 2024 annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs issued by IASB, and for such internal control as 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, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate,

to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, 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.

• Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with 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.

The engagement partner on the audit resulting in this independent auditor's report is Xue Chen Jun.

KPMG Huazhen LLP

Beijing, the People's Republic of China

27 March 2025

Consolidated and the Bank's Statement of Profit or Loss
For the year ended 31 December 2024

	Note	The Group		The Bank	
		2024	2023	2024	2023
Interest income		288,125	297,598	277,751	290,164
Interest expense		(173,408)	(179,163)	(167,227)	(174,351)
Net interest income	III.1	114,717	118,435	110,524	115,813
Fee and commission income		29,788	32,035	26,003	29,077
Fee and commission expense		(6,972)	(7,582)	(6,964)	(7,980)
Net fee and commission income	III.2	22,816	24,453	19,039	21,097
Net trading gains	III.3	20,912	19,587	24,403	19,287
Net gains arising from financial investments	III.4	7,451	7,122	7,507	3,234
Other net operating income		5,884	3,740	310	561
Operating expenses	III.5	(54,151)	(56,005)	(49,120)	(51,133)
Impairment losses	III.6	(69,480)	(76,863)	(67,795)	(75,588)
Net gains arising from associates and joint ventures		217	223	155	186
Profit before income tax		48,366	40,692	45,023	33,457
Income tax expense	III.7	(2,531)	(3,263)	(1,737)	(524)
Net profit		45,835	37,429	43,286	32,933
Net profit attributable to:					
Shareholders of the Bank		45,257	36,702	43,286	32,933
Non-controlling interests		578	727	-	-
Earnings per share attributable to the shareholders of the Bank:					
Basic earnings per share (expressed in RMB)	III.8	1.36	1.07		
Diluted earnings per share (expressed in RMB)	III.8	1.25	0.99		

The notes on pages 279 to 369 are an intergral part of these financial statements.

Consolidated and the Bank's Statement of Comprehensive Income
For the year ended 31 December 2024

	Note	The Group		The Bank	
		2024	2023	2024	2023
Net profit		45,835	37,429	43,286	32,933
Other comprehensive income	III.34				
Items that may be reclassified to profit or loss					
Other comprehensive income recognised under equity method		2	(1)	2	(1)
Changes in fair value of debt investments at fair value through other comprehensive income		10,795	3,460	10,510	3,339
Credit impairment allowance of debt investments at fair value through other comprehensive income		(954)	1,995	(897)	2,019
Cash flow hedge reserve		248	88	(17)	27
Exchange differences from the translations of foreign financial statements		74	179	(26)	24
Item that will not be reclassified to profit or loss					
Changes in fair value of equity investments at fair value through other comprehensive income		878	(747)	880	(747)
Other comprehensive income, net of tax		11,043	4,974	10,452	4,661
Total comprehensive income		56,878	42,403	53,738	37,594
Total comprehensive income attributable to:					
Shareholder of the Bank		56,186	41,623	53,738	37,594
Non-controlling interests		692	780	-	-

The notes on pages 279 to 369 are an intergral part of these financial statements.

Consolidated and the Bank's statement of Financial position as at 31 December 2024

	Note	The Group		The Bank	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
Assets					
Cash and deposits with central bank	III.9	411,539	537,131	405,297	532,553
Deposits and placements with banks and other financial institutions	III.10	533,482	557,362	511,445	549,935
Precious metals		23,062	17,526	23,062	17,526
Derivative financial assets	III.11	89,590	56,311	88,838	56,265
Financial assets purchased under resale agreements	III.12	63,879	44,719	63,879	44,719
Loans and advances to customers	III.13	5,269,160	4,904,696	5,146,724	4,796,566
Financial investments:	III.14				
-Financial investments at fair value through profit or loss		691,019	780,226	767,780	740,523
-Financial investments at amortized cost		1,326,638	1,271,082	1,120,026	1,208,379
-Financial investments at fair value through other comprehensive income		791,467	624,747	775,907	613,336
Investments in associates and joint ventures	III.15	1,807	2,825	1,464	2,458
Investments in controlled subsidiaries		-	-	33,404	29,310
Fixed assets	III.16	56,235	45,308	17,246	18,286
Construction in progress		1,272	1,982	1,233	1,159
Right-of-use assets	III.17	6,350	7,150	5,858	6,716
Intangible assets	III.18	9,584	9,767	7,117	7,464
Goodwill	III.19	5,351	5,351	-	-
Deferred income tax assets	III.20	75,261	71,598	72,695	69,250
Other assets	III.21	106,184	69,466	98,832	63,671
Total assets		9,461,880	9,007,247	9,140,807	8,758,116

The notes on pages 279 to 369 are an intergral part of these financial statements.

Consolidated and the Bank's statement of Financial position (continued) as at 31 December 2024

	Note	The Group		The Bank	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
Liabilities					
Borrowing from central bank		118,442	235,242	117,770	234,591
Deposits and placements from banks and other financial institutions	III.22	1,221,605	1,293,709	1,106,359	1,201,678
Financial liabilities at fair value through profit or loss	III.23	33,172	10,207	29,972	7,869
Derivative financial liabilities	III.11	78,575	52,293	78,434	52,260
Financial assets sold under repurchase agreements	III.24	505,962	519,784	406,346	449,030
Deposits from customers	III.25	5,229,282	5,060,344	5,175,643	5,027,145
Income tax payable		17,060	21,798	16,484	21,371
Debt securities issued	III.26	1,419,972	1,011,653	1,417,346	1,004,010
Deferred income tax liabilities	III.20	630	1,014	-	-
Lease liabilities	III.17	6,013	6,871	5,507	6,423
Provisions	III.27	7,810	7,753	7,805	7,753
Other liabilities	III.28	78,576	53,695	67,771	43,596
Total liabilities		8,717,099	8,274,363	8,429,437	8,055,726
Equity					
Share capital	III.29	29,352	29,352	29,352	29,352
Other equity instruments	III.30	82,701	112,691	82,701	112,691
Capital reserves	III.31	81,921	81,762	81,719	81,712
Surplus reserves	III.32	192,222	188,929	192,222	188,929
General risk reserve	III.33	106,696	101,575	102,500	98,000
Other reserves	III.34	13,036	2,107	12,345	1,893
Retained earnings	III.35	230,401	208,333	210,531	189,813
Equity attributable to the shareholders of the Bank		736,329	724,749	711,370	702,390
Non-controlling interests		8,452	8,135	-	-
Total equity		744,781	732,884	711,370	702,390
Total liabilities and equity		9,461,880	9,007,247	9,140,807	8,758,116

The notes on pages 279 to 369 are an intergral part of these financial statements.

These financial statements were approved for issue by the Board of Directors of the Bank on 27 March 2025:

Chairman of the board of the directors:	President (in-charge of financial work):	Head of the finance and accounting department:
Weizhong Zhang	Wei Xie	Hui Zhang

Consolidated and the Bank's statement of Changes in Equity
For the year ended 31 December 2024

	Equity attributable to the shareholders of the Bank								Non-controlling interests	Total
	Ordinary Shares	Other equity instruments	Capital reserves	Surplus reserves	General risk reserve	Other reserves	Retained earnings	Subtotal		
Balance at 1 January 2024	29,352	112,691	81,762	188,929	101,575	2,107	208,333	724,749	8,135	732,884
Net profit	-	-	-	-	-	-	45,257	45,257	578	45,835
Other comprehensive income	-	-	-	-	-	10,929	-	10,929	114	11,043
Total comprehensive income	-	-	-	-	-	10,929	45,257	56,186	692	56,878
Appropriation to surplus reserves and general risk reserves	-	-	-	3,293	5,121	-	(8,414)	-	-	-
Cash dividends paid to ordinary shareholders	-	-	-	-	-	-	(9,422)	(9,422)	-	(9,422)
Cash dividends paid to preference shareholders	-	-	-	-	-	-	(1,559)	(1,559)	-	(1,559)
Interests payment of open-term capital bonds	-	-	-	-	-	-	(3,794)	(3,794)	-	(3,794)
Capital increase by subsidiary shareholders	-	-	169	-	-	-	-	169	(169)	-
Dividends of subsidiaries	-	-	-	-	-	-	-	-	(206)	(206)
Redemption of open-term capital bonds	-	(29,990)	(10)	-	-	-	-	(30,000)	-	(30,000)
Balance at 31 December 2024	29,352	82,701	81,921	192,222	106,696	13,036	230,401	736,329	8,452	744,781

The notes on pages 279 to 369 are an intergral part of these financial statements.

Consolidated and the Bank's statement of Changes in Equity (continued)
For the year ended 31 December 2023

	Equity attributable to the shareholders of the Bank								Non-controlling interests	Total
	Ordinary Shares	Other equity instruments	Capital reserves	Surplus reserves	General risk reserve	Other reserves	Retained earnings	Subtotal		
Balance at 1 January 2023	29,352	112,691	81,762	174,385	99,515	(3,053)	203,220	697,872	8,903	706,775
Net profit	-	-	-	-	-	-	36,702	36,702	727	37,429
Other comprehensive income	-	-	-	-	-	4,921	-	4,921	53	4,974
Total comprehensive income	-	-	-	-	-	4,921	36,702	41,623	780	42,403
Appropriation to surplus reserves and general risk reserves	-	-	-	14,544	3,786	-	(18,330)	-	-	-
Cash dividends paid to ordinary shareholders	-	-	-	-	-	-	(9,393)	(9,393)	-	(9,393)
Cash dividends paid to preference shareholders	-	-	-	-	-	-	(1,559)	(1,559)	-	(1,559)
Interests payment of open-term capital bonds	-	-	-	-	-	-	(3,794)	(3,794)	-	(3,794)
Other reserves carried forward to retained earnings	-	-	-	-	-	239	(239)	-	-	-
Dividends of subsidiaries	-	-	-	-	-	-	-	-	(231)	(231)
Disposal of equity in subsidiaries	-	-	-	-	(1,726)	-	1,726	-	(1,317)	(1,317)
Balance at 31 December 2023	29,352	112,691	81,762	188,929	101,575	2,107	208,333	724,749	8,135	732,884

The notes on pages 279 to 369 are an intergral part of these financial statements.

The Bank's statement of Changes in Equity
For the year ended 31 December 2024

	Share capital	Other equity instruments	Capital reserves	Surplus reserves	General risk reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2024	29,352	112,691	81,712	188,929	98,000	1,893	189,813	702,390
Net profit	-	-	-	-	-	-	43,286	43,286
Other comprehensive income	-	-	-	-	-	10,452	-	10,452
Total comprehensive income	-	-	-	-	-	10,452	43,286	53,738
Appropriation to surplus reserves and general risk reserves	-	-	-	3,293	4,500	-	(7,793)	-
Cash dividends paid to ordinary shareholders	-	-	-	-	-	-	(9,422)	(9,422)
Cash dividends paid to preference shareholders	-	-	-	-	-	-	(1,559)	(1,559)
Interests payment of open-term capital bonds	-	-	-	-	-	-	(3,794)	(3,794)
Redemption of open-term capital bonds	-	(29,990)	(10)	-	-	-	-	(30,000)
Others	-	-	17	-	-	-	-	17
Balance at 31 December 2024	29,352	82,701	81,719	192,222	102,500	12,345	210,531	711,370

The notes on pages 279 to 369 are an intergral part of these financial statements.

The Bank's statement of Changes in Equity (continued)
For the year ended 31 December 2023

	Share capital	Other equity instruments	Capital reserves	Surplus reserves	General risk reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2023	29,352	112,691	81,712	174,385	93,500	(3,007)	190,909	679,542
Net profit	-	-	-	-	-	-	32,933	32,933
Other comprehensive income	-	-	-	-	-	4,661	-	4,661
Total comprehensive income	-	-	-	-	-	4,661	32,933	37,594
Appropriation to surplus reserves and general risk reserves	-	-	-	14,544	4,500	-	(19,044)	-
Cash dividends paid to ordinary shareholders	-	-	-	-	-	-	(9,393)	(9,393)
Cash dividends paid to preference shareholders	-	-	-	-	-	-	(1,559)	(1,559)
Interests payment of open-term capital bonds	-	-	-	-	-	-	(3,794)	(3,794)
Other reserves carried forward to retained earnings	-	-	-	-	-	239	(239)	-
Balance at 31 December 2023	29,352	112,691	81,712	188,929	98,000	1,893	189,813	702,390

The notes on pages 279 to 369 are an intergral part of these financial statements.

Consolidated and the Bank's Cash Flow Statements
For the year ended 31 December 2024

	The Group		The Bank	
	2024	2023	2024	2023
Cash flows from operating activities				
Profit before income tax	48,366	40,692	45,023	33,457
Adjustment for:				
Depreciation and amortization	8,287	8,575	6,453	6,876
Interest expense on lease liability	210	257	198	247
Assets impairment losses	69,480	76,863	67,795	75,588
Interest expense from financing activities	32,959	33,894	32,759	33,535
Interest income from financial investments	(60,491)	(65,896)	(56,846)	(64,562)
Net profit or loss on disposal of fixed assets	(20)	(72)	30	(74)
Net investment profit from associates and joint ventures	(217)	(223)	(155)	(186)
Unrealized net profit or loss on derivative financial instruments	(6,927)	6,732	(6,802)	6,732
Net profit or loss arising from financial investments	(7,451)	(7,122)	(7,507)	(3,234)
Net trading profit or loss	(15,143)	(20,533)	(18,538)	(20,580)
Foreign exchange gain or loss arising from investing and financing activities	(22)	4	(22)	4
Changes in operating assets:				
Statutory reserves with central bank	27,605	21,260	27,843	21,723
Deposits and placements with banks and other financial institutions	18,106	(68,968)	22,466	(67,889)
Financial assets held for trading	30,198	(18,910)	22,727	(13,888)
Financial assets purchased under resale agreements	316	(1,703)	316	(1,703)
Loans and advances to customers	(411,592)	(162,894)	(405,430)	(158,494)
Other operating assets	(33,160)	(48,087)	(30,489)	(32,923)
Changes in operating liabilities:				
Borrowing from central bank	(116,098)	69,274	(116,118)	69,328
Deposits and placements from banks and other financial institutions	(96,062)	181,418	(100,341)	164,334
Financial assets sold under repurchase agreements	(13,761)	169,458	(42,624)	143,923
Deposits from customers	161,329	158,152	140,890	157,299
Other operating liabilities	45,403	29,218	44,767	17,074
Cash generated from operating activities before income tax payment	(318,685)	401,389	(373,605)	366,587
Income tax paid	(14,969)	(12,992)	(13,575)	(9,851)
Net cash (used) / generated from operating activities	(333,654)	388,397	(387,180)	356,736

The notes on pages 279 to 369 are an intergral part of these financial statements.

Consolidated and the Bank's Cash Flow Statements (continued)
For the year ended 31 December 2024

	The Group		The Bank	
	2024	2023	2024	2023
Cash flows from investing activities				
Cash received from redemption of investment	2,001,177	2,037,428	1,900,627	1,986,357
Investment income received	87,157	73,492	83,110	73,091
Proceeds from disposal of fixed assets	1,717	290	32	170
Purchase of fixed assets, intangible assets and other long-term assets	(20,128)	(12,865)	(3,241)	(5,483)
Cash received from equity transactions of subsidiaries	5,145	6,408	-	-
Cash payment of investment	(2,158,620)	(2,134,534)	(2,023,483)	(2,058,874)
Net cash used in investing activities	(83,552)	(29,781)	(42,955)	(4,739)
Cash flows from financing activities				
Proceeds from issurance of bonds and interbank deposits	1,607,199	886,846	1,607,199	886,846
Cash payment of debt repayment	(1,219,376)	(1,212,680)	(1,214,349)	(1,209,688)
Cash paid for dividends, profit and interest of bond issued	(57,414)	(41,710)	(57,066)	(41,286)
Payment for other financing activities	(2,930)	(3,150)	(2,919)	(3,143)
Net cash generated / (used) in financing activities	327,479	(370,694)	332,865	(367,271)
Effect of exchange rate changes on cash and cash equivalents	1,224	1,901	1,164	1,996
Net decrease in cash and cash equivalents	(88,503)	(10,177)	(96,106)	(13,278)
Cash and cash equivalents at the beginning of the year	362,127	372,304	354,943	368,221
Cash and cash equivalents at the end of the year	273,624	362,127	258,837	354,943
Cash flows from operating activities include:				
Interest received	238,033	243,981	232,223	236,539
Interest paid	(132,990)	(133,716)	(127,248)	(129,244)
Composition of cash and cash equivalents:	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Cash	5,724	6,333	5,606	6,198
Surplus resrves with central bank	107,378	206,375	103,873	204,313
Deposits and placements with banks and other financial institutions with original term no more than three months	98,015	106,465	86,851	101,478
Financial assets purchased under resale agreements with original term no more than three months	62,507	42,954	62,507	42,954
Total	273,624	362,127	258,837	354,943

The notes on pages 279 to 369 are an intergral part of these financial statements.

Notes to the financial statements

I General Information

Shanghai Pudong Development Bank Co., Ltd. (the "Bank") is a joint-stock commercial bank incorporated in Shanghai, the People's Republic of China (the "PRC") on 28 August 1992 in accordance with the approval from the People's Bank of China (the "PBOC" or "Central Bank") (Yin Fu [1992] No.350). The address of the head office is 12 First East Zhongshan Road, Shanghai. The Bank obtained its business licence from Shanghai Municipal Administration of Industry and Commerce on 19 October 1992 and commenced its business on 9 January 1993. On 10 November 1999, the Bank's ordinary shares denominated in RMB were listed and traded on the Shanghai Stock Exchange.

The unified social credit code of the Bank is 9131000013221158XC, and the financial service certificate No. of the Bank is B0015H131000001.

The Bank and its subsidiaries (collectively referred to as the "Group") are mainly engaged in financial businesses. The scope of business mainly includes commercial banking services, financial leasing businesses, trust services, wealth management business approved by the PBOC and the National Financial Regulatory Administration (the "NFRA"), investment banking and fund management business defined by relevant licenses issued by Securities & Futures Commission of Hong Kong. The Bank's principal regulator is the NFRA. The Bank's overseas branches and subsidiaries are subject to the supervision by local regulators.

The major subsidiaries are consolidated in the Bank's financial statements are disclosure in Note III. 38(1).

II Basis of preparation and accounting policies

1 Basis of preparation

The accounting year of the Group is from 1 January to 31 December.

The financial statements have been prepared in accordance with "International Financial Reporting Standards" ("IFRSs") and Interpretations promulgated by the International Accounting Standards Board ("IASB"), on the basis of going concern.The financial statements have been prepared under the historical cost convention, except for derivative financial instruments, financial assets and financial liabilities measured at fair value through profit or loss ("FVTPL") , financial assets measured at fair value through other comprehensive income ("FVOCI") and precious metals and commodities held for trading purposes.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note II. 4(31).

2 Changes in significant accounting policies

The Group has adopted the following amendments to the IFRS issued by the IASB in the current year.

•Lease liabilities in a Sale and Leaseback - Amendments to IFRS 16
•Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (2020)
•Non-current Liabilities with Covenants - Amendments to IAS 1 (2022)
•Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The above amended IFRSs that are effective in 2024 has been initially adopted in the financial report. The initial adoption of the above amendments did not have any material impact on the financial position and financial performance of the Group.

3 Impact of issued but not yet effective International Financial Reporting Standards

The Group has not adopted the following issued but not yet effective standards and amendments in the financial statements.

• Lack of Exchangeability - Amendments to IAS 21 [1]
• Classification and Measurement of Financial Instruments - Amenedments to IFRS 9 and IFRS 7 [2]
• Annual Improvements to IFRS Accounting Standards - Volume 11 [2]
• IFRS 18 [3] *- Presentation and Disclosurein Financial Statements*
• IFRS 19 [3] *- Subsidiaries without Public Accountability: Disclosures*
• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 [4]

(1)Effective for accounting periods beginning on or after 1 January 2025.
(2)Effective for accounting periods beginning on or after 1 January 2026.
(3)Effective for accounting periods beginning on or after 1 January 2027.
(4)Effective date indefinitely deferred.

The adoption of the above amendments will not have a material impact on the Group's consolidated financial statements.

4 Summary of significant accounting policies

The Group determines the materiality of the financial statement disclosures, both in terms of nature and amount. In determining the materiality of the nature, the Group considers whether the matter is part of the Group's daily activities and whether it significantly affects the Group's financial position, financial performance, cash flows and other factors. In determining the materiality of the amount, the Group considers the proportion of the amount to the amount of the relevant items (such as total assets, total liabilities, total owners' equity, operating income, operating costs, net profit, total comprehensive income), or to the amount of a separate item in the financial statements to which it belongs.

(1)Subsidiaries

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity if it is exposed, or has rights, to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an entity.

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

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and any unrealised profit or loss arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

In the Bank's statement of financial position, its investments in subsidiaries are stated at cost less impairment losses (see Note II. 4(20)).

(2)Non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to a parent.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the shareholders of the Bank, and net profit attributable to non-controlling interests and shareholders of the Bank is presented separately in the consolidated statement of profit or loss.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

(3)Associates and joint ventures

An associate is an entity in which the Group has significant influence.

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

The Group's investments in associates or joint ventures are accounted for under the equity method of accounting. Under the equity method, an investment in an associate or joint venture is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate or joint venture, less any impairment losses. The consolidated statement of profit or loss reflects the share of the results of operations of the associate or joint venture. Where there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Under the equity method, unrealised profits and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures.

In the Bank's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see Note II.4(20)).

(4) Functional currency

The Group's domestic institutions functional currency is Renminbi and these financial statements are presented in Renminbi. Items included in the financial statements of each of the Group's operations oversea are measured using the currency of the primary economic environment in which the entity operates.Their financial statements have been translated based on the accounting policy set out in Note II.4(5).

(5)Foreign currency translation

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates or rates that approximate the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the reporting date. For monetary items denominated in foreign currency and classified as financial assets measured at fair value and whose changes are included in other comprehensive income, the foreign currency translation difference is decomposed into the translation difference caused by the change of amortized cost and the translation difference caused by the change of other book amounts of these items. The translation difference arising from the change of amortized cost is included in the current profit and loss, and the translation difference arising from the change of other carrying amount is included in other comprehensive income. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition, construction or production of qualifying assets.

Non-monetary items that are measured at historical cost in a foreign currency are still translated using the spot exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates as at the date when the fair value is determined. The exchange differences are recognised in profit or loss or in other comprehensive income, depending on the nature of non-monetary items.

As at the end of the reporting period, the assets and liabilities of foreign operations are translated into the presentation currency of the Bank at the spot exchange rates ruling at the end of the reporting period. All items within equity except for retained profits are translated at the spot exchange rates ruling at the dates of the initial transactions. Income and expenses in the statement of profit or loss are translated at the spot exchange rates or rates that approximate the spot exchange rates on the dates of the transactions. The exchange differences arising on the above translation are taken to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(6)Criteria for determining cash and cash equivalents

Cash and cash equivalents refer to cash on hand, deposits that can be readily withdraw on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(7)Precious metals

Precious metals comprise gold, silver and other precious metals. 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 realisable 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 the statement of profit or loss.

(8)Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

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

A financial assets and financial liabilities is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.

(ii)Classification and subsequent measurement of financial assets

(a)Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual

cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

-it is held within a business model whose objective is to hold assets to collect contractual cash flows;
-its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

-it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
-its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, the Group considers the contractual terms of the instrument. For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(b)Subsequent measurement of financial assets

-Financial assets measured at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses (including any interest or dividend income) are recognised in profit or loss unless the financial assets are part of a hedging relationship.

-Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

-Debt investments measured at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

-Equity investments measured at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(iii)Classification and subsequent measurement of financial liabilities

-Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as a financial liability designated at fair value through profit or loss (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, unless:

-The financial liability is part of a hedging relationship;
-The financial liability is a financial liability designated at fair value through profit or loss, and changes in fair value arising from changes in the Group's credit risks are included in other comprehensive income.

-Other financial liabilities

Other financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities, financial guarantee contracts and loan commitments arising from transfers of financial assets that do not qualify for the derecognition conditions or continue to be involved in the transferred financial assets.

(iv)Offsetting

Financial assets and financial liabilities are generally presented separately in the statement of financial position, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the statement of financial position when both of the following conditions are satisfied：

-The Group currently has a legally enforceable right to set off the recognised amounts;
-The Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(v)Derecognition of financial assets and financial liabilities

Financial asset is derecognised when one of the following conditions is met:

-the Group's contractual rights to the cash flows from the financial asset expire;
-the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset;
-the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

The financial assets have been transferred. If the Group neither transfers nor retains almost all the risks and rewards of the ownership of the financial assets, and retains the control over the financial assets, the relevant financial assets shall be recognized according to the degree of continuous involvement in the transferred financial assets, and the corresponding liabilities shall be recognized.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

-the carrying amount of the financial asset transferred measured at the date of derecognition;
-the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment measured at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(vi)Impairment

The Group recognises loss allowances for expected credit loss ("ECL") on:

-Financial assets measured at amortised cost;
-Contract assets;
-Debt instruments measured at FVOCI;
-Loan commitments and financial guarantee contracts that are not measured at FVTPL;
-Lease receivables.

Financial assets measured at fair value, including debt investments or equity securities measured at FVTPL, equity securities designated as at FVOCI and derivative financial assets, are not subject to the ECL model.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses for financial instruments with a risk of default. Credit losses are measured as the present value of all cash shortfalls which is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.

The Group's method of measuring ECL of financial instruments reflects the following elements: (i) unbiased weighted average probability determined by the results of evaluating a range of possible outcomes; (ii) time value of money; (iii) reasonable and evidence-based information about past events, current conditions, and future economic forecasts that are available at no additional cost or effort at the end of the reporting period.

The maximum period considered when estimating ECL is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the end of the reporting period (or a shorter period if the expected life of the instrument is less than 12 months).

Refer to Note VIII.1(3) for more detailed explanations of measuring ECL.

Presentation of allowance for ECL

ECL are remeasured at the end of each reporting period to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for financial instruments measured at amortised cost with a corresponding adjustment to their carrying amount through a loss allowance account; for debt investments that are measured at FVOCI, the loss allowance is recognised in other comprehensive income. For loan commitments and financial guarantee contracts that are not measured at fair value and whose changes are included in current profits and losses, the Group recognizes loss reserves in estimated liabilities (Refer to Note III.27).

Write-off

The book value of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(vii)Modification of financial asset contracts

In some cases (such as renegotiating loans), the Group may renegotiate or otherwise modify the financial assets contracts. The Group would assess or renegotiate whether or not the new contractual terms are substantially different to the original terms.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a new financial asset under the revised terms.

If the modified contract terms do not change substantially, but lead to changes in the contract cash flow, the Group shall recalculate the book balance of the financial assets and record the relevant gains or losses into the current profits and losses. The recalculated book balance of the financial asset shall be determined according to the present value of the modified or renegotiated contract cash flow discounted at the original effective interest rate of the financial asset (or the purchased or originated financial asset with credit impairment shall be discounted at the effective interest rate adjusted by credit). For all costs or expenses incurred in modifying or renegotiating the contract, the Group adjusts the book value of the modified financial asset and amortizes it within the remaining period of the modified financial asset. When assessing whether the credit risk of relevant financial instruments has increased significantly, the Group compares the risk of default on the reporting date based on the changed contract terms with the risk of default on the initial recognition based on the original contract terms.

(viii)Equity instrument

The Bank recorded equity instruments it issued at their actual issue prices in shareholders' equity and deducted the related transaction costs from shareholders' equity (capital reserves). Where capital reserves were insufficient to absorb these costs, the Bank offset them against surplus reserves and retained earnings in that order. Transaction consideration and costs paid by the Bank for repurchasing self-issued equity instruments are deducted from shareholders' equity.

(9)Financial guarantee contracts and loan commitments

Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

The financial guarantee contract shall be initially recognized at fair value on the date of providing the guarantee. After initial recognition, the relevant income of the financial guarantee contract shall be amortized and included in the current profit and loss in accordance with the accounting policies described in Note II. 4(25). Financial guarantee liabilities are subsequently measured according to the higher of the amount of loss reserves determined according to the impairment principle of financial instruments (Refer to Note II. 4(8)) and the balance of its initially recognized amount after deducting the accumulated amortization of the income related to the financial guarantee contract.

Loan commitments

Loan commitment refers to the definite commitment to provide credit according to the pre-defined terms and conditions.

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

The Group's expected credit losses of financial guarantees and loan commitments are presented as "provisions".

(10)Derivatives and hedge accounting

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments with positive fair value are recognized as an asset, and those with negative fair value are recognized as a liability.

If the main contract included in the hybrid contract is an asset within the scope of financial instrument standards, the embedded derivative will no longer be separated from the main contract of financial assets, but the relevant provisions on the classification of financial assets will be applied to the hybrid financial instruments as a whole. If the main contract included in the hybrid contract is not an asset within the scope of the financial instrument standard, when some embedded derivative financial instruments are not closely related to the economic characteristics and risks of their main contract, the separate instrument with the same terms as the embedded derivative meets the definition of derivative financial instrument, and the hybrid instrument is not measured at fair value and its changes are included in the current profit and loss, then the embedded derivative financial instrument shall be separated from the hybrid contract and treated as an independent derivative financial instrument. These embedded derivative financial instruments are measured at fair value, and the changes in fair value are included in the current profit and loss.

If the profits and losses derived from the changes in the fair value of derivative financial instruments do not meet the requirements of hedge accounting, they shall be directly included in the current profits and losses.

Hedge accounting

Hedge accounting is a method which recognises in profit or loss (or other comprehensive income) the gain or loss on the hedging instrument and the hedged item in the same accounting period(s) to represent the effect of risk management.

Hedged items are items that expose the Group to risks of changes in fair value or cash flows and that are designated as being hedged and can be reliably measured. The Group's hedged items include fixed-rate borrowings that expose the Group to the risk of changes in fair value, floating rate borrowings that expose the Group to the risk of variability in cash flows, a firm commitment that is settled with a fixed amount of foreign currency and that exposes the Group to foreign currency risk.

A hedging instrument is a designated financial instrument whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item. For a hedge of foreign currency risk, the foreign currency risk component of a non-derivative financial asset or non-derivative financial liability may also be designated as a hedging instrument provided that it is not an investment in an equity instrument for which an entity has elected to present changes in the fair value in other comprehensive income.

The Group assesses at the inception of a hedging relationship, and on an ongoing basis, whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship is regarded as having met the hedge effectiveness requirements if all of the following conditions are satisfied:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from the economic relationship;
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

When a hedging relationship no longer meets the hedge effectiveness requirements due to the hedge ratio, but the risk management objective of the designated hedging relationship remains unchanged, the Group rebalances the hedging relationship. Rebalancing refers to the adjustments made to the designated quantities of the hedged item or the hedging instrument of an already existing hedging relationship for the purpose of maintaining a hedge ratio that complies with the hedge effectiveness requirements.

The Group discontinues applying hedge accounting in any of the following circumstances:

- The hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting;
- The hedging instrument expires or is sold, terminated or exercised;
- There is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from that economic relationship;
- The hedging relationship no longer meets other criteria for applying hedge accounting.

(i)Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income as a cash flow hedge reserve. The amount of the cash flow hedge reserve is adjusted to the lower of the following (in absolute amounts):

- the cumulative gain or loss on the hedging instrument from inception of the hedge;

- the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The change in the amount of the cash flow hedge reserve is recognised in other comprehensive income in each period.

The portion of the gain or loss on the hedging instrument that is determined to be ineffectiveness is recognised in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group removes that amount from the cash flow hedge reserve and includes it in the initial cost or other carrying amount of the asset or liability.

For cash flow hedges other than those covered above, that amount is reclassified from the cash flow hedge reserve to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

When the Group discontinues hedge accounting for a cash flow hedge, the amount of the accumulated cash flow hedge reserve recognised in other comprehensive income is accounted for as follows:

- If the hedged future cash flows are still expected to occur, that amount will remain in the cash flow hedge reserve, and be accounted for in accordance with the above policy;

- If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(ii)Fair value hedges

A fair value hedge is a hedge of the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or a portion of such an asset, liability or firm commitment.

The gain or loss from remeasuring the hedging instrument is recognised in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the recognised hedged item not measured at fair value and is recognised in profit or loss.

Any adjustment to the carrying amount of a hedged item is amortised to profit or loss if the hedged item is a financial instrument (or a component thereof) measured at amortised cost. The amortisation is based on a recalculated effective interest rate at the date that amortisation begins.

(iii) Hedges of a net investment in a foreign operation

A hedge of a net investment in a foreign operation is a hedge of the exposure to foreign exchange risk associated with a net investment in a foreign operation. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. When disposing a foreign operation, in whole or in part, the aforesaid gain or loss on the hedging instrument will be transferred from equity to profit or loss as a reclassification adjustment. The portion of the gain or loss on the hedging instrument that is determined to be ineffective is recognised in profit or loss.

(11)Convertible instruments

Convertible instruments containing an equity component

Convertible instruments issued by the Group that can be converted to equity shares, where the number of shares to be issued and the value of consideration to be received at that time do not vary, are accounted for as compound financial instruments containing both liability and equity components.

The initial carrying amount of a compound financial instrument is allocated to its equity and liability components. The amount recognised in the equity is the difference between the fair value of the instrument as a whole and the separately determined fair value of the liability component (including the fair value of any embedded derivatives other than the equity component). Transaction costs that relate to the issuance of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method, unless it is designated upon recognition at fair value through profit or loss. The equity component is not re-measured.

If the convertible instrument is converted, the liability component, together with the equity component, is transferred to equity. If the convertible instrument is redeemed, the consideration paid for the redemption, together with the transaction costs that relate to the redemption, are allocated to the liability and equity components. The method used to allocate the consideration and transaction costs is the same as that used for issuance. After allocating the consideration and transaction costs, the difference between the allocated and carrying amounts is charged to profit and loss if it relates to the liability component or is directly recognised in equity if it relates to the equity component.

Other convertible instruments not containing an equity component

For other convertible instruments issued by the Group which do not contain an equity component, at initial recognition, the derivative component is measured at fair value, and any excess of proceeds over the derivative component is recognised as the liability component.

The derivative component is subsequently measured at fair value, and gains or losses from the changes in the fair value are recognised in profit or loss. The liability component is subsequently carried at amortised cost using the effective interest method.

On conversion, the carrying amounts of the derivative and liability components are transferred to equity. If the instrument is redeemed, any difference between the redemption amount paid and the carrying amounts of both components is recognised in profit or loss.

(12)Preference shares and open-term capital bonds

At initial recognition, the Group classifies the preference shares, open-term capital bonds issued or their components as financial assets, financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial assets, financial liabilities and equity instruments.

Preference shares and open-term capital bonds issued that should be classified as equity instruments are recognised in equity based on the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the preference shares and open-term capital bonds are redeemed according to the contractual terms, the redemption price is charged to equity.

(13)Financial assets purchased under resale agreements and financial assets sold under repurchase agreements

The financial assets purchased under resale agreements refers to the funds raised by the Group to buy financial assets first and then resell them at a fixed price according to the resale agreement. The financial assets sold under repurchase agreements refer to the funds incorporated into the Group's financial assets sold first according to the repurchase agreement and then repurchased at a fixed price.

The financial assets purchased under resale agreements and financial assets sold under repurchase agreements shall be recorded according to the actual payment or receipt at the time of business and reflected in the statement of financial position. The purchased target assets purchased for resale are not recognized and recorded off statement of financial position; The underlying assets sold and repurchased are still reflected in the statement of financial position.

The bid ask price difference of buy for resale and sell for repurchase business is amortized by the effective interest method during the relevant transaction period and recognized as interest income and interest expense respectively.

(14)Fixed assets

Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in supply of services, for rental or for administrative purposes with

useful lives over one accounting year.

The initial cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The initial cost of self-constructed assets is measured in accordance with the policy set out in Note II.4(15).

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in different patterns, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the statement of financial position at cost less accumulated depreciation and impairment losses.

Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed assets is classified as held-for-sale. The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Class	Estimated useful life	Expected residual value rate	Depreciation rate
Plant and buildings	30 – 40 years	3 - 5%	2.40 - 3.23%
Motor vehicles	5 years	3 - 5%	19.00 - 19.40%
Electronic computers and other equipments	3 – 5 years	0 - 5%	19.00 - 33.33%
Equipments such as airplanes and ships	8 – 25 years	0 - 10%	3.60 - 12.50%

Useful lives, residual values and depreciation methods are reviewed at least at each year-end by the Group.

For the impairment of the fixed assets, refer to Note II.4(20).

Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

- when the fixed asset is holding for disposal;

- when no future economic benefit is expected to be generated from its use or disposal.

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

(15)Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs , and any other costs directly attributable to bringing the asset to working condition for its intended use. A self-constructed asset is classified as construction in progress and transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress. Construction in progress is stated in the statement of financial positionat cost less accumulated impairment losses (see Note II.4(20)).

(16)Intangible assets

Intangible assets are stated in the statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note II.4(20)). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised using the straight-line method over its estimated useful life, unless the intangible asset is classified as held-for-sale.

- Land use right is amortized since the month of acquisition using straight-line method within its statutory useful life. The useful life of the land use right is 27 to 70 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognised as fixed assets.

- Software is amortized since month of acquisition using straight-line method over its beneficial life. The useful life of the software is 1 to 10 years.

- Where data resources met the recognition criteria of intangible assets, the Group commenced amortization from the month of acquisition or the month when the assets became available for use. The amortization method reflected the expected pattern of consumption of the future economic benefits. In determining the useful lives, the Group gave particular consideration to the factors such as business models, limitation of rights, update frequency and timeliness, iterations of relevant products or technologies, and similar competing products of the same kind of the data resources, etc.

-Brand and franchise right are intangible assets with no expected useful lives, which are not subject to amortization.

The Group at least reviews the useful life and amortization method of a finite useful life intangible assets at the end of each year.

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. The Group reassesses the useful lives of intangible assets with indefinite useful lives in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, the Group estimates its useful life and accounts for it in accordance with the same policy as intangible assets with finite useful lives described above.

(17)Long-term deferred expenses

Expenditures incurred with a beneficial period of over one year are recognised as long-term deferred expenses. Long-term deferred expenses are stated in the statement of financial position at cost less accumulated amortisation and impairment losses.

(18)Repossessed assets

Repossessed assets refer to the physical assets or property rights of the Group that are compensated to the debtor, guarantor or a third party by exercising creditor's rights or security interests according to law.

For the transferred financial asset of repossessed assets, the Group initially measures them at their fair value, and classifies and subsequently measures them in accordance with the accounting policies described in Note II. 4(8).

For the transferred non-financial asset of repossessed assets, the Group makes initial measurement according to the fair value of the abandoned creditor's rights and other costs such as taxes directly attributable to the assets, and makes subsequent measurement according to the lower of the cost and the net realizable value of the repossessed assets. Refer to Note II. 4(20) for the impairment test method and the impairment provision method.

(19)Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination involving entities not under common control. The Group's goodwill is not amortised and is stated in the statement of financial positionat cost less accumulated impairment losses (see Note II.4(20)). On disposal of an asset group or a set of asset groups, goodwill shall be transferred out and included in the calculation of the profit or loss on disposal.

(20)Impairment of assets other than financial assets

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

- fixed assets
- construction in progress
- right-of-use assets
- intangible assets
- long-term equity investments
- goodwill
- long-term deferred expenses
- non-financial-asset-linked repossessed assets, etc

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least annually and the recoverable amounts of goodwill and intangible assets with indefinite useful lives at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note II.4(22)) less costs to sell and its present value of expected future cash flows.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

(21)Provisions and contingent liabilities

Contingent liabilities refer to the potential obligations formed by past transactions or events, and their existence must be confirmed by the occurrence or non occurrence of future uncertain events; Or the current obligation formed by past transactions or events, the performance of the obligation is not likely to lead to the outflow of economic benefits from the Group or the amount affected by the obligation cannot be measured reliably. The Group does not recognize these obligations and only discloses contingent liabilities in Note V, contingencies and commitments to the financial statements.

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the reporting date and adjusts the carrying amount to the current best estimate.

(22)Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

(23)Dividend distribution

Dividends are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders in general meetings and declared. Interim dividends are deducted from equity when they are approved and declared, and no longer at the discretion of the Bank. Dividend for the year that is approved after the end of the reporting period is disclosed as an event after the reporting period.

(24)Fiduciary activities

The Group acts as the manager, trustee or agent of customers in the entrusted business. The statement of financial position of the Group does not include the assets held by the Group due to entrusted business and the commitment to return such assets to customers. The risks and benefits of such assets are borne by customers.

The Group signed an entrusted loan agreement with the customer, and the customer provided funds to the Group (hereinafter referred to as "entrusted loan funds"), and the Group issued loans to third parties (hereinafter referred to as "entrusted loans") according to the customer's instructions. As the Group does not bear the risks and rewards of entrusted loans and related entrusted loan funds, entrusted loans and entrusted loan funds are recorded as off-balance sheet items according to their principal, and no impairment provision is made for these entrusted loans.

(25)Revenue recognition

Interest income

For all financial instruments measured at amortised cost and interest-generating financial instruments classified as financial assets measured at FVOCI, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, where appropriate, to the book value of the financial asset, or the amortised cost of financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not expected credit losses.

The Group determines the interest income is calculated by applying the effective interest rate to the book value of financial assets and reports it as interest income, except for:

(i)For purchased or originated credit-impaired financial assets, whose interest income is calculated, since initial recognition, by applying the credit adjusted effective interest rate to their amortised cost;

(ii)Financial assets that are not purchased or originated credit-impaired but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their book value.

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income is recognised when its performance obligation in contracts is satisfied. The income is recognized at the time point or period when the customer obtains the control right of relevant services.

The Group recognises income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met; otherwise, the Group recognizes the income at a certain point of time:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as theGroup performs;
- The customer controls the service provided by the Group in the course of performance;
- The Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

Dividend income

Dividend income from equity instruments is recognized in the current profit and loss when the Group's right to receive dividends is established.

Net trading income

Net trading income includes gains and losses arising from holding financial assets and liabilities measured at fair value through profit or loss, holding derivative financial instruments, trading precious metals and bulk commodities, etc.

(26)Expenses

Interest expenses

Interest expenses on financial liabilities are calculated based on the amortised cost of financial liabilities and the timing of capital occupation using the effective interest method, and is recognised in the corresponding period.

Other expenses

Other expenses are recognised on an accrual basis.

(27)Employee benefits

Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accured at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

Post-employment benefits

Pursuant to the relevant laws and regulations of the PRC, the Group participated in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognised as part of the cost of the assets or charged to profit or loss as the related services are rendered by the employees.

In addition, employees also participate in a defined contribution retirement benefit plan established by the Group (the "Annuity Plan"). The Group and its employees are required to contribute a certain percentage of the employees' previous year basic salaries to the Annuity Plan. The contribution is charged to profit or loss when it is incurred. The Group pays a fixed contribution into the Annuity Plan and has no obligation to pay further contributions if the Annuity Plan does not hold sufficient assets to pay all employee benefits.

The Group pays supplementary retirement benefits for certain retired employees, which is the defined benefit plans. The Group recognises its liabilities based on the actuarial results, the related actuarial gains and losses are recognised in other comprehensive income and shall not be reversed to profit or loss in subsequent accounting period.

Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

-When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
-When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Other long-term employee benefits

According to the actual payment of employees' salaries or services during the accounting period when employees provide services, the amount accrued or paid to employees shall be recognized as a liability, and included in the current profit and loss or cost of related assets.

(28)Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the end of the reporting period, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination, affects neither accounting profit nor taxable profit (or deductible loss) and does not give rise to equal taxable and deductible temporary differences. Deferred tax is also not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the end of the reporting period, the Group measured the carrying amount of deferred tax assets and liabilities based on the expected recovery or settlement method of the deferred tax assets and liabilities, in accordance with the tax laws and regulations that have been promulgated, at the applicable tax rate during the expected period of recovery of the assets or settlement of the liabilities.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised. When it is virtually probable that sufficient taxable income will be available, the reduced amount can be reversed accordingly.

At the end of the reporting period, deferred tax assets and liabilities are shown in net offset amounts at the end of the reporting period when both of the following conditions are met:

-That taxpayer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities;

-Deferred tax assets and liabilities are related to the income tax levied by the same tax administration department on the same taxpayer or to different taxpayers, but within the period of the reversal of each deferred tax asset and liability of importance in the future, the involved taxpayer intends to settle the current income tax assets and liabilities on a net basis or acquire assets and pay off liabilities at the same time.

(29)Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

-The contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified when the assets are available for use by the customer in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the ecomonic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
-The lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
-The lessee has the right to direct the use of the asset throughout the period of use.

For a contract that contains more separate lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components.

1)As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note II.4(20).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability are charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

-there is a change in the amounts expected to be payable under a residual value guarantee;
-there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
-there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or the exercise of the extension or termination option is inconsistent with the original assessment.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Group will recognize the remaining amount into the profit and loss of current period.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases (leases with a term of 12 months or less) and leases of low-value assets (a lease of a single leased asset with relatively low value when the single leased asset is a new asset). The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

2)As a lessor

The Group determines at lease inception whether each lease is a financial leasing or an operating lease. A lease is classified as a financial leasing if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a financial leasing.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

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

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. The derecognition and impairment of the financial leasing receivable are recognised in accordance with the accounting policy in Note II.4(8). Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

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

(30)Related parties

A party is considered to be related to the Group if:

(a)the party is a person or a close member of that person's family and that person:

(i)has control or joint control over the Group;
(ii)has significant influence over the Group; or
(iii)is a member of the key management personnel of the Group or of a parent of the Group;

(b)the party is an entity where any of the following conditions applies:

(i)the entity and the Group are members of the same group;
(ii)one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
(iii)the entity and the Group are joint ventures of the same third party;
(iv)one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v)the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
(vi)the entity is controlled or jointly controlled by a person identified in (a);
(vii)a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
(viii)The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

(31)Significant accounting estimates and judgements

In preparing the financial statements, the management of the Group is required to apply estimates and assumptions which affect the application of accounting policies and the amounts of assets, liabilities, revenues and expenses. The reality may differ from these estimates. The Group's management continuously evaluates the judgment of the key assumptions and uncertainties involved in the estimates, and the impact of changes in accounting estimates is recognized in the current and future periods of the changes.

In the process of implementing the Group's accounting policies, the management will make judgments and assumptions on the impact of future uncertainties on the financial statements. On the reporting date, the management makes the following judgments and main assumptions on major future uncertainties, which may lead to significant adjustments to the book value of assets and liabilities in the next accounting period.

Measurement of ECL

For debt instrument investments measured at amortized cost and at fair value with changes included in other comprehensive income, as well as loan commitments and financial guarantee contracts, complex models and a large number of assumptions are used in the measurement of expected credit losses. These models and assumptions relate to future macroeconomic conditions and customer credit behavior (for example, the possibility of customer default and corresponding losses). Note VIII. 1 specifies the parameters, assumptions and estimation techniques used in the measurement of expected credit loss.

Goodwill impairment

The Group tests whether goodwill is impaired at least annually, and impairment test is also required when there are signs that goodwill may be impaired. During the impairment test, it is necessary to allocate goodwill to the corresponding asset group or combination of asset groups, and assess the recoverable amount generated by the asset group or combination of asset groups. Information of impairment tests

on the Group's goodwill is set out in Note III.19.

Income tax

The Group needs to make judgments on the future tax treatment of certain transactions to confirm income tax. In accordance with relevant tax laws and regulations, the Group carefully judges the income tax impact corresponding to the transaction and accrues income tax accordingly. Deferred income tax assets can only be recognized when it is possible to have future taxable profits and can be used to offset relevant temporary differences. In this regard, it is necessary to make a significant judgment on the tax treatment of some transactions and make a significant estimation on whether there are enough future taxable profits to offset the possibility of deferred income tax assets.

Fair value of financial instruments

For financial instruments that lack an active market, the Group uses valuation methods to determine their fair value. The valuation method includes referring to the transaction price determined during the fair transaction between economic entities with complete information and willingness to buy and sell in the market, referring to the fair value of another similar financial instrument in the market, or estimating by using discounted cash flow analysis and option pricing model. The valuation method makes maximum use of observable market information. However, when observable market information is unavailable, the management will estimate the significant unobservable information included in the valuation method.

Judgment on whether the structured entities has control

The Group manages or invests in multiple fund investments, equity investments, trust and asset management plans, asset-backed securities, financial products and other investments. When judging whether to control such structured entities, the Group determines whether it exercises its decision-making power as the main responsible person or agent, and evaluates its overall economic benefits to such structured entities (including the income generated by direct holding and expected management fees) and the scope of decision-making power to such structured entities. When the other party has the decision-making power, it is also necessary to determine whether the other party exercises the decision-making power as its agent.

For fund investments, equity investments, trust and asset management plans, asset-backed securities and financial products and other investments in which the Group has interests or is the initiator but is not included in the scope of the consolidated financial statements, see Note III.(37).

5 Changes in significant accounting estimates

To present more objectively and accurately the financial position and operating results of airplane operating leases, the Group changed the estimate useful life and expected residual value rate of certain airplane model based on their current usage conditions, remaining useful lives, and market circumstances. The adoption of the changes does not have a material impact on the financial position and operating results of the Group.

III NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS

1 Net interest income

	The Group		The Bank	
	2024	2023	2024	2023
Interest income				
Loans and advances to customers				
-Corporate loans	110,307	102,076	104,674	96,781
-Retail loans	87,913	98,636	87,234	97,847
-Discounted bills	5,117	5,837	5,117	5,837
Financial investments				
-at amortiazed cost	41,264	45,699	38,010	44,736
-at fair value through other comprehensive income	19,227	20,197	18,836	19,826
Deposits and placements with banks and other financial institutions	17,167	17,492	16,785	17,505
Deposits with central bank	4,964	5,570	4,932	5,541
Financial assets purchased under resale agreements	2,166	2,091	2,163	2,091
Subtotal	288,125	297,598	277,751	290,164
Interest expense				
Deposits from customers	(96,452)	(105,378)	(95,602)	(104,704)
Debt securities issued	(32,959)	(33,894)	(32,759)	(33,535)
Deposits and placements from banks and other financial institutions	(32,322)	(29,038)	(28,418)	(25,748)
Financial assets sold under repurchase agreements	(6,627)	(5,879)	(5,414)	(5,401)
Borrowing from central bank	(5,048)	(4,974)	(5,034)	(4,963)
Subtotal	(173,408)	(179,163)	(167,227)	(174,351)
Net interest income	114,717	118,435	110,524	115,813

2 Net fee and commission income

	The Group		The Bank	
	2024	2023	2024	2023
Fee and commission income				
Fees from bank cards	11,462	13,344	11,462	13,344
Custodian and other fiduciary activities commissions	6,038	5,382	2,430	2,681
Agency commissions	4,026	5,292	3,983	5,278
Fees from investment banking activities	3,836	3,293	3,779	3,246
Credit commitment fees	2,307	2,424	2,307	2,424
Settlement and clearing fees	880	1,017	878	965
Others	1,239	1,283	1,164	1,139
Subtotal	29,788	32,035	26,003	29,077
Fee and commission expense	(6,972)	(7,582)	(6,964)	(7,980)
Net fee and commission income	22,816	24,453	19,039	21,097

3 Net trading gains and losses

	The Group		The Bank	
	2024	2023	2024	2023
Financial investments measured at FVTPL	19,590	21,980	23,132	21,619
Exchange gains and losses	988	(3,536)	1,065	(3,477)
Hedged bonds	18	451	18	451
Others	316	692	188	694
Total	20,912	19,587	24,403	19,287

4 Net gains and losses arising from financial investments

	The Group		The Bank	
	2024	2023	2024	2023
Financial investments measured at amortized cost	3,902	2,419	3,897	2,370
Financial investments measured at FVOCI	3,488	395	3,392	501
Dividend income	61	67	218	363
Others	-	4,241	-	-
Total	7,451	7,122	7,507	3,234

5 Operating expenses

	The Group		The Bank	
	2024	2023	2024	2023
Staff costs				
- Employee benifits	25,193	25,638	23,272	23,955
- Post-employment benifits	3,037	2,869	2,849	2,684
Subtotal	28,230	28,507	26,121	26,639
Depreciation and amortization	6,652	7,075	6,453	6,876
Taxes and surcharges	1,972	2,002	1,825	1,889
Others	17,297	18,421	14,721	15,729
Total	54,151	56,005	49,120	51,133

6 Impairment losses

	The Group		The Bank	
	2024	2023	2024	2023
Loans and advances to customers	55,555	55,713	54,416	55,045
Financial investments measured at:				
-Amortized cost	11,652	12,896	11,283	12,466
-FVOCI	470	2,576	448	2,475
Others	1,803	5,678	1,648	5,602
Total	69,480	76,863	67,795	75,588

7 Income tax expense

	The Group		The Bank	
	2024	2023	2024	2023
Current income tax expense	10,219	7,461	8,681	4,530
Deferred income tax expense	(7,688)	(4,198)	(6,944)	(4,006)
Total	2,531	3,263	1,737	524

Reconciliation between the Group and the Bank's total income tax expenses and the product of accounting profit multiplied by the applicable tax rates:

	The Group		The Bank	
	2024	2023	2024	2023
Profit before income tax	48,366	40,692	45,023	33,457
Tax calculated at statutory tax rate of the PRC	12,092	10,173	11,256	8,364
Tax effect from other various tax rates adopted by subsidiaries	56	45	-	-
Tax effect of non-deductible expenses	565	3,275	497	3,178
Tax effect of non-taxable income	(9,796)	(10,172)	(9,685)	(10,013)
Other income tax adjustments	(386)	(58)	(331)	(1,005)
Income tax expense	2,531	3,263	1,737	524

8 Earnings per share

(1) Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing net profit for the year attributable to the holders of the Bank's share capital by the weighted average number of share capital outstanding during the year. The conversion feature of preference shares is considered to fall within the category of contingently issuable share capital. As at 31 December 2024, the triggering events of share conversion did not occur. Therefore, the conversion feature of preference shares has no effect on the calculation of basic and diluted earnings per share in the current period.

The Group	2024	2023
Profit for the year attributable to shareholders of the Bank	45,257	36,702
Less: Profit for the year attributable to preference shareholders of the Bank	(1,559)	(1,559)
Payment of interests of open-term capital bonds	(3,794)	(3,794)
Profit for the year attributable to the holders of the Bank's share capital	39,904	31,349
Weighted average number of outstanding share capital (million)	29,352	29,352
Basic EPS (RMB)	1.36	1.07

(2) Diluted earnings per share

The diluted earnings per share is calculated on the assumption that the RMB 50 billion convertible corporate bonds publicly issued by the Bank in 2019 deemed to have all been converted to ordinary shares upon issuance and by dividing, after adjustments for the interest expenses of the convertible corporate bonds for the year the net profit of the year attributable to ordinary shareholders of the Bank by the adjusted weighted average number of ordinary shares outstanding during the year.

The Group	2024	2023
Net profit for the current year attributable to shareholders of the Bank	39,904	31,349
Add: Interest expenses of convertible corporate bonds in the current year (after tax)	1,530	1,504
Net profit for calculating diluted earnings per share this year	41,434	32,853
Weighted average number of outstanding ordinary shares issued by the Bank (million)	29,352	29,352
Add: Assume that convertible corporate bonds are entirely converted to weighted average number of ordinary shares (million)	3,776	3,687
Weighted average number of outstanding ordinary shares of the year for calculating diluted earnings per share (million)	33,128	33,039
Diluted earnings per share (RMB)	1.25	0.99

9 Cash and deposits with central bank

	Notes	The Group		The Bank	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
Cash		5,724	6,333	5,606	6,198
Statutory reserves with central bank	(1)	296,486	324,091	293,867	321,710
Surplus reserves with central bank	(2)	107,378	206,375	103,873	204,313
Fiscal deposits with central bank		1,799	167	1,799	167
Accrued interest		152	165	152	165
Total		411,539	537,131	405,297	532,553

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

(2)The surplus reserves refer to money deposited by the Group with the PBOC and overseas central banks for the purpose of funds liquidation.

10 Deposits and placements with banks and other financial institutions

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Deposits with domestic banks	72,192	65,378	47,061	48,769
Deposits with overseas banks	40,375	39,487	41,215	39,648
Deposits with domestic non-bank financial institutions	650	634	359	599
Placements with domestic banks	31,023	42,532	29,514	42,532
Placements with overseas banks	49,160	57,470	49,160	57,470
Placements with domestic non-bank financial institutions	334,974	346,351	339,133	355,417
Placements with overseas non-bank financial institutions	474	1,263	474	1,263
Accrued interest	4,961	4,794	4,703	4,703
Less: Impairment allowance	(327)	(547)	(174)	(466)
Total	533,482	557,362	511,445	549,935

As at 31 December 2024 and 31 December 2023, the Group's due from and placements with banks and other financial institutions included refundable deposits and risk reserves, and were restricted in usage.

11 Derivative financial instruments

The Group	31 December 2024		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	5,891,771	37,371	(36,810)
Exchange rate derivatives	3,091,321	30,901	(27,347)
Precious metal and other derivatives	534,488	21,318	(14,418)
Total		89,590	(78,575)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	14,653	55	(133)
- Currency swap contracts	15,150	28	(195)
Cash flow hedges			
- Interest rate swap contracts	452	12	-
- Currency swap contracts	64,829	974	(153)
Total		1,069	(481)

	31 December 2023		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	4,694,725	17,002	(16,037)
Exchange rate derivatives	2,213,084	16,508	(18,251)
Precious metal and other derivatives	666,916	22,801	(18,005)
Total		56,311	(52,293)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	14,375	106	(72)
- Currency swap contracts	7,447	18	(39)
Cash flow hedges			
- Interest rate swap contracts	422	22	-
- Currency swap contracts	52,760	117	(135)
Total		263	(246)

The Bank	31 December 2024		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	5,889,179	37,357	(36,803)
Exchange rate derivatives	3,057,730	30,163	(27,213)
Precious metal derivatives and other derivatives	534,488	21,318	(14,418)
Total		88,838	(78,434)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	14,653	55	(133)
Cash flow hedges			
- Currency swap contracts	44,691	318	(153)
Total		373	(286)

	31 December 2023		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	4,694,282	16,980	(16,044)
Exchange rate derivatives	2,202,907	16,484	(18,211)
Precious metal derivatives and other derivatives	666,916	22,801	(18,005)
Total		56,265	(52,260)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	14,375	106	(72)
Cash flow hedges			
- Currency swap contracts	49,710	111	(134)
Total		217	(206)

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognized on the statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. With fluctuations in foreign exchange rates, market interest rates, precious metal prices, and other market prices related to the terms of derivative financial product contracts, the valuation of derivative financial products may have favorable (recognized as assets) or unfavorable (recognized as liabilities) effects on the Group, which may have significant fluctuations in different periods.

Fair value hedges

The Group uses the interest rate swap instruments and currency swap instruments to hedge a portion of its exposure to changes in fair value due to changes in interest rates or changes in foreign exchange rates respectively. Hedged items include other debt investments, debt securities issued and entrusted loans. The Group mainly adopts the regression analysis method and the key terms comparison method to evaluate the effectiveness of hedging. The management of the Group considers the hedging relationship is highly effective after the testing.

Cash flow hedges

The Group uses the interest rate swap instruments and currency swap instruments to hedge the cash flow fluctuations due to the interest rate risk and foreign currency risk respectively. Hedged items include loans to customers, financial investments measured at amortized cost, deposits and placements with banks and other financial institutions, deposits and placements from banks and other financial institutions and debt securities issued. The Group mainly adopts the regression analysis method and the key terms comparison method to evaluate the effectiveness of hedging. The management of the Group considers the hedging relationship is highly effective after the testing. During the reporting period, gains and losses arising from the ineffective portion of hedges recognised in the cash flow hedges were not significant, and there were no instances of discontinuing the use of hedge accounting due to highly probable expected cash flows that are no longer expected to occur.

12 Financial assets purchased under resale agreements

The Group and the Bank	31 December 2024	31 December 2023
Bonds	51,495	38,184
Bills	12,399	6,473
Accrued interest	17	76
Less: Impairment allowance	(32)	(14)
Total	63,879	44,719

13 Loans and advances to customers

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Loans and advances to customers measured at				
- Amortized cost (a)	5,056,985	4,639,222	4,929,774	4,525,042
- FVOCI (b)	331,012	370,748	331,012	370,748
- FVTPL (c)	3,533	7,784	1,405	7,784
Subtotal	5,391,530	5,017,754	5,262,191	4,903,574
Accrued interest	15,528	16,362	14,752	15,622
Impairment allowances				
-Principal of loans and advances to customers measured at amortized cost	(136,602)	(128,424)	(128,923)	(121,634)
- Accrued interest of loans and advances to customers measured at amortized cost	(1,296)	(996)	(1,296)	(996)
Subtotal	(137,898)	(129,420)	(130,219)	(122,630)
Net loans and advances to customers	5,269,160	4,904,696	5,146,724	4,796,566

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
(a)Loans and advances to customers measured at amortized cost				
Corporates loans				
Corporate loans and advances	3,167,423	2,772,749	3,054,011	2,673,243
Discounted bills	295	651	295	650
Retail loans				
Mortgage loans	864,360	838,152	859,223	832,371
Business loans	455,267	467,994	451,177	463,633
Credit card and overdraft	370,223	385,617	370,223	385,617
Consumer loans and others	199,417	174,059	194,845	169,528
Subtotal	5,056,985	4,639,222	4,929,774	4,525,042
(b)Loans and advances to customers measured at FVOCI				
Corporates loans				
Corporate loans and advances	9,048	62,588	9,048	62,588
Discounted bills	321,964	308,160	321,964	308,160
Subtotal	331,012	370,748	331,012	370,748
(c)Loans and advances to customers measured at FVTPL				
Corporates loans				
Corporate loans and advances	2,683	5,662	555	5,662
Discounted bills	850	2,122	850	2,122
Subtotal	3,533	7,784	1,405	7,784
Total loans and advances to customers	5,391,530	5,017,754	5,262,191	4,903,574

13.1 Loans and advances to customers analysed by industry

The Group	31 December 2024		31 December 2023	
	Amount	Rate (%)	Amount	Rate (%)
Corporate loans				
Manufacturing	684,214	12.70	572,695	11.42
Lease and commercial service	649,273	12.04	548,048	10.92
Real estate	397,011	7.36	345,744	6.89
Water conservancy, environment and public facilities management	215,743	4.00	196,775	3.92
Wholesale and retail	210,354	3.90	189,398	3.77
Transportation, warehouse and postal services	201,696	3.74	193,132	3.85
Construction	190,723	3.54	176,645	3.52
Electricity, heat, gas, water production and supply	174,549	3.24	165,020	3.29
Financial services	146,268	2.71	193,704	3.86
Information transmission, software and IT services	89,029	1.65	75,275	1.50
Mining	88,356	1.64	78,825	1.57
Scientific research and technology services	46,694	0.87	36,334	0.72
Culture, sports and entertainment	21,293	0.39	20,169	0.40
Education	20,499	0.38	16,443	0.33
Healthcare and social welfare	17,530	0.33	13,420	0.27
Agriculture, forestry, farming and fishery	16,701	0.31	12,721	0.25
Hotels and catering services	6,344	0.12	5,043	0.10
Residential services, repairs and other services	1,790	0.03	1,288	0.03
Others	1,087	0.02	320	0.01
Subtotal	3,179,154	58.97	2,840,999	56.62
Discounted bills	323,109	5.99	310,933	6.20
Retail loans	1,889,267	35.04	1,865,822	37.18
Total	5,391,530	100.00	5,017,754	100.00

The Bank	31 December 2024		31 December 2023	
	Amount	Rate (%)	Amount	Rate (%)
Corporate loans				
Manufacturing	654,479	12.44	549,615	11.22
Lease and commercial service	639,650	12.16	543,491	11.08
Real estate	396,985	7.54	345,727	7.05
Water, environment and public facilities management	214,263	4.07	194,741	3.97
Wholesale and retail	207,248	3.94	186,732	3.81
Transportation, warehouse and postal services	165,595	3.15	157,999	3.22
Construction	186,310	3.54	171,831	3.50
Electricity, heat, gas, water production and supply	160,377	3.05	145,914	2.98
Financial services	148,318	2.82	196,769	4.01
Information transmission, software and IT services	81,765	1.55	73,012	1.49
Mining	82,827	1.57	73,462	1.50
Scientific research and technology services	43,232	0.82	35,014	0.71
Culture, sports and entertainment	20,954	0.40	19,737	0.40
Education	20,200	0.38	16,287	0.33
Healthcare and social welfare	17,194	0.33	13,215	0.27
Agriculture, forestry, farming and fishery	15,311	0.29	11,522	0.23
Hotels and catering services	6,154	0.12	4,879	0.10
Residential services, repairs and other services	1,694	0.03	1,246	0.03
Others	1,058	0.02	300	0.01
Subtotal	3,063,614	58.22	2,741,493	55.91
Discounted bills	323,109	6.14	310,932	6.34
Retail loans	1,875,468	35.64	1,851,149	37.75
Total	5,262,191	100.00	4,903,574	100.00

13.2 Loans and advances to customers analysed by security type

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Unsecured loans	2,034,367	1,967,646	2,004,128	1,932,734
Guaranteed loans	1,238,069	1,048,876	1,176,498	995,336
Collateralized loans	1,857,201	1,770,621	1,842,574	1,755,742
Pledged loans	261,893	230,611	238,991	219,762
Total	5,391,530	5,017,754	5,262,191	4,903,574

13.3 Overdue loans

The Group	31 December 2024				
	Past due up to 90 days (including 90 days)	Past due 90 days to 1 year (including 1 year)	Past due 1 year to 3 years (including 3 years)	Past due over 3years	Total
Unsecured loans	21,001	10,707	2,266	1,577	35,551
Guaranteed loans	4,204	4,802	7,839	686	17,531
Collateralized loans	21,342	16,352	9,340	4,306	51,340
Pledged loans	1,282	2,465	1,123	1,604	6,474
Total	47,829	34,326	20,568	8,173	110,896

	31 December 2023				
	Past due up to 90 days (including 90 days)	Past due 90 days to 1 year (including 1 year)	Past due 1 year to 3 years (including 3 years)	Past due over 3years	Total
Unsecured loans	16,668	12,325	1,585	1,708	32,286
Guaranteed loans	5,181	5,823	10,304	1,063	22,371
Collateralized loans	16,278	14,004	9,605	1,946	41,833
Pledged loans	643	316	3,462	416	4,837
Total	38,770	32,468	24,956	5,133	101,327

The Bank	31 December 2024				
	Past due 1 day to 90 days (including 90 days)	Past due 90 days to 1 year (including 1 year)	Past due 1 year to 3 years (including 3 years)	Past due over 3years	Total
Unsecured loans	20,554	10,544	2,029	975	34,102
Guaranteed loans	3,777	4,738	7,730	586	16,831
Collateralized loans	21,244	16,231	8,929	4,301	50,705
Pledged loans	1,279	2,421	1,123	1,566	6,389
Total	46,854	33,934	19,811	7,428	108,027

	31 December 2023				
	Past due 1 day to 90 days (including 90 days)	Past due 90 days to 1 year (including 1 year)	Past due 1 year to 3 years (including 3 years)	Past due over 3years	Total
Unsecured loans	16,224	12,221	1,346	876	30,667
Guaranteed loans	5,049	5,672	9,896	958	21,575
Collateralized loans	16,185	13,608	9,462	1,933	41,188
Pledged loans	643	316	3,461	416	4,836
Total	38,101	31,817	24,165	4,183	98,266

The Group and the Bank classify the total loans with principal or interest overdue 1 day above (including 1 day) as overdue loans.

13.4 Movements of ECL allowance

(a)Movements of ECL allowance of loans and advances to customers at amortized cost

The Group	Note	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2024		38,847	21,298	68,279	128,424
Transfers during the year:					
- Transfer to stage 1		4,163	(4,004)	(159)	-
- Transfer to stage 2		(3,517)	5,692	(2,175)	-
- Transfer to stage 3		(2,592)	(10,481)	13,073	-
Net (decrease) / increase during the year	(1)	(497)	17,334	38,887	55,724
Written-offs and disposals during the year		-	-	(59,464)	(59,464)
Recovery of loans and advances written off in previous years		-	-	11,739	11,739
Others		59	18	102	179
Balance at 31 December 2024		36,463	29,857	70,282	136,602

	Note	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2023		38,285	23,056	56,742	118,083
Transfers during the year:					
- Transfer to stage 1		2,664	(2,390)	(274)	-
- Transfer to stage 2		(2,676)	4,175	(1,499)	-
- Transfer to stage 3		(1,250)	(11,798)	13,048	-
Net increase during the year	(1)	1,818	8,255	45,916	55,989
Written-offs and disposals during the year		-	-	(56,783)	(56,783)
Recovery of loans and advances written off in previous years		-	-	10,980	10,980
Others		6	-	149	155
Balance at 31 December 2023		38,847	21,298	68,279	128,424

The Bank	Note	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2024		36,032	19,451	66,151	121,634
Transfers during the year:					
- Transfer to stage 1		3,968	(3,810)	(158)	-
- Transfer to stage 2		(3,349)	5,517	(2,168)	-
- Transfer to stage 3		(2,588)	(10,178)	12,766	-
Net (decrease) / increase during the year	(1)	(313)	16,102	38,796	54,585
Written-offs and disposals during the year		-	-	(58,704)	(58,704)
Recovery of loans and advances written off in previous years		-	-	11,410	11,410
Others		7	1	(10)	(2)
Balance at 31 December 2024		33,757	27,083	68,083	128,923

	Note	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2023		35,324	21,533	54,616	111,473
Transfers during the year:					
- Transfer to stage 1		2,633	(2,363)	(270)	-
- Transfer to stage 2		(2,564)	4,035	(1,471)	-
- Transfer to stage 3		(1,241)	(11,712)	12,953	-
Net increase during the year	(1)	1,876	7,958	45,487	55,321
Written-offs and disposals during the year		-	-	(56,186)	(56,186)
Recovery of loans and advances written off in previous years		-	-	10,929	10,929
Others		4	-	93	97
Balance at 31 December 2023		36,032	19,451	66,151	121,634

(1)This item includes changes of Probability of Default ("PD"), Exposure At Default ("EAD"), Loss Given Default ("LGD") due to routine updates to model parameters, and the impact of stage changes on the measurement of ECL.

(2)Financial instruments whose credit risks haven't significantly increased since the initial recognition are classified into stage 1, then they will be transferred into stage 2 if their credit risks have significantly increased since the initial recognition with no objective evidence for impairment, and will be further transferred into stage 3 where there is objective impairment evidence on the reporting date. Refer to Note VIII. 1(3) for ECL measurement.

(b)Movements of ECL allowance of loans and advances to customers at fair value through other comprehensive income

The Group and the Bank	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2024	311	4	-	315
Transfers during the year:				
- to stage 1	-	-	-	-
- to stage 2	-	-	-	-
- to stage 3	-	-	-	-
Net decrease during the year	(166)	(3)	-	(169)
Balance at 31 December 2024	145	1	-	146

	Stage 1 12-month ECL	Stage 2 Life-time ECL	Stage 3 Life-time ECL	Total
Balance at 1 January 2023	583	-	8	591
Transfers during the year:				
- to stage 1	-	-	-	-
- to stage 2	-	-	-	-
- to stage 3	-	-	-	-
Net (decrease) / increase during the year	(272)	4	(8)	(276)
Balance at 31 December 2023	311	4	-	315

14 Financial Investments

	Note	The Group		The Bank	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
Financial investment measured at FVTPL	(a)	691,019	780,226	767,780	740,523
Financial investments measured at amortized cost	(b)	1,326,638	1,271,082	1,120,026	1,208,379
Fnancial investments measured at FVOCI	(c)	791,467	624,747	775,907	613,336
Financial investments, net		2,809,124	2,676,055	2,663,713	2,562,238

(a)Financial investments measured at FVTPL:

	Note	The Group		The Bank	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
Fund investments		485,481	434,606	541,561	491,401
Government bonds		39,813	63,521	39,813	63,521
Bonds issued by financial institutions		20,312	10,288	18,427	7,551
Equity investment		17,268	17,329	12,122	12,318
Beneficiary certificates of securities companies		11,913	39,723	11,913	39,723
Trust and asset management plans		9,811	14,801	119,568	86,671
Deposit certificates issued by other financial institutions		8,579	3,303	8,579	3,303
Corporate bonds		7,084	21,435	6,411	21,190
Assets backed securities ("ABS")		2,222	2,290	2,222	2,290
Bonds issued by policy banks		1,332	5,150	1,332	5,150
Other investment	(1)	87,204	167,780	5,832	7,405
Total		691,019	780,226	767,780	740,523

(1)Other investments mainly include the Group's investments in structured entities included in the scope of consolidation, the long-term employee benefits payable to Changjiang Pension Insurance Co., Ltd. for investment entrusted by the Group and other wealth management products. The Group's investments in structured entities included in the scope of consolidation include fund products, trust and asset management plans controlled by the Group, which are mainly invested in assets such as various types of bonds and equity investments with third-party repurchase arrangements; as at 31 December 2024, the size of the underlying assets of the Group's above investments in the structured entities included in the scope of consolidation amounted to RMB81,391 million (as at 31 December 2023: RMB159,916 million).

(b)Financial Investments measured at amortized cost

	Note	The Group		The Bank	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
Government bonds		537,943	583,862	537,747	583,862
Bonds issued by policy banks		278,855	270,330	278,514	270,330
ABS		106,449	124,770	106,327	124,648
Trust and asset management plans	(1)	100,700	161,425	97,199	157,821
Bonds issued by financial institutions		61,320	50,006	61,248	50,006
Corporate bonds		35,865	30,812	34,720	30,767
Deposit certificates issued by other financial institutions		13,134	2,602	12,738	2,154
Other investments	(2)	198,282	57,903	-	-
Subtotal		1,332,548	1,281,710	1,128,493	1,219,588
Accrued interest		18,683	17,874	15,635	17,178
Impairment allowance					
- Principal of financial investments		(24,253)	(28,345)	(23,773)	(28,236)
-Accrued interest of financial Investments		(340)	(157)	(329)	(151)
Subtotal of impairment allowance		(24,593)	(28,502)	(24,102)	(28,387)
Financial investments at amortized cost, net		1,326,638	1,271,082	1,120,026	1,208,379

(1)As at 31 December 2024 and 31 December 2023, the trust and asset management plans were primarily invested in debt instruments with fixed or determinable repayment amounts.

(2)Other investments mainly consist of investments in structured entities and other debt investments that the Group included in the scope of consolidation. The Group's investments in structured entities included in the scope of consolidation were asset management plans controlled by the Group, which are mainly invested in various types of bonds; as at 31 December 2024, the size of the underlying assets of the Group's above investments in the structured entities included in the scope of consolidation amounted to RMB198,282 million (as at 31 December 2023: RMB57,600 million)

(i)Movement for ECL allowance of the financial investments measured at amortized cost:

The Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life-time ECL	Life-time ECL	
Balance at 1 January 2024	962	1,051	26,332	28,345
Transfers during the year:				
- to stage 1	12	(12)	-	-
- to stage 2	(125)	125	-	-
- to stage 3	-	(337)	337	-
Net (decrease) / increase for the year	(359)	(110)	12,121	11,652
Write-offs during the year	-	-	(15,898)	(15,898)
Recovery of investments written off in previous years	-	-	143	143
Others	2	-	9	11
Balance at 31 December 2024	492	717	23,044	24,253

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life-time ECL	Life-time ECL	
Balance at 1 January 2023	2,109	1,081	16,241	19,431
Transfers during the year:				
- to stage 1	292	(292)	-	-
- to stage 2	(104)	559	(455)	-
- to stage 3	(95)	(887)	982	-
Net (decrease) / increase for the year	(1,241)	590	13,547	12,896
Write-offs during the year	-	-	(4,035)	(4,035)
Recovery of investments written off in previous years	-	-	48	48
Others	1	-	4	5
Balance at 31 December 2023	962	1,051	26,332	28,345

The Bank	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life-time ECL	Life-time ECL	
Balance at 1 January 2024	940	1,046	26,250	28,236
Transfers during the year:				
- to stage 1	12	(12)	-	-
- to stage 2	(125)	125	-	-
- to stage 3	-	(331)	331	-
Net (decrease) / increase for the year	(355)	(110)	11,748	11,283
Write-offs during the year	-	-	(15,898)	(15,898)
Recovery of investments written off in previous years	-	-	143	143
Others	2	-	7	9
Balance at 31 December 2024	474	718	22,581	23,773

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life-time ECL	Life-time ECL	
Balance at 1 January 2023	2,054	1,056	16,642	19,752
Transfers during the year:				
- to stage 1	292	(292)	-	-
- to stage 2	(104)	559	(455)	-
- to stage 3	(52)	(861)	913	-
Net (decrease) / increase for the year	(1,251)	584	13,133	12,466
Write-offs during the year	-	-	(4,035)	(4,035)
Recovery of investments written off in previous years	-	-	48	48
Others	1	-	4	5
Balance at 31 December 2023	940	1,046	26,250	28,236

(c) Financial investments measured at FVOCI

	Note	The Group		The Bank	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
Government bonds		388,424	286,412	382,514	283,385
Corporate bonds		140,216	122,163	134,450	113,796
Bonds issued by financial institutions		110,231	82,357	107,816	82,406
Bonds issued by policy banks		84,996	79,886	84,149	79,886
Deposit certificates issued by other financial institutions		31,421	33,438	31,421	33,438
ABS		19,660	6,302	19,373	6,302
Repossessed equity instruments	(1)	1,406	1,566	1,406	1,566
Trust and asset management plans		16	20	-	-
Other equity investment	(1)	7,623	5,164	7,372	5,164
Subtotal		783,993	617,308	768,501	605,943
Accrued interest		7,474	7,439	7,406	7,393
Total		791,467	624,747	775,907	613,336

(1)The Group and the Bank designated certain equity investments that are not held for trading as financial assets measured at fair value through other comprehensive income. In 2024, the Group and the Bank recognised dividend income from investments in such equity instruments of RMB58 million (2023: RMB67 million). In 2024, neither the Group nor the Bank recorded any reclassification of accumulated losses from the disposal of such equity instrument investments from other comprehensive income to retained earnings (2023: recorded accumulated losses of RMB239 million).

(i)Movements of ECL allowance of financial investments measured at FVOCI:

The Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life-time ECL	Life-time ECL	
Balance at 1 January 2024	428	216	5,331	5,975
Transfers during the year:				
- to stage 1	-	-	-	-
- to stage 2	(5)	5	-	-
- to stage 3	-	(137)	137	-
Net (decrease) / increase for the year	(69)	6	533	470
Write-offs during the year	-	-	(1,300)	(1,300)
Recovery of investments written off in previous years	-	-	3	3
Others	9	1	23	33
Balance at 31 December 2024	363	91	4,727	5,181

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life-time ECL	Life-time ECL	
Balance at 1 January 2023	590	227	2,921	3,738
Transfers during the year:				
- to stage 1	1	(1)	-	-
- to stage 2	(22)	22	-	-
- to stage 3	(27)	(126)	153	-
Net (decrease) / increase for the year	(118)	92	2,602	2,576
Write-offs during the year	-	-	(366)	(366)
Others	4	2	21	27
Balance at 31 December 2023	428	216	5,331	5,975

The Bank	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life-time ECL	Life-time ECL	
Balance at 1 January 2024	378	180	4,905	5,463
Transfer during the year:				
- to stage 1	-	-	-	-
- to stage 2	(5)	5	-	-
- to stage 3	-	(120)	120	-
Net (decrease) / increase for the year	(69)	11	506	448
Write-offs during the year	-	-	(1,300)	(1,300)
Recovery of investments written off in previous years	-	-	3	3
Others	7	-	6	13
Balance at 31 December 2024	311	76	4,240	4,627

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life-time ECL	Life-time ECL	
Balance at 1 January 2023	530	193	2,476	3,199
Transfer during the year:				
- to stage 1	1	(1)	-	-
- to stage 2	(14)	14	-	-
- to stage 3	-	(115)	115	-
Net (decrease) / increase for the year	(142)	87	2,530	2,475
Write-offs during the year	-	-	(230)	(230)
Others	3	2	14	19
Balance at 31 December 2023	378	180	4,905	5,463

15 Investments in associate and joint ventures

	Note	The Group		The Bank	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
Investments in joint ventures	III.38(2)	1,464	2,458	1,464	2,458
Investments in associate	III.38(2)	343	367	-	-
Total		1,807	2,825	1,464	2,458

The Group	1 January 2024	Decrease in investments	Net income adjusted by equity method	OCI adjusted by equity method	Declared cash dividends	Other changes	31 December 2024
AXA SPDB Investment Managers Co., Ltd.	1,386	-	130	(1)	(51)	-	1,464
SPD Silicon Valley Bank Co., Ltd.	1,072	-	25	3	-	(1,100)	-
Others	367	(1)	62	-	(85)	-	343
Total	2,825	(1)	217	2	(136)	(1,100)	1,807

	1 January 2023	Increase in investments	Net income adjusted by equity method	OCI adjusted by equity method	Declared cash dividends	Other changes	31 December 2023
AXA SPDB Investment Managers Co., Ltd.	1,286	-	151	-	(51)	-	1,386
SPD Silicon Valley Bank Co., Ltd.	1,033	-	35	(1)	-	5	1,072
Others	336	-	37	-	(6)	-	367
Total	2,655	-	223	(1)	(57)	5	2,825

The Group and the Bank conduct impairment tests on long-term equity investments, and the recoverable amount is determined based on the present value of the expected future cash flows of the relevant subsidiaries. The expected future cash flows are determined based on financial forecasts approved by the management of the corresponding subsidiaries. The average growth rate, discount rate, and other assumptions used to forecast cash flows all reflect the specific risks associated with them.

With approvals from the national financial regulatory authority and relevant market supervision authorities, SPD Silicon Valley Bank Co., Ltd. changed its name to Shanghai Innovation Bank Co., Ltd., with registered capital remaining at RMB1 billion. From 2 September 2024, Shanghai Innovation Bank Co., Ltd. was included in the Group's consolidation scope, resulting in the change of accounting method for the corresponding long-term equity investments from the equity method to the cost method.

16 Fixed assets

The Group	Plant and buildings	Motor vehicles	Electronic computers and other equipment	Equipment such as airplanes and ships	Total
Cost					
1 January 2023	17,285	444	10,717	27,141	55,587
Additions	1,035	15	1,351	6,156	8,557
Transferred in	3,274	-	9	-	3,283
Disposals	(126)	(23)	(663)	-	(812)
31 December 2023	21,468	436	11,414	33,297	66,615
Additions	80	29	820	14,405	15,334
Transferred in	824	-	32	-	856
Disposals	-	(27)	(1,205)	(2,245)	(3,477)
31 December 2024	22,372	438	11,061	45,457	79,328
Accumulated depreciation					
1 January 2023	(5,592)	(350)	(7,356)	(5,132)	(18,430)
Charge	(625)	(27)	(1,367)	(1,500)	(3,519)
Disposals	43	21	616	-	680
31 December 2023	(6,174)	(356)	(8,107)	(6,632)	(21,269)
Charge	(707)	(24)	(1,222)	(1,635)	(3,588)
Disposals	-	26	1,143	613	1,782
31 December 2024	(6,881)	(354)	(8,186)	(7,654)	(23,075)
Impairment allowance					
1 January 2023	-	-	-	-	-
Charge	-	-	-	(38)	(38)
31 December 2023	-	-	-	(38)	(38)
Disposals	-	-	-	20	20
31 December 2024	-	-	-	(18)	(18)
Net book value					
31 December 2024	15,491	84	2,875	37,785	56,235
31 December 2023	15,294	80	3,307	26,627	45,308

The Bank	Plant and buildings	Motor vehicles	Electronic computers and other equipment	Total
Cost				
1 January 2023	16,801	413	10,402	27,616
Additions	1,035	12	1,314	2,361
Transferred in	3,274	-	9	3,283
Disposals	(108)	(19)	(594)	(721)
31 December 2023	21,002	406	11,131	32,539
Additions	80	25	790	895
Transferred in	-	-	12	12
Disposals	-	(24)	(1,190)	(1,214)
31 December 2024	21,082	407	10,743	32,232
Accumulated depreciation				
1 January 2023	(5,455)	(325)	(7,115)	(12,895)
Charge	(613)	(24)	(1,345)	(1,982)
Disposals	43	17	564	624
31 December 2023	(6,025)	(332)	(7,896)	(14,253)
Charge	(675)	(21)	(1,189)	(1,885)
Disposals	-	22	1,130	1,152
31 December 2024	(6,700)	(331)	(7,955)	(14,986)
Net book value				
31 December 2024	14,382	76	2,788	17,246
31 December 2023	14,977	74	3,235	18,286

As at 31 December 2024, the plant and buildings with original cost of RMB3,448 million (2023: RMB5,351 million) and net book value of RMB3,196 million (2023: RMB5,137 million) were in use by the Group and the Bank while the property right registration were still in progress.

The Group regularly performs impairment testing on certain fixed assets leased out under operating leases. If the results of the impairment testing indicate that the recoverable amount of an asset is less than its carrying amount, a provision for impairment is made in accordance with the differences and recognised in impairment losses. The recoverable amount of an asset is the higher of its fair value less costs to sell and its present value of expected future cash flows. The management obtained the value of the assets at the end of the lease term from a professional evaluation authority, the costs of disposal include legal costs, related taxes and etc. In calculating the present value of the expected future cash flows from the assets, the management uses the rental amount agreed in the lease contract and the value of the assets at the end of the lease term as the basis for the estimate of future cash flows and selects an appropriate discount rate to determine the present value of the future cash flows, as well as estimating the future cash flows under different scenarios for certain lessees. Except for certain fixed assets leased out under operating leases as mentioned above, there were no significant indications of impairment of the Group's other fixed assets at the end of 2024 and 2023.

17 Lease

(1)Right-of-use assets

The Group	Plant & buildings	Equipment & others	Total
Cost			
1 January 2023	16,998	152	17,150
Additions	2,196	10	2,206
Decreases	(2,930)	(25)	(2,955)
31 December 2023	16,264	137	16,401
Additions	2,072	15	2,087
Decreases	(3,446)	(56)	(3,502)
31 December 2024	14,890	96	14,986
Accumulated amortisation			
1 January 2023	(9,046)	(82)	(9,128)
Additions	(2,896)	(27)	(2,923)
Decreases	2,776	24	2,800
31 December 2023	(9,166)	(85)	(9,251)
Additions	(2,790)	(22)	(2,812)
Decreases	3,374	53	3,427
31 December 2024	(8,582)	(54)	(8,636)
Net book value			
31 December 2024	6,308	42	6,350
31 December 2023	7,098	52	7,150

The Bank	Plant & buildings	Equipment & others	Total
Cost			
1 January 2023	16,123	152	16,275
Additions	2,121	10	2,131
Decreases	(2,861)	(25)	(2,886)
31 December 2023	15,383	137	15,520
Additions	1,884	15	1,899
Decreases	(3,246)	(56)	(3,302)
31 December 2024	14,021	96	14,117
Accumulated amortisation			
1 January 2023	(8,698)	(82)	(8,780)
Additions	(2,777)	(27)	(2,804)
Decreases	2,756	24	2,780
31 December 2023	(8,719)	(85)	(8,804)
Additions	(2,641)	(22)	(2,663)
Decreases	3,155	53	3,208
31 December 2024	(8,205)	(54)	(8,259)
Net book value			
31 December 2024	5,816	42	5,858
31 December 2023	6,664	52	6,716

(2)Lease liabilities

As as the date of financial statement, the analysis by remaining maturity date is as follows:

The Group	31 December 2024	31 December 2023
Within 3 months	669	760
3 months to 1 year	1,863	1,967
1 year to 5 years	3,704	4,285
More than 5 years	83	252
Total undiscounted lease liabilities	6,319	7,264
Book value of lease liabilities at year-end	6,013	6,871

The Bank	31 December 2024	31 December 2023
Within 3 months	628	714
3 months to 1 year	1,756	1,875
1 year to 5 years	3,339	4,033
More than 5 years	52	174
Total undiscounted lease liabilities	5,775	6,796
Book value of lease liabilities at year-end	5,507	6,423

(3)Short-term leases and leases of low-value assets

The Group's short-term leases and leases of low-value assets mainly represent plant and buildings and other equipment.

(4)Leases in which the Group is lessor

Items	2024	2023
Operating leasing income	3,710	2,593
Financial leasing income	4,822	4,468

The Group conducted financial leasing and operating lease businesses in compliance with relevant regulatory requirements. The leased assets primarily included airplanes, ships, and other leasing equipment, with corporate clients being the main lessees.

18 Intangible assets

The Group	Land use rights	Software and others	Brand and franchise right	Total
Cost				
1 January 2023	6,800	10,080	2,236	19,116
Additions	-	1,091	-	1,091
Disposals	-	(127)	-	(127)
31 December 2023	6,800	11,044	2,236	20,080
Additions	14	1,255	-	1,269
Disposals	-	(3)	-	(3)
31 December 2024	6,814	12,296	2,236	21,346
Accumulated amortisation				
1 January 2023	(974)	(7,793)	-	(8,767)
Amortization	(174)	(1,451)	-	(1,625)
Disposals	-	79	-	79
31 December 2023	(1,148)	(9,165)	-	(10,313)
Amortization	(176)	(1,274)	-	(1,450)
Disposals	-	1	-	1
31 December 2024	(1,324)	(10,438)	-	(11,762)
Net book value				
31 December 2024	5,490	1,858	2,236	9,584
31 December 2023	5,652	1,879	2,236	9,767

In 2024, the Group performed an impairment testing for the brand and franchise rights (with indefinite useful lives) of Shanghai International Trust Co., Ltd. ("Shanghai International Trust"), and concluded that no provisions for impairment were required. In the impairment testing, the recoverable amount is determined by reference to its fair value less costs of disposal. The management selected comparable company cases and evaluated the fair value of such brands and franchise rights with a price to book value ratio method, and corrected the price to book value ratio according to specific risk factors.

The Bank	Land use rights	Software and others	Total
Cost			
1 January 2023	6,797	9,204	16,001
Additions	-	1,039	1,039
Disposals	-	(2)	(2)
31 December 2023	6,797	10,241	17,038
Additions	14	1,057	1,071
Disposals	-	-	-
31 December 2024	6,811	11,298	18,109
Accumulated amortisation			
1 January 2023	(973)	(6,992)	(7,965)
Amortization	(173)	(1,438)	(1,611)
Disposals	-	2	2
31 December 2023	(1,146)	(8,428)	(9,574)
Amortization	(176)	(1,242)	(1,418)
Disposals	-	-	-
31 December 2024	(1,322)	(9,670)	(10,992)
Net book value			
31 December 2024	5,489	1,628	7,117
31 December 2023	5,651	1,813	7,464

19 Goodwill

	31 December 2024	31 December 2023
Goodwill		
-Shanghai International Trust	5,351	5,351
Less：impairment allowances	-	-
Total	5,351	5,351

The goodwill is recognized as a result of the Bank's issuance of ordinary shares to acquire 97.33% equity of Shanghai International Trust in March 2016.

The goodwill allocated to the cash generating unit (CGU) or CGUs on transcation date according to operating segments are summarised as follows:

	31 December 2024	31 December 2023
Shanghai International Trust	4,739	4,739
Subsidiaries of Shanghai International Trust	612	612
Total	5,351	5,351

(1)Asset groups or asset group combinations related to goodwill

It mainly represents the Shanghai International Trust asset group and the asset group of Shanghai International Trust's related subsidiaries. At the end of 2024, the cash flows of the above asset groups were basically independent of cash inflows generated by other assets or asset groups, and belonged to the trust business segment, monetary brokerage segment and investment management segment respectively. The asset group to which the Group's goodwill was allocated remained unchanged during the year.

(2)Method used to determine the recoverable amount:

As at the reporting date, the recoverable amount of the Shanghai International Trust asset group was determined by reference to its fair value less costs of disposal.

Item	Carrying amount (RMB)	Recoverable amount (RMB)	Impairment amount	The method used to determine the fair value and the cost of disposal	Key parameters	Basis for determining the key parameters
Shanghai International Trust	30.1 billion	35.0 billion	-	Use the comparable transaction method to determine fair value and consider related costs of disposal	Price-to-book ratio (P/B) (1.3 times to 1.8times	Determine based on the comparable trading P/B multiples and adjust the P/B in accordance with specific risk factors

As at the reporting date, the recoverable amount of the asset group of Shanghai International Trust's related subsidiaries was determined by reference to the present value of expected future cash flows. Key parameters used to calculate the present value of future cash flows include revenue growth rate, earnings before interest, tax, depreciation and amortisation (EBITDA) margin, gross margin, pre-tax discount rate, etc. The Group comprehensively determines the revenue growth rate, EBITDA margin and gross margin for the five-year forecast period based on historical experience and market development, and on the basis of the realised financial performance in the year prior to the forecast period, taking into account the expected limitations on the scope of the future operations as well as the level of the related expenses; the Group determines the revenue growth rate for the future stable period based on the level of long-term inflation rate for the PRC economy, and the EBITDA margin and gross margin for the stable period based on the forecast level for the last period of the forecast period; the pre-tax discount rate reflects the risks specific to the future cash flows of the underlying asset group. As at the reporting date, the recoverable amount of the asset group of Shanghai International Trust's related subsidiaries was higher than the carrying amount, no impairment was recognised.

20 Deferred income tax

20.1 The table below includes the deferred income tax assets and liabilities of the Group and the Bank after offsetting qualifying amounts:

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Deferred income tax assets	75,261	71,598	72,695	69,250
Deferred income tax liabilities	(630)	(1,014)	-	-

20.2 Deferred income tax assets and liabilities and related temporary differences, before offsetting qualifying amounts, are attributable to the following items:

The Group	31 December 2024		31 December 2023	
	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)
Impairment allowances for assets	312,228	78,058	271,862	67,957
Fair value changes of derivative financial liabilities	78,434	19,609	52,293	13,073
Fair value changes of financial assets measured at FVOCI	6,906	1,726	8,829	2,138
Employee benefits payable	4,996	1,249	8,435	2,109
Provisions	7,806	1,951	7,753	1,938
Fair value changes of financial instruments measured at FVTPL	6,860	1,715	2,940	736
Others	12,226	3,056	12,885	3,220
Subtotal	429,456	107,364	364,997	91,171
Offset amounts		(32,103)		(19,573)
Deferred income tax assets after offsetting		75,261		71,598

	31 December 2024		31 December 2023	
	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)
Fair value changes of derivative financial assets	(88,854)	(22,214)	(56,311)	(14,077)
Fair value changes of financial instruments measured at FVTPL	(15,859)	(3,964)	(12,723)	(3,181)
Fair value changes of financial assets measured at FVOCI	(17,843)	(4,471)	(4,127)	(1,032)
Differences between fair value and carrying amount of identifiable net assets arising from business combinations involving entities not under common control	(2,464)	(616)	(2,441)	(610)
Others	(5,876)	(1,468)	(6,749)	(1,687)
Subtotal	(130,896)	(32,733)	(82,351)	(20,587)
Offset amounts		32,103		19,573
Deferred tax liabilities after offsetting		(630)		(1,014)

The Bank	31 December 2024		31 December 2023	
	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)
Impairment allowances for assets	304,702	76,176	265,863	66,466
Fair value changes of derivative financial liabilities	78,434	19,609	52,260	13,065
Fair value changes of financial assets measured at FVOCI	6,386	1,596	8,017	2,004
Provisions	7,805	1,951	7,753	1,938
Employee benefits payable	3,368	842	6,878	1,719
Fair value changes of financial instruments measured at FVTPL	6,869	1,717	2,782	696
Others	11,505	2,877	11,659	2,916
Subtotal	419,069	104,768	355,212	88,804
Offset amounts		(32,073)		(19,554)
Deferred income tax assets after offsetting		72,695		69,250

	31 December 2024		31 December 2023	
	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)
Fair value changes of derivative financial assets	(88,838)	(22,210)	(56,265)	(14,066)
Fair value changes of financial instruments measured at FVTPL	(15,857)	(3,964)	(11,131)	(2,783)
Fair value changes of financial assets measured at FVOCI	(17,739)	(4,435)	(4,102)	(1,026)
Others	(5,858)	(1,464)	(6,716)	(1,679)
Subtotal	(128,292)	(32,073)	(78,214)	(19,554)
Offset amounts		32,073		19,554
Deferred tax liabilities after offsetting		-		-

20.3 The movement of the deferred income tax account is as follows:

	Note	The Group		The Bank	
		2024	2023	2024	2023
Balance at the beginning of the year		70,584	68,049	69,250	66,867
Charged to profit or loss	III.7	7,688	4,198	6,944	4,006
Charged to other comprehensive income	III.34	(3,641)	(1,663)	(3,499)	(1,623)
Balance at the end of the year		74,631	70,584	72,695	69,250

21 Other assets

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Refundable deposits	42,953	21,483	42,378	21,483
Suspense accounts	41,843	21,443	40,261	21,004
Other receivables	9,478	14,360	8,158	13,066
Interest receivable	3,940	3,622	3,940	3,621
Prepayment for land-use rights and others	2,892	3,115	1,123	1,101
Long-term deferred expenses	1,334	1,488	1,262	1,414
Payments to Trust Protection Fund	658	872	-	-
Repossessed assets	582	448	298	361
Others	2,504	2,635	1,412	1,621
Total	106,184	69,466	98,832	63,671

22 Deposits and placements from banks and other financial institutions

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Deposits from domestic banks	99,083	197,810	108,093	204,861
Deposits from overseas banks	1,659	2,393	1,659	2,393
Deposits from domestic non-bank financial institutions	752,408	770,439	754,990	773,728
Deposits from overseas non-bank financial institutions	14,680	16,028	15,602	16,743
Placements from domestic banks	278,883	262,430	161,988	168,802
Placements from overseas banks	67,811	38,847	57,674	29,757
Placements from domestic non-bank financial institutions	1,185	600	1,185	600
Accrued interest	5,896	5,162	5,168	4,794
Total	1,221,605	1,293,709	1,106,359	1,201,678

23 Financial liabilities measured at FVTPL

		The Group		The Bank	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Financial liabilities associated with bonds		24,787	7,750	24,787	7,750
Financial liabilities related to precious metals		5,185	119	5,185	119
Interest of other unit holders in consolidated structured entities	(1)	3,200	2,338	-	-
Total		33,172	10,207	29,972	7,869

(1)The Group designated interests attributable to other unit holders in consolidated structured entities as financial liabilities measured at FVTPL.

(2)As at 31 December 2024 and 31 December 2023, no significant fair value changes have occurred due to changes in the Group's own credit risk.

24 Financial assets sold under repurchase agreements

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Bonds	347,787	427,511	252,390	361,394
Bills	153,761	87,381	153,761	87,381
Deposit certificates issued by other financial institutions	4,219	4,637	-	-
Accrued interest	195	255	195	255
Total	505,962	519,784	406,346	449,030

25 Deposits from customers

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Current deposits				
-Corporate	1,620,275	1,813,631	1,606,476	1,808,067
-Retail	414,676	354,015	411,861	351,177
Time deposits				
-Corporate	1,943,073	1,765,364	1,928,882	1,761,829
-Retail	1,160,310	1,049,278	1,138,522	1,029,042
Other deposits	7,625	2,342	7,592	2,328
Subtotal	5,145,959	4,984,630	5,093,333	4,952,443
Accrued interest	83,323	75,714	82,310	74,702
Total	5,229,282	5,060,344	5,175,643	5,027,145

26 Debt securities issued

	Note	The Group		The Bank	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
Interbank deposit certificates and deposit certificates issued	(1)	1,010,322	636,053	1,010,322	636,053
Bonds issued					
2020 Tier II First Financial bond	(2)	32,000	32,000	32,000	32,000
2020 Tier II Second Financial Bond	(3)	8,000	8,000	8,000	8,000
2020 Tier II Third Financial Bond	(4)	30,000	30,000	30,000	30,000
2020 Tier II Fourth Financial Bond	(5)	10,000	10,000	10,000	10,000
2021 First Financial Bond	(6)	-	60,000	-	60,000
2021 Second Financial Bond	(7)	-	40,000	-	40,000
2022 First Financial Bond (Variety I)	(8)	25,000	25,000	25,000	25,000
2022 First Financial Bond (Variety II)	(8)	5,000	5,000	5,000	5,000
2022 Third Financial Bond	(9)	30,000	30,000	30,000	30,000
2022 Fourth Financial Bond	(10)	30,000	30,000	30,000	30,000
2023 Green Financial Bond	(11)	30,000	30,000	30,000	30,000
2024 First Financial Bond	(12)	29,990	-	30,000	-
2024 Second Financial Bond	(13)	30,000	-	30,000	-
2024 Tier II CapitalBond (Serise 1) (Variety I)	(14)	35,000	-	35,000	-
2024 First Tier II Capital Bond (Serise 1) (Variety II)	(14)	5,000	-	5,000	-
2024 Second Tier II Capital Bond (Serise 2) (Variety I)	(15)	34,000	-	34,000	-
2024 Tier II Capital Bond (Serise 2) (Variety II)	(15)	6,000	-	6,000	-
Hong Kong medium-term note	(16)	3,600	4,964	3,600	4,964
Singapore medium-term note	(17)	2,190	2,128	2,190	2,128
London medium-term note	(18)	2,920	2,837	2,920	2,837
SPDB Convertible corporate bonds	(19)	49,998	49,998	49,998	49,998
2020 Tier II SPDB Financial Leasing Financial Bond	(20)	1,100	1,100	-	-
2021 SPDB Financial Leasing Financial Green Bond	(21)	-	3,000	-	-
2021 First SPDB Financial Leasing Financial Bond	(22)	-	2,000	-	-
2022 First SPDB Financial Leasing Financial Bond	(23)	1,500	1,450	-	-
Subtotal		401,298	367,477	398,708	359,927
Add: Unamortized issue cost and others		2,346	2,462	2,348	2,468
Debt securities issued		403,644	369,939	401,056	362,395
Accrued interest		6,006	5,661	5,968	5,562
Total		1,419,972	1,011,653	1,417,346	1,004,010

(1)As at 31 December 2024, the Group and the Bank issued a total of 182 interbank deposit certificates in the domestic interbank bond market which have not yet expired, with the longest term to maturity being 366 days and interest rates falling within a range from 1.60% to 2.47% (As at 31 December 2023, the Group issued a total of 181 interbank deposit certificates in the domestic interbank bond market which have not yet expired, with the longest term to maturity being 366 days and interest rates falling within a range from 2.00% to 2.76%).

The deposit certificates of the Group were all publicly issued by overseas institutions of the Group. As at 31 December 2024, the number of deposit certificates publicly issued but not yet expired were 122 in total, with the longest term to maturity being 387 days and interest rates falling within a range from 2.08% to 5.65% (As at 31 December 2023, the number of deposit certificates publicly issued but not yet expired were 112 in total, with the longest term to maturity being 365 days and interest rates falling within a range from 2.87% to 6.01%).

(2)The Bank issued Tier II capital instruments in the amount of RMB32 billion in the domestic interbank bond market on 30 July 2020 which have a term of 10 years through maturity, with a fixed annual coupon rate of 3.87%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its fifth anniversary under certain conditions.

(3)The Bank issued Tier II capital instruments in the amount of RMB8 billion in the domestic interbank bond market on 30 July 2020 which have a term of 15 years through maturity, with a fixed annual coupon rate of 4.18%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its tenth anniversary under certain conditions.

(4)The Bank issued Tier II capital instruments in the amount of RMB30 billion in the domestic interbank bond market on 15 September 2020 which have a term of 10 years through maturity, with a fixed annual coupon rate of 4.27%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its fifth anniversary under certain conditions.

(5)The Bank issued Tier II capital instruments in the amount of RMB10 billion in the domestic interbank bond market on 15 September 2020 which have a term of 15 years through maturity, with a fixed annual coupon rate of 4.52%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its tenth anniversary under certain conditions.

(6)The Bank issued "2021 First Financial Bond" in the amount of RMB60 billion in the domestic interbank bond market on 23 March 2021 which has a term of 3 years through maturity, with a fixed annual coupon rate of 3.48%. As at 31 December 2024, the Bank has completed the redemption.

(7)The Bank issued "2021 Second Financial Bond" in the amount of RMB40 billion in the domestic interbank bond market on 2 December 2021 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.97%. As at 31 December 2024, the Bank has completed the redemption.

(8)The Bank issued "2022 First Financial Bond (Variety I)" in the amount of RMB25 billion and "2022 First Financial Bond (Variety II)" in the amount of RMB5 billion in the domestic interbank bond market on 21 January 2022. Both bonds have a term of 3 years through maturity, with a fixed annual coupon rate of 2.69%.

(9)The Bank issued "2022 Second Financial Bond" in the amount of RMB30 billion in the domestic interbank bond market on 24 February 2022 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.78%.

(10)The Bank issued "2022 Third Financial Bond" in the amount of RMB30 billion in the domestic interbank bond market on 9 November 2022 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.45%.

(11)The Bank issued "2023 Frist Green Financial Bond" in the amount of RMB30 billion in the domestic interbank bond market on 24 March 2023 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.79%.

(12)The Bank issued "2024 First Financial Bond" in the amount of RMB30 billion in the domestic interbank bond market on 29 Februray 2024 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.35%. On December 31, 2024, the actual amount of the bond issued by the Group was RMB29.99 billion.

(13)The Bank issued "2024 Second Financial Bond" in the amount of RMB30 billion in the domestic interbank bond market on 26 March 2024 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.38%.

(14)The Bank issued Tier II capital instruments with a total amount of RMB35 billion and RMB5 billion respectively in the domestic interbank bond market on 14 August 2024. The bonds have a maturity of 10 years and 15 years respectively, and the bank has the option to conditionally redeem all or part of the bond at face value at the end of the fifth and tenth year, with fixed annual interest rates of 2.17% and 2.30%, respectively.

(15) The Bank issued Tier II capital instruments with a total amount of RMB34 billion and RMB6 billion respectively in the domestic interbank bond market on 6 December 2024. The bonds have a maturity of 10 years and 15 years respectively, and the bank has the option to conditionally redeem all or part of the bond at face value at the end of the fifth and tenth year, with fixed annual interest rates of 2.15% and 2.34%, respectively.

(16)The Bank issued USD700 million medium-term note in Hong Kong Stock Exchange on 13 July 2021 which has a term of 3 years through maturity, with a fixed coupon rate of 0.875%. In 2024, the Bank has exercised the redemption option on the above-mentioned notes. On

20 March 2024, the bank issued medium-term notes with a total amount of HKD1.5 billion and USD300 million on the Hong Kong Stock Exchange. The notes have a maturity of 2 years and 3 years respectively, and the coupon rates are fixed rate 4.60% and floating rate of SOFR+59BPS.

(17)The Bank issued medium-term notes totaling USD300 million on the Singapore Exchange on 19 January 2021; the notes have a term of 3 years and a fixed coupon rate of 1.056% per annum. In 2024, the Bank has exercised the redemption option on the above-mentioned notes. On 28 October 2024, the Bank issued a medium-term note with a total amount of 300 million US dollars on the Singapore Exchange. The note has a term of 3 years and a floating interest rate of SOFR+60BPS.

(18)The Bank issued USD400 million medium-term notes on London Stock Exchange on 14 July 2022 which has a term of 3 years through maturity, with a fixed coupon rate of 3.25% per annum.

(19)The Bank made a public offering of RMB50 billion, A-share convertible corporate bonds on 15 November 2019 on Shanghai Stock Exchange. The convertible corporate bonds have a term of six years from 28 October 2019 to 27 October 2025, at coupon rates of 0.20% for the first year, 0.80% for the second year, 1.50% for the third year, 2.10% for the fourth year, 3.20% for the fifth year and 4.00% for the sixth year. The bond is payable on an annual basis, with principal and last year's interest due. The conversion of these convertible corporate bonds begins from the first trading day after six months upon the completion date of the offering (4 May 2020) to the maturity date (27 October 2025).

In accordance with formulas set out in the prospectus of the convertible corporate bonds, the initial conversion price of the convertible corporate bonds is RMB15.05 per share, and the price of the convertible corporate bonds will be adjusted to reflect the impact of cash dividends and change in paid-in capital under specified circumstances of dividend distribution, capital reserve conversion, additional share issuance, rights offerings, etc. (excluding the conversion of convertible bonds due to this issue). The holder of this bond applies for a conversion within the conversion period. The number of conversions is calculated by dividing the total amount of the bond faced by the bond holder applying for the conversion by the effective conversion price on the day of application for the conversion. Within five trading days after the expiration of the convertible bonds issued by the Bank, the Bank will redeem all unconverted convertible bonds at 110% of the face value of the bonds' convertible bonds (including the interest of the last year). For the specific issuance terms of this bond, please refer to the relevant issuance announcement.

As at 31 December 2024, a total of RMB1,431,000 covertible corporate bonds were converted to ordinary share of the Bank, and the accumulated numbers of shares converted were 97,905.

The liabilities and equity components of the convertible corporate bonds issued by the Group and the Bank are as follows:

	Liability	Equity (Note III.30)	Total
Issued amount of convertible corporate bonds	47,214	2,786	50,000
Direct issuance expenses	(78)	(4)	(82)
Balance at the issuance date	47,136	2,782	49,918
Accumulated amortisation at the beginning of the year	5,446	-	5,446
Accumulated converted bonds at the beginning of the year	(2)	-	(2)
Balance at 1 January 2024	52,580	2,782	55,362
Amortisation in the current period	364	-	364
Balance at 31 December 2024	52,944	2,782	55,726

(20)SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank issued Tier II capital instruments in the amount of RMB1.1 billion in the domestic interbank bond market on 11 August 2020 which have a term of 10 years through maturity, with a fixed annual coupon rate of 4.20%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its fifth anniversary under certain conditions.

(21)SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank, issued "2021 Green Finance Bonds" in the amount of RMB3 billion in the domestic interbank bond market on 6 July 2021 which has a term of 3 years through maturity, with a fixed annual coupon rate of 3.38%. As at 31 December 2024, the bond has matured and the Bank has completed the redemption.

(22)SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank, issued "2021 First Financial Bond" in the amount of RMB2 billion in the domestic interbank bond market on 21 October 2021 which has a term of 3 years through maturity, with a fixed annual coupon rate of 3.30%. As at 31 December 2024, the bond has matured and the Bank has completed the redemption.

(23)SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank, issued "2022 First Financial Bond (Freight and logistics)" in the amount of RMB1.5 billion in the domestic interbank bond market on 8 July 2022 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.93%.

(24)As at the reporting date, the Group has not defaulted on any of its issued debt securities.

27 Provisions

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Impairment allowance for financial guarantee contracts and loan commitments	7,733	7,726	7,732	7,726
Pending litigation losses	73	27	73	27
Others	4	-	-	-
Total	7,810	7,753	7,805	7,753

28 Other liabilities

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Suspense accounts	47,755	21,347	47,504	21,347
Employee benefits payable	12,373	13,879	10,466	12,067
Advance from performance deposits and other deposits	3,797	3,624	678	993
VAT and other taxes payable	3,475	3,306	2,981	2,868
Accrued expenses	2,501	2,022	2,389	1,965
Contract liabilities	2,469	2,649	1,920	2,130
Dividend payable	55	42	45	36
Others	6,151	6,826	1,788	2,190
Total	78,576	53,695	67,771	43,596

29 Share capital

The Group and the Bank	31 December 2024	31 December 2023
Domestic listed RMB ordinary share (A shares)	29,352	29,352

A shares issued by the Bank are all ordinary share, with par value of RMB1 per share. All shares rank pari passu in all respects with each other.

30 Other equity instrument

The Group and the Bank	Note	31 December 2024	31 December 2023
Other equity instruments included in the tier 1 capital of the Bank-Equity of SPDB- convertible corporate bonds	(1)	2,782	2,782
Other equity instruments included in other tier 1 capital of the Bank	(2)	79,919	109,909
Total		82,701	112,691

(1)As at 31 December 2024, the Equity of convertible corporate bonds issued by the Bank was RMB2,782 million (2023: RMB2,782 million), see Note III. 26(19) for specific information.

(2)Other equity instruments included in other tier 1 capital of the Bank

Name of other equity instruments outstanding	Dividend rate	Issuance Price (RMB)	Number	Opening amount	Movements during the year	Closing amount	Maturity date or renewals	Conversion (Yes/No)
Pufayou 1 (a)	6% for the first five years; 5.58% for the second five years 4.27% for the third five years	100	150 million	15,000	-	15,000	No maturity date	No
Pufayou 2 (a)	5.5% for the first five years 4.81% for the second five years	100	150 million	15,000	-	15,000	No maturity date	No
19 SPDB Capital bonds with unfixed termss (b)	4.73% for the first five years	100	300 million	30,000	(30,000)	-	No maturity date	No
20 SPDB Capital bonds with unfixed termss (b)	4.75% for the first five years	100	500 million	50,000	-	50,000	No maturity date	No
Less: Issue expenses				(91)	10	(81)		
Carrying amount				109,909	(29,990)	79,919		

(a)On 28 November 2014 and 6 March 2015, the Bank issued non-cumulative preference shares with a total par value of RMB30 billion to domestic investors. The proceeds after deducting transaction costs amounted to RMB29.92 billion and were recorded as other equity instruments. During the term of preference shares, the Bank has the option to redeem part or all outstanding preference shares on any dividend payment date after five years from the issuance if certain conditions are met, under the approval obtained from the regulatory authorities. Holders of the preference shares have no right to require the Bank to redeem the outstanding preference shares. Dividends of the preference shares are payable in cash on annual basis at a fixed dividend rate which is adjusted every five years. The Bank at its discretion has the right not to declare and distribute the dividends of the preference shares in part or full.

Upon occurrence of any of the following triggering events and subject to the approval from the regulatory authorities, the Bank's outstanding preference shares shall be mandatorily converted in part or full to the Bank's ordinary shares:

1. When the core tier 1 capital adequacy ratio of the Bank decreases to 5.125%(or below), upon the approval from the Board of Directors, the outstanding preference share shall be converted into the Bank's ordinary A shares in part or full at a pre-determined mandatory conversion price so as to bring the Bank's core tier 1 capital adequacy ratio back to above 5.125%;

2. When any triggering event of the Bank's tier 2 capital instruments occurs, the outstanding preference shares shall be converted to the Bank's ordinary A shares at the pre-determined mandatory conversion price.

Under the approval from regulatory authority, the outstanding preference shares will be fully or partially converted to ordinary A-shares at the price of RMB7.62 per share when meeting the mandatory conversion triggering conditions. If the Bank subsequently appropriates bonus shares, transfers retained earnings to ordinary shares, issues new ordinary shares (excluding any increase of ordinary shares due to conversion of convertible financial instruments issued by the Bank, such as preference shares and convertible bonds, etc.) or issue rights, the conversion price shall be adjusted subject to the terms and formula provided by the offering documents to adjust for the dilutive effects of these specified increases in ordinary shares.

Pursuant to the relevant laws and regulations, and the Approval from CBIRC on the Bank's Non-Public Offering of Preference Shares and Corresponding Revisions to the Article of Association (Yinjianfu [2014]No.564), the proceeds from the issuance of preference shares shall be used to supplement the other tier 1 capital of the Bank.

Upon liquidation, the holders of the Bank's preference shares are entitled to the repayment at the par value of the outstanding preference shares prior to any distribution to the holders of the Bank's ordinary shares. If the remaining assets of the Bank are not sufficient to cover the par value, they are allocated to the holders of preference shares on proportionate basis.

(b)The Bank issued "2019 Open-term capital bonds of the Shanghai Pudong Development Bank Co., Ltd. " (RMB30 billion) and "2020 Open-term capital bonds of the Shanghai Pudong Development Bank Co., Ltd." (RMB50 billion) in the interbank bond market on July 2019 and November 2020 respectively, which were all accounted for as other equity instruments after deducting issuance expenses .The duration of this open-term capital bonds was consistent with the duration of the Bank's continuing operations. The Bank shall have the right to redeem the open-term capital bonds in whole or in part on the fifth distribution payment date since the issuance, provided that prerequisite for redemption is met and such redemption is approved by the regulatory authorities, and the bond investors have no right to request the Bank to redeem the capital bonds with unfixed terms. The Bank shall have the right to cancel, in whole or in part, declaration and distributions on the open-term capital bonds.

Pursuant to applicable laws and regulations and the "China Banking and Insurance Regulatory Commission's Reply on the Issuance of Open-Term Capital Bonds by SPDB" (Yinbaojianfu [2019] No. 596) and the "China Banking and Insurance Regulatory Commission's Reply

on the Issuance of Open-Term Capital Bonds by SPDB" (Yinbaojianfu [2020] No. 595), the funds raised from fixed-term capital bonds are used to supplement other Tier 1 capital of the Bank.

The compensation order of the open-term capital bonds is behind of depositors, general creditors and subordinated debts that are prior than the capital bonds with open terms, and ahead of all types of shares held by shareholders of the Bank; the open-term capital bonds will be compensated in the same order with other Tier 1 capital instruments which have the same compensation order.

As for the "2019 Open-term capital bonds of the Shanghai Pudong Development Bank Co., Ltd.", the Bank has the right to write down the bonds without obtaining the consent of the open-term capital bonds investor when the Bank triggers the following trigger events as deemed by the regulatory authorities or relevant departments and obtains regulatory approval.

1.Upon the occurrence of an Additional Tier 1 Capital Instrument Trigger Event (Core Tier 1 Capital Adequacy Ratio of the Bank falling to 5.125% or below), with the consent of the regulatory authorities and without the consent of the bondholders, the Bank has the right to write down all or part of the above open-term capital bonds issued and existing at that time in accordance with the total par value, in order to restore the Core Tier 1 Capital Adequacy Ratio of the Bank to above 5.125%.

2.When any triggering event of the Bank's tier 2 capital instruments occurs, the Bank has the right to write down all the above open-term capital bonds issued and existing at that time in accordance with the total par value without the consent of the bond holders.

As for the "2020 Open-term Capital Bonds of the Shanghai Pudong Development Bank Co., Ltd.", if the trigger events does not occurr, the Bank has the right to write down the bonds in whole or in part, without obtaining the consent of the bond holder.

No occurrence of trigger events refers to the earlier of the below situation: (1) regulatory authorities determine that the issuer will not survive without written-off; or (2) the relevant departments determine that the issuer will not survive without the capital contribution from public sector or equivalent support.

With approval from relevant regulatory authorities, the Bank redeemed its 2019 Open-term capital bonds in 2024, with the exercise payment date on 12 July 2024.

31 Capital reserves

	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Share premium	81,691	81,691	81,691	81,691
Other capital surplus				
- Capital increase of subsidiaries	219	50	-	-
- Others	11	21	28	21
Total	81,921	81,762	81,719	81,712

As mentioned in Note III. 26(19), with the approval of the regulatory authorities and other relevant institutions, the Bank publicly issued A-share convertible corporate bonds with a face value of RMB50 billion in 2019. As at December 31, 2024, about RMB1,431,000 of convertible corporate bonds had been converted into A-share ordinary shares, accumulatively increasing the bank's share capital to 97,905 shares, and increasing the Bank's share capital premium accordingly.

32 Surplus reserves

The Group and The Bank	1 January 2024	Addition	31 December 2024
Statutory surplus reserve	22,206	3,293	25,499
Discretionary surplus reserve	166,723	-	166,723
Total	188,929	3,293	192,222

	1 January 2023	Addition	31 December 2023
Statutory surplus reserve	22,206	-	22,206
Discretionary surplus reserve	152,179	14,544	166,723
Total	174,385	14,544	188,929

Pursuant to related PRC regulations, the Bank is required to appropriate 10% of its annual net profit to a statutory surplus reserve until such surplus reserve has reached 50% of ordinary shares. After the appropriation of statutory reserve, the Bank may further appropriate discretionary surplus reserve.

33 General risk reserve

The Group	1 January 2024	Addition	31 December 2024
General risk reserve	101,575	5,121	106,696

	1 January 2023	Addition	31 December 2023
General risk reserve	99,515	2,060	101,575

The Bank	1 January 2024	Addition	31 December 2024
General risk reserve	98,000	4,500	102,500

	1 January 2023	Addition	31 December 2023
General risk reserve	93,500	4,500	98,000

Pursuant to Caijin [2012] No. 20 "Administration Rules on Appropriation to General Risk Reserve for Financial Institutions" issued by MOF, the Bank is required to make appropriation to a general risk reserve.

General risk reserve of the Group also includes other reserves of the Bank's subsidiaries required by industry or district regulations.

34 Other reserves

The Group	Opening balance of other comprehensive income attributable to the Bank's Shareholders	for the year from 1 January 2024 to 31 December 2024					Ending balance of other comprehensive income attributable to the Bank's Shareholders
		Transfer in before tax	Less: Transfer out	Less: Income tax	Attributable to the Bank after tax	Attributable to minority shareholders after tax	
Items that may be reclassified to profit or loss							
Debt instruments measured at FVOCI							
- Fair value changes	(3,645)	17,699	(3,412)	(3,492)	10,795	-	7,150
- Impairment allowance	5,371	120	(1,300)	226	(954)	-	4,417
Exchange differences from the translation of foreign operations	469	74	-	-	41	33	510
Cash flow hedge reserve	70	330	-	(82)	167	81	237
Others	-	2	-	-	2	-	2
Item that will not be reclassified to profit or loss							
Change in fair value of other equity instruments							
- Fair value changes	(158)	1,171	-	(293)	878	-	720
	2,107	19,396	(4,712)	(3,641)	10,929	114	13,036

	Opening balance of other comprehensive income attributable to the Bank's Shareholders	for the year from 1 January 2024 to 31 December 2023						Ending balance of other comprehensive income attributable to the Bank's Shareholders
		Transfer in before tax	Less: Transfer out	Less: Income tax	Attributable to the Bank after tax	Attributable to minority shareholders after tax	Internal transfer of owner's equity	
Items that may be reclassified to profit or loss								
Debt instruments measured at FVOCI								
- Fair value changes	(7,106)	4,988	(395)	(1,133)	3,461	(1)	-	(3,645)
- Impairment allowance	3,376	3,030	(366)	(669)	1,995	-	-	5,371
Exchange differences from the translation of foreign operations	320	179	-	-	149	30	-	469
Cash flow hedge reserve	6	118	-	(30)	64	24	-	70
Others	1	(1)	-	-	(1)	-	-	-
Item that will not be reclassified to profit or loss								
Change in fair value of other equity instruments								
- Fair value changes	350	(916)	-	169	(747)	-	239	(158)
	(3,053)	7,398	(761)	(1,663)	4,921	53	239	2,107

The Bank	Opening balance of other comprehensive income	for the year from 1 January 2024 to 31 December 2024				Ending balance of other comprehensive income
		Transfer in before tax	Less: Transfer out	Less: Income tax	Attributable to the Bank after tax	
Items that may be reclassified to profit or loss						
Debt instruments measured at FVOCI						
- Fair value changes	(2,802)	17,336	(3,316)	(3,510)	10,510	7,708
- Impairment allowance	4,863	104	(1,300)	299	(897)	3,966
Exchange differences from the translation of foreign operations	(20)	(26)	-	-	(26)	(46)
Cash flow hedge reserve	10	(22)	-	5	(17)	(7)
Others	-	2	-	-	2	2
Item that will not be reclassified to profit or loss						
Change in fair value of other equity instruments						
- Fair value changes	(158)	1,173	-	(293)	880	722
	1,893	18,567	(4,616)	(3,499)	10,452	12,345

	Opening balance of other comprehensive income	for the year from 1 January 2023 to 31 December 2023					Ending balance of other comprehensive income
		Transfer in Before tax	Less: Transfer out	Less: Income tax	After tax	Internal transfer of owner's equity	
Items that may be reclassified to profit or loss							
Financial investments measured at FVOCI							
- Fair value changes	(6,141)	4,950	(501)	(1,110)	3,339	-	(2,802)
- Impairment allowance	2,844	2,922	(230)	(673)	2,019	-	4,863
Exchange differences from the translation of foreign operations	(44)	24	-	-	24	-	(20)
Cash flow hedge reserve	(17)	36	-	(9)	27	-	10
Others	1	(1)	-	-	(1)	-	-
Item that will not be reclassified to profit or loss							
Change in fair value of other equity instruments							
- Fair value changes	350	(916)	-	169	(747)	239	(158)
	(3,007)	7,015	(731)	(1,623)	4,661	239	1,893

35 Profit distribution

(1)Profit distribution for the year ended 31 December 2023

Pursuant to the approval at the Shareholders' meeting on 28 June 2024, the Bank's profit distribution plan for the year ended 31 December 2023 is as follows:

(i)The Bank appropriated for statutory surplus reserve at 10% of the profit after tax, amounting to RMB3,293 million;

(ii)Appropriate RMB4.5 billion as general reserve;

(iii)The Bank declared and distributed cash dividends of RMB3.21 (tax included) for every 10 shares to all shareholders based on the total share capital of ordinary shares on the date of equity registration for profit distribution.

(2)Profit distribution for the year ended 31 December 2022

Pursuant to the approval at the Shareholders' meeting on 28 June 2023, the Bank's profit distribution plan for the year ended 31 December 2022 is as follows:

(i)The Bank appropriated for discretionary surplus reserve at 30% of the profit after tax, amounting to RMB14,544 million;

(ii)Appropriate RMB4.5 billion as general reserve;

(iii)The Bank declared and distributed cash dividends of RMB3.2 (tax included) for every 10 shares to all shareholders based on the total share capital of ordinary shares on the date of equity registration for profit distribution.

(3)Dividend distribution for preference shares

On 29 October 2024, the dividend distribution plan for Pufayou 1 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB837 million in total (tax included) on 3 December 2024, which were calculated according to the coupon rate of Pufayou 1 (5.58%).

On 23 February 2024, the dividend distribution plan for Pufayou 2 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB721.5 million in total (tax included) on 11 March 2024, which were calculated according to the coupon rate of Pufayou 2 (4.81%).

On 27 October 2023, the dividend distribution plan for Pufayou 1 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB837 million in total (tax included) on 4 December 2023, which were calculated according to the coupon rate of Pufayou 1 (5.58%).

On 24 February 2023, the dividend distribution plan for Pufayou 2 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB721.5 million in total (tax included) on 13 March 2023, which were calculated according to the coupon rate of Pufayou 2 (4.81%).

(4)Interests payment of open-term capital bonds

In November 2024, the Bank has declared the distribution of RMB2,375 million of interests of open-term capital bonds according to the relevant terms of issuance of the 2020 open-term capital bonds.

In July 2024, the Bank has declared the distribution of RMB1,419 million of interests of open-term capital bonds according to the relevant terms of issuance of the 2019 open-term capital bonds.

In November 2023, the Bank has declared the distribution of RMB2,375 million of interests of open-term capital bonds according to the relevant terms of issuance of the 2020 open-term capital bonds.

In July 2023, the Bank has declared the distribution of RMB1,419 million of interests of open-term capital bonds according to the relevant terms of issuance of the 2019 open-term capital bonds.

36 Transfers of financial assets

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or to special purpose vehicles. In some cases where these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continued to recognize the transferred assets.

Assets backed securitization transaction

The Group sells loan assets to structured entities, which then issue asset-backed securities to investors. The partial securitization transactions conducted by the Group will result in the Group terminating the recognition of all transferred financial assets. For the year ended 31 December 2024, the Group transferred financial assets amounted to RMB29,621 million through assets backed securitization transactions, and all have met the requirement of derecognition (For the year ended 31 December 2023, the Group transferred financial assets amounted to RMB26,141 million through assets backed securitization transactions, and all have met the requirement of derecognition).

As at 31 December 2024, except for the aforementioned securitization transactions, the Group transferred credit assets of a original book value of RMB35,874 million (31 December 2023: RMB35,874 million) to securitised entities. The Group neither transfers nor retains substantially all of the risks and rewards related to ownership of the credit assets, but it retains control over the credit assets. The Group will recognise the assets on the statement of financial position according to the degree of its continued involvement, and the rest will be derecognised. As at 31 December 2024, the assets value of the Group's continued recognition was RMB4,650 million (31 December 2023: RMB4,650 million).

Transfer of non-performing financial assets

In 2024, the Group directly transferred non-performing loans and financial investments totaling RMB20,508 million to third-party asset management companies, with all such assets derecognized (2023: directly transferred non-performing loans and financial investments totaling RMB9,515 million to third-party asset management companies, with all such assets derecognized).

Securities lending transaction

In the securities lending transaction, the counterparty may sell or re-use the above securities in the condition that no default exists, but at the same time bear the obligation to return the above securities on the expiration date specified in the agreement. For the above business, the Group believes that the Group retains most of the risks and rewards of the relevant securities and therefore does not derecognize the relevant securities. As at 31 December 2024, the carrying amount of the assets transferred by the Group in securities lending transactions was RMB51,405 million (31 December 2023: RMB64,575 million).

Financial assets sold under repurchase agreements

Sale and repurchase agreements represent transactions in which the Group sells financial assets while simultaneously entering into an agreement to repurchase the same or substantially identical assets at a predetermined price on a specified future date. As the repurchase price is fixed, the Group retains substantially all credit and market risks and rewards associated with the sold assets. The sold financial assets (which remain unavailable to the Group during the repurchase period) are not derecognized in the financial statements. Instead, they are classified as collateral for corresponding secured borrowings, given the Group's retention of substantially all risks and rewards. Furthermore, the Group recognizes a financial liability for the consideration received. Please see Note III. 24.

37 Involvement with unconsolidated structured entities

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

The Group directly holds an interest in some structured entities sponsored by third party institutions through investments in the products issued by these structured entities. Such structured entities include fund investment, equity investment , trust and asset management plans, ABS and other investments, the Group does not consolidate these structured entities. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and are financed through the issue of investment products to investors.

The following table sets out an analysis of the carrying amounts and maximum exposure of interests held by the Group in the structured entities sponsored by third party institutions:

Carrying amount	The Group	
	31 December 2024	31 December 2023
Financial investments measured at FVTPL		
Fund investments	485,481	434,606
Equity investments	11,100	11,109
Capital trust and asset management plans	3,990	10,220
ABS	2,211	1,927
Other investments	4,099	6,613
Financial investments measured at amortised cost		
Trust and asset management plans	94,314	133,648
ABS	101,171	124,628
Financial investments measured at FVOCI		
ABS	19,660	6,302
Repossessed equity instruments	495	502
Other investments	2,591	1,575

The maximum exposures to loss in the above trust and asset management plans and ABS are the amortised cost or fair value of the assets held by the Group at the reporting date. The maximum exposures to loss in the fund investment and other investments are the fair value of the assets held by the Group at the reporting date.

(2)Structured entities sponsored by the Group which the Group did not consolidate but held an interest

The types of unconsolidated structured entities sponsored by the Group include wealth management products, trust plan, fund investment and ABS. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of investment products to investors. Interest held by the Group includes investments in notes issued by these structured entities and fees charged by providing management services.

As at 31 December 2024, the amount of assets held by the unconsolidated wealth management products, which are sponsored by the Group, was RMB1,395,127 million (31 December 2023: RMB1,079,618 million).

During the year of 2024 and 2023, the Group did not provide significant financial support to the wealth management products sponsored by the Group.

As at 31 December 2024, the amount of assets held by the unconsolidated trust plans, which are sponsored by the Group, was RMB768,245 million (31 December 2023: RMB370,713 million).

As at 31 December 2024, the amount of assets held by the unconsolidated fund investments, which are sponsored by the Group, was RMB22,772 million (31 December 2023: RMB39,220 million).

As at 31 December 2024, the amount of assets held by the unconsolidated ABS, which are sponsored by the Group, was RMB118,262 million (31 December 2023: RMB114,637 million).

In 2024, the Group's commission income from providing services to the wealth management products and trust plans was RMB3,279 million and RMB652 million, respectively. (In 2023: RMB2,394 million and RMB802 million). The commission income from other non-consolidated structured entities managed by the Group is not material.

(3)Unconsolidated structured entities sponsored by the Group during the year in which the Group does not have an interest at 31 December 2024

The total amount of the wealth management products issued by the Group after 1 January 2024 but matured before 31 December 2024 was RMB139,445 million (The total amount of the wealth management products issued by the Group after 1 January 2023 but matured before 31 December 2023 was RMB57,116 million).

The total amount of ABS issued by the Group after 1 January 2024 but matured before 31 December 2024 was RMB285 million (The total amount of ABS issued by the Group after 1 January 2023 but matured before 31 December 2023 was RMB753 million).

The total amount of the trust plans or investments in funds issued by the Group after 1 January 2024 and expired before 31 December 2024 was not significant.

38 Interests in other entities

(1)Interests in major subsidiaries

(i)Major subsidiaries of the Group

Name of subsidiaries	Place of main business	Place of registration	Registered capital	Obtaining method	Share-holding percentage (direct)
SPDB Financial Leasing Co., Ltd.	Shanghai	Shanghai	CNY 6,403,574,436	Establishment	69.56%
Shanghai International Trust	Shanghai	Shanghai	CNY 5,000,000,000	Acquisition	97.33%
SPDB International Holding, Ltd.	Hong Kong	Hong Kong	HKD 505,000,000	Acquisition	100.00%
SPDB Wealth Management Co., Ltd.	Shanghai	Shanghai	CNY 5,000,000,000	Establishment	100.00%
Shanghai Innovation Bank Co., Ltd.	Shanghai	Shanghai	CNY 1,000,000,000	Establishment	100.00%
Mianzhu SPD Rural Bank Co., Ltd.	Mianzhu, Sichuan	Mianzhu, Sichuan	CNY 50,000,000	Establishment	55.00%
Liyang SPD Rural Bank Co., Ltd.	Liyang, Jiangsu	Liyang, Jiangsu	CNY 150,000,000	Establishment	51.00%
Gongyi SPD Rural Bank Co., Ltd.	Gongyi, Henan	Gongyi, Henan	CNY 150,000,000	Establishment	51.00%
Shanghai Fengxian SPD Rural Bank Co., Ltd.	Fengxian, Shanghai	Fengxian, Shanghai	CNY 150,000,000	Establishment	51.00%
Zixing SPD Rural Bank Co., Ltd.	Zixing, Hunan	Zixing, Hunan	CNY 150,000,000	Establishment	51.00%
Chongqing Banan SPD Rural Bank Co., Ltd.	Banan, Chongqing	Banan, Chongqing	CNY 50,000,000	Establishment	51.00%
Zouping SPD Rural Bank Co., Ltd.	Zouping, Shandong	Zouping, Shandong	CNY 150,000,000	Establishment	51.00%
Zezhou SPD Rural Bank Co., Ltd.	Jincheng, Shanxi	Jincheng, Shanxi	CNY 150,000,000	Establishment	51.00%
Dalian Ganjingzi SPD Rural Bank Co., Ltd.	Dalian, Liaoning	Dalian, Liaoning	CNY 50,000,000	Establishment	51.00%
Hancheng SPD Rural Bank Co., Ltd.	Hancheng Shaanxi	Hancheng Shaanxi	CNY 50,000,000	Establishment	51.00%
Jiangyin SPD Rural Bank Co., Ltd.	Jiangyin, Jiangsu	Jiangyin, Jiangsu	CNY 100,000,000	Establishment	51.00%
Zhejiang Pingyang SPD Rural Bank Co., Ltd.	Pingyang, Zhejiang	Pingyang, Zhejiang	CNY 100,000,000	Establishment	51.00%
Zhejiang Xinchang SPD Rural Bank Co., Ltd.	Xinchang, Zhejiang	Xinchang, Zhejiang	CNY 100,000,000	Establishment	51.00%
Yuanjiang SPD Rural Bank Co., Ltd.	Yuanjiang, Hunan	Yuanjiang, Hunan	CNY 50,000,000	Establishment	51.00%
Chaling SPD Rural Bank Co., Ltd.	Zhuzhou, Hunan	Zhuzhou, Hunan	CNY 50,000,000	Establishment	51.00%
Linchuan SPD Rural Bank Co., Ltd.	Fuzhou, Jiangxi	Fuzhou, Jiangxi	CNY 100,000,000	Establishment	51.00%
Linwu SPD Rural Bank Co., Ltd.	Chenzhou, Hunan	Chenzhou, Hunan	CNY 50,000,000	Establishment	51.00%
Hengnan SPD Rural Bank Co., Ltd.	Hengyang, Hunan	Hengyang, Hunan	CNY 50,000,000	Establishment	51.00%
Haerbin Hulan SPD Rural Bank Co., Ltd.	Haerbin, Heilongjiang	Haerbin, Heilongjiang	CNY 100,000,000	Establishment	51.00%
Gongzhuling SPD Rural Bank Co., Ltd.	Siping, Jilin	Siping, Jilin	CNY 50,000,000	Establishment	51.00%
Yuzhong SPD Rural Bank Co., Ltd.	Lanzhou, Gansu	Lanzhou, Gansu	CNY 50,000,000	Establishment	51.00%
Fumin SPD Rural Bank Co., Ltd.	Fumin, Yunnan	Fumin, Yunnan	CNY 50,000,000	Establishment	51.00%
Ningbo Haishu Rural Bank Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	CNY 100,000,000	Establishment	51.00%
Urumchi Midong SPD Rural Bank Co., Ltd.	Urumchi, Xinjiang	Urumchi, Xinjiang	CNY 100,000,000	Establishment	51.00%
Tianjin Baodi SPD Rural Bank Co., Ltd.	Baodi, Tianjin	Baodi, Tianjin	CNY 100,000,000	Establishment	51.00%
Chongqing Tongliang SPD Rural Bank Co., Ltd.	Tongliang, Chongqing	Tongliang, Chongqing	CNY 50,000,000	Establishment	51.00%
Qianxinan yilong SPD Rural Bank Co., Ltd.	Yilong, Guizhou	Yilong, Guizhou	CNY 50,000,000	Establishment	51.00%
Fufeng SPD Rural Bank Co., Ltd.	Baoji, Shaanxi	Baoji, Shaanxi	CNY 50,000,000	Establishment	51.00%

With approvals from the national financial regulatory authority and relevant market supervision authorities, SPD Silicon Valley Bank Co., Ltd. changed its name to Shanghai Innovation Bank Co., Ltd., with registered capital remaining at RMB1 billion. Effective 2 September 2024, Shanghai Innovation Bank Co., Ltd. was included in the Group's consolidation scope, resulting in the change of accounting method for the corresponding long-term equity investments from the equity method to the cost method.

The above-mentioned subsidiaries are all non-listed companies.

(ii)Relevant information of major partly-owned subsidiaries

After individual assessment, the Group concluded that no subsidiary has non-controlling interest that is material to the Group.

(2)Interests in joint ventures and associates

(i)General information of major joint ventures and associates

Name of the investee	Note	Place of main business	Place of registration	Strategic investment	Share-holding percentage (Direct)	Business nature
Joint ventures:						
AXA SPDB Investment Managers Co., Ltd.	(a)	Shanghai	Shanghai	Y	51%	Financial industry

Equity investments above-mentioned are all accounted for by equity method.

(a)According to the Articles of Association of AXA SPDB Investment Managers Co., Ltd., resolutions on certain significant operations and finance decisions shall be approved by shareholders representing more than two-thirds voting shares. These resolutions are involved with the Company's strategic plans, investment plans, authorization on the Board of Directors for approval of annual financial budget and settlement plans, approval of profit distributions and plans to cover accumulated losses, and approval of equity transfers and modification of the Articles of Association, etc. Although the Group owns 51% voting shares of AXA SPDB Investment Management Co., Ltd., it has to exercise influences over the company jointly with other major shareholders.

(ii)Key financial information of major joint ventures and associates

The Group's joint ventures and associates are all unlisted companies. The Group is of the view that these joint ventures and associates are not material to the Group in terms of their aggregated net profit and net assets.

IV SEGMENT REPORTING

Top management of the Group reviews the performance of the Bank's branches and subsidiaries in different economic regions from geographic perspective. The branches and subsidiaries of the Bank mainly provide services to local customers domiciled in respective geographic areas, therefore operating segments are analysed principally based on the location of the assets. The Group's business segments primarily derive revenue from providing commercial banking services and investment activities, including deposit-taking and lending, bill transactions, trade finance, money market operations, and securities investments.

The Group's operating segments of regions are set out as follows:

Headquarter:	Headquarters (including the direct institutions under headquarters)
Yangtze River Delta:	Branches in Shanghai, Jiangsu, Zhejiang, Anhui
Pearl River Delta and West Side of Taiwan Strai:	Branches in Guangdong and Fujian
Bohai Rim:	Branches in Beijing, Tianjin, Hebei and Shandong
Central China:	Branches in Shanxi, Henan, Hubei, Hunan, Jiangxi and Hainan
Western China:	Branches in Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongoli and Xizang
North-east China:	Branches in Liaoning, Jilin and Heilongjiang
Overseas and subsidiaries:	Overseas branches and domestic and overseas subsidiaries

	2024									
	Headquarters	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Interest income	118,527	90,603	27,514	33,907	21,007	26,022	8,472	21,497	(59,424)	288,125
Including: External interest income	106,691	61,557	23,224	24,843	20,019	25,050	6,732	20,741	(732)	288,125
Internal interest income	11,836	29,046	4,290	9,064	988	972	1,740	756	(58,692)	-
Interest expense	(90,399)	(57,317)	(17,949)	(20,110)	(10,702)	(14,907)	(4,747)	(16,716)	59,439	(173,408)
Including: External interest expense	(52,852)	(48,880)	(14,061)	(19,347)	(10,075)	(8,854)	(4,735)	(15,348)	744	(173,408)
Internal interest expense	(37,547)	(8,437)	(3,888)	(763)	(627)	(6,053)	(12)	(1,368)	58,695	-
Net interest income	28,128	33,286	9,565	13,797	10,305	11,115	3,725	4,781	15	114,717
Net fee and commission income / (expense)	10,206	4,997	2,422	709	744	(314)	(108)	4,161	(1)	22,816
Net trading income	20,992	914	329	402	313	440	247	(2,722)	(3)	20,912
Net gains arising from financial investments	7,503	-	-	-	-	-	-	(52)	-	7,451
Other operating income/ (expense)	76	76	15	45	27	29	(3)	5,759	(140)	5,884
Operating expenses	(20,016)	(10,257)	(3,584)	(4,686)	(3,487)	(4,650)	(1,625)	(5,975)	129	(54,151)
Impairment losses	(33,523)	(7,229)	(9,390)	(3,518)	(3,192)	(7,306)	(1,515)	(3,807)	-	(69,480)
Share of profits of associates and joint ventures	155	-	-	-	-	-	-	62	-	217
Total segment profit / (loss) before tax	13,521	21,787	(643)	6,749	4,710	(686)	721	2,207	-	48,366

	31 December 2024									
	Headquarters	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Loans and advances to customers	467,759	1,819,076	677,446	683,677	539,842	683,491	180,413	220,514	(3,058)	5,269,160
Investments in associate and joint ventures	1,464	-	-	-	-	-	-	343	-	1,807
Total segment assets	4,859,101	2,879,811	754,997	1,052,634	607,397	740,412	280,258	565,939	(2,278,669)	9,461,880
Deposits from customers	(69,231)	(2,345,633)	(583,455)	(855,908)	(516,853)	(511,605)	(229,798)	(117,004)	205	(5,229,282)
Total segment liabilities	(4,176,436)	(2,857,950)	(755,618)	(1,046,164)	(602,665)	(741,395)	(280,327)	(535,213)	2,278,669	(8,717,099)
Net position of segment assets and liabilities	682,665	21,861	(621)	6,470	4,732	(983)	(69)	30,726	-	744,781

	2023									
	Headquarters	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Interest income	134,215	89,228	33,607	35,024	22,552	26,518	8,349	18,555	(70,450)	297,598
Including: External interest income	120,161	61,110	23,118	24,075	21,122	24,469	6,503	17,040	-	297,598
Internal interest income	14,054	28,118	10,489	10,949	1,430	2,049	1,846	1,515	(70,450)	-
Interest expense	(98,699)	(56,081)	(24,264)	(22,433)	(11,760)	(15,652)	(5,225)	(15,507)	70,458	(179,163)
Including: External interest expense	(52,994)	(49,789)	(15,656)	(21,451)	(11,191)	(9,387)	(5,050)	(13,645)	-	(179,163)
Internal interest expense	(45,705)	(6,292)	(8,608)	(982)	(569)	(6,265)	(175)	(1,862)	70,458	-
Net interest income	35,516	33,147	9,343	12,591	10,792	10,866	3,124	3,048	8	118,435
Net fee and commission income / (expense)	12,181	4,416	2,796	944	811	(334)	(93)	3,733	(1)	24,453
Net trading income	16,099	760	325	312	187	341	25	1,540	(2)	19,587
Net gains arising from financial investments	3,644	-	-	-	-	-	-	3,478	-	7,122
Other operating income/ (expense)	126	77	93	84	24	112	5	3,488	(269)	3,740
Operating expenses	(18,144)	(11,563)	(4,226)	(5,563)	(4,020)	(4,940)	(1,891)	(5,922)	264	(56,005)
Impairment losses	(51,042)	(3,936)	(3,261)	(4,313)	(7,157)	(4,659)	706	(3,201)	-	(76,863)
Share of profits of associates and joint ventures	186	-	-	-	-	-	-	37	-	223
Total segment (loss) / profit before tax	(1,434)	22,901	5,070	4,055	637	1,386	1,876	6,201	-	40,692

	31 December 2023									
	Headquarters	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Loans and advances to customers	473,394	1,644,988	655,933	624,499	510,431	614,887	181,805	202,147	(3,388)	4,904,696
Investments in associate and joint ventures	2,458	-	-	-	-	-	-	367	-	2,825
Total segment assets	4,862,615	2,648,207	847,115	1,062,367	574,144	677,805	249,311	475,107	(2,389,424)	9,007,247
Deposits from customers	(85,165)	(2,189,911)	(642,747)	(841,035)	(503,646)	(475,563)	(209,478)	(113,155)	356	(5,060,344)
Total segment liabilities	(4,192,761)	(2,625,461)	(842,033)	(1,058,587)	(573,483)	(676,594)	(248,186)	(446,682)	2,389,424	(8,274,363)
Net position of segment assets and liabilities	669,854	22,746	5,082	3,780	661	1,211	1,125	28,425	-	732,884

V CONTINGENCIES AND COMMITMENTS

1 Credit commitments

The Group's credit commitments are listed as follows:

	31 December 2024	31 December 2023
Bank acceptance bills	760,672	679,362
Credit cards commitments	586,705	659,296
Letters of credit issued	277,511	261,517
Other loan commitments	246,865	300,182
Letters of guarantee issued	113,713	108,672
Total	1,985,466	2,009,029

2 Commitment on redemption of treasury saving bonds

The Group is entrusted by the MOF to underwrite certificate treasury saving bonds. The investors of these treasury saving bonds have a right to redeem the bonds in advance and the Group is committed to redeeming these treasury saving bonds. The redemption price is the principal value of the saving bonds plus unpaid interest. As at 31 December 2024, the outstanding principal value of the commitment on redemption treasury saving bonds sold by the Group amounted to RMB2,833 million (31 December 2023: RMB4,665 million). The original maturities of these treasury saving bonds vary from three to five years. The management expects the amount of saving bonds to be eventually redeemed by the Group before the maturity date will not be material.

3 Capital commitments

As at 31 December 2024, the major capital commitments the Group had signed but not paid amounted to RMB6,348 million (31 December 2023: RMB10,395 million). Additionally, as at 31 December 2024, the amount of the procurement plan of operating fixed assets that the Bank's subsidiaries had signed but not paid was RMB426 million (31 December 2023: RMB2,324 million).

As at 31 December 2024, the major capital commitments the Group had approved but not signed amounted to RMB1,075 million (31 December 2023: RMB4,337 million).

4 Legal proceedings

As at 31 December 2024, the number of outstanding legal proceedings where the Group acts as the defendant and third party defendant was 235 and 112, respectively. The corresponding amount involved was about RMB3,176 million and RMB928 million, respectively, the estimated compensation amount is approximately RMB73 million (As at 31 December 2023, the number of outstanding legal proceedings where the Group acts as the defendant and third party defendant was 162 and 134, respectively. The corresponding amount involved was about RMB4,212 million and RMB610 million, respectively, the estimated compensation amount is approximately RMB27 million).

VI ENTRUSTED LOAN BUSINESSES

The Group provides entrusted loan business to independent third party customers. The assets arising from these businesses are not recorded on the Group's statement of financial position. As at 31 December 2024, the balance of entrusted loan business was RMB65,111 million (As at 31 December 2023: RMB61,420 million).

VII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1 Major shareholders holding more than 5% shares of the Bank

As at 31 December 2024 and 31 December 2023 major shareholders holding more than 5% ordinary shares of the Bank are as follows:

	Direct shareholding percentage	Major business
Shanghai International Group Co., Ltd.	21.57%	Investment management
China Mobile Group Guangdong Company Limited	18.18%	Mobile and Communication
Funde Sino Life Insurance Co., Ltd. – Traditional	9.47%	Insurance Business
Funde Sino Life Insurance Co., Ltd. – Capital	6.01%	Insurance Business

2 Subsidiaries

For general information of the Group's subsidiaries, please refer to Note III. 38(1) "Interests in other entities".

3 Joint ventures and associates

For general information of the joint ventures and associates, please refer to Note III. 38(2) "Interests in joint ventures and associates".

4 Other major related parties

Other related parties mainly include respective group companies of shareholders who hold 5%, other substantial shareholders and the Group to which they belong that have significant influence on the Group, key management personnel of the Bank (including the directors, supervisors and senior executives) and their close family members, and the companies that are controlled or jointly controlled by these key management personnel and their close family members, or the companies in which key management personnel and their close family members serve as directors (excluding independent directors in both parties) or senior executives.

5 Transactions and balances with related parties

The amounts of material transactions between the Group and its related parties and related balances at the end of the reporting date are summarised as follows:

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relavent transactions and balances
Amounts of significant transactions from 1 January 2024 to 31 December 2024 are listed below:							
Interest income	-	-	10	24	1	35	0.01%
Interest expense	(852)	(2)	(392)	(154)	(1)	(1,401)	0.81%
Fee and commission income	2	41	2	1	1	47	0.16%
Net trading gains and net gains arising from financial investments	-	(9)	-	11	-	2	0.01%
Share of profits of associates and joint ventures	-	217	-	-	-	217	100.00%
Operating expenses	(11)	-	(260)	-	-	(271)	0.50%
Other comprehensive income	14	-	-	1,070	-	1,084	9.82%

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relavent transactions and balances
Significant item balances at 31 December 2024:							
Deposits and placements with banks and other financial institutions	-	-	-	101	-	101	0.02%
Loans and advances to customers	-	-	906	653	25	1,584	0.03%
Derivative financial assets	-	-	-	273	-	273	0.30%
Financial investments measured at:							
- Financial investments measured at FVTPL	-	-	-	1,203	-	1,203	0.17%
- Financial investments measured at amortized cost	-	-	40	121	-	161	0.01%
- Financial investments measured at FVOCI	386	-	-	2,714	-	3,100	0.39%
Investments in associates and Joint ventures	-	1,807	-	-	-	1,807	100.00%
Other assets	-	-	3	-	-	3	0.01%
Deposits and placements from banks and other financial institutions	-	(128)	(21,244)	(9,038)	-	(30,410)	2.49%
Derivative financial liabilities	-	-	-	(217)	-	(217)	0.28%
Deposits from customers	(35,805)	(11)	(12,807)	(6,578)	(20)	(55,221)	1.06%
Other liabilities	(1)	-	(77)	-	-	(78)	0.10%
Significant off-balance item at 31 December 2024							
Letters of guarantee issued	-	-	157	-	-	157	0.14%
Credit card and loan commitments	-	-	-	-	14	14	0.01%
Guarantees provided for credit business	-	-	906	10,919	-	11,825	0.35%
Bank acceptance bills	-	-	-	210	-	210	0.03%
Investment of funds for issuing financial products	-	-	-	145	-	145	0.01%
Notional principal of derivative financial instruments	-	-	-	24,460	-	24,460	0.26%

Note1: As at 31 December 2024, key management of the Bank possessed a total number of 684,100 shares of ordinary shares issued by the Bank and regularly received corresponding cash dividends.
Note2: On 31 December 2024, China Mobile Group Guangdong Co., Ltd., directly holds 18.17% of shares of convertible corporate bonds issued by the Bank.

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relavent transactions and balances
Amounts of significant transactions from 1 January 2023 to 31 December 2023 are listed below:							
Interest income	-	-	373	27	1	401	0.13%
Interest expense	(330)	(16)	(1,513)	(65)	(1)	(1,925)	1.07%
Fee and commission income	7	1	35	6	1	50	0.16%
Net trading gains and net gains arising from financial investments	-	137	(16)	294	-	415	1.55%
Share of profits of associates and joint ventures	-	223	-	-	-	223	100.00%
Operating expenses	(11)	-	(328)	-	-	(339)	0.61%
Other comprehensive income	1	-	-	-	-	1	0.02%

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relavent transactions and balances
Significant item balances at 31 December 2023:							
Deposits and placements with banks and other financial institutions	-	-	9,127	2,055	-	11,182	2.01%
Loans and advances to customers	-	-	2,438	997	17	3,452	0.07%
Derivative financial assets	-	11	48	379	-	438	0.78%
Financial investments measured at:							
- Financial investments measured at FVTPL	-	-	-	3,049	-	3,049	0.39%
- Financial investments measured at FVOCI	371	-	-	1,474	-	1,845	0.30%
Investments in associates and Joint ventures	-	2,825	-	-	-	2,825	100.00%
Other assets	-	-	2	-	-	2	0.01%
Deposits and placements from banks and other financial institutions	-	(1,596)	(25,092)	(4,593)	-	(31,281)	2.42%
Derivative financial liabilities	-	(19)	(28)	(279)	-	(326)	0.62%
Deposits from customers	(32,668)	(4,324)	(70,429)	(9,932)	(27)	(117,380)	2.32%
Other liabilities	(2)	-	(8)	-	-	(10)	0.02%
Significant off-balance item at 31 December 2023							
Letters of guarantee issued	-	-	94	-	-	94	0.09%
Credit card and loan commitments	-	-	629	-	13	642	0.07%
Entrusted loan	-	-	1,338	-	-	1,338	2.18%
Guarantees provided for credit business	-	-	3,562	12,757	-	16,319	0.54%
Bank acceptance bills	-	-	457	-	-	457	0.07%
Investment of funds for issuing financial products	-	-	-	200	-	200	0.02%
Notional principal of derivative financial instruments	-	2,440	9,544	63,349	-	75,333	0.99%

Note 1: As at 31 December 2023, key management of the Bank possessed a total number of 659,600 shares of ordinary shares issued by the Bank and regularly received corresponding cash dividends.
Note 2: On 31 December 2023, China Mobile Group Guangdong Co., Ltd., directly holds 18.17% of shares of convertible corporate bonds issued by the Bank.

6 Related parties that are controlled by the Bank

Related parties that are controlled by the Bank are the subsidiaries of the Bank. Major transactions with these subsidiaries and their balances are eliminated in the consolidated financial statements, and are summarised as follows:

Balances at the year end:	31 December 2024	31 December 2023
Deposits and placements with banks and other financial institutions	8,325	9,474
Loans and advances to customers	3,058	3,388
Financial investment measured at FVOCI	-	1
Deposits and placements from banks and other financial institutions	12,529	11,055
Derivative financial assets	11	-
Derivative financial liabilities	96	8
Deposits from customers	205	356
Others	52	86

Transactions during the year:	2024	2023
Interest income from deposits and placemets from banks and other financial institutions	284	207
Net trading loss	-	(8)
Interest income from loans and advances to customers	165	140
Interest income from financial investment measured at FVOCI	-	8
Interest expenses on deposits from banks and other financial institutions	294	281
Interest expenses on deposits from customers	-	8
Fee and commission income	61	83
Fee and commission expense	69	43
Other operating net income	4	4
Operating expenses	127	257

7 Compensation of key management personnel

Key management personnel are those people having authority and responsibility for planning, directing, and controlling the activities of the Group, either directly or indirectly, including directors, supervisors and senior executives.

Compensation of key management personnel for the respective periods (excluding the social insurance charges paid by the Bank) is as follows:

	2024	2023
Compensation of key management personnel	14	20

The Compensation of key management personnel are remuneration without social insurance paid in 2024 to the directors, supervisor and senior management of the Bank in past 12 months or will do so in the next 12 months according to the relevant contract arrangement.

8 Transactions with the annuity plan

In terms of the enterprise annuity funds established by the Group, in addition to the normal contribution, there has been no other related party transactions during the reporting period.

9 Major credit related transactions to related parties

Major credit related transactions to related parities refer to transactions in which the amount of a single transaction between the Bank and a related party accounts for more than 1% of the latest audited net assets of the Bank, or the transaction balance between the Bank and a related party accounts for more than 5% of the latest audited net assets of the Bank.

In 2024, the newly added major credited related transations between the Bank and related parties outside the Group are as follows:

Related Parties	Total credit limit to related parties and other companies in their group
Guotai Junan Securities Co., Ltd.	35,740
Shanghai International Group Co., Ltd.	33,140
China Mobile Communications Group Co.,Ltd.	9,000

For details of major credit related transactions, please refer to the relevant resolutions of the board of directors publicly disclosed by the Bank.

VIII FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks in its operating activities. The Group analyses, evaluates, accepts and manages certain degree of risks or risk portfolios. Managing financial risk is critical to the financial industry, and the inherent risks is an inevitable consequence of business operation. The Group's aim is therefore to strike an appropriate balance between risk and return and minimise potential adverse impact on the Group's financial performance.

The Group has designed a series of risk management policies to identify and analyse these risks, so as to set appropriate risk limits and formulate control procedures. It has also monitored the risks and their limits through reliable information systems.

The most significant types of risks to the Group are credit risk, market risk and liquidity risk. Market risk mainly consists of foreign currency risk, interest rate risk and commodity price risk.

The Board of Directors of the Bank is responsible for determining the Group's overall risk appetite. Within this framework, the senior management of the Bank designs risk management policies and procedures for credit risk, market risk and liquidity risk. After the policies and procedures are approved by the Board of Directors, relevant departments of the headquarters are responsible for the implementation.

1 Credit risk

Credit risk is the risk of loss that a customer or counterparty may fail to fulfil an obligation or commitment to the Group.

(1)Credit risk management

(i)Loans

The Group manages, restricts and controls the concentration of credit risk identified, especially with regards to concentration on a singular borrower, group, industry and region.

The Group continuously optimizes the credit risk structure by setting limits on the borrower, group of borrowers, geographical and industry segments. Concentration risks are monitored on ongoing basis and subject to more frequent review where necessary.

The Group manages the exposure to credit risk through regular analysis of borrowers' ability to repay principal and interest payments and amends the credit facilities where appropriate.

The Group has established relevant policies and various measures to mitigate credit risk. Obtaining collateral, pledged assets, guarantee deposits or guarantees from corporates or individuals has been one of the main strategies to control credit risk. The Group provides guidelines on the specific types of acceptable collateral or pledged assets, mainly include the following:

- Residential property and land tenure;
- Commercial assets, such as commercial property, inventory and accounts receivable;
- Financial instruments, such as bonds and equity shares.

Fair value of collaterals or pledged assets is generally assessed by professional evaluation agencies designated by the Group. When there are indications of impairment, the value of collaterals or pledged assets will be re-examined by the Group to assess whether the collaterals or pledged assets could adequately cover the credit risks associated with loans. To mitigate the credit risk, the Group has implemented loan-to-value ratio requirement based on type of collaterals or pledged assets. The main types of collaterals or pledged

assets for corporate loans and retail loans and their corresponding maximum loan-to-value ratio are as follows:

Collaterals or pledged assets	Maximum loan-to-value ratio
Time deposits	90% - 100%
Government bonds	90% - 100%
Financial bonds	90% - 100%
Corporate bonds (including financial institutions)	80%
Right to collect fees	60% - 70%
Franchise right	50%
Commercial property and standard plant	60%
Residential property	70%
Land use right	50% - 60%

Management assesses fair value of collaterals or pledged assets based on the latest available external valuation results, and adjusts the fair value with reference to experience, current market conditions and disposal expenses to be incurred.

For loans guaranteed by third parties, the Group evaluates the financial condition and credit record of guarantors and guarantor's ability to meet obligations.

(ii)Bonds and other bills

The Group manages the credit risk exposure of bonds and other bills through mechanisms including controlling the investment scale, setting access list of issuers, rating access, establishing post-investment management, etc. Generally, external credit rating of the issuer of foreign currency bonds at the time of purchase (by Standard & Poor's or equivalent rating agencies) should be at BBB- or above. Overseas investments in RMB bonds are limited to those issuers with external credit rating at BBB+ or above (by rating agencies identified by the PBOC). Rating of domestic middle to long term RMB bonds should be at AA or above (by rating agencies identified by the PBOC) and rating of short term RMB bonds should be at A-1 (by rating agencies identified by the PBOC). For proprietary investments, the Bank manages credit risk exposure on bonds and other notes through investment size controls, issuer eligibility review processes, rating thresholds, and post-investment management mechanisms.

(iii)Other financial assets measured at amortized cost

Other financial assets measured at amortized cost mainly include trust and asset management plans. The Group has rating access system on the trust companies, security companies and fund companies with the set credit facility for ultimate investors of trust plans and asset management plans, and performs post-risk management periodically. The Bank set limit management for the final financing of the trust and asset management plans for the proprietary investments, and conducts regular follow-up risk management.

(iv)Inter-bank transactions

The Group reviews and manages the credit risk of individual financial institution on regularly basis and sets credit limit for individual bank or non-banking financial institution which has transactions with the Group. The Banks conducts periodic reviews and management of credit risk to individual financial institutions.

(v)Derivative financial instruments

The Group strictly restricts transactions in derivative financial instruments. For corporate customers, the Group mitigates credit risk associated with derivative financial instruments by acquiring margin deposits.

(vi)Credit commitments

The primary purpose of credit commitments is to ensure that funds are available to customers as required. Letters of guarantee issued, acceptance bills and letters of credit are irrevocable commitments the Group made and the Group will make payments on behalf of its clients in the event that its customer cannot perform the obligations to third parties. Credit commitments carry the same credit risk as loans. When the amount of credit commitment applied exceeds that of the original credit limit of the client, margin deposits are required to mitigate the credit risk. The Group's exposure to the credit risk is equivalent to the total amount of credit commitments. In addition, credit card limit and loan commitments granted by the Group will incur cash outflows when credit card limit and loan commitments are used.

(vii)Trust plan

The credit risk of trust plan is mainly the possibility of potential loss to the trust property or inherent property due to the failure of the counterparties to fulfill their commitments and inability or unwillingness to fulfill their contractual commitments. The Group strictly enforces the policy "pre-loan investigation, in-process review, post-lending inspection" over trust plan. In the design of the product

trade structure, the Group introduces guarantee mechanism including financial institution credit, property mortgage, rights pledge to comprehensively manages risks through avoidance, prevention, dispersion, transfer and compensation, and disperses and transfers credit risks of financing entities to reduce risk exposure.

(2)Credit risk measurement

To ensure the Group's current financial asset risk classification mechanism complies with the "Rules on Risk Classification of Financial Assets of Commercial Banks" (Order No. 1 [2023] of the China Banking and Insurance Regulatory Commission and the People's Bank of China, hereafter referred to as the "Rules"), the Group implements dynamic, real-time adjustments to the financial asset risk classifications with quarterly reviews as the minimum frequency. During the reporting period, the Group classified the relevant financial assets into five categories, including: pass, special-mention, substandard, doubtful and loss, among which credit assets with the grading of substandard, doubtful and loss are regarded as non-performing loans.

During the reporting period, the Group established a sound long-term mechanism for the prevention and resolution of significant risks, actively prevented and controlled risks in key areas and continued to improve asset quality.

(3)ECL measurement

Pursuant to the new accounting standards, the Group divides the loss allowance for expected credit losses on financial assets into three stages:

Stage 1 (no significant increase in credit risk since initial recognition): measure the loss at an amount equal to 12-month ECL;

Stage 2 (significant increase in credit risk since initial recognition): measure the loss allowance at an amount equal to the lifetime ECL; and

Stage 3 (credit-impaired assets): measure the loss allowance at an amount equal to the lifetime ECL.

The Group has developed the impairment model to calculate ECL in accordance with the new accounting standards. A top-down development method was adopted to establish a logistic regression model of risk parameters and macroeconomic indicators such as gross domestic product (GDP) and consumer price index (CPI). The Group periodically forecasts three kind of macroeconomic scenarios (optimistic, basic and pessimistic) and measures ECL based on different scenarios.

Credit risk grading

The Group has established a comprehensive internal rating system in accordance with the "Measures for the Capital Management of Commercial Banks", employing statistical models, expert judgement, or a combination of both approaches, along with standardized and uniform evaluation and criteria. This system includes internal rating frameworks for sovereign, financial institution, and corporate risk exposures (i.e., non-retail risk exposures), as well as a risk-pooling system for retail risk exposures. Through investigation, analysis and judgement of the Bank's credit customers' or retail debt obligations' solvency and performance ability, the Bank achieves internal estimation of probability of default and qualification of credit risk.

The Group has no financial assets recognized as "low risk" and subject to credit risk management in accordance with the relevant requirements of the Accounting Standards.

Stage division

Significant increase in credit risk ("SICR")

The Group assesses on each reporting date whether the credit risk of the relevant financial assets has increased significantly since initial recognition. When considering the ECL stage of financial assets, the Group considers all reasonable and supportable information, including that which is forward-looking. The main factors to be considered are regulatory and operational environment, internal and external credit rating, solvency, operational capability, loan contract terms, repayment behaviour, etc.

The Group considers that there has been a significant increase in credit risk of financial instrument when one or more of the following quantitative, qualitative or upper limits criteria have been met:

Quantitative criteria:

The Group assesses whether credit risk has significantly increased for corporate loans and financial investments by evaluating changes in counterparties' credit ratings from the initial recognition date to the reporting date. Specifically, the Group considers whether these ratings have declined to Grade B or lower. For personal loans, the Group determines a significant increase in credit risk by comparing the probability of default (PD) on the reporting date against threshold values or the initial PD levels. This assessment includes identifying if the PD has risen to 8-14 times the initial PD.

Qualitative criteria:

For corporate loans and financial investments, if the borrower is on the Watchlist and/or the instrument meets one or more of the

following criteria:

• Significant increase in credit spread
• Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
• Actual or expected forbearance or restructuring
• Actual or expected significant adverse change in operational results of the borrower
• Early signs of cashflow / liquidity problems such as delay in repayment of payables / loans

Upper limit:

If the borrower fails to make payment for more than 30 days after contractual payment date.

According to the relevant policies from regulators, the Group has carefully evaluated the deferred loan payment applications for whom are influenced by COVID-19 in order to offer temporary convenience for qualified borrowers. Meanwhile, the Group has analysed if the credit risks of the relevant financial assets will increase since the initial recognition after the borrowers received their first approval, based on the policy of deferred loan payment, the repayment ability of borrowers, and other relevant factors.

Default and credit-impaired

In alignment with the "Measures for the Capital Management of Commercial Banks", the Group has established unified internal policies for customerdefault management – precisely defining default events, standardizing identification protocols, and ensuring consistent enforcement across all business lines. The Group defines a financial asset as credit impaired when it meets one or more of the following criteria:

Qualitative criteria:

The borrower meets "capability to repay is apparently in question" criteria, which indicates the borrower is in significant financial difficulty and examples include:

• The issuer or borrower is in significant financial difficulties
• The borrower has breached financial contract(s), such as default or past due of interest or principal repayments
• Concessions have not been made by the lender relating to the borrower's financial difficulty with consideration of economy and contract
• The borrower is likely to head towards bankruptcy or other debts restructuring
• Issuer or borrower's financial difficulties lead to disappearance of active market for financial assets
• Financial assets are purchased or originated at substantial discount that reflects the incurred credit losses

Upper limit:

If the borrower fails to make payment for more than 90 days after contractual payment date.

The criteria above have been applied to all financial assets held by the Group and are consistent with internal credit risk management purposes. The default definition has been consistently applied to establish models for the PD, Exposure at Default (EAD) and Loss Given Default (LGD) throughout the Group's ECL measurement.

Grouping of credit risk exposure

To calculate the relevance between ECL allowance and macro-economic indicators, a grouping of exposure is performed for assets with similar credit risk characteristics. In performing this grouping, the Group has obtained sufficient information to ensure the data reliability for statistical purposes and group the credit risk exposure according to the credit risk characteristics such as product types, client types and client industries. The Group re-examines and corrects the reasonableness of the groupings and conducts quantitative and qualitative assessments on a regular basis. When the credit risk characteristics of risk exposures in the portfolio change, the Group shall re-examine the reasonableness of the groupings in a timely manner, and re-group the assets according to the risk characteristics of relevant credit risk exposures when necessary.

Explanation of parameters, assumptions and estimation techniques of ECL model

The ECL is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the product of the PD, EAD and LGD, and the relevant definitions are as follows:

• The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD) or the remaining lifetime (Lifetime PD) of the obligation.
• The EAD is the amounts the Group expects to be repaid at the time of default.
• LGD is expressed as a percentage loss per unit of exposure at the time of default.

The ECL is determined by projecting the PD, LGD and EAD for individual future exposure, which effectively calculates the ECL for each future month.

The Lifetime PD is based on expiry information derived from 12M PD. Maturity analysis covers the change of loan default situation from initial recognition to maturity. Maturity portfolio is based on historical observed data with the assumption of same portfolio and identical credit rating assets. The above analysis is supported by historical data.

The Group determines LGD based on factors affecting recovery after default, which vary by product type.

Forward-looking economic information should be considered in determining the 12M and lifetime ECL.

There have been no significant changes in estimation techniques or significant assumptions during the reporting period.

Forward-looking information incorporated in the ECL model

Both the assessment of SICR and the calculation of ECL incorporate forward-looking information. The Group identifies the key economic indicators impacting credit risk and ECL for each portfolio through historical data analysis.

The Group has selected a series of macroeconomic indicators based on industry best practices and the Group's internal experts' judgement, and has formed forecasts of macroeconomic indicators under multiple scenarios such as standard, optimistic and pessimistic. The Group also establishes statistical relationship between actual PD, LGD and macro indicators for each model exposure, and calculates the actual PD and LGD by using forecasted economic indicators.

The number and attributes of scenarios are reassessed at each reporting date. The scenario weightings are determined by combination of statistical analysis and expert judgement, taking into account of the range of possible outcomes represented by scenarios. The Group adopts the base and lifetime PD with scenario weightings, along with qualitative and upper limit criteria to determine whether the credit risk has increased significantly. The determination of financial instrument stage indicates the measurement of the loss allowance at an amount equal to the 12-month or lifetime ECL accordingly. The Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3).

Macroeconomic information used by the Group includes macro indicators such as gross domestic product (GDP), consumer price index (CPI) and producer price index (PPI). The GDP year-on-year growth rate for 2025 under the standard scenario is 4.50%, and the GDP year-on-year growth rate for 2025 under the optimistic and pessimistic scenarios are formed by adjusting upward and downward by a certain level, respectively, from the standard scenario projections.

The Group considers these projections have represented the best estimate of the possible outcomes and analyses the non-linearities and asymmetries within the Group's different portfolios to determine that selected scenarios adequately represent scenarios that might occur. Similar to other economic projections, there are inherent uncertainties regarding estimates of projected values and likelihood of occurrence, thus substantial differences may occur between actual results and projections.

Combination method for evaluation of expected credit risk

When analysing the relevance of ECL with macroeconomic indicators, the Group has classified the assets with similar credit risk characteristics into the same portfolio. The Group has obtained sufficient information to ensure the statistical reliability for the portfolio classification. Where sufficient information is not available internally, the Group establishes the model with reference to internal or external supplementary data. The characteristics and any supplementary data used to determine portfolio classification are outlined below:

Corporate loans and financial investments

- Industry
- Collateral type

Retail loans

- Product type (i.e. mortgage loans, consumer loan and credit card)
- Repayment type
- Utilisation percentage range
- The range of mortgage rate (loan balance / collateral value)

Assessment of ECLs on other receivables

The Group measures its loss provision for other receivables that meet relevant requirements at an amount equivalent to the ECL over the entire period of existence.The Group uses the ECL model to calculate the ECLs on the above financial assets based on the historical credit loss experience, and the related methodology is the same as the "ECL measurement" in this section.

(4)Maximum exposure to credit risk

Financial assets and guarantee commitment subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognized. The book value of financial assets below represents the Group's maximum exposure to credit risk on these assets.

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Cash and deposits with central bank	405,815	-	-	405,815
Deposits and placements with banks and other financial institutions	524,559	-	-	524,559
Financial assets purchased under resale agreements	63,879	-	-	63,879
Loans and advances to customers measured at				
- Amortized cost	4,695,922	216,456	22,237	4,934,615
- FVOCI	330,515	479	18	331,012
Financial investments measured at				
- Amortized cost	1,262,375	24,787	39,476	1,326,638
- FVOCI	778,694	2,136	1,608	782,438
Other financial assets	95,957	645	2,270	98,872
Total	8,157,716	244,503	65,609	8,467,828

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Cash and deposits with central bank	530,798	-	-	530,798
Deposits and placements with banks and other financial institutions	529,700	-	-	529,700
Financial assets purchased under resale agreements	44,719	-	-	44,719
Loans and advances to customers measured at				
- Amortized cost	4,314,830	178,093	33,241	4,526,164
- FVOCI	367,765	2,965	18	370,748
Financial investments measured at				
- Amortized cost	1,189,091	25,646	56,345	1,271,082
- FVOCI	614,041	1,497	2,479	618,017
Other financial assets	58,330	137	3,313	61,780
Total	7,649,274	208,338	95,396	7,953,008

	31 December 2024	31 December 2023
	Maximum exposure to credit risk	Maximum exposure to credit risk
Commitment and guarantee:		
Bank acceptance bills	758,120	678,155
Credit cards commitments	583,169	654,332
Letters of credit issued	277,356	261,413
Other loan commitments	245,579	298,859
Letters of guarantee issued	113,509	108,544
Total	1,977,733	2,001,303

Financial assets not included in impairment assessment

The analysis of maximum credit risk exposure of those financial assets which are not included in expected credit losses assessment are as follows:

	31 December 2024	31 December 2023
	Maximum exposure to credit risk	Maximum exposure to credit risk
Financial investments measured at FVTPL	691,019	780,226
Derivative financial assets	89,590	56,311
Loans and advances to customers	3,533	7,784
Total	784,142	844,321

(5)Credit-impaired loans and advances to customers

The Group closely monitors collateral held for financial assets considered to be credit-impaired, because the Group is more likely to confiscate these collateral to reduce potential credit losses comparing to other collaterals. As at 31 December 2024, carrying amount of the Group's loans and advances to customers that are credit-impaired is RMB92,537 million (31 December 2023: RMB101,538 million), in which the loans covered by collaterals are amounting to RMB52,847 million (31 December 2023: RMB51,023 million).

(6)Restructured loans

According to the Rules, restructured loans refer to loans where the Group modifies the original loan contract terms to accommodate borrowers experiencing financial difficulties or provides refinancing for existing loans to urge the borrowers to repay the debt, including new loans to refinance existing debts and additional financing. As at 31 December 2024, the Group's restructured loans balance meeting the Rules effective requirements and involving renegotiated written contract terms amounted to RMB36,932 million.

(7)Bonds and other investments

The table below analyses the Group's investment securities by major rating agencies in the countries where Standard & Poor's or the bond issuing institution is located.

	31 December 2024			
	Financial investments measured at FVTPL	Financial investments measured at amortized cost	Financial investments measured at FVOCI	Total
Medium or long term				
AAA	23,561	514,560	347,409	885,530
AA+ to AA-	1,908	5,268	30,429	37,605
A+ to A-	1,578	8,447	34,545	44,570
Below A-	3,025	787	17,714	21,526
Short term				
AAA	12	10,959	396	11,367
AA+ to AA-	182	106	4,113	4,401
A and below A	318	2,666	10,322	13,306
Unrated-Bonds	70,482	783,845	337,510	1,191,837
Total	101,066	1,326,638	782,438	2,210,142

	31 December 2023			
	Financial investments measured at FVTPL	Financial investments measured at amortized cost	Financial investments measured at FVOCI	Total
Medium or long term				
AAA	17,800	557,419	192,382	767,601
AA+ to AA-	29	5,276	18,598	23,903
A+ to A-	259	1,658	17,586	19,503
Below A-	14	6,549	33,220	39,783
Short term				
AAA	1,501	12,482	2,986	16,969
AA+ to AA-	383	155	2,746	3,284
A and below A	1,588	1,396	22,233	25,217
Unrated-Bonds	213,564	686,147	328,266	1,227,977
Total	235,138	1,271,082	618,017	2,124,237

2 Market risk

Market risk is the risk of losses of on and off-balance sheet businesses arising from adverse movements in market prices, such as interest rates, exchange rates, price of stock and commodity. Both the Group's trading book and banking book is exposed to market risk, which mainly consists of interest rate risk, currency risk and commodity price risk. The Group considers the exposure to the commodity price risk to be insignificant.

The Board of Directors of the Bank is ultimately responsible for monitoring the market risk management and ensuring the Group can effectively identify, measure, monitor and control the market risk associated with the Group's business activities. Under the authorisation of the Board of Directors, the senior management of the Group is responsible for establishing the Group-wide market risk management system, organisational structure with well-defined roles and responsibilities, authorisation structures and accountability mechanism. Relevant departments of headquarters are responsible for carrying out detailed market risk management activities including policies and procedures, measurement approaches and models, analyses and reporting and monitoring of various limits in order to timely and accurately identify, measure, monitor and control the market risk exposures in respective business areas and reporting to the senior management and Board of Directors on timely basis.

Meanwhile, the Group's market risk management follows the principle of combining internal control with external supervision. Relevant business units are responsible for executing the daily control activities, together with the market risk management department, compliance department, and review department, form the three lines of defense for market risk management.

The Group measures market risk based on established standards and current management capabilities. The major measurement approaches include stress testing, gap analysis and sensitivity analysis etc. The market risk of new products and businesses should be identified before these new products and businesses are launched according to relevant policies.

(1)Currency risk

The Group mainly operates in the PRC and its main business activities are conducted in RMB. Majority of its foreign currency business are conducted in USD. The table below summarises the Group's exposure to currency risk. Included in the table are the Group's financial assets and liabilities at carrying amounts in RMB, categorised by original currency.

	31 December 2024				
	RMB	USD Into RMB	HKD Into RMB	Others Into RMB	Total Into RMB
Cash and deposits with central bank	401,765	1,232	8,174	368	411,539
Deposits and placements with banks and other financial institutions	426,500	84,545	2,221	11,293	524,559
Derivative financial assets	84,145	5,390	49	6	89,590
Financial assets purchased under resale agreements	57,932	5,947	-	-	63,879
Loans and advances to customers	5,131,927	97,930	22,820	16,483	5,269,160
Financial investments measured at:					
- FVTPL	676,922	13,401	194	502	691,019
- Amortized cost	1,302,636	21,720	-	2,282	1,326,638
- FVOCI	665,908	117,119	4,404	4,036	791,467
Other financial assets	80,253	18,089	305	225	98,872
Total financial assets	8,827,988	365,373	38,167	35,195	9,266,723
Borrowing from central bank	118,442	-	-	-	118,442
Deposits and placements from banks and other financial institutions	930,771	188,358	23,022	11,790	1,153,941
Financial liabilities measured at FVTPL	21,604	11,568	-	-	33,172
Derivative financial liabilities	75,121	3,396	54	4	78,575
Financial assets sold under repurchase agreement	485,607	18,586	-	1,769	505,962
Deposits from customers	4,992,970	214,767	9,642	11,903	5,229,282
Debt securities issued	1,393,136	23,038	3,115	683	1,419,972
Lease Liabilities	5,239	43	714	17	6,013
Other financial liabilities	53,604	2,708	224	178	56,714
Total financial liabilities	8,076,494	462,464	36,771	26,344	8,602,073
Net position of financial instruments	751,494	(97,091)	1,396	8,851	664,650
Currency derivatives	(57,932)	72,424	(1,118)	1,905	15,279
Credit commitments	1,923,149	43,956	5,644	4,984	1,977,733

	31 December 2023				
	RMB	USD Into RMB	HKD Into RMB	Others Into RMB	Total Into RMB
Cash and deposits with central bank	496,759	39,332	705	335	537,131
Deposits and placements with banks and other financial institutions	432,315	79,407	3,841	14,137	529,700
Derivative financial assets	53,257	3,020	9	25	56,311
Financial assets purchased under resale agreements	34,151	10,568	-	-	44,719
Loans and advances to customers	4,743,406	115,548	29,967	15,775	4,904,696
Financial investments:					
- FVTPL	771,404	8,811	-	11	780,226
- Amortized cost	1,255,468	14,776	691	147	1,271,082
- FVOCI	503,395	111,498	4,580	5,274	624,747
Other financial assets	55,857	4,652	1,268	3	61,780
Total financial assets	8,346,012	387,612	41,061	35,707	8,810,392
Borrowing from central bank	235,242	-	-	-	235,242
Deposits and placements from banks and other financial institutions	1,162,938	94,148	16,818	12,592	1,286,496
Financial liabilities measured at FVTPL	10,207	-	-	-	10,207
Derivative financial liabilities	50,979	1,299	9	6	52,293
Financial assets sold under repurchase agreement	502,717	16,338	-	729	519,784
Deposits from customers	4,811,052	228,368	16,448	4,476	5,060,344
Debt securities issued	986,427	23,200	1,939	87	1,011,653
Lease Liabilities	5,888	3	914	66	6,871
Other financial liabilities	27,199	2,258	502	1,282	31,241
Total financial liabilities	7,792,649	365,614	36,630	19,238	8,214,131
Net position of financial instruments	553,363	21,998	4,431	16,469	596,261
Currency derivatives	25,055	(16,115)	(761)	(11,567)	(3,388)
Credit commitments	1,955,729	34,139	6,134	5,301	2,001,303

The Group employs sensitivity analysis to measure possible impacts of changes in exchange rates on the Group's net profits. The following table presents the results of foreign exchange sensitivity analysis performed on financial assets and financial liabilities as at the reporting date using prevailing exchange rates.

Net profit	31 December 2024		31 December 2023	
	Exchange rate fluctuation		Exchange rate fluctuation	
(Decrease) / Increase	-1%	1%	-1%	1%
USD against RMB	185	(185)	(44)	44
Other currencies against RMB	(83)	83	(64)	64

The above sensitivity analysis was performed on the basis of static characteristics of the interest risk of the assets and liabilities, and calculated the impact on the net profit from changes in exchange rates of other foreign currencies against RMB when other factors remain constant. The assumptions are shown as below:

• Exchange rate sensitivity represents the exchange gain or loss resulting from the 1% change in daily closing exchange rates (middle) of each currency against the RMB on the reporting date;
• Changes in exchange rates of other foreign currencies means the exchange rates of other foreign currencies against RMB are fluctuating simultaneously and in the same direction;
• Foreign currency exposure contains spot exchange exposure and forward exchange exposure. Based on the above assumption, the actual exchange gains or losses may differ from the sensitivity analysis results.

(2)Interest rate risk

Interest rate risk is the risk of losses in overall earnings and economic value arising from adverse movements in factors such as interest rates, term structure, etc., including interest rate risk in the banking book and trading book.

Interest rate risk of banking book refers to the risk that adverse changes in interest rate level and term structure will lead to loss of economic value and overall income of banking book. The Group has established a sound interest rate risk management system for banking books. The Board of Directors of the Bank is responsible for approving the interest rate risk appetite and material policies and procedures in the banking books, and bears the ultimate responsibility for managing the interest rate risk in the banking books. The senior management of the bank is responsible for developing the appropriate management mechanism for interest rate risk in the banking book, the organizational structure, systems and processes in accordance with the risk appetites for interest rate risk in the banking book approved by the Board of Directors to ensure the achievement of management objectives. The Bank's Asset-Liability Management Committee formulates policies and strategies for interest rate risks in the banking book management. The Asset-Liability and Financial Management Department leads the daily processes of risk identification, measurement, monitoring, control, and mitigation. The Risk Management Department of the Bank independently validates the interest rate risks in the banking book models, while the Audit Department of the Bank conducts internal audits of the interest rate risks in the banking book management independently.

The Group mainly uses appropriate measurement methods and tools (such as repricing gap analysis, duration analysis, sensitivity analysis, scenario simulation and other suitable measurement) to measure and monitor the interest rate risk in the banking book. During the reporting period, the Group adhered to the neutral and prudent risk appetite for interest rate risk in the banking book, enhanced the research and judgment on domestic and foreign macro policies as well as monetary policies, carried out dynamic monitoring and forward-looking risk management based on interest rate liberalization, trends of interest rate curve reform; During the reporting period, the Group guided the adjustments of business scale and term structure based on risk management strategies as well as asset and liability business objectives through asset and liability active configuration tools and price tools, maintained the interest rate risk in the banking book indicators within the risk appetite of the Board of Directors and kept sustainable operation.

The table below summarises the Group's exposures to interest rate risk. The table presents the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	31 December 2024						
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and deposits with central bank	395,188	-	-	-	-	16,351	411,539
Deposits and placements with banks and other financial institutions	157,948	116,755	230,838	14,063	-	4,955	524,559
Derivative financial assets	-	-	-	-	-	89,590	89,590
Financial assets purchased under resale agreements	18	62,474	657	730	-	-	63,879
Loans and advances to customers	820,522	492,198	1,992,188	1,328,397	620,799	15,056	5,269,160
Financial investments measured at:							
- FVTPL	9,694	11,353	27,600	30,926	23,111	588,335	691,019
- Amortized cost	33,145	34,984	151,053	449,268	639,845	18,343	1,326,638
- FVOCI	5,987	29,534	102,482	379,221	257,251	16,992	791,467
Other financial assets	3,953	-	42,866	-	-	52,053	98,872
Total financial assets	1,426,455	747,298	2,547,684	2,202,605	1,541,006	801,675	9,266,723
Liabilities							
Borrowing from central bank	20,527	33,128	63,346	-	-	1,441	118,442
Deposits and placements from banks and other financial institutions	904,574	123,362	104,714	9,386	6,008	5,897	1,153,941
Financial liabilities measured at FVTPL	-	-	-	-	-	33,172	33,172
Derivative financial liabilities	-	-	-	-	-	78,575	78,575
Financial assets sold under repurchase agreements	434,845	48,739	22,184	-	-	194	505,962
Deposits from customers	2,487,241	547,553	1,035,142	1,076,023	-	83,323	5,229,282
Debt securities issued	120,265	244,524	795,214	94,690	159,273	6,006	1,419,972
Lease Liabilities	256	665	1,827	3,199	66	-	6,013
Other financial liabilities	1,153	1,916	923	-	-	52,722	56,714
Total financial liabilities	3,968,861	999,887	2,023,350	1,183,298	165,347	261,330	8,602,073
Total interest repricing gap	(2,542,406)	(252,589)	524,334	1,019,307	1,375,659	540,345	664,650

	31 December 2023						
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and deposits with central bank	524,207	-	-	-	-	12,924	537,131
Deposits and placements with banks and other financial institutions	142,945	85,660	265,578	30,727	-	4,790	529,700
Derivative financial assets	-	-	-	-	-	56,311	56,311
Financial assets purchased under resale agreements	38,376	5,913	354	-	-	76	44,719
Loans and advances to customers	1,049,042	839,142	2,109,744	784,271	107,131	15,366	4,904,696
Financial investments measured at:							
- FVTPL	14,925	16,307	44,281	32,693	13,855	658,165	780,226
- Amortized cost	109,745	37,224	104,277	449,164	552,955	17,717	1,271,082
- FVOCI	11,889	24,925	108,668	332,444	132,652	14,169	624,747
Other financial assets	3,628	-	21,448	-	-	36,704	61,780
Total financial assets	1,894,757	1,009,171	2,654,350	1,629,299	806,593	816,222	8,810,392
Liabilities							
Borrowing from central bank	11,931	43,220	177,947	-	-	2,144	235,242
Deposits and placements from banks and other financial institutions	983,507	119,712	165,830	7,039	5,246	5,162	1,286,496
Financial liabilities measured at FVTPL	-	-	-	-	-	10,207	10,207
Derivative financial liabilities	-	-	-	-	-	52,293	52,293
Financial assets sold under repurchase agreements	427,039	29,481	63,009	-	-	255	519,784
Deposits from customers	2,886,979	437,437	737,225	922,981	8	75,714	5,060,344
Debt securities issued	42,718	221,995	483,405	176,795	81,079	5,661	1,011,653
Lease Liabilities	319	438	1,938	3,977	199	-	6,871
Other financial liabilities	408	1,526	1,916	-	-	27,391	31,241
Total financial liabilities	4,352,901	853,809	1,631,270	1,110,792	86,532	178,827	8,214,131
Total interest repricing gap	(2,458,144)	155,362	1,023,080	518,507	720,061	637,395	596,261

Note: The above financial assets listed as within one month include overdue amounts as at 31 December 2024 and 31 December 2023 (excluding impairment provisions).

The Group performs sensitivity analysis to measure the potential impact of changes in interest rate on net profit and equity. The following table presents the results of interest rate sensitivity analysis conducted on assets and liabilities as at the reporting date.

	31 December 2024		31 December 2023	
	Interest rate fluctuation (Basis points)		Interest rate fluctuation (Basis points)	
	-100	+100	-100	+100
(Decrease) / increase in net profit	(3,312)	3,312	2,454	(2,454)
Increase / (decrease) in other comprehensive income under equity	8,213	(7,703)	13,036	(12,292)

The above sensitivity analysis was performed on the basis of static characteristics of the interest risk of the assets and liabilities. The analysis only measures the impact of changes in the interest rates within one year, showing how annualised interest income would have been affected by repricing of the Group's assets and liabilities within the one-year period based on the following assumptions:

• Except for current deposits, assets and liabilities, whose maturity dates are within three months or more than three months but will be repricing within one year, are assumed to be re-priced or matured in the middle of each specified period;
• The interest rates of current deposits and statutory deposit reserves with central bank remain unchanged;
• The yield curve moves in parallel with interest rate;
• There are no changes in asset and liability portfolios.

Based on the assumptions, the actual change in net profit caused by changes in interest rates may be different from the sensitivity analysis results.

Based on the assumption of the parallel movement of the yield curve along with interest rate change, the sensitivity analysis of the equity is derived by remeasuring the fair value of debt instruments at fair value through other comprehensive income as a result of changes in interest rate with a certain percentage.

3 Liquidity risk

The Group's liquidity risk management is intended to meet the obligations to serve customers for withdrawal and payment, to achieve the balance between the total amount and structure of assets and liabilities; to reduce the liquidity cost, avoid liquidity crisis of the Group, and to effectively respond to systematic liquidity risk by active management.

The Group has established a relatively complete liquidity risk governance system. The Board of Directors of the Bnak is responsible for reiewing and approving liquidity risk appetite and material policies and procedures, and bears the ultimate responsibility for managing the liquidity risk; The Board of Supervisors is responsible for supervising the performance of the Board of Directors and the senior management on liquidity risk management. The senior management of the Bank is responsible for developing appropriate liquidity risk management mechanisms, organisational structures, systems and processes, risk limits, key assumptions for stress test, and emergency plans based on the liquidity risk appetite approved by the board of directors, to ensure the Bank achieves its management objectives. The Asset and Liability Management Committee of the Bank is responsible for reviewing liquidity risk management strategies, risk limits, key assumptions for stress test, etc. The Asset-Liability and Financial Management Department of the Headquarters of the Bank is responsible for drafting liquidity risk management policies and procedures at a group level and leading specific management of the liquidity risk management, such as qualitative and quantitative analysis. Audit Department of the the Headquarters of the Bank is responsible for the internal audit on liquidity risks independently. The Group has a prudent liquidity risk preference which complies with the regulatory requirements and management requirements of the Group.

The Group's liquidity risk management system comprises mainly regular and contingent management system which includes 10 components, such as policies and strategies, management framework, regulations, management tools, daily operation, stress tests, system construction, risk monitoring, risk report, and emergency management and drilling.

During the Reporting Period, the Group implemented forward-looking and proactive management of liquidity risk at different levels in accordance with the requirements of the balance in the total amount and structure; it carries out real-time monitoring on daily position accounts in local and foreign currencies, and made centralised allocation of positions in local and foreign currencies; it established a beforehand declaration system for large-amount positions, and established a monitoring mechanism for total liquidity level; it prepared a cash flow gap table on a daily basis, used the gap management method to predict cash flow gap changes in future assets and liabilities's on and off-balance sheet items, and conducted liquidity risk assessments on both internal and external items of the statement of financial position in a timely manner, and in accordance with the liquidity risk policy and risk limit requirements of the Group, adjusted the total amount, structure, and pace of the Group's business development to meet the requirements of liquidity safety through active financing arrangements and asset liability portfolio adjustments.

The following table presents the contractual undiscounted cash flows of the Group's non-derivative financial assets and non-derivative financial liabilities by remaining maturity. The actual remaining maturities of these financial instruments may differ materially from the analysis presented below. For instance, while demand deposits are classified as repayable on demand in the table, they are expected to maintain stable or even growing balances.

	31 December 2024								
	Repayable on demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Overdue	No maturity	Total
Assets									
Cash and deposits with central bank	112,755	-	-	-	-	-	-	298,784	411,539
Deposits and placements with banks and other financial institutions	66,153	95,333	127,627	255,729	35,056	-	-	-	579,898
Financial assets purchased under resale agreements	-	62,616	676	758	-	-	-	-	64,050
Loans and advances to customers	-	770,144	444,330	1,540,511	1,544,195	1,587,159	110,896	-	5,997,235
Financial investments measured at:									
- FVTPL	564,849	1,930	12,136	30,272	35,520	25,010	2,715	26,524	698,956
- Amortized cost	-	25,609	42,381	182,394	571,848	741,828	28,683	-	1,592,743
- FVOCI	-	7,145	32,412	117,902	426,311	268,119	4,498	9,029	865,416
Other financial assets	55,136	-	-	-	-	-	8,524	42,953	106,613
Total financial assets	798,893	962,777	659,562	2,127,566	2,612,930	2,622,116	155,316	377,290	10,316,450
Liabilities									
Borrowing from central bank	-	21,043	33,942	64,624	-	-	-	-	119,609
Deposits and placements from banks and other financial institutions	748,206	160,927	125,346	108,473	10,613	7,933	-	-	1,161,498
Financial liabilities held for trading	5,185	2,543	24,826	-	-	618	-	-	33,172
Financial assets sold under repurchase agreements	-	436,126	49,055	22,352	-	-	-	-	507,533
Deposits from customers	2,066,194	438,856	564,614	1,083,600	1,219,231	-	-	-	5,372,495
Debt securities issued	-	122,383	249,650	802,894	120,355	283,483	-	-	1,578,765
Lease Liabilities	-	256	411	1,863	3,705	83	-	-	6,318
Other financial liabilities	53,268	661	2,143	1,587	1,042	515	-	-	59,216
Total financial liabilities	2,872,853	1,182,795	1,049,987	2,085,393	1,354,946	292,632	-	-	8,838,606
Net liquidity	(2,073,960)	(220,018)	(390,425)	42,173	1,257,984	2,329,484	155,316	377,290	1,477,844
Derivative financial instruments									
- Inflow	-	116,374	104,859	321,413	88,596	38	-	-	631,280
- Outflow	-	122,416	104,775	314,133	91,184	48	-	-	632,556
Net value of derivative financial instruments	-	(6,042)	84	7,280	(2,588)	(10)	-	-	(1,276)
Credit commitments	609,984	187,655	305,753	620,412	86,599	175,063	-	-	1,985,466

	31 December 2023								
	Repayable on demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Overdue	No maturity	Total
Assets									
Cash and deposits with central bank	212,708	-	165	-	-	-	-	324,258	537,131
Deposits and placements with banks and other financial institutions	66,363	78,809	87,194	272,309	32,432	-	-	-	537,107
Financial assets purchased under resale agreements	-	38,466	5,990	360	-	-	-	-	44,816
Loans and advances to customers	-	526,570	651,953	1,450,912	1,439,459	1,439,010	101,327	-	5,609,231
Financial investments measured at:									
- FVTPL	634,663	8,164	22,548	46,655	35,031	15,790	3,026	21,925	787,802
- Amortized cost	-	54,230	43,127	129,695	554,973	665,505	83,533	-	1,531,063
- FVOCI	-	12,902	27,883	125,609	374,256	144,568	183	6,730	692,131
Other financial assets	40,387	-	-	-	-	-	7,689	21,483	69,559
Total financial assets	954,121	719,141	838,860	2,025,540	2,436,151	2,264,873	195,758	374,396	9,808,840
Liabilities									
Borrowing from central bank	-	12,245	44,293	181,295	-	-	-	-	237,833
Deposits and placements from banks and other financial institutions	791,484	194,355	121,504	169,652	7,886	7,312	-	-	1,292,193
Financial liabilities held for trading	1,780	-	-	849	4,352	3,226	-	-	10,207
Financial assets sold under repurchase agreements	-	427,181	29,600	63,415	-	-	-	-	520,196
Deposits from customers	2,210,213	709,106	452,075	772,045	1,047,980	10	-	-	5,191,429
Debt securities issued	-	56,067	227,407	488,500	246,928	91,736	-	-	1,110,638
Lease Liabilities	-	319	441	1,967	4,285	252	-	-	7,264
Other financial liabilities	26,393	94	1,768	2,354	1,285	831	-	-	32,725
Total financial liabilities	3,029,870	1,399,367	877,088	1,680,077	1,312,716	103,367	-	-	8,402,485
Net liquidity	(2,075,749)	(680,226)	(38,228)	345,463	1,123,435	2,161,506	195,758	374,396	1,406,355
Derivative financial instruments									
- Inflow	-	147,599	118,700	197,506	42,847	47	-	-	506,699
- Outflow	-	147,392	117,101	197,523	42,119	75	-	-	504,210
Net value of derivative financial instruments	-	207	1,599	(17)	728	(28)	-	-	2,489
Credit commitments	672,462	147,386	293,865	582,519	89,347	223,450	-	-	2,009,029

4 Fair value of financial instruments

(1)Fair value hierarchy

According to the the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement, the levels are defined as follows:

•Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities. The financial instruments of this level include listed equity securities, debt instruments and open-end fund investments;

•Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities. The financial instruments of this level include most Over-the-Counter ("OTC") derivatives and bonds. The sources of the yield curve or counterparty credit risk input value parameters are Thomson Reuters, Bloomberg and ChinaBond.com.

•Level 3 inputs: inputs that are unobservable for underlying assets or liabilities. The financial instruments of this level include equity instruments and debt instruments with significant non-observable components.

(2)Financial instruments not measured at fair value

Financial assets and financial liabilities not measured at fair value in the statement of financial position mainly include: deposits with central banks, deposits and placements with banks and other financial institutions, financial assets purchased under resale agreements, loans and advances to customers (measured at amortized cost), financial investment measured at amortized cost, borrowing from central bank, deposits and placements from banks and other financial institutions, financial assets sold under repurchase agreements, deposits from customers, lease liabilities and bonds issued.

The book value and corresponding fair value of financial investment not measured at fair value (financial investment measured at amortized cost) and bonds issued as at the financial statement date are listed in the following table.

	31 December 2024				
	Book Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial investment measured at amortized cost	1,326,638	15,650	1,256,618	109,788	1,382,056
Financial liabilities:					
Debt securities issued	1,419,972	54,497	1,375,798	-	1,430,295

	31 December 2023				
	Book Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial investment measured at amortized cost	1,271,082	-	995,423	367,242	1,362,665
Financial liabilities:					
Debt securities issued	1,011,653	-	1,008,697	-	1,008,697

(i)Financial investment measured at amortized cost

The fair value of financial investments measured at amortized cost is based on market quotes, and therefore belongs to the first level. If the relevant market information of financial investments measured at amortized cost cannot be obtained, then the discounted cash flow model is used for the valuation of fair value, which belongs to Level 3. Where applicable, the fair value of financial investments measured at amortized cost are determined with reference to the valuation results of China Central Depository & Clearing Co., Ltd., China Securities Index Co., Ltd. or Bloomberg, which belongs to Level 2.

(ii)Debt securities issued

The fair value of bonds issued is based on public quotes on the market. For bonds that cannot be quoted in the market, the fair value is determined by the discounted cash flow method and is based on the actual return rate matching the remaining maturity of the bond.

In addition to the above financial assets and financial liabilities, the fair value of other financial assets and financial liabilities that are not measured at fair value in the statement of financial position are deteremined with the discounted future cash flow method. There is no significant difference between their book value and fair value because these financial instruments have a shorter duration, or their interest rates fluctuate with market interest rates.

(3)Assests and liabilities measured at fair value on a recurring basis

The Group's assets and liabilities measured at fair value on a recurring basis are presented in the following three levels:

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Financial investments:				
Financial investments measured at FVTPL				
- Fund	482,620	712	2,149	485,481
- Bonds	3,411	63,974	1,156	68,541
- Equity	1,748	-	15,520	17,268
- Beneficiary certificates	-	11,913	-	11,913
- Trust and asset management plans	-	8,672	1,139	9,811
- Interbank Certificates of Deposit	-	8,579	-	8,579
- ABS	-	2,216	6	2,222
- Other investment	79,841	2,154	5,209	87,204
Financial investments measured at FVOCI				
- Bonds	71,814	652,053	-	723,867
- Interbank Certificates of Deposit	2,308	29,113	-	31,421
- ABS	540	19,120	-	19,660
- Repossessed equity instruments	1	-	1,405	1,406
- Trust and asset management plans	-	-	16	16
- Other equity investments	251	-	7,372	7,623
Loans and advances to customers measured at:				
FVOCI				
- Discounted bills	-	321,964	-	321,964
- Corporate loans and advances	-	9,048	-	9,048
FVTPL				
- Corporate loans and advances	-	2,683	-	2,683
- Discounted bills	-	850	-	850
Derivative financial assets	-	89,590	-	89,590
Total financial assets	642,534	1,222,641	33,972	1,899,147
Derivative financial liabilities	-	78,575	-	78,575
Financial liabilities measured at FVTPL				
- Financial liabilities associated with bonds	805	23,982	-	24,787
- Financial liabilities related to precious metals	-	5,185	-	5,185
- Interest of other unit holders in consolidated structured entities	-	2,582	618	3,200
Deposits from customers	-	5,222	-	5,222
Total financial liabilities	805	115,546	618	116,969

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial investments:				
Financial investments measured at FVTPL				
- Fund	433,741	643	222	434,606
- Bonds	29	99,269	1,096	100,394
- Beneficiary certificates	-	39,723	-	39,723
- Equity	2,904	-	14,425	17,329
- Trust and asset management plans	-	10,563	4,238	14,801
- Interbank Certificates of Deposit	-	3,303	-	3,303
- ABS	-	2,210	80	2,290
- Other investment	80,614	75,879	11,287	167,780
Financial investments measured at FVOCI				
- Bonds	55,775	515,043	-	570,818
- Interbank Certificates of Deposit	-	33,438	-	33,438
- ABS	-	6,302	-	6,302
- Repossessed equity instruments	1	-	1,565	1,566
- Trust and asset management plans	-	-	20	20
- Other equity investments	-	-	5,164	5,164
Loans and advances to customers measured at:				
FVOCI				
- Discounted bills	-	308,160	-	308,160
- Corporate loans and advances	-	62,588	-	62,588
FVTPL				
- Discounted bills	-	5,662	-	5,662
- Corporate loans and advances	-	2,122	-	2,122
Derivative financial assets	-	56,311	-	56,311
Total financial assets	573,064	1,221,216	38,097	1,832,377
Derivative financial liabilities	-	52,293	-	52,293
Financial liabilities measured at FVTPL				
- Financial liabilities associated with bonds	7,750	-	-	7,750
- Interest of other unit holders in consolidated structured entities	1,661	119	558	2,338
- Financial liabilities related to precious metals	119	-	-	119
Total financial liabilities	9,530	52,412	558	62,500

The Group takes the date of the event that caused the transfer between levels as the date of the transfer. There is no transfer between the first and second levels this year.

(i)Level 2 Financial Instruments

The fair value of financial instruments that are not traded in an active market (such as OTC derivatives) is determined using valuation techniques. Valuation techniques use observable market data (if any) as much as possible, and rely as little as possible on the entity's specific estimates. If all significant inputs required to calculate the fair value of a financial instrument are observable data, the financial instrument is included in level 2. If one or more significant inputs are not based on observable market data, the financial instrument is included in level 3.

The financial instruments classified by the Group as level 2 mainly include bonds, foreign exchange forwards and swaps, interest rate swaps and foreign exchange options. The fair value of RMB bonds is determined according to the valuation results of China Central Depository & Clearing Co., Ltd., and the fair value of foreign currency bonds is determined according to Bloomberg's valuation results. Foreign exchange forwards and swaps, interest rate swaps, foreign exchange options are valued using cash flow discounts and the Blair-Scholes model. All significant valuation parameters are obtained from observable market information.

(ii)Level 3 Financial Instruments

The changes in the Group's Level 3 assets and liabilities as follows:

	Financial investments measured at FVTPL	Financial investments measured at FVOCI	Financial liabilities measured at FVTPL	Total
1 Janurary 2024	31,348	6,749	(558)	37,539
Additions	1,505	251	-	1,756
Disposals and settlements	(7,762)	(4)	59	(7,707)
Total gains / (losses) recorded in profit or loss	88	-	(119)	(31)
Total gains recorded in other comprehensive income	-	1,797	-	1,797
31 December 2024	25,179	8,793	(618)	33,354
Unrealised gains or losses recognised in profit or loss for the year ended 31 December 2024 for the positions held at 31 December 2024	(1,024)	-	(32)	(1,056)

	Financial investments measured at FVTPL	Financial investments measured at FVOCI	Financial liabilities measured at FVTPL	Total
1 Janurary 2023	30,515	7,668	(474)	37,709
Additions	14,003	20	(508)	13,515
Disposals and settlements	(12,661)	-	493	(12,168)
Total losses recorded in profit or loss	(509)	-	(69)	(578)
Total losses recorded in other comprehensive income	-	(939)	-	(939)
31 December 2023	31,348	6,749	(558)	37,539
Unrealised gains or losses recognised in profit or loss for the year ended 31 December 2023 for the positions held at 31 December 2023	(1,367)	-	(34)	(1,401)

The relevant information of Level 3 of fair value measurement using important unobservable input values is as follows:

31 December 2024	Fair value	Valuation method	Unobservable inputs
Financial investments:			
Financial investments measured at FVTPL			
- Fund	2,149	Refer to recent transactions	Liquidity discount
- Bonds	1,156	Income approach	Discount rate
- Trust and asset management plan	1,139	Income approach	Discount rate
- Equity	13,716	Net Asset Based Method	Discount rate
	1,575	Refer to recent transactions	Liquidity discount P/B ratio
	229	Refer to recent transactions	Liquidity discount P/S ratio
- ABS	6	Income approach	Discount rate
- Other investment	5,209	Refer to recent transactions	Liquidity discount
	25,179		
Financial investments measured at FVOCI			
- Trust and asset management plan	16	Income approach	Discount rate
- Repossessed equity instruments	953	Refer to recent transactions	Liquidity discount P/B ratio
	448	Net Asset Based Method	Liquidity discount
	4	Discounted cash flow method	Discount rate
- Other investments	5,378	Net Asset Based Method	Liquidity discount
	1,874	Refer to recent transactions	Liquidity discount P/B ratio
	120	Income approach	Discount rate
	8,793		
Financial liabilities measured at FVTPL			
- Interest of other unit holders in consolidated structured entities	618	Note 1	Note 1

31 December 2023	Fair value	Valuation method	Unobservable inputs
Financial investments:			
Financial investments measured at FVTPL			
- Fund	222	Refer to recent transactions	Liquidity discount
- Bonds	1,096	Income approach	Discount rate
- Trust and asset management plan	4,238	Income approach	Discount rate
- Equity	11,895	Income approach	Discount rate
	2,530	Refer to recent transactions	Liquidity discount
- ABS	80	Income approach	Discount rate
- Other investment	11,287	Refer to recent transactions	Liquidity discount
	31,348		
Financial investments measured at FVOCI			
- Trust and asset management plans	20	Income approach	Discount rate
- Repossessed equity instruments	1,104	Market approach	Liquidity discount P/B ratio
	457	Net Asset Based Method	Liquidity discount
	4	Discounted cash flow method	Discount rate
- Other investments	4,093	Net Asset Based Method	Liquidity discoun
	956	Market approach	Liquidity discount P/B ratio
	115	Income approach	Discount rate
	6,749		
Financial liabilities measured at FVTPL			
- Interest of other unit holders in consolidated structured entities	558	Note 1	Note 1

Note1: The fair value of the interest of other unit holders in consolidated structured entities is the amount attributable to the investor of the structured entity based on the net value of the structured entity.

5 Offsetting of financial assets and financial liabilities

Some financial assets and financial liabilities in the Group follow executable net amount settlement arrangements or similar agreements. Such arrangements with the Group and counterparties normally allow the net amount settlement under agreements of both parties. If no agreement is reached, it would be settled in full amount. But one party could choose to settle in net amount under the condition that the other party violates the agreement. According to the relevant requirements of the Accounting Standards, the Group did not offset these financial assets and financial liabilities.

As at 31 December 2024, the amount of the Group's financial assets and financial liabilities following executable net amount settlement arrangements or similar agreements is not significant.

6 Capital management

The objectives of the Group's capital management are to:

(1)Satisfy regulatory requirements for capital adequacy ratio on an ongoing basis, ensure operational compliance to ultimately optimise capital stock and structure.
(2)Ensure adequate capital for resisting corresponding risks, realise the operational safety, and keep capital at an adequate and reasonable level.
(3)Establish a capital allocation and management system that focuses on economic capital, optimise the resource allocation and management control mechanism at the Group level, achieve capital intensive management to ultimately maximise shareholders' value.

The Group manages its capital structure and adjusts it based on the changes in economic condition and the risk characteristics. Generally, the mechanism of adjusting the capital structure comprises dividend distribution policies and issuance of additional capital instruments such as tier 1 capital instruments and tier 2 capital instruments, etc.

As at 31 December 2024, commercial banks in China should meet the minimum requirements for capital adequacy ratio set out in the Administrative Measures on the Capital of Commercial Banks which required the capital adequacy ratio of core tier 1 capital shall not be

less than 7.5%, capital adequacy ratio of tier 1 capital shall not be less than 8.5% and capital adequacy ratio shall not be less than 10.5%.

In addition, the PBOC and related regulatory departments have formulated Evaluation of Systemically Important Banks and the "Additional Regulatory Rules for Systemically Important Banks" (for Trial Implementation). According to the above provisions, systemically important banks shall meet certain additional capital requirements in addition to minimum capital requirements, reserve capital and counter-cyclical capital requirements, which are satisfied by core Tier 1 capital. Systemically important banks are divided into five groups, and the additional capital requirements of 0.25%, 0.5%, 0.75%, 1% and 1.5% shall apply to the banks in Group I to Group V respectively. According to the "List of Domestic Systemically Important Banks issued by the PBOC and the NFRA" in September 2023, the Bank was identified as systemically important banks in Group II . Therefore, after considering the additional capital requirements of systemically important banks, the Group should meet the minimum requirement of 8% of core tier 1 capital adequacy, 9% of tier 1 capital adequacy and 11% of capital adequacy.

As at December 31, 2024, the Group's core tier 1 capital ratio, tier 1 capital ratio, and capital ratio all meet the requirements of the "Administrative Measures on the Capital of Commercial Banks" and other relevant regulations.

IX ASSET PLEDGED AS COLLATERAL

Certain assets of the Group are pledged as collateral for financial liabilities, and the analysis of these assets are as follows:

	31 December 2024	31 December 2023
Financial investments	712,451	943,312
Bills	154,078	87,619
Deposits with banks and other financial institutions	9,056	4,411
Loans	1,045	2,143
Total	876,630	1,037,485

Apart from the aforementioned collaterals and the Group's assets for operating leases, the amount of assets with restricted ownership or usage due to pledges, seizures, freezes, or detentions was not significant as the end of 2024 (at the end of 2023: not significant).

X EVENTS AFTER THE REPORTING DATE

1 Profit distribution plan

The Bank convened the board of directors on 27 March 2025, approved the profit distribution plan for 2024 and submitted it to the annual general meeting for consideration and approval.

XI COMPARATIVE FIGURES

In order to be consistent with the presentation of financial statements for the current year, a number of comparative figures have been reclassified.

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Appendix 2 – Pricing Supplement dated 16 July 2026

[See over page]

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customers you represent are not, and that the electronic mail address that you gave us and to which this e-mail has been delivered is not, located in the United States and (2) that you consent to delivery of the attached Pricing Supplement and any amendments or supplements thereto by electronic transmission.

The Notes (as defined in the Pricing Supplement) will be Yulan bonds issued under an initiative established by Shanghai Clearing House (银行间市场清算所股份有限公司) ("SHCH") and Euroclear Bank SA/NV ("Euroclear") in December 2020 through which Yulan bonds are issued, registered, settled and cleared. Investors should note that this initiative is new and there are limited instances in the past where Yulan bonds have been issued. There are certain key differences between the Notes and typical eurobonds including the form of the Notes (which will be in dematerialised form) and a holder of a beneficial interest in the Notes must rely on the arrangement between SHCH and Euroclear in which the records relating to its beneficial interests in the Notes will be maintained (where definitive certificates may not be issued). In order to be an eligible investor for the Notes, an investor is required to submit an investor disclosure certificate indicating such investor's Legal Entity Identifier ("LEI") code to Euroclear pursuant to the requirement of the Yulan bond initiative in order to subscribe for any Notes. Investors who have an existing Euroclear account may obtain the investor disclosure certificate directly from Euroclear. For prospective investors who are not registered with Euroclear, they may participate in the purchase of the Notes via a custodian who has an account registered with Euroclear, and the relevant custodian may obtain the form of such investor disclosure certificate directly from Euroclear. None of the Issuer, the Bank, the Managers or the Agents (as defined in the terms and conditions of the Notes) shall be responsible for filling out such investor disclosure certificate or submitting any investor's LEI code on its behalf to Euroclear. In considering whether to invest in the Notes, prospective investors should consider all the information in the Pricing Supplement, including but not limited to the risks and uncertainties and the clearing and settlement of the Notes described in the Pricing Supplement and the Offering Circular (as defined in the Pricing Supplement). Prospective investors should consult their own independent advisers and make their own assessment about the potential risks in making any investment decision with the Notes.

You are reminded that the Pricing Supplement has been delivered to you on the basis that you are a person into whose possession the Pricing Supplement may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Pricing Supplement to any other person. You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your email software, will be ignored or rejected.

The Pricing Supplement does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Manager or any affiliate of such Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Manager or such affiliate on behalf of the Issuer in such jurisdiction.

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PRICING SUPPLEMENT

Paragraph 21 of the Hong Kong SFC Code of Conduct – As paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission applies to this offering of Notes, prospective investors should refer to the section on "*Important Notice to Prospective* Investors *Pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct*" appearing on pages vi to vii of the Offering Circular (as defined below), and CMIs (as defined in the Offering Circular) should refer to the section on "*Important Notice to CMIs (including private banks) Pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct*" appearing on pages 170 to 172 of the Offering Circular.

This Pricing Supplement is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only.

The Stock Exchange of Hong Kong Limited (the "HKSE") has not reviewed the contents of this Pricing Supplement, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Pricing Supplement to Professional Investors only have been reproduced in this Pricing Supplement. Listing of the Programme or the Notes on the HKSE is not to be taken as an indication of the commercial merits or credit quality of Shanghai Pudong Development Bank Co., Ltd. (the "Bank"), the Issuer (as defined below), the Bank and its subsidiaries (the "Group"), the Bank's U.S.$5,000,000,000 Medium Term Note Programme (the "Programme"), or the Notes (as defined below) or quality of disclosure in this Pricing Supplement. Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of this Pricing Supplement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Pricing Supplement.

Notice to Hong Kong investors: The Issuer and the Bank confirm that the Notes are intended for purchase by Professional Investors only and will be listed on the HKSE on that basis. Accordingly, the Issuer and the Bank confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The offering circular dated 9 July 2026 (read together with this Pricing Supplement) includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Bank and the Group. The Issuer and the Bank accept full responsibility for the accuracy of the information contained in this Pricing Supplement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Where interest, discount income, early redemption fee or redemption premium is derived from any of the Notes by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act 1947 of Singapore ("**Income Tax Act**"), shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, early redemption fee or redemption premium derived from

the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

Pricing Supplement dated 16 July 2026

Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch

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

(the "Issuer")

Issue of CNY3,000,000,000 1.68 per cent. Notes due 2029 (the "Notes")

under the U.S.$5,000,000,000 Medium Term Note Programme

Legal Entity Identifier (LEI) Code of the Bank: 300300C1031031001330

This document constitutes the pricing supplement (the "**Pricing Supplement**") relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in Schedule 1 (*Terms and Conditions of the Notes*) of this Pricing Supplement. For the avoidance of doubt, the Terms and Conditions of the Notes set out in the offering circular dated 9 July 2026 (the "**Offering Circular**") do not apply to the Notes.

This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular as amended and supplemented by the additional disclosure relating to the Notes in the Schedules of this Pricing Supplement. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular.

The Notes will be constituted by a deed of covenant to be dated on or around 23 July 2026 and entered into by the Bank and the Issuer (as amended, restated or supplemented from time to time, the "**Deed of Covenant**"), substantially in the form set out in Schedule 6 (*Form of Deed of Covenant*) of this Pricing Supplement.

The Notes will be issued in registered dematerialised form by inscription in a register (the "**Register**") maintained by Shanghai Clearing House (银行间市场清算所股份有限公司) ("**SHCH**"), with Euroclear Bank SA/NV ("**Euroclear**") initially being entered in the Register as the sole registered holder.

A service agreement dated 6 July 2026 (as amended, restated or supplemented from time to time, the "**Service Agreement**") has been entered into between the Issuer and SHCH as registrar as described in the Service Agreement. The Service Agreement is written in Chinese only and is governed by the laws of the People's Republic of China.

A fiscal agency agreement to be dated on or around 23 July 2026 (as amended, restated or supplemented from time to time, the "**Fiscal Agency Agreement**") will be entered into between the Bank, the Issuer and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as fiscal agent and paying agent in relation to the Notes.

The amended and restated new deed of covenant dated 10 July 2020 (as amended, restated or supplemented from time to time) executed by the Bank and the amended and restated fiscal agency

agreement dated 10 July 2020 (as amended, restated or supplemented from time to time) entered into between the Bank and The Bank of New York Mellon, London Branch as fiscal agent and calculation agent, The Bank of New York Mellon SA/NV, Luxembourg Branch as principal registrar and principal transfer agent and The Bank of New York Mellon, Hong Kong Branch as CMU lodging and paying agent, CMU registrar and CMU transfer agent, in each case in relation to the Programme, do not apply to the Notes.

1	Issuer:		Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch
2	(i)	Series Number:	016
	(ii)	Tranche Number:	001
	(iii)	Date on which the Notes become fungible:	Not Applicable
3	Specified Currency or Currencies:		Renminbi ("**CNY**")
4	Aggregate Nominal Amount:		CNY3,000,000,000
5	(i)	Issue Price:	100.00 per cent. of the Aggregate Nominal Amount
	(ii)	Net proceeds:	Approximately CNY2,993,000,000
6	(i)	Specified Denominations:	CNY1,000,000 and integral multiples of CNY10,000 in excess thereof
	(ii)	Calculation Amount:	CNY10,000
7	(i)	Issue Date:	23 July 2026
	(ii)	Interest Commencement Date:	Issue Date
8	Maturity Date:		Interest Payment Date falling on or nearest to 23 July 2029
9	Interest Basis:		1.68 per cent. Fixed Rate
10	Redemption/Payment Basis:		Redemption at par
11	Change of Interest or Redemption/ Payment Basis:		Not Applicable
12	Put/Call Options:		Not Applicable
13	Date of corporate approval for issuance of Notes obtained:		1 June 2026

14	Listing:	HKSE and SGX-ST Listing of the Notes is expected to become effective on 24 July 2026
15	Method of distribution:	Syndicated
16	Date of regulatory approval for issuance of Notes obtained:	NDRC approval dated 10 April 2026

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17	**Fixed Rate Note Provisions**	Applicable
	(i) Rate of Interest:	1.68 per cent. per annum payable semi-annually in arrear
	(ii) Interest Payment Date(s):	23 January and 23 July in each year adjusted in accordance with the Modified Following Business Day Convention
	(iii) Fixed Coupon Amount(s):	Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01 (CNY0.005 being rounded upwards)
	(iv) Broken Amount(s):	Not Applicable
	(v) Day Count Fraction:	Actual/365 (Fixed)
	(vi) Determination Dates:	Not Applicable
	(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
18	**Floating Rate Note Provisions:**	Not Applicable
19	**Zero Coupon Note Provisions:**	Not Applicable
20	**Index-Linked Interest Note/other variable-linked interest Note Provisions:**	Not Applicable
21	**Dual Currency Note Provisions:**	Not Applicable

PROVISIONS RELATING TO REDEMPTION

22	**Call Option:**	Not Applicable

23	**Put Option:**	Not Applicable
24	**Final Redemption Amount of each Note:**	CNY10,000 per Calculation Amount
25	**Early Redemption Amount**	
	(i) Early Redemption Amount (Tax) per Calculation Amount payable on redemption for taxation reasons and/or the method of calculating the same (if required or if different from that set out in the Conditions):	CNY10,000 per Calculation Amount
	(ii) Early Termination Amount per Calculation Amount payable on mandatory redemption on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	CNY10,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26	**Form of Notes:**	The Notes will be issued in registered dematerialised form by inscription in the Register maintained by SHCH, with Euroclear initially being entered in the Register as the sole registered holder. The Notes will be constituted by the Deed of Covenant. The holders of the Notes are entitled to the benefit of, and are bound by and are deemed to have notice of the provisions of the Deed of Covenant (the form of which is attached as Schedule 6 (*Form of Deed of Covenant*) to this Pricing Supplement). Definitive certificates are not contemplated to be issued in respect of the Notes. See Schedule 3 (*Introduction to Yulan Bonds*) to this Pricing Supplement.

		The section of the Offering Circular entitled "*Summary of Provisions Relating to the Notes While in Global Form*" does not apply to the Notes.
27	Additional Financial Centre(s) or other special provisions relating to payment dates:	Hong Kong and Shanghai
28	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	Not Applicable
29	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
30	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	Not Applicable
31	Redenomination, renominalisation and reconventioning provisions:	Not Applicable
32	Any applicable currency disruption/fallback provisions:	Not Applicable
33	Other terms or special conditions:	As set out in Schedule 1 (*Terms and Conditions of the Notes*) and Schedule 6 (*Form of Deed of Covenant*) to this Pricing Supplement. See also Schedule 2 (*Additional Risk Factors*) and Schedule 3 (*Introduction to Yulan Bonds*) to this Pricing Supplement.

DISTRIBUTION

34	(i)	If syndicated, names of Managers:	1. Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch 2. SPDB International Capital Limited 3. Shanghai Pudong Development Bank Co., Ltd. Singapore Branch

4. Agricultural Bank of China Limited Hong Kong Branch
5. Bank of China Limited
6. Bank of China (Hong Kong) Limited
7. BOSC International Securities Limited
8. China CITIC Bank International Limited
9. CMB Wing Lung Bank Limited
10. Guotai Junan Securities (Hong Kong) Limited
11. Mizuho Securities Asia Limited
12. Bank of Communications Co., Ltd. Hong Kong Branch
13. China Construction Bank (Asia) Corporation Limited
14. China Everbright Bank Co., Ltd., Hong Kong Branch
15. China Galaxy International Securities (Hong Kong) Co., Limited
16. China Industrial Securities International Brokerage Limited
17. China International Capital Corporation Hong Kong Securities Limited
18. China Minsheng Banking Corp., Ltd. Hong Kong Branch
19. China Securities (International) Corporate Finance Company Limited
20. China Zheshang Bank Co., Ltd. (Hong Kong Branch)
21. Chiyu Banking Corporation Limited
22. CLSA Limited
23. CMBC Securities Company Limited
24. CNCB (Hong Kong) Capital Limited

25. Haitong International Securities Company Limited

26. Hua Xia Bank Co., Limited Hong Kong Branch

27. Huatai Financial Holdings (Hong Kong) Limited

28. Industrial and Commercial Bank of China (Asia) Limited

29. Industrial Bank Co., Ltd. Hong Kong Branch

30. Orient Securities (Hong Kong) Limited

31. SDIC Securities (Hong Kong) Limited

32. Shenwan Hongyuan Securities (H.K.) Limited

33. Standard Chartered Bank

(ii) Stabilisation Manager(s) (if any): Any of the Managers appointed and acting in its capacity as stabilisation manager, provided that China CITIC Bank International Limited shall not be appointed or act as stabilisation manager

35 If non-syndicated, name and address of Dealer: Not Applicable

36 Total commission and concession: The Issuer has agreed to pay the Managers a management and underwriting commission based on the gross subscription moneys of the Notes

37 Private Bank Rebate/Commission: Not Applicable

38 U.S. Selling Restrictions: Reg. S Category 1
TEFRA Not Applicable

39 Prohibition of Sales to EEA Retail Investors: Not Applicable

Prohibition of Sales to UK Retail Investors: Not Applicable

40 Additional selling restrictions: The selling restriction related to Singapore as set out on page 177 of the Offering Circular should be deleted in its entirety and the following should apply to the Notes:

		Each Manager has acknowledged that the Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

OPERATIONAL INFORMATION

41	ISIN Code:	CND1000BD3T7
42	Common Code:	343468962
43	CMU Instrument Number:	Not Applicable
44	Any clearing system(s) other than Euroclear/Clearstream and the CMU and the relevant identification number(s):	Euroclear See Schedule 4 (*Clearance and Settlement*) to this Pricing Supplement for further information. The section of the Offering Circular entitled "*Clearance and Settlement*" does not apply to the Notes.
45	Delivery:	Delivery against payment
46	Additional Paying Agent(s) (if any):	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) is the fiscal agent and paying agent for the Notes

GENERAL

47	The aggregate principal amount of the Notes issued has been translated into United States dollars at the rate of U.S.$1 = CNY6.7909, producing a sum of (for Notes not denominated in United States dollars):	Approximately U.S.$441,767,660
48	Ratings:	The Programme is rated "Baa2" by Moody's Investors Service, Inc. and "BBB+" by Fitch Ratings, Inc., but not rated by any other rating agency including S&P Global Ratings. The Notes to be issued are expected to be rated: "Baa2" by Moody's Investors Service, Inc. and "AA-" by Lianhe Ratings Global Limited.

HONG KONG SFC CODE OF CONDUCT

49	Rebates:	Not Applicable
50	Contact email addresses where underlying investor information in relation to omnibus orders should be sent:	spdbhk.dcm@spdb.com.cn; dcm@spdbi.com; abchk.dcm@abchina.com; dcmhk@bocgroup.com; dcm@bochk.com; gmd_syndicate@bochk.com; TMG_Syndicate@cncbinternational.com; bondissuance@cmbwinglungbank.com; dcm.navigator@gtjas.com.hk; MizuhoGC_Execution@hk.mizuho-sc.com; dcm@bankcomm.com.hk; dcm.cebhk@cebbank.com.hk; dcm.execution@chinastock.com.hk; hkdcm@cmbc.com.cn; DCM_HK@csci.hk; ib.dcm.fig@clsa.com; dcm@htisec.com; dcm@hxb.com.cn; cmd_dcm@cibhk.com; codcm@dfzq.com.hk
51	Marketing and Investor Targeting Strategy:	As indicated in the Offering Circular

USE OF PROCEEDS

The net proceeds from the issue of the Notes will be used for overseas business expansion and debt refinancing.

STABILISATION

In connection with the issue of the Notes, the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be discontinued at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for listing on the HKSE and the SGX-ST of the Notes described herein pursuant to the U.S.$5,000,000,000 Medium Term Note Programme of Shanghai Pudong Development Bank Co., Ltd.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of:
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch (Incorporated in the People's Republic of China with limited liability)

By: .....
Duly authorised

Name: JIA HONG REN

Title: Chief Executive

By: .....
Duly authorised

Name: HUNG CHUNG SUAN DICKY

Title: Deputy Chief Executive

SCHEDULE 1

TERMS AND CONDITIONS OF THE NOTES

TERMS AND CONDITIONS OF THE NOTES

In respect of the Notes (as defined below) only, the section entitled "Terms and Conditions of the Notes" in the Offering Circular shall be deleted in its entirety and replaced by the following:

The following is the text of the terms and conditions (the "**Conditions**"), subject to completion and amendment and as supplemented or varied in accordance with the provisions of the pricing supplement dated 16 July 2026 (the "**Pricing Supplement**"), which shall be applicable to the Notes. All capitalised terms not defined in these Conditions shall have the meanings given to them in the Pricing Supplement and the Fiscal Agency Agreement (as defined below). References in the Conditions to "Notes" are to this series of Notes only, and not to any other notes that may be issued under the Programme (as defined below).

The CNY3,000,000,000 1.68 per cent. notes due 2029 (the "**Notes**", which term shall include, unless the context otherwise requires, any additional securities issued in accordance with Condition 11 (*Further Issues*) and consolidated and forming a single series therewith) are issued by Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch (the "**Issuer**") under U.S.$5,000,000,000 Medium Term Note Programme (the "**Programme**") of Shanghai Pudong Development Bank Co., Ltd. (the "**Bank**"). The Notes are constituted by a deed of covenant dated on or about 23 July 2026 (the "**Issue Date**") (as amended, restated or supplemented from time to time, the "**Deed of Covenant**") executed by the Issuer and the Bank and are the subject of a fiscal agency agreement dated on or about the Issue Date (as amended or supplemented from time to time, the "**Fiscal Agency Agreement**") between the Issuer, the Bank and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). A service agreement dated 6 July 2026 (as amended, restated or supplemented from time to time, the "**Service Agreement**") has been entered into in relation to the Notes between the Issuer and Shanghai Clearing House (银行间市场清算所股份有限公司) ("**SHCH**") as registrar as described in the Service Agreement (the "**Registrar**", which expression, where the context so admits, includes any successor registrar appointed from time to time in connection with the Notes). The Service Agreement is written in Chinese only and is governed by PRC laws. References herein to the "**Agents**" are to the Registrar, the Fiscal Agent and the Paying Agents and any reference to an "**Agent**" is to any one of them. Certain provisions of these Conditions are summaries of the Fiscal Agency Agreement, the Service Agreement and the Deed of Covenant and are subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all provisions of the Fiscal Agency Agreement, the Service Agreement and the Deed of Covenant applicable to them.

For the avoidance of doubt, (i) the amended and restated new deed of covenant dated 10 July 2020 executed by the Bank, and (ii) the amended and restated fiscal agency agreement dated 10 July 2020 entered into between the Bank, The Bank of New York Mellon, London Branch, The Bank of New York Mellon, Hong Kong Branch and The Bank of New York Mellon SA/NV, Luxembourg Branch, in each case in relation to the Programme, do not apply to the Notes.

As used in these Conditions, "**Tranche**" means Notes that are issued on the same date at the same issue price and in respect of which the first payment of interest is identical.

So long as any Note is outstanding, copies of the Fiscal Agency Agreement, the Service Agreement and the Deed of Covenant are available for inspection upon prior written request and proof of

holding and identity to the satisfaction of the Fiscal Agent during usual business hours (being from 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the principal office of the Fiscal Agent (presently at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong) and at the specified offices of the other Paying Agents.

1. FORM, DENOMINATION AND TITLE

The Notes will be issued in the Specified Denomination as set out in the Pricing Supplement in dematerialised registered form by inscription in a register (the "**Register**") maintained by the Registrar, with Euroclear Bank SA/NV ("**Euroclear**") initially being entered in the Register as the sole registered holder. No certificate or other evidence of title, other than the Deed of Covenant, will be issued by, or on behalf of, the Issuer to evidence title to a Note unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation. The Notes are debt obligations of the Issuer owing under the Deed of Covenant.

When the Notes are held in an account with the Relevant Clearing System and an accountholder in whose name an interest in the Notes is entered on the books and records of the Relevant Clearing System, the amount of interest in the Notes as shown in the books and records of the Relevant Clearing System held by such accountholder shall represent the entire holding of interest in the Notes of that accountholder.

In these Conditions:

"**Noteholder**" or, in respect of any Note, "**holder**" means the person whose name appears in the account of the relevant accountholder as being entitled to such Note; and

"**Relevant Clearing System**" means Euroclear and/or any other alternative clearing system or systems designated pursuant to a cooperation agreement entered into between Euroclear and SHCH.

2. TRANSFERS OF NOTES

(a) **Transfers of Notes**: Transfers of interests in the Notes which are held in an account with the Relevant Clearing System, in collaboration with SHCH, will be effected in accordance with the rules of the Relevant Clearing System in effect from time to time, and any transferee acquiring such interests in the Notes will be required to have and maintain an account with the Relevant Clearing System. Noteholders may not require transfers to be effected on the PRC Payment Business Day (as defined in Condition 7(h) (*Definitions*)) prior to (i) the due date for any payment of principal or interest in respect of the Notes, or (ii) any date on which the Notes have been called for redemption by the Issuer pursuant to Condition 6(b) (*Redemption for taxation reasons*).

(b) **Transfer Free of Charge:** Transfers of Notes shall be effected without charge to the relevant holder by or on behalf of the Issuer or the Registrar but upon (i) payment by the relevant Noteholder of any and all tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar may require) and (ii) the Registrar being satisfied in its absolute discretion with the documents of title and identity of the person making the application.

(c) **Closed period:** Noteholders may not request transfers to be effected on the day prior to the due date for any payment of principal or interest in respect of the Notes.

3. STATUS OF THE NOTES

The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least pari passu with all other present and future unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

4. COVENANT

(a) **Negative pledge**: So long as any Note remains outstanding (as defined in the Fiscal Agency Agreement), the Bank shall not, and the Bank shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto securing the Notes equally and rateably therewith or providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of Noteholders.

(b) **Financial reports***:* So long as any Note remains outstanding, the Issuer shall make publicly available and send to the Fiscal Agent and, upon request, to any Noteholder:

(i) as soon as they are available and in any event not more than 120 days after the end of each financial year, a copy of the audited annual financial statements in English (audited by an internationally recognised firm of independent accountants) of the Bank; and

(ii) as soon as practicable after their date of publication and in any event not more than 90 days after the end of each financial period, a copy of the semi-annual and quarterly financial statements (which comprise a consolidated balance sheet, consolidated income statement and consolidated cash flow statement) in the Chinese language prepared on a basis consistent with the audited financial statements of the Bank.

(c) *Notification to the NDRC:* The Issuer (acting through the Bank) undertakes to:

(i) file or cause to be filed with the NDRC the requisite information and documents within the relevant prescribed timeframes from time to time after the Issue Date in accordance with the NDRC Measures; and

(ii) comply with the NDRC Measures and other obligations required by the NDRC as they apply to the Notes.

(d) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Macau**" means the Macau Special Administrative Region of the PRC;

"**NDRC**" means the National Development and Reform Commission of the PRC or its local counterparts;

"**NDRC Measures**" means the Administrative Measures for the Review and Registration of Medium and Long-Term Foreign Debt of Enterprises（企業中長期外債審核登記管理辦法（國家發展和改革委員會令第 56 號）） issued by the NDRC on 5 January 2023 and which came into effect on 10 February 2023, and any implementation rules, reports, certificates and guidelines and applicable policies issued by the NDRC from time to time;

"**Hong Kong**" means the Hong Kong Special Administrative Region of the PRC;

"**Permitted Security Interest**" means any Security Interest over any assets of the Bank as security for credit-linked debt securities, equity-linked debt securities or asset-backed securities issued by the Bank (including its branches);

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**PRC**" means the People's Republic of China excluding Hong Kong, Macau and Taiwan;

"**Relevant Indebtedness**" means any indebtedness, or any guarantee or indemnity, for money borrowed or raised which (i) has an original maturity of one year or above and (ii) is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is issued outside the PRC and which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

5. **INTEREST AND OTHER CALCULATIONS**

(a) **Accrual of interest:** The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest, payable in arrear on each Interest

Payment Date, subject as provided in Condition 7 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (both before and after judgment) until the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(b) **Interest amount:** The amount of interest payable in respect of each Note for any Interest Period or any other period shall be calculated by multiplying the product of the Rate of Interest for such period and the Calculation Amount by the Day Count Fraction as set out in the Pricing Supplement, and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount.

(c) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means any day (other than a Sunday or a Saturday) on which commercial banks and foreign exchange markets are open for business and settle Renminbi payments in Hong Kong, and are not authorised or obligated by law or executive order to be closed;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the Pricing Supplement. In this context, "**Modified Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day;

"**Calculation Amount**" has the meaning given in the Pricing Supplement;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the Pricing Supplement, and "**Actual/365 (Fixed)**" means the actual number of days in the Calculation Period divided by 365;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the Pricing Supplement;

"**Interest Payment Date**" means any date or dates specified as such in, or determined in accordance with the provisions of, the Pricing Supplement and, as the same may be adjusted in accordance with the Business Day Convention;

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"**Rate of Interest**" means the rate of interest payable from time to time in respect of the Notes and that is either specified in, or calculated in accordance with, the provisions in the Pricing Supplement;

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), or such other amount in the nature of a redemption amount as may be specified in the Pricing Supplement;

"**Specified Currency**" has the meaning given in the Pricing Supplement; and

"**Specified Denomination**" has the meaning given in the Pricing Supplement.

6. **REDEMPTION, PURCHASE AND OPTIONS**

(a) **Scheduled redemption**: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 7 (*Payments*).

(b) **Redemption for taxation reasons**: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) and to the Fiscal Agent, at their Early Redemption Amount (Tax) (together with interest accrued (if any) to the date fixed for redemption), if:

(i) the Bank or the Issuer has or will become obliged to pay Additional Tax Amounts as provided for or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, **however**, **that** no such notice of redemption shall be given earlier than:

(A) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts if a payment in respect of the Notes were then due; or

(B) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by two duly authorised officers of the Issuer stating that the Issuer is entitled to effect such

redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 6(b) the Issuer shall be bound to redeem the Notes in accordance with this Condition 6(b).

(c) **No other redemption**: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Condition 6(a) (*Scheduled redemption*) and Condition 6(b) (*Redemption for taxation reasons*) above.

(d) **Purchases**: The Issuer, the Bank or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.

(e) **Cancellation**: All Notes so redeemed or purchased by the Issuer, the Bank or any of its Subsidiaries shall be cancelled and may not be reissued or resold.

(f) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the Pricing Supplement;

"**Maturity Date**" has the meaning given in the Pricing Supplement; and

"**Tax Jurisdiction**" means the PRC and Hong Kong, or in each case any political subdivision therein or any authority therein or thereof having power to tax.

7. PAYMENTS

(a) **Payment of principal and interest**: Payments of principal and interest shall be made by transfer to an account denominated in Renminbi and maintained by the payee with a bank in Hong Kong. So long as the Notes are held in an account with the Relevant Clearing System, each payment will be made by the Relevant Clearing System to the person shown as the accountholder in the books and records of the Relevant Clearing System at the close of business of the Relevant Clearing System on the PRC Payment Business Day before the due date for such payments or otherwise in accordance with the rules of the Relevant Clearing System in effect from time to time. Each payment to the Relevant Clearing System in accordance with these Conditions shall discharge the Issuer's relevant payment obligations under the Notes.

(b) **Payments subject to Fiscal Laws**: All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*), any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or

agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto.

(c) **No commissions chargeable**: No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) **Payments on business days***:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated on the due date for payment. A holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.

(e) **Partial payments***:* If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and reflected in the records of the Relevant Clearing System.

(f) **Record date***:* Subject to Condition 7(a) (*Payment of principal and interest*), each payment in respect of a Note will be made to the person shown as the holder in the Register at the opening of business in the place of the relevant Registrar's specified office on the fifth Business Day before the due date for such payment.

(g) **Appointment of Agents**: The Fiscal Agent, the Paying Agent and the Registrar initially appointed by the Issuer and their respective specified offices are listed in the Fiscal Agency Agreement. Each of the Fiscal Agent, the Paying Agent and the Registrar acts solely as agents of the Issuer and the Bank and does not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Paying Agent or the Registrar and to appoint additional or other Paying Agent(s), provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar, (iii) a Paying Agent and (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 12 (*Notices*).

(h) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Additional Financial Centre(s)**" means the city or cities specified as such in the Pricing Supplement.

"**Payment Business Day**" means any day on which dealings in foreign currencies (including settlement of Renminbi payments) may be carried on in Hong Kong and the Additional Financial Centre(s).

"**PRC Payment Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business (including dealing in foreign currencies) in Beijing.

8. TAXATION

(a) All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of a Tax Jurisdiction or any political subdivision therein or any authority therein or thereof having power to tax, unless such withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law.

(b) Where such withholding or deduction is made by the Issuer as a result of the Issuer being deemed to be a PRC tax resident by or on behalf of the PRC or any political subdivision thereof or authority therein or thereof having power to tax at the rate applicable in the PRC on the Issue Date (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by the Noteholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

(c) In the event that the Issuer is required to make a deduction or withholding (i) by or on behalf of the PRC or any political subdivision thereof or authority therein or thereof having power to tax in excess of the Applicable Rate; or (ii) by or within a Tax Jurisdiction (other than the PRC), the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in respect of any Note held by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note.

(d) If the Issuer becomes subject at any time to any taxing jurisdiction other than the Tax Jurisdiction(s), references in these Conditions to the Tax Jurisdiction(s) shall be construed as references to the Tax Jurisdiction(s) and/or such other jurisdiction.

9. EVENTS OF DEFAULT

If any of the following events occurs:

(a) **Non-payment***:* the Issuer fails to pay any amount of principal or interest in respect of the Notes on the due date for payment thereof and in the case of interest, such failure continues for a period of seven days; or

(b) **Breach of other obligations***:* the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Deed of Covenant or the Fiscal Agency Agreement and such default remains unremedied for 45 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the specified office of the Fiscal Agent; or

(c) **Cross-acceleration of Bank or Subsidiary**:

(i) any indebtedness for money borrowed of the Bank or any of its Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such indebtedness for money borrowed becomes due and payable prior to its stated maturity otherwise than at the option of the Bank or (as the case may be) the relevant Subsidiary or (provided that no event of default, howsoever described, has occurred) any person entitled to such indebtedness for money borrowed or raised; or

(iii) the Bank or any of its Subsidiaries fails to pay when due any amount payable by it under any guarantee or indemnity of any indebtedness for money borrowed,

provided that the amount of indebtedness referred to in sub-paragraph 9(c)(i) and/or sub-paragraph 9(c)(ii) above and/or the amount payable under any guarantee or indemnity referred to in sub-paragraph 9(c)(iii) above, individually or in the aggregate, exceeds U.S.$25,000,000 (or its equivalent in any other currency or currencies); or

(d) **Security enforced***:* a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets and revenues of the Bank or any of its Principal Subsidiaries; or

(e) **Insolvency etc***:* (i) the Bank or any of its Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Bank or any of its Principal Subsidiaries or the whole or a material part of the undertaking, assets and revenues of the Bank or any of its Principal Subsidiaries, (iii) the Bank or any of its Principal Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee or indemnity of any indebtedness given by it or (iv) the Bank or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business, except (x) in the case of any Subsidiary of the Bank, where the cessation is for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, merger or consolidation whereby the business, undertaking and assets of such Subsidiary are transferred to or otherwise vested in the Bank and/or another Subsidiary, or (y) on terms approved by an Extraordinary Resolution of the Noteholders; or

(f) **Winding up etc***:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Bank or any of its Principal Subsidiaries; or

(g) **Analogous event***:* any event occurs which under the laws of the relevant Tax Jurisdiction has an analogous effect to any of the events referred to in Condition 9(d) (*Security enforced*) to Condition 9(f) (*Winding up etc*) above; or

(h) **Unlawfulness***:* it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Deed of Covenant,

then any Noteholder may, by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent, declare the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Termination Amount together with accrued interest (if any) without further action or formality. Notice of any such declaration shall promptly be given by the Issuer to the

Noteholders in accordance with Condition 12 (*Notices*). In any event, the Issuer shall notify the Fiscal Agent and the Noteholders promptly upon becoming aware of the occurrence of any Event of Default.

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Early Termination Amount**" means, in respect of any Note, its principal amount; and

"**Principal Subsidiary**" means any Subsidiary of the Bank:

(a) whose gross revenues (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) or whose gross assets (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) or net profit (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) represent not less than five per cent. of the consolidated gross revenues, the consolidated gross assets or consolidated net profit, as the case may be, of the Bank and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest audited or reviewed financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited or reviewed consolidated financial statements of the Bank, provided that:

(i) in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited or reviewed consolidated financial statements of the Bank relate for the purpose of applying each of the foregoing tests, the reference to the Bank's latest audited or reviewed consolidated financial statements shall be deemed to be a reference to such audited or reviewed financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant audited or reviewed financial statements, adjusted as deemed appropriate by the auditor for the time being, after consultation with the Bank; and

(ii) if at any relevant time in relation to the Bank or any Subsidiary no financial statements are prepared and audited, its gross revenues, gross assets and net profit (consolidated, if applicable) shall be determined on the basis of *pro forma* financial statements (consolidated, if applicable) prepared for this purpose; or

(b) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Principal Subsidiary, whereupon (A) in the case of a transfer by a Principal Subsidiary, the transferor Principal Subsidiary shall immediately cease to be a Principal Subsidiary and (B) the transferee Subsidiary shall immediately become a Principal Subsidiary, provided that on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined pursuant to the provisions of sub-paragraph (a) above.

A certificate by a duly authorised officer of the Bank that in his/her opinion (making such adjustments (if any) as he/she shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Principal Subsidiary shall, in

the absence of manifest error, be conclusive and binding on the Bank, the Issuer and the Noteholders.

10. MEETING OF NOTEHOLDERS AND MODIFICATIONS

(a) **Meetings of Noteholders**: The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more Persons holding or representing more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that a Reserved Matter may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more Persons holding or representing not less than three quarters or, at any adjourned meeting, one quarter, of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of not less than 90 per cent. of the Noteholders who are for the time being entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) **Modification**: The Notes, these Conditions and the Deed of Covenant may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless (i) it is of a formal, minor or technical nature, (ii) it is made to correct a manifest error or (iii) it is a modification which neither contradicts these Conditions nor is materially prejudicial to the interests of the Noteholders. Any determination as to material prejudice applying to the interests of the Noteholders pursuant to this Condition 10 shall be made by the Bank and the Issuer and none of the Agents shall have any responsibility or liability whatsoever with respect to such determination.

In these Conditions, "**Reserved Matter**" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution.

11. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest and the timing for notification of, or, as the case may be, reporting to, the NDRC and/or such other applicable competent authority) so as to form a single series with the Notes.

12. **NOTICES**

(a) So long as the Notes are held in an account with the Relevant Clearing System, notices to the holders of the Notes may be given by publication on the website of the relevant stock exchange or relevant authority in respect of which the Notes are being listed or admitted to trading. Any such notice will be deemed to have been given on the date of the first publication.

(b) If permitted by the rules and procedures of the Relevant Clearing System and SHCH, notices to the holders of the Notes may be given by delivery of the relevant notice to the Relevant Clearing System (through SHCH or otherwise) for communication by the Relevant Clearing System to entitled accountholders in substitution for publication as required by Condition 12(a) above. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to the Relevant Clearing System.

13. **CURRENCY INDEMNITY**

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

14. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

15. **GOVERNING LAW AND JURISDICTION**

(a) **Governing Law**: The Notes, the Deed of Covenant, the Fiscal Agency Agreement and any non-contractual obligations arising out of or in connection with the Notes, the Deed of Covenant and the Fiscal Agency Agreement are governed by English law.

(b) **Jurisdiction**: The courts of Hong Kong have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes, the Deed of Covenant and the Fiscal Agency Agreement.

(c) **Appropriate forum***:* The Issuer agrees that the courts of Hong Kong are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(d) **Service of process:** The Issuer agrees that the documents which start any proceedings relating to a Dispute ("**Proceedings**") and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to the principal place of business of the Issuer at 30/F., SPD Bank Tower, One Hennessy, 1 Hennessy Road, Hong Kong, or to such other person with an address in Hong Kong and/or at such other address in Hong Kong as the Issuer may specify by notice in writing to the Noteholders. Nothing in this Condition 15(d) shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition 15(d) applies to Proceedings in Hong Kong and to Proceedings elsewhere.

(e) **Consent to enforcement etc.**: The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.

(f) **Waiver of immunity**: To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

SCHEDULE 2

ADDITIONAL RISK FACTORS

This section describes certain selected risk factors relating to the Notes. Please also see "Risk Factors" in the Offering Circular for a complete list of risk factors relating to the Notes.

New Yulan bond initiative provided by SHCH and Euroclear.

Investors should be aware that the Notes are Yulan bonds to be issued pursuant to the initiative established by SHCH and Euroclear in December 2020 and that there are limited instances in the past where Yulan bonds have been issued. In particular, the Notes are different in certain respects from typical eurobonds including:

- the requirement for each accountholder of Euroclear who holds an interest in the Notes to provide the Legal Entity Identifier ("**LEI**") code(s) of such accountholder (if such account holder is also the underlying investor) or the underlying investors (to the extent the relevant investor is a legal entity whereas a LEI code is applicable to it) who hold a beneficial interest in the Notes through such accountholder, to Euroclear in order to purchase the Notes;

- the issue, registration, transfer, settlement and clearing of, and payment under the Notes are subject to the procedures of SHCH and Euroclear;

- no successor to Euroclear has been specified under the cooperation agreement (the "**Cooperation Agreement**") between Euroclear and SHCH, and as such there is no certainty as to which successor clearing system will hold the Notes in the event that Euroclear terminates the Cooperation Agreement. In the event of closure of Euroclear or SHCH, an investor may not be able to obtain a record of its beneficial interest in the Notes, which could cause a delay or make it impossible for the Issuer to make payment to the relevant investor;

- the Notes will be initially issued in dematerialised form and definitive notes may not be issued unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation; and

- as at the date of this Pricing Supplement, the rules and operational procedures of Yulan bonds are still under development, and there are limitations on certain aspects such as collection of instructions from the accountholders and investors.

Please refer to Schedule 3 (*Introduction to Yulan Bonds*) and Schedule 4 (*Clearance and Settlement*) of this Pricing Supplement for further details.

In addition, each accountholder of Euroclear who holds an interest in the Notes must rely on the arrangement between SHCH and Euroclear for the records relating to beneficial interests in the Notes. The number of potential holders of the Notes could be limited and there can be no assurance that the liquidity of the Notes would not be affected.

There are potential PRC tax consequences for investors in relation to the Notes.

There is no rule or regulation publicly known and currently effective in the PRC which sets out the PRC stamp duty implications of the issuance, sale or transfer of bonds, notes or other securities in

the PRC. Currently, no PRC stamp duty has been imposed on the issuance, sale or transfer of bonds, notes or other securities issued by the Issuer in China. As at the date of this Pricing Supplement, the issuance or sale or transfer of the Notes in the PRC is not subject to any PRC stamp duty. The Notes are to be issued within the quota of foreign debt pursuant to the Approval by the Certificate of Review and Registration of Enterprises' Borrowing of Foreign Debt (《企业借用外债审核登记证明》(发改办外债[2026]124 号)) dated 10 April 2026 granted by the National Development and Reform Commission and will be governed by English law. However, there can be no assurance as to whether the PRC tax authorities will interpret that the Notes are entered into, received, issued or delivered in the PRC purely because SHCH is the registrar of the Notes. In addition, there can be no assurance as to whether the PRC tax authorities will promulgate rules or regulations with respect to PRC stamp duty in the future. Therefore, if the PRC tax authorities interpret that the Notes are entered into, received, issued or delivered in the PRC and they promulgate rules or regulations with respect to stamp duty in the future, there can be no assurance that the stamp duty would not be imposed on the transfer of the Notes and uncertainty remains as to what the tax rate would be at that time.

Please also refer to the risk factor entitled "*Gains on the transfer of the Notes may become subject to income taxes under PRC tax laws.*" in the Offering Circular.

Before investing in the Notes, each prospective investor should understand thoroughly (either alone or with the help of its own tax adviser) the possible PRC tax consequences of buying, holding or selling any Notes and the procedures for paying relevant taxes.

SCHEDULE 3

INTRODUCTION TO YULAN BONDS

The following summary describes certain key features of Yulan bonds. In considering whether to invest in the Notes, which will be Yulan bonds to be issued pursuant to the initiative established by SHCH and Euroclear in December 2020, prospective investors should consider all the information in this Pricing Supplement, including but not limited to the risks and uncertainties described in the Offering Circular and this Pricing Supplement. In particular, there are certain key differences between Yulan bonds and eurobonds including procedures and requirements of SHCH and Euroclear which are unique to Yulan bonds, some of which are described in this Schedule. Prospective investors should consult their own independent advisers and make their own assessment of any potential risks in making any investment decision with the Notes.

Yulan bonds

Yulan bonds (including the Notes) are issued pursuant to an initiative established by SHCH and Euroclear in December 2020 through which Yulan bonds are issued, registered, settled and cleared. Yulan bonds are offshore bonds denominated in Euroclear eligible currencies issued by PRC incorporated entities (including offshore entities or branches under their control) pursuant to the cooperation between SHCH and Euroclear.

Provision of LEI code

In order to be an eligible investor for the Notes, an investor needs to have an account registered with Euroclear or participate indirectly through a custodian who has an account registered with Euroclear and such accountholder of Euroclear who holds an interest in the Notes is required to submit an investor disclosure certificate indicating the LEI code(s) of itself (if such accountholder is also the underlying investor) or the underlying investor(s) (to the extent the relevant investor is a legal entity whereas a LEI code is applicable to it) who holds a beneficial interest in the Notes through such accountholder, to Euroclear pursuant to the requirement of the Yulan bond initiative in order to subscribe for any Notes. For further details, see Schedule 4 (*Clearance and Settlement*) of this Pricing Supplement. Investors who have an existing Euroclear account may obtain the form of such investor disclosure certificate directly from Euroclear. For prospective investors who are not registered with Euroclear, they may participate in the purchase of the Notes via a custodian who has an account registered with Euroclear, and the relevant custodian may obtain the form of such investor disclosure certificate directly from Euroclear. None of the Issuer, the Bank or the Managers shall be responsible for filling out such investor disclosure certificate or submitting any investor's LEI code on its behalf to Euroclear.

Similarly, subsequent transfers of the Notes can only be made to holders with accounts (either by themselves or through their custodians) registered with Euroclear, and who provide their respective LEI codes (to the extent the relevant holder is a legal entity whereas a LEI code is applicable to it).

Additionally, there is no bridge settlement between Euroclear and other clearing systems in respect of the Notes. For example, an investor holding an interest in the Notes through an account with the CMU Service in respect of the Notes held in Euroclear will hold that interest through the account which the CMU Service has with Euroclear.

Holders of beneficial interest in the Notes must rely on the procedures and Cooperation Agreement between Euroclear and SHCH

Prospective investors and accountholders of Euroclear who hold a beneficial interest in the Notes must rely on the procedures of Euroclear and SHCH with respect to the issue, registration, transfer, settlement, clearing of and payment under the Notes, and the enforcement of the Noteholders' rights against the Issuer. Investors will acquire direct rights against the Issuer and the Bank in limited circumstances specified in the Deed of Covenant.

Distributions of principal, premium (if any) or interest with respect to the Notes held through Euroclear will be credited to the accounts of Euroclear participants in accordance with its rules and procedures.

The Issuer will not be responsible or liable for the records relating to, or payments made in respect of, beneficial interests in the Notes held through the facilities of any clearing system. The Notes will be issued in dematerialised form entered by inscription in a register maintained by SHCH, with Euroclear initially being entered in the register as the sole registered holder. Pursuant to the Cooperation Agreement entered into between Euroclear and SHCH, if Euroclear notifies SHCH that the Cooperation Agreement is to be terminated, Euroclear has agreed to transfer the Notes to one or more participant(s) of SHCH (as the successor clearing platform) and, upon the instructions of Euroclear, SHCH will enter the name of such participant(s) as the registered holder(s) of the Notes. The Cooperation Agreement is a bilateral agreement between Euroclear and SHCH entered into pursuant to the abovementioned initiative and is not available to third parties for inspection. Unlike traditional eurobonds, definitive certificates may not be issued in respect of the Notes (which will be issued in dematerialised form) if (i) Euroclear is closed for business for a prescribed period or announces an intention to permanently cease business, or (ii) any circumstance described in Condition 9 (*Events of Default*) of the Conditions occurs. In the circumstance described in (i), pursuant to the Cooperation Agreement, Euroclear has agreed that the Notes shall be transferred to one or more participant(s) of SHCH (as the successor clearing platform) by Euroclear and the registration of such successor clearing platform as the registered holder and a holder of a beneficial interest in the Notes must rely on such arrangement for the records relating to beneficial interests in the Notes. As at the date of this Pricing Supplement, a named successor to Euroclear has not been specified under the Cooperation Agreement nor the Conditions.

Notices and provisions relating to meetings of Noteholders

The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of the Conditions. Any such modification may be made if sanctioned by the passing of certain resolutions by Noteholders. The quorum at any meeting convened to vote on any resolution or procedures to give any consent will be subject to the rules of Euroclear in effect from time to time.

SCHEDULE 4

CLEARANCE AND SETTLEMENT

The section entitled "Clearance and Settlement" in the Offering Circular shall be deleted in its entirety and replaced as follows:

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear (the "**Clearing System**"), in collaboration with SHCH, pursuant to the Yulan bond initiative, currently in effect. The information in this section concerning the Clearing System has been obtained from sources that the Issuer and the Bank believe to be reliable, but none of the Issuer, the Bank or any Manager takes any responsibility for the accuracy thereof and undue reliance should not be placed on any such information. Prospective investors should read and understand the prevailing rules and procedures of the relevant clearing systems before making any investment decision.*

Investors wishing to use the facilities of the Clearing System are advised to confirm the continued applicability of the rules, regulations and procedures of the Clearing System. None of the Issuer, the Bank, the Managers or any other party to the Fiscal Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial interests in the Notes held through the facilities of the Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Shanghai Clearing House

The following has been extracted from the company profile of SHCH and the Issuer or the Bank takes no responsibility or liability for the description of SHCH set out below.

SHCH was established on 28 November 2009. It is an important financial market infrastructure approved and directed by the People's Bank of China (the "**PBOC**") and is a qualified central counterparty (合格中央对手方) accepted by the PBOC and also one of the central securities depositories in China.

The main business of SHCH includes registration, custody, clearing, settlement, delivery, margin management and collateral management for direct and indirect RMB and foreign currency transactions and derivatives transactions in financial market; information service and consultancy service, etc.

Euroclear

Euroclear holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between its account holders. Euroclear provides various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear also deals with domestic securities markets in several countries through established depository and custodial relationships.

Euroclear's customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors in the Notes need to be eligible investors who are registered with Euroclear.

In September 2018, the PBOC published Reply of the General Office of the People's Bank of China on Approving the Cooperation between Shanghai Clearing House and Euroclear Bank SA/NV to Facilitate the Issuance of USD Denominated Bonds by Issuers to International Investors (《中国人民银行办公厅关于同意上海清算所与欧清银行合作为发行人面向国际投资者发行美元债券提供便利的批复》) amended by Reply of the General Office of the People's Bank of China on Approving the Cooperation between Shanghai Clearing House and Euroclear Bank SA/NV to Facilitate the Issuance of Bonds Denominated in All Currencies by Issuers to International Investors (《中国人民银行办公厅关于同意上海清算所与欧清合作为境内机构面向国际投资者发行全币种境外债券提供相关服务的批复》) in August 2020, authorising the issuance of Yulan bonds in dematerialised form entered in Euroclear, in collaboration with SHCH, to international investors. Investors should note that the practice of issuing, registering, settling and clearing of Notes in Euroclear, in collaboration with SHCH may be further altered and refined.

In December 2020, SHCH and Euroclear established the initiative, through which the Yulan bonds are issued, registered, settled and cleared.

It is a mandatory requirement of the Yulan bond initiative that each accountholder of Euroclear who holds a beneficial interest in the Notes will be required to submit a one-off investor disclosure certificate – China (the "**RG 621 form**"), indicating the LEI code(s) of such accountholder (if such accountholder is also the underlying investor) or the underlying investor(s) (to the extent the relevant investor is a legal entity whereas a LEI code is applicable to it) who holds a beneficial interest in the Notes through such accountholder, together with a settlement instruction (which shall also include the relevant LEI code(s)) via EasyWay or SWIFT, to Euroclear in order to subscribe for any Notes. Each RG 621 form is to be submitted to Euroclear at least two or three Euroclear Business Days prior to the Issue Date. Each settlement instruction is to be submitted to Euroclear at least one Euroclear Business Day prior to the Issue Date. "**Euroclear Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January. Investors who have an existing Euroclear account may obtain the RG 621 form from Euroclear's newsletter or the official website of Euroclear. For prospective investors who are not registered with Euroclear, they may participate in the purchase of the Notes via a custodian who has an account registered with Euroclear, and the relevant custodian may obtain the form of such investor disclosure certificate directly from Euroclear. None of the Issuer, the Bank or the Managers shall be responsible for filling out any RG 621 form or submitting any investor's LEI code on its behalf to Euroclear. In this paragraph, "**one-off**" means an investor or its custodian/agent who uses its Euroclear account to trade the Notes will not be required to re-fill or re-submit the RG 621 form once it has completed the RG 621 form.

Similarly, subsequent transfers of the Notes can only be made to holders with accounts (either by themselves or through their custodians) registered with Euroclear, and who provide their respective LEI codes (to the extent the relevant holder is a legal entity whereas a LEI code is applicable to it). Euroclear will reject a settlement instruction on the basis that (i) such settlement instruction contains no LEI code, or (ii) the LEI code in such settlement instruction is incorrectly formatted, or (iii) Euroclear is not able to identify such LEI code.

Additionally, there is no bridge settlement between Euroclear and other clearing systems in respect of the Notes. For prospective investors who are not registered with Euroclear, they may participate in the purchase of the Notes via a custodian/agent account with Euroclear who may be required to settle the relevant Notes on their behalf. If any investor needs to place an order through its custodian/agent, its custodian/agent shall ensure that the requirements of Euroclear are met and, where such underlying investor is required to provide a settlement instruction to its

custodian/agent, such custodian/agent shall be responsible for filling out the RG 621 form, indicating its LEI code and submitting it to Euroclear in order to purchase any Notes. The settlement instruction is subject to the mutual arrangement between such underlying investor and its custodian/agent.

For the avoidance of doubt, the RG 621 form is required to disclose the LEI code of each beneficial holder of the Notes (to the extent the relevant beneficial holder is a legal entity whereas a LEI code is applicable to it). Investors trading in principal and custodians trading on behalf of underlying investors for the first time, will need to submit such form to Euroclear on behalf of itself or the relevant underlying investors trading through custodians, respectively.

SCHEDULE 5

PRC TAXATION

The section entitled "Taxation – PRC Taxation" in the Offering Circular shall be deleted in its entirety and replaced as follows:

PRC Taxation

The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of Mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Noteholders in this section. In considering whether to invest in the Notes, potential purchasers should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Income Tax

Pursuant to the PRC Enterprise Income Tax Law and the PRC Individual Income Tax Law as well as their respective implementation rules, an income tax is levied on the payment of interest in respect of debt securities issued by enterprises established within the territory of the PRC to non-resident enterprises (including Hong Kong enterprises) and non-resident individuals (including Hong Kong resident individuals) (together, the "**Non-resident Holders**"). The current rates of such income tax are 20 per cent. (for non-resident individuals) and 10 per cent. (for non-resident enterprises) of the gross amount of the interest unless there is an applicable tax treaty between the PRC and the jurisdiction in which the Non-resident Holders reside that reduces or exempts such PRC income tax. The tax so charged on interest paid on the Notes to Non-resident Holders which, or who, are residents of Hong Kong (including enterprises and individuals) for purposes of the avoidance of the double taxation arrangement between the PRC and Hong Kong may be reduced to 7 per cent. of the gross amount of the interest pursuant to the arrangement between the PRC and Hong Kong, provided that such Hong Kong residents qualify as beneficial owners of the interest and the application for avoidance of double taxation has been approved by the competent PRC tax authority.

The Issuer, acting as the withholding agent in accordance with applicable law, shall withhold such income tax from the payment of interest to the relevant Non-resident Holders who are located outside of the PRC.

Value-Added Tax

On 25 December 2024, the National People's Congress issued the new Value-added Tax law (the ''**New VAT Law**''), which was effective on 1 January 2026. Pursuant to the New VAT Law, value-added tax ("**VAT**") is applicable where the entities or individuals provide services within the PRC. The revenues generated from the taxable sale of services by entities and individuals, such as financial services, shall be subject to VAT, if the seller of the services is within the PRC or the services are consumed within the PRC (including services provided to the entities or individuals located within the PRC by the entities or individuals outside of the PRC). Accordingly, if the Issuer is deemed to be a PRC resident enterprise in the PRC by the PRC tax authorities, the interest and other interest like earnings derived from such products and received by a non-PRC resident Noteholder from the Issuer may be subject to PRC VAT. The Issuer may be required to withhold VAT on payments of interest and certain other amounts on the Notes paid to Noteholders that are non-resident

enterprises or individuals. If the Bank would make the payments of interest and certain other amounts on the Notes to Noteholders that are non-resident enterprises or individuals, such Noteholders shall be subject to the VAT at the rate of six per cent.

Where Noteholders are located outside of the PRC, the Issuer, acting as the withholding agent in accordance with applicable law, may be required in such instance to withhold VAT from the payment of interest income to Noteholders.

Additionally, VAT is unlikely to be applicable to any transfer of Notes between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Notes, but there is uncertainty as to the applicability of VAT if the seller of Notes is located inside the PRC.

However, the new VAT Law and its implementation, together with other laws and regulations pertaining to VAT, are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties. Thus, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise or otherwise as located in the PRC for VAT purposes and as a result be required to withhold VAT (should such tax apply) from the payments of interest in respect of the Notes for any Noteholders located outside of the PRC. The Issuer has agreed to pay additional amounts to holders of the Notes, subject to certain exceptions, so that holders of the Notes would receive the full amount of the scheduled payment.

Stamp Duty

Pursuant to the Stamp Tax Law of the People's Republic of China ("**Stamp Tax Law**") effective on 1 July 2022, any entity or individual which enters into or receives any of the documents listed in the Stamp Tax Law shall pay stamp duty. There is no rule or regulation publicly known and currently effective in the PRC which sets out the PRC stamp duty implications of the issuance, sale or transfer of bonds, notes or other securities in the PRC, and currently, no PRC stamp duty has been imposed on the issuance, sale or transfer of bonds, notes or other securities issued by commercial banks in China. As at the date of this Pricing Supplement, the issuance or sale or transfer of the Notes in the PRC is not subject to any PRC stamp duty. The Notes are to be issued pursuant to the Approval by the Certificate of Review and Registration of Enterprises' Borrowing of Foreign Debt (《企业借用外债审核登记证明》(发改办外债[2026]124 号)) dated 10 April 2026 granted by the National Development and Reform Commission and will be governed by English law. However, there can be no assurance as to whether the PRC tax authorities will interpret that the Notes are entered into, received, issued or delivered in the PRC purely because Shanghai Clearing House is the registrar of the Notes. In addition, there can be no assurance as to whether the PRC tax authorities will promulgate rules or regulations with respect to PRC stamp duty in the future. Therefore, if the PRC tax authorities interpret that the Notes are entered into, received, issued or delivered in the PRC and they promulgate rules or regulations with respect to stamp duty in the future, there can be no assurance that the stamp duty would not be imposed on the transfer of the Notes and uncertainty remains as to what the tax rate would be at that time.

SCHEDULE 6

FORM OF DEED OF COVENANT

Clifford Chance

Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch

CNY3,000,000,000 1.68 per cent. Notes due 2029

issued under
Shanghai Pudong Development Bank Co., Ltd.
U.S.$5,000,000,000
Medium Term Note Programme

DEED OF COVENANT

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THIS DEED OF COVENANT is made on 23 July 2026

BY

(1) **SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD.,** a joint stock limited company incorporated in the People's Republic of China with limited liability (the "**Bank**"); and

(2) **SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD., HONG KONG BRANCH**, a joint stock limited company incorporated in the People's Republic of China with limited liability (the "**Issuer**").

IN FAVOUR OF

(3) **THE ACCOUNTHOLDERS** (as defined below); and

(4) **THE PERSONS** for the time being and from time to time registered as holders of the Notes referred to below (and together with the Accountholders, the "**Beneficiaries**").

WHEREAS

(A) The Bank and the Issuer have authorised the creation and issue of CNY3,000,000,000 in aggregate principal amount of 1.68 per cent. Notes due 2029 (the "**Notes**") under the Programme (as defined below).

(B) The Issuer has established a U.S.$5,000,000,000 medium term note programme (the "**Programme**") for the issuance of notes, in connection with which the Bank (on behalf of itself and each of its branches located outside the PRC) has acceded to as issuer by, among other things, entering into an amended and restated dealer agreement dated 13 November 2018 between the Bank, the Issuer and the Dealers named therein, as further amended and restated on 9 July 2026, concerning the purchase of notes to be issued pursuant to the Programme and a fiscal agency agreement dated 13 November 2018, as further amended and restated on 10 July 2020 (the "**Programme Agency Agreement**") between the Bank, the Issuer and the agents named therein. In connection with the Programme, a new deed of covenant dated 13 November 2018 was entered into between the parties herein, as further amended and restated on 10 July 2020 (the "**Programme Deed of Covenant**"). The Programme Deed of Covenant and the Programme Agency Agreement do not apply to the Notes.

(C) The Bank and the Issuer will, in relation to the Notes only and not in respect of any other notes issued under the Programme, enter into a fiscal agency agreement dated on or about 23 July 2026 (as amended, restated or supplemented from time to time, the "**Fiscal Agency Agreement**") with China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as fiscal agent (the "**Fiscal Agent**") and the other paying agents named therein.

(D) The Issuer, in relation to the Notes only and not in respect of any other notes issued under the Programme, entered into a service agreement dated 6 July 2026 (as amended, supplemented and/or restated from time to time, the "**Service Agreement**") with Shanghai

Clearing House (银行间市场清算所股份有限公司) ("**SHCH**") as registrar as described in the Service Agreement (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes). The Service Agreement is written in Chinese only and is governed by PRC laws.

(E) Euroclear Bank SA/NV ("**Euroclear**") and SHCH have entered into a cooperation agreement dated 8 December 2020 (as amended, restated and/or supplemented from time to time, the "**Cooperation Agreement**").

(F) The Notes will be in registered form and in the denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof. The Notes will be issued in dematerialised form by inscription in a register maintained by SHCH with Euroclear initially being entered in the register as the sole registered holder. No certificate or other evidence of title, other than this Deed, will be issued by, or on behalf of, the Issuer to evidence title to the Notes unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.

(G) Each of the Bank and the Issuer wishes to constitute the Notes by deed poll and to make arrangements for the protection of the interests of the Beneficiaries.

THIS DEED OF COVENANT WITNESSES as follows:

1. INTERPRETATION

1.1 Definitions

In this Deed of Covenant the following expressions have the following meanings:

"**Accountholder**" means any accountholder or participant with a Relevant Clearing System which at the Determination Date has credited to its securities account with such Relevant Clearing System one or more Entries in respect of the Notes;

"**Conditions**" means the terms and conditions of the Notes (as scheduled to the Fiscal Agency Agreement and as modified by the pricing supplement dated 16 July 2026 and from time to time in accordance with their terms and with respect to any Notes held in an account with Euroclear, in collaboration with SHCH, by the rules and procedures of Euroclear and SHCH in effect from time to time), and any reference to a numbered "**Condition**" is to the correspondingly numbered provision thereof;

"**Determination Date**" means the date on which (i) Euroclear is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or (ii) any of the circumstances described in Condition 9 (*Events of Default*) occurs;

"**Direct Rights**" means the rights referred to in Clause 3.1 (*Creation*);

"**Entry**" means any entry which is made in the securities account of any Accountholder with a Relevant Clearing System in respect of Notes;

"**Holder**" means a person in whose name a Note is registered in the Register (as defined below) or, in the case of joint holders, the first named thereof;

"**Principal Amount**" means, in respect of any Entry, the aggregate principal amount of the Notes to which such Entry relates; and

"**Relevant Clearing System**" means each of Euroclear and/or any other alternative clearing system or systems designated pursuant to the Cooperation Agreement.

1.2 **Other Defined Terms**

Terms not otherwise defined in this Deed of Covenant should have the same meaning as in the Conditions.

1.3 **Clauses**

Any reference in this Deed of Covenant to a Clause is, unless otherwise stated, to a clause hereof.

1.4 **Headings**

Headings and sub-headings are for ease of reference only and shall not affect the construction of this Deed of Covenant.

1.5 **Legislation**

Any reference in this Deed of Covenant to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

2. **THE NOTES**

2.1 **Creation of Notes**

2.1.1 Each of the Bank and the Issuer hereby constitutes the Notes and covenants in favour of each Noteholder that it will duly perform and comply with the obligations expressed to be undertaken by it in this Deed of Covenant and the Conditions (and for this purpose any reference in the Conditions to any obligation or payment under or in respect of the Notes shall be construed to include a reference to any obligation or payment under or pursuant to this provision).

2.1.2 The Notes will be issued in dematerialised form by inscription in the Register, with Euroclear initially being entered in the Register as the sole registered holder and will remain in such form unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.

2.1.3 So long as the Notes are held with the Relevant Clearing System, the Conditions are modified by rules and procedures of the Relevant Clearing System in effect from time to time.

2.2 **Register**

The Issuer undertakes to the Beneficiaries that it shall procure the Registrar to establish and maintain a register of the registered holder of the Notes (the "**Register**") in accordance with the Conditions.

2.3 **Promise to Pay**

The Issuer, for value received, hereby promises to pay such principal sum (including any applicable premium) to the Holder on the Maturity Date or on such earlier date or dates as the same may become payable in accordance with the Conditions, and to pay interest on such principal sum in arrear on the dates and at the rate specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

3. **DIRECT RIGHTS**

3.1 **Creation**

Each Accountholder shall on and from the Determination Date have against the Issuer all rights ("**Direct Rights**") which such Accountholder would have had in respect of the Notes if, immediately before the Determination Date, it had been the Holder of Notes in an aggregate principal amount equal to the Principal Amount of such Accountholder's Entries, including (without limitation) the right to receive all payments due at any time in respect of the Notes.

3.2 **No Further Action**

No further action shall be required on the part of the Bank, the Issuer or any other person:

3.2.1 Direct Rights: for the Accountholders to enjoy the Direct Rights;

3.2.2 Benefit of the Conditions: for each Accountholder to have the benefit of the Conditions as if they had been incorporated *mutatis mutandis* into this Deed of Covenant,

provided, however, that nothing herein shall entitle any Accountholder to receive any payment which has already been made in respect of the Notes in accordance with the Conditions.

4. **EVIDENCE**

4.1 **Records**

The records of the Relevant Clearing Systems shall, in the absence of manifest error, be conclusive as to the identity of the Accountholders and the respective amounts of Notes credited to their securities accounts and a statement issued by a Relevant Clearing System setting out:

4.1.1 the name of the Accountholder in respect of which it is issued; and

4.1.2 the Principal Amount of any Entry credited to the securities account of such Accountholder with such Relevant Clearing System on any date,

shall, in the absence of manifest error, be conclusive evidence for all purposes of this Deed of Covenant.

4.2 **Determination Date**

If a Relevant Clearing System determines the Determination Date, such determination shall be binding on all Accountholders with such Relevant Clearing System.

5. **TITLE TO ENTRIES**

5.1 **Accountholder Entitled to Enforce**

Any Accountholder is entitled to enforce its rights arising out of this Deed of Covenant in respect of any Entry in which its own name is entered without using the name of or obtaining any authority from any predecessor in title.

5.2 **Payment to Accountholder**

Each Accountholder is entitled to receive payment of the amount due in respect of each of its Entries and of all other sums referable to its Direct Rights to the exclusion of any other person and payment in full by the Issuer to or to the account of such Accountholder shall discharge the Issuer from all obligations in respect of each such Entry and such Direct Rights.

6. **DEPOSIT OF DEED OF COVENANT**

This Deed of Covenant shall be deposited with and held by the Fiscal Agent until the date on which all the obligations of the Issuer under or in respect of the Notes (including, without limitation, its obligations under this Deed of Covenant) have been discharged in full. The Issuer hereby acknowledges the right of every Beneficiary to the production of this Deed of Covenant.

7. **STAMP DUTIES**

The Bank and the Issuer shall pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which may be

payable upon or in connection with (a) the execution and delivery of this Deed of Covenant, (b) the constitution and issue of the Notes and (c) any action taken by (where permitted under this Deed of Covenant so to do) any Beneficiaries to enforce the Issuer's or the Bank's respective obligations, as the case may be, under this Deed of Covenant, and shall indemnify each Beneficiary against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which it may incur or which may be made against it as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

8. BENEFIT OF DEED OF COVENANT

8.1 Deed Poll

This Deed of Covenant shall take effect as a deed poll for the benefit of the Beneficiaries from time to time.

8.2 Benefit

This Deed of Covenant shall enure to the benefit of each Accountholder and its (and any subsequent) successors and assigns and each Noteholder, each of which shall be entitled severally to enforce this Deed of Covenant against the Issuer or the Bank.

8.3 Assignment

Neither the Bank nor the Issuer shall be entitled to assign or transfer all or any of its rights, benefits and obligations under this Deed of Covenant. Each Beneficiary shall be entitled to assign all or any of its rights and benefits hereunder.

9. PARTIAL INVALIDITY

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity nor enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

10. NOTICES

10.1 Address for Notices

All notices and other communications to the Bank and the Issuer hereunder shall be made in writing (by letter or fax) and shall be sent to the Bank and the Issuer at:

To the Bank

SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD.
12, Zhongshan Road (E-1), Shanghai 200002, the People's Republic of China

Fax: + 86 6323 1129
Attention: Assets & Liabilities and Financial Management Department

To the Issuer

SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD., HONG KONG BRANCH
30/F., SPD Bank Tower, One Hennessy, 1 Hennessy Road, Hong Kong

Fax: +852 3997 1337
Attention: Treasury Department

or to such other address or fax number or for the attention of such other person or department as the Bank and the Issuer have notified to the Noteholders in the manner prescribed for the giving of notices in connection with the Notes.

10.2 Effectiveness

Every notice or other communication sent in accordance with Clause 10.1 (*Address for Notices*) shall be effective upon receipt by the Bank and the Issuer *provided, however, that* any such notice or other communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the Bank and the Issuer.

11. LAW AND JURISDICTION

11.1 Governing Law

This Deed of Covenant and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

11.2 Jurisdiction

The courts of Hong Kong have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising out of or in connection with this Deed of Covenant (including a dispute relating to the existence, validity or termination of this Deed of Covenant) or the consequences of its nullity.

11.3 **Appropriate Forum**

Each of the Bank and the Issuer agrees that the courts of Hong Kong are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

11.4 **Service of Process**

Each of the Bank and the Issuer agrees that the documents which start any proceedings relating to a Dispute ("**Proceedings**") and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to the principal place of business of the Issuer at 30/F., SPD Bank Tower, One Hennessy, 1 Hennessy Road, Hong Kong, or to such other person with an address in Hong Kong and/or at such other address in Hong Kong as the Bank or the Issuer may specify by notice in writing to the Beneficiaries. Nothing in this Clause 11.4 shall affect the right of any Beneficiary to serve process in any other manner permitted by law. This Clause 11.4 applies to Proceedings in Hong Kong and to Proceedings elsewhere.

11.5 **Consent to Enforcement etc.**

Each of the Bank and the Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.

11.6 **Waiver of Immunity**

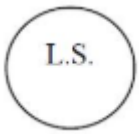
To the extent that the Bank and the Issuer may in any jurisdiction claim for themselves or their assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Bank and the Issuer or their assets or revenues, each of the Bank and the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

12. **MODIFICATION**

The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of this Deed of Covenant. Any such modification may be made by supplemental deed poll if sanctioned by an Extraordinary Resolution and shall be binding on all Beneficiaries.

IN WITNESS whereof this Deed of Covenant has been executed by the parties hereto and is intended to be and is hereby delivered on the date first before written.

EXECUTED as a **DEED** under seal by)
SHANGHAI PUDONG DEVELOPMENT)
BANK CO., LTD. and)
SIGNED, SEALED and **DELIVERED**)
as a **DEED** on its behalf by)
)
_____)
duly authorised by)
SHANGHAI PUDONG DEVELOPMENT)
BANK CO., LTD.)



In the presence of:

_____ Signature of witness
Name:
Address:
Occupation:

EXECUTED as a **DEED** under seal by)
SHANGHAI PUDONG DEVELOPMENT)
BANK CO., LTD., HONG KONG BRANCH and)
SIGNED, SEALED and **DELIVERED**)
as a **DEED** on its behalf by)
)
_____)
duly authorised by)
)
)
_____)
duly authorised by)
SHANGHAI PUDONG DEVELOPMENT)
BANK CO., LTD., HONG KONG BRANCH)



In the presence of:

_____ Signature of witness
Name:
Address:
Occupation: