上海科创银行

Shanghai Innovation Bank

2025 Annual Report

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This report is the 2025 Annual Report of Shanghai Innovation Bank Co., Ltd. (the Bank). According to the Commercial Bank Information Disclosure Policy issued by the former China Banking Regulatory Commission (the former CBRC), this report, including the financial statement and report of the auditors and other information, has been reviewed and approved by the Board of Directors.

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Important Notice

Important Notice

1. The Board of Directors and the Directors and Senior Management of the Bank warrant that the information presented in this Annual Report is true, accurate and complete, contains no false record, misleading statement or material omission, and accept joint and several liability for the information contained herein.

2. This Report was reviewed and approved at the 22nd Meeting of the Fourth Board of Directors held on 28 April 2026, with all Directors attending in person and exercising their voting rights.

3. The 2025 financial statements of the Bank prepared in accordance with the Accounting Standards for Business Enterprises and the International Financial Reporting Standards have both been audited by KPMG Huazhen LLP (Special General Partnership), which issued a standard unqualified audit opinion.

4. KANG Jie, Chairman of the Board of Directors, Jade LU, President of the Bank, and Timothy TIAN, Chief Financial Officer, hereby warrant the authenticity, accuracy and completeness of the financial statements presented in this Annual Report.

5. There was no non-operating appropriation of the Bank's funds by its controlling shareholder or any of its related parties.

6. The Bank provided no external guarantee in violation of the required decision-making procedures.

7. Risk Warning on Forward-Looking Statements: The Bank has no foreseeable material risks. The principal risks facing the Bank in its operations mainly include credit risk, market risk, liquidity risk and operational risk. The Bank has taken various measures to effectively manage and control these operating risks, as detailed in the Risk Management section of this Report.

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Corporate Profile and Financial Abstract

Financial Abstract

(in RMB millions)	2025	2024
From 1 January to 31 December		
Operating income	421.36	455.99
Operating expenses	346.33	375.69
Operating profit	75.03	80.30
Profit before income tax	75.02	80.31
Net profit	55.48	70.70
Balance Sheet at 31 December		
Loans and advances	8,374.14	8,633.12
Total assets	23,945.52	22,080.75
Customer deposits	21,488.89	19,689.11
Total liabilities	21,684.68	19,865.26
Total owner's equity	2,260.84	2,215.49
Capital adequacy ratio	15.29%	14.94%

Notes:
Operating income = Net interest income + Net fee and commission income + Losses on investments + Other income + Profit/loss on changes in fair value + Foreign exchange gains + Other operating income

Operating expenses = Tax and surcharges + General and administrative expenses + Credit losses + Impairment on credit losses

Operating profit = Operating income - Operating expenses

Profit before income tax = Operating profit + Non-operating income - Non-operating expenses

Net profit = Profit before income tax - Income tax expense

Corporate Profile

SPD Silicon Valley Bank Co., Ltd. received regulatory approval for its establishment from the former CBRC on 14 October 2011 (Yin Jian Han [2011] No. 278), and was officially opened on 30 July 2012 as approved by the former CBRC (Yin Jian Fu [2012] No. 415).

With approvals from the National Financial Regulatory Authority (NFRA) and relevant market supervision authorities, the Bank changed its name to Shanghai Innovation Bank Co., Ltd., with a registered capital of RMB1 billion on 18 October 2024.

Beijing Branch received regulatory approval for its banking license from the former CBRC Beijing Bureau on 30 December 2016 (Jing Yin Jian Fu [2016] No. 733), and was officially opened on 1 March 2017. Shenzhen Branch received regulatory approval for its banking license from the former CBRC Shenzhen Bureau on 24 August 2018 (Shen Yin Jian Fu [2018] No. 201), and was officially opened on 1 November 2018. Suzhou Branch received regulatory approval for its banking license from the former CBIRC Suzhou Bureau on 28 December 2021 (Su Yin Bao Jian Fu [2021] No. 551), and was officially opened on 1 June 2022.

Registered address of the Bank: 21/F and Units 01, and 06B of 22/F, Block B, Baoland Plaza, No. 588, Dalian Road, Yangpu District, Shanghai (Postcode: 200082).

Tel: (8621) 35963088

Fax: (8621) 35963099/35963199

The Bank moved to the above address on 25 May 2015 from 2/F and 3/F, Block A, North America Plaza, No. 518, Kunming Road, Yangpu District, Shanghai.

The main business of the Bank covers all foreign exchange businesses for all customers and RMB businesses for customers other than Chinese citizens, including: absorption of public deposits, grant of short-term, medium-term and long-term loans, settlement, bill acceptance and discounting, purchase and sale of government bonds and financial bonds, purchase and sale of foreign negotiable securities other than stocks, L/C and L/G services, domestic and international settlement and clearing, foreign exchange trading (self-operation and on an agency basis), agency insurance business, interbank borrowing, bank card business, safe box business, credit inquiry and consulting services, and other businesses approved by the banking regulatory authority under the State Council.

The Bank is committed to serving China's innovation companies and the innovation ecosystem, and to promoting the sustainable development of innovation. The Bank strives to provide one-stop, full-lifecycle financial services to high-growth startups in frontier technologies and future industries, including AI and digital transformation, life science and healthcare, advanced manufacturing and robotics, climate technology and new energy, and integrated circuits, etc. Additionally, the Bank seeks to serve as a gateway for global investors, partners, and innovation companies to access China's innovation ecosystem.

03

Corporate Governance

Corporate Governance

Overall Conditions

In 2025, the Bank promoted the modernization of its corporate governance system and capability, and continuously improved its corporate governance structure. The Bank strived to build a clear shareholding structure and a sound organizational structure, clarified the boundaries of responsibilities among the shareholder, the Board of Directors and Senior Management, and ensured that all governance bodies exercise their rights and fulfil their obligations in accordance with the principles of compliance with the scope of respective responsibilities, accountability, coordinated operation and effective checks and balances, thereby safeguarding the legitimate rights and interests of all stakeholders. The Bank is committed to building a commercial bank that is well-capitalized, strictly controlled in internal governance, secure in operation, sound in performance, and strong social responsibility.

During the reporting period, in accordance with the revised Company Law and the requirements for supervisory board reform, and upon the shareholder's resolution, the Bank's amended Articles of Association were approved by the Shanghai Office of the NFRA on 12 August 2025. The Bank no longer has supervisors, with its statutory functions under the Company Law and applicable regulatory requirements now exercised by the Audit Committee of the Board of Directors.

Shareholder

Shanghai Pudong Development Bank Co., Ltd. is the shareholder of the Bank. The Bank does not have a shareholder's meeting. Instead, the shareholder exercises the relevant powers and makes decisions.

The Board of Directors

As at 31 December 2025, the Board of Directors of the Bank consisted of the following members:

Name	Title	Name	Title
KANG Jie	Chairman	Jade LU	Executive Director, President
ZHANG Hui	Non-executive Director	GE Liang	Non-executive Director
SHEN Jiaxing	Non-executive Director	LU Xiongwen	Independent Director
SHI Guifeng	Independent Director		

Changes in Board Membership in 2025

In accordance with shareholder resolution and upon approval by the Shanghai Office of the NFRA, effective August 2025, Ms. ZHANG Hui and Mr. GE Liang began serving as non-executive directors of the Bank, while Ms. DU Xiaozhe and Ms. YUAN Rui ceased to serve as non-executive directors. Mr. SHI Guifeng began serving as an independent director of the Bank, effective the same month.

Mr. LU Xiongwen, independent director of the Bank, resigned on 26 December 2025. As Mr. LU had served as an independent director of the Bank for more than six consecutive years, and in accordance with relevant regulations, he applied to resign from his position of independent director of the Board and from his positions on the Board's special committees.

In 2025, the cumulative number of changes to the Bank's Board membership exceeded one-third of the total number of Board members.

Post-reporting Period Events: Changes in Board Membership in 2026

On 15 January 2026, the Bank received the Approval from the Shanghai Municipal Financial Regulatory Bureau Regarding the Qualification of Mr. HOU Funing to Serve as an Independent Director of Shanghai Innovation Bank Co., Ltd. (Hu Jin Fu [2026] No. 18). The NFRA Shanghai Office approved Mr. HOU Funing's qualification to serve as an independent director of the Bank. Mr. HOU Funing's term of office took effect on 15 January 2026, and will continue until the expiration of the term of the Bank's fourth Board of Directors. Mr. LU Xiongwen ceased to serve on the same date.

On 28 February 2026, as per shareholder's resolution, Mr. SHEN Jiaxing ceased to serve as a non-executive director of the Bank.

Performance of the Board of Directors

The Board of Directors is responsible to and reports to the shareholder, and performs its duties according to the Bank's Articles of Association.

The Board of Directors duly performed its fiduciary and supervisory duties. The Board of Directors and its special committees monitored risks and oversaw the performance of Senior Management by hearing reports from Senior Management and reviewing reports on the performance of internal control and risk management. As such, the Board and its special committees played an active role in areas such as formulating the Bank's strategic development plan and business plan, appointing Senior Management, and overseeing internal and external audit and risk management.

The Bank's independent directors diligently and conscientiously performed their duties as both independent directors and chairpersons of the Board's special committees. They actively participated in Board meetings and, drawing on their professional expertise and practical experience, provided independent opinions and recommendations on significant matters concerning the Bank's operations. As at the end of the reporting period, the annual remuneration standard for the Bank's independent directors was RMB100,000 per year (tax inclusive).

In 2025, the Board of Directors held a total of 14 meetings, conducted either in person or virtually. At these meetings, the Board deliberated and approved key resolutions, including the Bank's budget and final accounts, business plans, the appointment and remuneration of Senior Management, and employee compensation plans. During the year, the Strategy Committee held 2 meetings, the Nomination and Remuneration Committee held 5 meetings, and the Risk Management and Related Party Transactions Control Committee held 2 meetings (before September 2025, the Risk Management Committee and the Related Party Transactions Control Committee held joint meetings). After September 2025, the Risk Management Committee held 2 meetings and the Related Party Transactions Control Committee held 2 meetings. The Audit Committee held 4 meetings.

As of the end of the reporting period, the members of special committees under the Board of Directors are:

Special Committee	Chairperson of the Committee	Committee Members
Strategy Committee	KANG Jie	Jade LU, ZHANG Hui, LU Xiongwen
Nomination and Remuneration Committee	SHI Guifeng	KANG Jie, ZHANG Hui
Risk Management Committee	LU Xiongwen	Jade LU, GE Liang
Related Party Transactions Control Committee	LU Xiongwen	GE Liang, SHEN Jiaxing
Audit Committee	SHI Guifeng	ZHANG Hui, GE Liang

From the end of the reporting period to the date on which this report was reviewed and approved by the Board of Directors, the composition of the Board's special committees was as follows:

Special Committee	Chairperson of the Committee	Committee Members
Strategy Committee	KANG Jie	Jade LU, ZHANG Hui, HOU Funing
Nomination and Remuneration Committee	SHI Guifeng	KANG Jie, ZHANG Hui
Risk Management Committee	HOU Funing	Jade LU, GE Liang
Related Party Transactions Control Committee	HOU Funing	GE Liang, SHI Guifeng
Audit Committee	SHI Guifeng	ZHANG Hui, GE Liang

Senior Management

Under the leadership of the Board of Directors, the Bank's Senior Management abides by laws, regulations and the Articles of Association, honors its duties of loyalty and due diligence, implements the Bank's strategy, and effectively advances the Bank's business development, internal control, risk management and corporate culture building.

Members of the Bank's Senior Management include the President, Executive Vice Presidents, and Board Secretary, etc. As at 31 December 2025, the Senior Management members are:

Name	Title
Jade LU	President
Allan AO	Executive Vice President, Head of Corporate Banking
Ivy YANG	Executive Vice President, Board Secretary & Head of Board of Directors Office
Amy CHENG	Executive Vice President
Timothy TIAN	Executive Vice President, Chief Financial Officer & Head of Human Resources

On 6 August 2025, Mr. Timothy TIAN was officially approved by the Shanghai Office of the NFRA for the qualifications to serve as Executive Vice President and Chief Financial Officer, and he assumed his role on 12 August 2025.

Effective 15 September 2025, Ms. Amy CHENG, formerly Executive Vice President, Chief Risk Officer and Head of Risk Management, ceased holding the latter two positions due to the mandatory job rotation requirement for tenure avoidance, as approved by the Board of Directors. She remains an Executive Vice President, overseeing the Information Technology Center and Operations Management Center.

Information Disclosure

The Bank has formulated an information disclosure policy consistent with regulatory guidelines. In addition to information disclosed to regulatory authorities, there is also information disclosed to the public. The Bank timely discloses its annual information to the public through public platforms such as the Bank's website and submits it to regulators as required. The Bank uses its official website for ad hoc disclosures of important information such as corporate governance structure, Board members, Senior Management team, fee schedules, and branch establishment.

External Auditor

As approved by the shareholder, the Bank appointed KPMG HuaZhen LLP (Special General Partnership), Shanghai Branch as its external auditor for 2025 fiscal year.

Capital Adequacy

As at 31 December 2025, the Bank had RMB2,152 million of net Common Equity Tier 1 (CET1) capital, comprising: RMB1 billion of paid-in capital, RMB1,035 million of capital reserve, RMB (1 million) of other comprehensive income, RMB25 million of surplus reserve, and RMB202 million of general risk reserve.

The calculation of the Bank's capital adequacy ratio covers credit risk, market risk and operational risk, and the weighted approach, the simplified standardized approach and the basic indicator approach are adopted respectively to calculate the related risk-weighted assets.

As at 31 December 2025, the Bank had no subsidiaries, and there was no difference between the calculation scope of capital adequacy ratio and the scope of consolidated financial statement. The calculation is based on the legal entity level of the Bank, including its headquarter and all branches.

As at 31 December 2025, the CET1 capital adequacy ratio, Tier 1 capital adequacy ratio and total capital adequacy ratio of the Bank were all above regulatory requirements.

Remuneration Policy

Remuneration policy is designed to support the Bank's business strategies and objectives, enhance the effectiveness of risk management, provide flexibility to meet dynamic business needs, and to promote the Bank's core values.

i. Remuneration Management Structure

The Nomination and Remuneration Committee is a committee of the Board of Directors of the Bank. Its main duties and responsibilities are:

Studying the selection procedures and standards for directors and Senior Management, conducting preliminary reviews of their qualifications, and making recommendations to the Board of Directors; Studying the evaluation criteria for directors and Senior Management, conducting evaluations, and making recommendations to the Board of Directors; Studying and reviewing the remuneration policies and plans for directors and Senior Management, and making recommendations to the Board of Directors; Studying the appointment or dismissal of heads of key departments such as Finance, Audit, Risk, Compliance, and Human Resources, and making recommendations to the Board of Directors; Studying the internal job grade system and remuneration management system of the Bank; Supervising the implementation of the Bank's remuneration schemes and major incentive programs; and
Other duties authorized by the Board of Directors.

ii. Remuneration Structure and Total Amount

The main components of remuneration comprise fixed pay, variable pay such as performance-based incentives or bonuses, and employee benefits. Fixed pay is normally reviewed on an annual basis according to the Bank's salary review process. Merit-based increments to fixed pay take into account China market norms, external competitiveness, internal equity, and performance and contribution of the Bank/business units/individual. Variable pay is the total sum of all types of performance-based compensation, including but not limited to the types of incentive plans currently implemented by the Bank. An appropriate remuneration mix applies to all employees.

The Bank measures total annual compensation by taking into account a variety of factors, including risk control. The annual remuneration budget is reviewed by the Nomination and Remuneration Committee and approved by the Board of Directors, taking into account both quantitative and qualitative factors, including but not limited to the Bank's overall performance, achievement of strategic plans or long-term objectives, financial strength, and the expected operating environment. Performance-based compensation is closely tied to the Bank's core operating indicators, while also reflecting adequate risk coverage and the incentive and constraint requirements for the Bank's sustainable development.

In 2025, the total compensation of all employees of the Bank was RMB205.17 million. The total compensation expense for the Board of Directors and supervisors, Senior Management, Department Heads and employees in positions with a significant impact on the risks of the Bank in 2025 was RMB52.88 million.

Employees in positions with a material impact on the Bank's risks include staff with a job grade of Senior Director or above at positions such as relationship managers, credit approval officers, the head of information technology, the head of operation management, etc. The Bank reviews and adjusts the above definition from time to time based on its development scale and risk profile.

iii. Standards for Remuneration and Performance Measurement and Risk Adjustment

The Bank believes that corporate culture and employee behaviours are critical to achieving its corporate objectives and maximizing the business performance. Therefore, the overall performance of the Bank's employees is assessed based on both the achievement of individual goals and the demonstration of behaviours consistent with the Bank's core values and standards. The performance management process is transparent, fair, and applied consistently to all employees. The Bank aligns variable compensation with prudent risk-taking. If any employee violates banking laws and regulations or the Bank's internal policies and rules, depending on the severity of such violation, the employee will have their compensation and incentives reduced or forfeited, as applicable.

Remuneration may differ across different job grades and departments according to established industry norms. The Bank adheres to the principle of "pay-for-performance". Therefore, the variable pay is linked to the Bank's overall performance as well as individual employee's performance.

iv. Deferred Compensation

In the Bank, a certain portion of the performance-based compensation to all Senior Management as well as employees in positions with a material impact on the Bank's risks is paid under deferral arrangement, so as to ensure that compensation is aligned with the Bank's risk management. For Senior Management, the deferred portion of their performance-based compensation is 50% or more, and for department heads and employees in positions with a material impact on the Bank's risks, the deferral portion is 40% or more. The deferral period is three years, with equal annual payments per year (i.e., one-third of the deferred portion per year).

In the event of abnormal risk exposure within the scope of duties of Senior Management or relevant employees, the Bank has the right to claw back all performance-based compensation already paid for the corresponding period and to withhold all unpaid amounts. This clawback and withholding provisions also apply to individuals who have left the Bank. In 2025, no performance-based compensation was clawed back, withheld, or forfeited for any reason.

Risk Management

The Bank places significant emphasis on risk management, and actively pursues enterprise-wide risk management practices in accordance with regulatory requirements and industry best practices, thereby supporting the safe and stable operation and development of its business. The Bank's enterprise-wide risk management framework is designed to identify and manage risks from the highest level within a unified framework, employing a combination of qualitative and quantitative methods to identify, measure, assess, monitor, report, control and mitigate the various risks it undertakes.

The Bank's risk management is guided by three overarching objectives:

- Aligning risk management with the Bank's vision, values, mission, and overall business strategy.
- Fostering a robust risk culture that establishes risk management concepts, value principles, and professional ethics appropriate to the Bank, supported by mechanisms for training, communication, and oversight to ensure understanding and implementation by all employees. This cultivates a sense of risk management accountability from individual employees in each business unit up to the management level.
- Continuously enhancing risk management capabilities through governance mechanisms, risk control tools, risk analysis, review, and reporting in an efficient manner.

In accordance with regulatory guidance and best practices, the Bank has established a risk governance structure with a sound organizational framework and clearly defined responsibilities, operating under a "three lines of defense" risk management model. Within this structure, the Board of Directors holds the ultimate responsibility for enterprise-wide risk management and serves as the highest decision-making body for risk management. The roles and responsibilities of the Board of Directors, the Risk Management Committee, Senior Management, business units, the risk management department, internal audit department, and all employees are clearly delineated, forming a multi-tiered, interconnected, and mutually balanced operational mechanism.

Under the "three lines of defense" model:

- The business and functional departments at headquarter and branches constitute the first line of defense. They are the direct owners and managers of risks within their respective areas of activity. They perform risk management tasks including identification, assessment, control, monitoring, and reporting for risks within their business and functional scopes, and they implement relevant risk policies and procedures.
- The risk management functions form the second line of defense, operating independently from the first line. They are responsible for formulating risk management policies, providing advice, guidance, and oversight to the first line, and continuously monitoring the risk management activities of the first line to ensure risk management decisions and actions are appropriate and remain within the established risk appetite.
- Internal audit constitutes the third line of defense, responsible for conducting independent evaluations of the performance and effectiveness of the first and second lines of defense.

The three lines of defense operate independently yet collaboratively, covering headquarter and branches, all business lines, and all aspects of the enterprise-wide risk management process. Within the enterprise-wide risk management framework:

1. A written Risk Appetite Statement covering all major risk types faced by the Bank is established. The risk appetite is aligned with the Bank's strategic objectives, business plans, capital planning, performance assessments, and

compensation mechanisms. It is approved by the Board of Directors and communicated for implementation throughout the Bank.

2. A tiered and hierarchical risk indicator mechanism is established, with defined thresholds for different risk statuses for each indicator. This mechanism translates the risk appetite into specific requirements for each business line and department. The development and maintenance of this indicator mechanism enhance the sensitivity and effectiveness of the Bank's enterprise-wide risk monitoring, enabling timely detection of abnormal risks that deviate from risk tolerance levels and facilitating proactive actions to keep risks within acceptable limits.
3. Clear risk management strategies are formulated, combining qualitative and quantitative methods to identify, measure, assess, monitor, report, control, or mitigate the various risks undertaken. Mitigation measures are implemented for residual risks exceeding the Bank's risk tolerance.
4. The Bank conducts quarterly assessments of its overall risk profile to identify key risk areas and their levels. This risk profile is continuously updated to reflect changes in the Bank's business scale and complexity.
5. A comprehensive risk assessment mechanism is implemented prior to significant changes such as developing new products/businesses, making major modifications to existing products/businesses, expanding into new business domains, establishing new entities, and engaging in major acquisitions or investments. This involves comprehensively identifying and assessing the potential risks associated with such changes, formulating corresponding risk control measures, and completing the required internal approval processes.
6. The Bank regularly organizes relevant departments to conduct risk self-assessments across various risk areas. Additionally, the second line of defense conducts specialized assessments in key risk areas to provide an independent perspective and assist the first line of defense in enhancing its risk management capabilities.
7. A unified risk management governance structure integrating headquarter and branches has been established. This ensures that enterprise-wide risk management policies and procedures are understood and implemented at the branch level. A vertically integrated risk governance structure connecting headquarter and branches, along with a mechanism for headquarter-branch coordination in risk management, has been put in place.

Credit Risk

Credit risk is the risk of loss arising from a customer or counterparty failing to meet its contractual obligations. The Bank's credit risk primarily stems from on- and off-balance-sheet credit activities such as loans, trade finance, and guarantees. Additionally, interbank funding transactions and derivative transactions expose the Bank to counterparty credit risk. To enhance the precision and specialization of risk management, the Bank further identifies and manages three key sub-risk areas under credit risk: Corporate Credit Risk, Interbank Credit Risk, and Country Risk.

The Bank has established a management framework for various credit risks. It formulates unified credit risk management policies, processes and tools to provide guidance for the identification, measurement, monitoring, control, and reporting of credit risks. This framework runs through the entire process of pre-lending due diligence, credit approval, and post-lending management, and is supplemented by risk models and a multi-tiered limit management system, combined with strict limit monitoring procedures, ensuring that risk exposures are maintained within a controllable range.

In Corporate Credit Risk management, the Bank focuses on providing credit support to innovation companies. Leveraging over a decade of credit experience within the venture capital ecosystem, the Bank delves deeply into core industries, clearly defines target markets and customer segments, and combines these efforts with tracking of the venture capital market, macroeconomic conditions, and policy environment to dynamically optimize credit strategies and ensure prudent risk assumption in complex and evolving economic circumstances. At the operational level, the Bank strictly implements a segregation of loan origination and approval functions, conducts in-depth customer due diligence, and effectively assesses customer credit risk based on enterprise valuation models. Furthermore, based on customer risk ratings and categories, the Bank reviews its credit portfolio at varying frequencies, implements differentiated post-lending management, promptly tracks customers' business operations and financing conditions, and dynamically adjusts credit solutions considering external factors including industry changes and macro risk factor monitoring.

The Bank's allowance-related indicator performance for 2025:

Indicators	2025
Allowance to total loans ratio	1.61%
Allowance to NPL	133%

In Interbank Credit Risk management, the Bank has established specialized management policies to govern various credit-related transactions with licensed financial institution counterparties, including interbank placements, bond investments, derivatives trading, and foreign exchange transactions. By setting stringent interbank credit approval criteria and implementing standardized due diligence, approval processes, and post-lending management, the Bank ensures effective control over interbank counterparty credit risk. In daily monitoring, the Bank closely follows global financial market dynamics, continuously reviews counterparty risks, and responds promptly to market changes.

Country Risk, as a critical component of credit risk, is managed using risk appetite and risk limit frameworks. Considering factors such as cross-border business development strategy, country risk ratings, and the Bank's own risk appetite, country risk limits covering on- and off-balance-sheet items are established to ensure that cross-border business risks are manageable. All departments across the Bank uniformly adhere to country risk management policies and procedures, systematically identifying and monitoring potential country risks to keep exposures within controllable limits.

Market Risk

Market risk is the risk of loss or reduced earnings resulting from adverse movements in market prices or rates (such as exchange rates, interest rates, stock prices, and commodity prices) affecting the Bank's on- or off-balance-sheet positions. The objective of the Bank's market risk management is to maintain market risk exposure within a reasonable and acceptable range, achieve desired returns while ensuring prudent operations, and guarantee that market risk remains transparent and controllable.

The Bank's market risk exposure primarily originates from foreign exchange risk, mainly concentrated in spot foreign exchange settlement, sales and transactions. Derivatives such as foreign exchange swaps and RMB interest rate swaps are primarily used to support cross-currency balance sheet management and interest rate risk management in the banking book. Derivatives embedded in structured deposits are hedged on a back-to-back basis per transaction, ensuring complete hedging of market risk exposure. The Bank currently does not engage in client-driven, market-making, or proprietary derivative trading activities.

The Bank has established a market risk management mechanism commensurate with the nature of its business. Through mechanisms such as policies and procedures, limit management, measurement and validation, and independent reporting, it ensures effective identification and control of market risk. The business unit (Treasury Front Office) conducts transactions within approved limits and hedging strategies. The Risk Management Department, as an independent second line of defense, monitors limit utilization and the execution of hedging strategies daily, creating a market risk management structure with checks and balances between front and middle offices.

In terms of limit management, the Bank reviews market risk limits annually to ensure the limit system covers the risk types associated with its various derivative businesses. In daily management, the Bank implements mark-to-market and limit monitoring for derivative transactions. An early warning mechanism is triggered when risk exposures reach pre-defined thresholds. For risk measurement, the Bank calculates market risk capital using the Simplified Standardized Approach, maintaining prudent control over transaction volumes. Derivative valuation models and the effectiveness of limits are validated periodically.

Liquidity Risk

Liquidity risk is the risk that the Bank may not be able to obtain sufficient funds in a timely manner at a reasonable cost to repay its maturing debts, fulfil other payment commitments, and support the normal operation of its business development.

The Bank has developed a comprehensive liquidity management framework and has consistently adhered to the principle of prudence in liquidity risk management.

The Board of Directors is responsible for reviewing and approving the Bank's liquidity risk management framework and policies, and assumes the ultimate responsibility for liquidity risk management, including reviewing and approving the liquidity risk appetite, liquidity risk limits, risk policies, procedures, and contingency plans of the Bank.

By the end of 2025, the Bank's liquidity regulatory limit indicators met regulatory requirements. Among them, the Liquidity Coverage Ratio reached 167.11% (above the regulatory requirement of 100%), the Net Stable Funding Ratio reached 149.28% (above the regulatory requirement of 100%), the Liquidity Matching Ratio reached 204.12% (above the regulatory requirement of 100%), and Liquidity Ratio reached 70.97% (above the regulatory requirement of 25%).

Liability Quality Management

The core goal of the Bank's liability quality management is to ensure the safety, liquidity and efficiency of its operations. The Bank shall establish a scientific and comprehensive liability quality management system to effectively manage the sources, structure, costs and other aspects of liabilities, thereby ensuring the stability, diversity, appropriateness, reasonableness, proactivity and authenticity of liability quality, while meeting regulatory requirements. In terms of liability quality management, the Bank adheres to the principles of legal and compliant operation, prudent management, and a balance between risk and return, thereby ensuring the legality and reasonableness of liability management. The management system covers organizational structure, strategic policies, process limits, internal controls, and innovation management. Additionally, performance evaluation and the development of information systems are critical components in ensuring the comprehensiveness and systematicness of liability quality management. Through these measures, the Bank is able to effectively measure, monitor, and control the quality of liabilities, thereby supporting the implementation of banking strategies and adaptation to risk preferences, and achieving long-term stable development.

During the reporting period, the Bank's liability quality management system was sound and effective. The elements of liability quality management were complete and in compliance with policy requirements; the identification, measurement, monitoring and control system for liability quality was sound; and the indicators and limits related to liability quality management complied with the requirements of the current regulations.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and information technology systems, or from external events. The Bank regards operational risk management as a vital component of its enterprise-wide risk management framework, and actively develops an operational risk management framework that aligns with the nature, scale, and complexity of its business. The objective is to effectively prevent operational risks, reduce potential losses, enhance resilience against internal and external event impacts, and provide solid support for stable business operations. The Bank's operational risk management adheres to four fundamental principles: prudence, comprehensiveness, alignment, and effectiveness.

In terms of governance structure, the Bank clearly assigns the ultimate responsibility for operational risk management to the Board of Directors, while Senior Management is responsible for leading the specific implementation of operational risk management across the Bank. Relying on the "three lines of defense" organizational structure, the Bank effectively cascades its risk appetite to all business lines and functions. The "three lines of defense" perform their respective roles, identifying, assessing, monitoring, mitigating, and controlling key operational risks at all levels of the organization.

In terms of management tools, the Bank primarily utilizes three key tools for daily operational risk management: Key Risk Indicators (to monitor changes in risk levels), Risk Control Self-Assessments (to identify weaknesses), and Loss Event Data Collection (to build a loss database). Through these tools, the Bank continuously identifies key operational risk areas, establishes effective internal control policies and operating procedures, and proactively mitigates operational risks by consistently improving weak or flawed processes, enhancing systems, and increasing automation. A regular tracking mechanism is in place for improvement actions identified from risk events and risk control self-assessments, ensuring the effective implementation of corrective measures.

Currently, the Bank has established and is continuously optimizing its operating procedures, operational risk management policies, risk indicator monitoring frameworks, and self-assessment improvement systems. All related operations are functioning normally, and the effectiveness of operational risk management is consistently improving.

Reputational Risk

The Bank regards reputational risk as a core component of its enterprise-wide risk management framework, and continuously refines its reputational risk management mechanisms to align with its size, operating conditions and risk profile, guided by five fundamental principles: forward-looking, alignment, full coverage, effectiveness, and primary Senior Management leadership accountability. In daily management, the Bank has established reputational risk management policies and emergency response plans. It conducts pre-launch reputational risk assessments for significant changes such as new products and services to mitigate risks at the source. Concurrently, it uses professional media monitoring platforms and intelligent systems for daily media monitoring, implementing differentiated response measures based on the tone of reports and the influence of media outlets. Furthermore, the Bank consistently strengthens its reputational risk culture by incorporating reputational risk management into mandatory new employee orientation and ongoing employee training programs, and by organizing specialized training as needed, thereby enhancing awareness and strengthening employees' capability to handle reputational risks.

In terms of brand image enhancement, the Bank places paramount importance on reputational risk management and proactively accumulates reputational capital. To this end, it proactively engages in industry forums and marketing events through strategic planning and coordinated execution, thereby cultivating stable, long-term collaborative relationships with authoritative industry media. Through consistent dissemination of expert insights and thought leadership content, the Bank reinforces its professional credibility and institutional authority. Concurrently, it rolls out a diversified portfolio of customer activities aimed at enhancing customer loyalty, refining service experience, and elevating overall satisfaction. Furthermore, by leveraging public platforms to articulate evidence-based analyses and distinctive perspectives, the Bank delivers actionable insights to ecosystem stakeholders, solidifying its positioning as a trusted industry thought leader. Collectively, these efforts have significantly expanded the Bank's influence within the innovation ecosystem, enhancing both its brand equity and competitive differentiation.

In 2025, the Bank published over 100 high-quality articles on its official WeChat account, contributing to sustained growth in social media influence. It also strengthened communication and engagement with prominent media outlets, which published 12 feature reports and executive interviews across major financial and business media platforms. These efforts significantly elevated brand awareness and reinforced the Bank's image as an industry leader. Moreover, the Bank maintained robust partnerships with key market stakeholders, organizing, co-organizing or participating in more than 40 targeted industry events, reaching over 50,000 representatives from startups and investment firms, etc. Examples include the Shanghai Innovation Bank's "China Innovation, Global Opportunities" Forum at the WeStart 2025 Entrepreneurial Investment Conference, the Bund Summit, and the Zero2IPO 25th China Equity Investment Annual Conference. Such engagements not only fortified partnerships but also amplified the Bank's systemic relevance and leadership presence across the innovation ecosystem.

In 2025, the Bank recorded no reputational risk incidents.

Internal Audit

According to the provisions of the Articles of Association, the Bank has established an independent and vertically managed internal audit framework, with a separately established internal audit department reporting to the Board of Directors and the Audit Committee. The Board of Directors bears ultimate responsibility for the independence and effectiveness of the Bank's internal audit, and is responsible for approving the internal audit policies (including but not limited to the Internal Audit Charter, organizational structure, and audit methodology), the medium and long-term plan, and annual plan, etc., and provides necessary assurance for the independent and objective conduct of internal audit work and evaluating the performance of the internal audit department.

The internal audit department is responsible for audit work across all areas of the Bank. During the reporting period, it organized audit projects with a risk-based approach, based on applicable regulatory requirements and in consideration of the Bank's organizational structure, products and information technology landscape. This ensured both the breadth and depth of audit coverage. The internal audit department also integrated the identification of issues with the supervision of their remediation and expanded the application of audit outcomes, thereby promoting the Bank's sound operation and value enhancement.

Social Responsibility

The Bank remains committed to supporting Chinese innovators and bolstering the development of China's innovation ecosystem. Since 2024, it has prepared and published an annual Corporate Social Responsibility Report, actively fulfilling its social responsibilities and supporting national strategies.

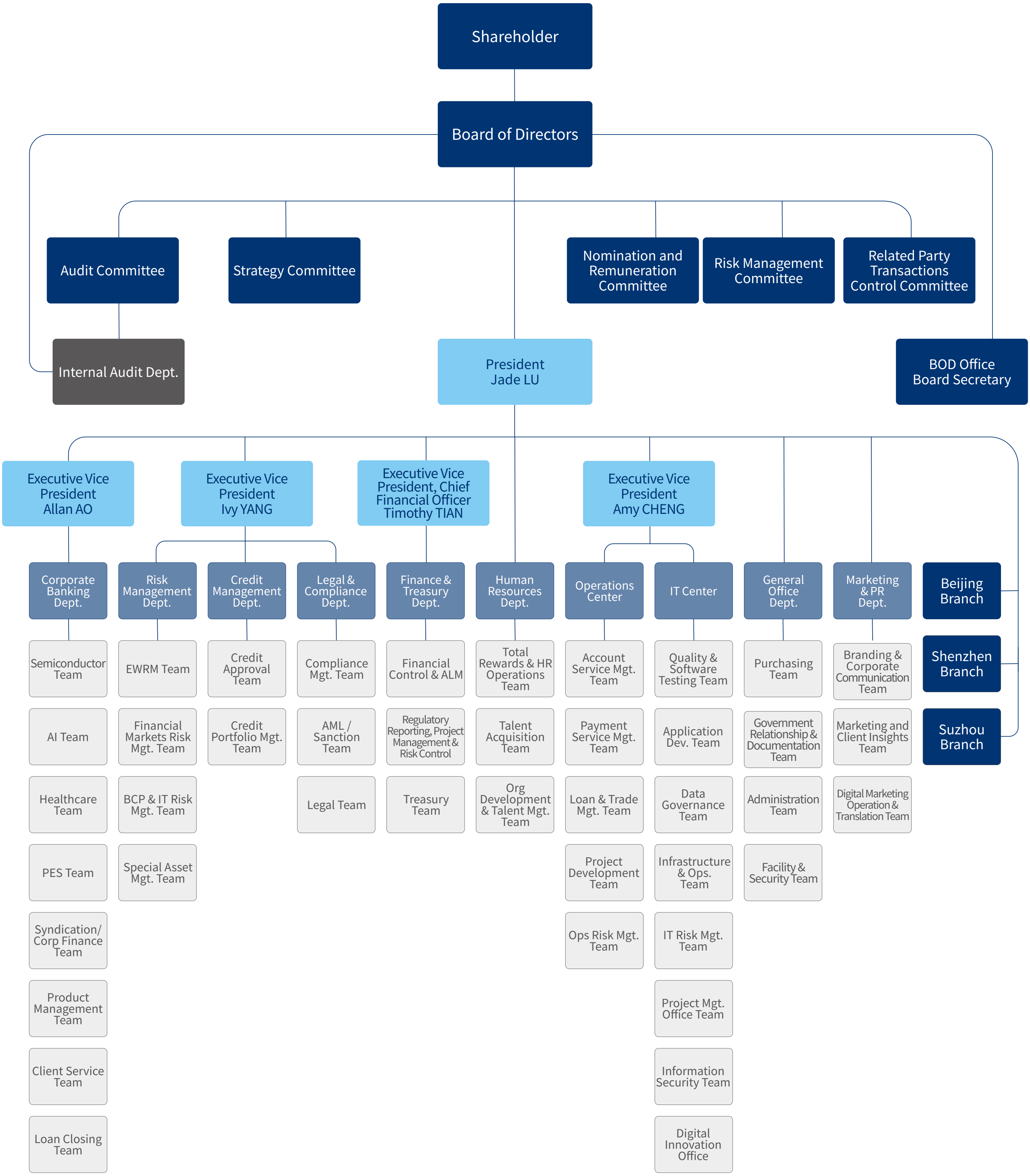
The Bank's Sunward Growth charity community, always dedicated to serving local communities, worked closely with several institutions to launch a series of diverse public welfare initiatives in 2025, aiming to give back to society by leveraging financial resources, actively support community development, and convey the warmth of "technology for good". Activities include participating in One Egg's Hike, cooperating with the Shanghai ADream Foundation to launch the Digital Life charity course, collaborating with the Sanyang Institution of Dinghai Road Subdistrict in Shanghai's Yangpu District to host an intangible cultural heritage co-construction themed event, participating in the 10th Toward the Future Charity Vertical Run held in Shanghai, etc.

04

Organizational Chart

Organizational Chart

(as at 31 December 2025)



05

2025 Financial Statement and the Report of the Auditors

Shanghai Innovation Bank Co.,Ltd.

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS
FOR THE YEAR 1 JANUARY 2025 TO 31 DECEMBER 2025
IF THERE IS ANY INCONSISTENCY BETWEEN THE CHINESE VERSION AND ITS ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL

AUDITOR’S REPORT

KPMG Huazhen Hu Shenzi NO. 2601111

Shanghai Innovation Bank Co.,Ltd.:

Opinion

We have audited the accompanying financial statements of Shanghai Innovation Bank Co.,Ltd. (“the Bank”) set out on pages 1 to 74, which comprise the balance sheet as at 31 December 2025, the income statement, the cash flow statement, the statement of changes in owners’ equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2025, and the financial performance and cash flows of the Bank for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People’s Republic of China.

Basis for opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants (“CSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Independence Standards for Chinese Certified Public Accountants No. 1 – Independence Requirements for Audit and Review Engagements and the China Code of Ethics for Certified Public Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The management of the Bank is responsible for other information. Other information includes the information covered in the 2025 annual report of the Bank, but does not include the financial statements and our audit report.

Our audit opinion on the financial statements does not cover other information, and we will not issue any form of assurance conclusion on other information.

AUDITOR'S REPORT (continued)

KPMG Huazhen Hu Shenzi NO. 2601111

Other information (continued)

In combination with our audit of the financial statements, our responsibility is to read other information and consider whether other information is materially inconsistent with the financial statements or the information we have learned in the audit process, or there seems to be material misstatement.

Based on the work we have performed, if we determine that there is a material misstatement in other information, we should report that fact. In this regard, we have nothing to report.

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 the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank'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 CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(4) 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 Bank'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 Bank to cease to continue as a going concern.

(5) Evaluate the overall presentation, including the disclosures, structure, content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

AUDITOR’S REPORT (continued)

KPMG Huazhen Hu Shenzi NO. 2601111

Auditor’s Responsibilities for the Audit of the Financial Statements (continued)

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.

KPMG Huazhen LLP Shanghai Branch	Certified Public Accountants Registered in the People’s Republic of China
	Ying Chenbin
Shanghai, China	Ruan Minli
	Date: 29 April 2026

Shanghai Innovation Bank Co.,Ltd.
Balance sheet
as at 31 December 2025
(Expressed in Renminbi Yuan)

	Note	*31 December 2025*	*31 December 2024*
Assets			
Cash and deposits with central bank	5(1)	1,022,849,108	1,519,307,805
Deposits with banks	5(2)	4,537,683,009	4,674,890,355
Placements with banks and other financial institutions	5(3)	5,057,248,521	5,131,284,877
Derivative financial assets	5(4)	37,443,179	157,076,813
Loans and advances	5(5)	8,374,139,093	8,633,121,922
Financial investments:	5(6)		
- Debt investments		2,639,784,868	826,294,872
- Other debt investments		2,010,861,228	860,259,488
Fixed assets	5(7)	10,946,432	17,226,855
Intangible assets	5(8)	109,252,832	126,024,729
Development costs	5(9)	-	2,154,876
Long-term deferred expenses		1,600,953	2,498,872
Deferred tax assets	5(10)	99,940,496	70,455,577
Other assets	5(11)	43,772,295	60,152,973
Total assets		23,945,522,014	22,080,750,014

The notes on pages 10 to 74 form part of these financial statements.

Shanghai Innovation Bank Co.,Ltd.
Balance sheet
as at 31 December 2025 (continued)
(Expressed in Renminbi Yuan)

	Note	*31 December 2025*	*31 December 2024*
Liabilities			
Derivative financial liabilities	5(4)	43,027,319	52,820,619
Customer deposits	5(12)	21,488,889,398	19,689,111,732
Employee benefits payable	5(13)	57,525,489	74,358,843
Taxes payable	5(14)	54,842,659	8,546,229
Provisions	5(15)	265,932	965,272
Other liabilities	5(16)	40,128,161	39,459,740
Total liabilities		21,684,678,958	19,865,262,435
Owners' equity			
Paid-in capital	5(17)	1,000,000,000	1,000,000,000
Capital reserve	5(18)	1,034,777,987	1,034,777,987
Other comprehensive income	5(19)	(1,272,810)	8,850,746
Surplus reserve	5(20)	25,420,294	19,872,391
General risk reserve	5(21)	201,917,585	151,986,455
Retained earnings		-	-
Total owners' equity		2,260,843,056	2,215,487,579
Total liabilities and owners' equity		23,945,522,014	22,080,750,014

These financial statements were approved by the Board of Directors of the Bank.

President Chief Finance Officer

The notes on pages 10 to 74 form part of these financial statements.

Shanghai Innovation Bank Co.,Ltd.
Income statement
for the year ended 31 December 2025
(Expressed in Renminbi Yuan)

	Note	*2025*	*2024*
Operating income		421,355,348	455,992,657
Net interest income	5(22)	310,221,733	325,271,015
Interest income		598,300,256	641,078,330
Interest expense		(288,078,523)	(315,807,315)
Net fee and commission income	5(23)	17,641,903	20,260,055
Fee and commission income		19,692,850	21,769,977
Fee and commission expense		(2,050,947)	(1,509,922)
Losses from investment	5(24)	(27,063,966)	(29,535,526)
Other income		118,965	5,525,871
Gains on changes in fair value	5(25)	15,127,696	22,665,187
Net gains from foreign exchange	5(26)	105,309,017	111,806,055
Other operating income		-	-
Gains from asset disposals		-	-
Operating expense		(346,327,341)	(375,689,593)
Taxes and surcharges		(4,237,250)	(3,504,204)
General and administrative expenses	5(27)	(320,549,205)	(345,006,606)
Credit losses	5(28)	(21,540,886)	(27,178,783)

The notes on pages 10 to 74 form part of these financial statements.

Shanghai Innovation Bank Co.,Ltd.
Income statement
for the year ended 31 December 2025 (continued)
(Expressed in Renminbi Yuan)

	Note	*2025*	*2024*
Net operating profit		75,028,007	80,303,064
Non-operating income		2,141	11,482
Non-operating expense		(9,256)	-
Profit before income tax		75,020,892	80,314,546
Income tax expenses	5(29)	(19,541,859)	(9,612,654)
Net profit		55,479,033	70,701,892
Other comprehensive income, net of tax			
Other comprehensive income that will be reclassified to profit or loss:			
Changes in the fair value of other debt investments measured at FVOCI	5(19)	(10,123,556)	3,052,208
Total comprehensive income		45,355,477	73,754,100

These financial statements were approved by the Board of Directors of the Bank.

President

Chief Finance Officer

The notes on pages 10 to 74 form part of these financial statements.

Shanghai Innovation Bank Co.,Ltd.
Statement of cash flow
for the year ended 31 December 2025
(Expressed in Renminbi Yuan)

	Note	*2025*	*2024*
1. Cash flows from operating activities			
Net decrease in loans and advances to customers		231,192,410	1,187,748,064
Net increase in customer deposits		1,988,658,062	3,471,122,211
Interest and commission received		668,876,012	723,612,082
Cash received relating to other operating activities		382,883,715	137,171,637
Subtotal of cash inflow		3,271,610,199	5,519,653,994
Net increase in deposits with central bank		(144,232,485)	(66,198,946)
Net increase in deposits and placements with banks		(151,320,398)	(1,285,994,239)
Interest and commission paid		(298,754,481)	(349,340,013)
Cash paid to employees or on behalf of employees		(222,002,657)	(213,521,317)
Tax paid		(48,779,458)	(64,825,429)
Cash paid relating to other operating activities		(373,543,643)	(282,464,524)
Subtotal of cash outflow		(1,238,633,122)	(2,262,344,468)
Net cash from operating activities	5(30)	2,032,977,077	3,257,309,526

The notes on pages 10 to 74 form part of these financial statements.

Shanghai Innovation Bank Co.,Ltd.
Statement of cash flow
for the year ended 31 December 2025 (continued)
(Expressed in Renminbi Yuan)

		Note	*2025*	*2024*
2	Cash flows from investing activities			
	Cash received from investment recovery		3,026,477,493	3,070,346,339
	Cash received from investment incomes		15,529,629	37,631,973
	Subtotal of cash inflow		3,042,007,122	3,107,978,312
	Purchase of investment securities		(5,947,248,949)	(3,209,606,623)
	Cash paid for purchase of long-term assets		(9,189,978)	(15,684,301)
	Subtotal of cash outflow		(5,956,438,927)	(3,225,290,924)
	Net cash used in investing activities		(2,914,431,805)	(117,312,612)
3	Cash flows from financing activities			
	Cash paid relating to other financing activities		(12,730,430)	(14,243,909)
	Subtotal of cash outflow		(12,730,430)	(14,243,909)
	Net cash used in financing activities		(12,730,430)	(14,243,909)

The notes on pages 10 to 74 form part of these financial statements.

Shanghai Innovation Bank Co.,Ltd.
Statement of cash flow
for the year ended 31 December 2025 (continued)
(Expressed in Renminbi Yuan)

		Note	*2025*	*2024*
4	Effect of foreign exchange rate changes		(108,902,279)	57,430,499
5	Net (decrease) / increase in cash and cash equivalents	5(30)	(1,003,087,437)	3,183,183,504
	Add: Cash and cash equivalents at beginning of year		7,624,081,781	4,440,898,277
	Cash and cash equivalents at the end of the year	5(30)	6,620,994,344	7,624,081,781

These financial statements were approved by the Board of Directors of the Bank.

President

Chief Finance Officer

The notes on pages 10 to 74 form part of these financial statements.

Shanghai Innovation Bank Co.,Ltd.
Statement of changes in owners’ equity
for the year ended 31 December 2025
(Expressed in Renminbi Yuan)

	Note	*Paid-in capital*	*Capital reserve*	*Other comprehensive income*	*Surplus reserve*	*General risk reserve*	*Retained earnings*	*Total owners’ equity*
Balance at 1 January 2025		1,000,000,000	1,034,777,987	8,850,746	19,872,391	151,986,455	-	2,215,487,579
Net profit		-	-	-	-	-	55,479,033	55,479,033
Other comprehensive income	5(19)	-	-	(10,123,556)	-	-	-	(10,123,556)
Appropriation to surplus reserve	5(20)	-	-	-	5,547,903	-	(5,547,903)	-
Appropriation to general risk reserve	5(21)	-	-	-	-	49,931,130	(49,931,130)	-
Balance at 31 December 2025		1,000,000,000	1,034,777,987	(1,272,810)	25,420,294	201,917,585	-	2,260,843,056

These financial statements were approved by the Board of Directors of the Bank.

President

Chief Finance Officer

The notes on pages 10 to 74 form part of these financial statements.

Shanghai Innovation Bank Co.,Ltd.
Statement of changes in owners' equity
for the year ended 31 December 2024
(Expressed in Renminbi Yuan)

	Note	*Paid-in capital*	*Capital reserve*	*Other comprehensive income*	*Surplus reserve*	*General risk reserve*	*Retained earnings*	*Total owners' equity*
Balance at 1 January 2024		2,000,000,000	34,777,987	5,798,538	12,802,202	88,354,752	-	2,141,733,479
Net profit		-	-	-	-	-	70,701,892	70,701,892
Other comprehensive income	5(19)	-	-	3,052,208	-	-	-	3,052,208
Appropriation to surplus reserve	5(20)	-	-	-	7,070,189	-	(7,070,189)	-
Appropriation to general risk reserve	5(21)	-	-	-	-	63,631,703	(63,631,703)	-
Other equity changes	5(17) / (18)	(1,000,000,000)	1,000,000,000	-	-	-	-	-
Balance at 31 December 2024		1,000,000,000	1,034,777,987	8,850,746	19,872,391	151,986,455	-	2,215,487,579

The notes on pages 10 to 74 form part of these financial statements.

1 Bank overview

Shanghai Innovation Bank Co. Ltd. (hereinafter referred to as “SSIB” or “the Bank”), formerly known as SPD Silicon Valley Bank Co., Ltd., was jointly established by Shanghai Pudong Development Bank Co., Ltd. (hereinafter referred to as “SPD”) and Silicon Valley Bank of America Co., Ltd. (hereinafter referred to as “SVB”) in the People's Republic of China (hereinafter referred to as “China”).The Bank was approved to open on July 30, 2012, with an initial registered capital equivalent to RMB 1 billion. The Bank later obtained Financial License from Regulatory Agency, and obtained Business License from Shanghai Administration for Industry and Commerce on 10 August 2012. The Bank's unified social credit code is 91310000051286571H. According to the provisions of the business license of the Bank, the term of its operation is unlimited. The Bank mainly operates foreign exchange business and RMB business with the approval from relevant regulatory agencies.

In 2024, with the approval of the national financial supervision and regulation department and the relevant market supervision and regulation department, the Bank changed its name to “Shanghai Innovation Bank”, and its registered capital was equivalent to RMB 1 billion. At the end of 2025, SPD is the shareholder of the Bank.

2 Basis of preparation

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

3 Significant accounting policies and accounting estimates

(1) Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards (“CAS”) issued by the Ministry of Finance (“MOF”) of the People’s Republic of China. These financial statements present truly and completely the financial position of the Bank as at 31 December 2025, and financial performance and cash flows of the Bank for the year then ended.

(2) Accounting year

The accounting year of the Bank is from 1 January to 31 December.

(3) Functional currency

The Bank’s functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Bank on the basis of the currency in which major income and costs are denominated and settled.

(4) Cash and cash equivalents

Cash and cash equivalents comprise 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.

(5) Foreign currency transactions and translation of financial statements denominated in foreign currencies

When the Bank 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. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, such as the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. For monetary items that are measured at fair value through other comprehensive income (FVOCI) in foreign currencies, the foreign currency translation differences are disaggregated as translation differences arising from changes in the amortised cost and translation differences arising from changes in other carrying amounts of these items. Translation differences arising from changes in the amortised cost are included in profit or loss; and those arising from changes in other carrying amounts of these items are included in other comprehensive income. The exchange differences of other monetary items in foreign currencies are included in profit or loss.

Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognised 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 recognised in other comprehensive income.

(6) 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.

(a) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Bank becomes a party to the contractual provisions of a financial instrument.

A financial asset or financial liability 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.

(b) Classification and subsequent measurement of financial assets

(i) 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, at fair value through other comprehensive income (“FVOCI”), or at fair value through profit or loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Bank 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; 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 Bank 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 Bank 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 Bank manages its financial assets in order to generate cash flows. That is, the Bank’s business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Bank 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 Bank’s key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank 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 Bank 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.

(ii) Subsequent measurement of financial assets

Financial assets 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 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, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

Debt investments 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 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) Subsequent measurement of financial assets

Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (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 Bank'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 Note 3(6)(iv).

(iv) Financial guarantee liabilities and loan commitment

Financial guarantee liabilities

Financial guarantees are contracts that requires the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are measured at fair value when they are initially recognized as liabilities. Subsequent to initial recognition, deferred income related to financial guarantee is amortised in profit or loss in accordance with the accounting policies set out in Note 3(16).

A financial guarantee liability is measured at the higher of:

- the amount of the loss allowance determined in accordance with impairment policies of financial instruments (see Note 3(6)(vii)); and
- the amount initially recognised less the cumulative amount of income.

Loan commitment

A loan commitment is a firm commitment to provide credit in accordance with the pre-determined terms and conditions.

Impairment of loan commitments provided by the Bank are assessed based on the expected credit losses (ECLs). The Bank has not committed on issuing loans at any price below the market interest rates, nor making cash payments or the issuance of other financial instruments as the net settlement of the loan commitments.

Loss allowances of loan commitments and financial guarantee contracts are presented in the provisions. However, if an instrument contains both a loan and an unused commitment, and the Bank cannot separate the ECLs arising from the loan portion from the unused commitment, the loss allowance for both portions is presented in the loss allowance for loans unless the total loss allowance for both portions exceeds the carrying amount of the loan, in which the loss allowance is presented in the provisions.

(v) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Bank currently has a legally enforceable right to set off the recognised amounts;
- the Bank intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(vi) Derecognition of financial assets and financial liabilities

Financial asset is derecognised when one of the following conditions is met:

- the Bank's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Bank transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Bank 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 asset has been transferred, and if the Bank neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and the Bank retains control over the financial asset, the Bank continues to recognise the relevant financial asset to the extent of involvement in the transferred financial asset, and the relevant liability is accordingly recognised.

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 at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Bank derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(vii) Impairment

The Bank recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost;
- contract assets;
- debt investments measured at FVOCI;
- loan commitment and financial guarantee contracts issued, which are not measured at FVTPL.

Financial assets measured at fair value, including debt investments or equity securities at FVTPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

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

The Bank measures expected credit losses (ECLs) of a financial instrument in a way that reflects: (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (ii) the time value of money; and (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Bank is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

The Bank classifies financial instruments into three stages and makes provisions for expected credit losses accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition.

The three risk stages are defined as follows:

Stage 1: For financial instruments where the credit risk has not significantly increased since the initial recognition, the loss allowance is measured at the 12-month ECLs.

Stage 2: For financial instruments where the credit risk has significantly increased without credit impairment since the initial recognition, the loss allowance is measured at the lifetime ECLs.

Stage 3: For financial instruments that are credit impaired since the initial recognition, the loss allowance is measured at the lifetime ECLs.

Financial instruments that have low credit risk

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

Significant increases in credit risk

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

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

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

The Bank assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Credit-impaired financial assets

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Bank having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Bank recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income. Refer to Note 5(15) the Bank recognises loss allowances for loan commitments and financial guarantee contracts issued, which are not measured at FVTPL through provisions.

Write-off

The gross carrying amount 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 Bank 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 Bank'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.

(viii) Modification of financial asset contracts

The Bank may modify or renegotiate the financial asset contracts under certain circumstances (such as the restructured loans). The Bank will assess whether the modified or renegotiated contract terms have substantially changed.

If there are substantial changes in the contract terms after the modification, the Bank will derecognise the original financial asset and recognise a new financial asset in accordance with the modified terms.

If there is no substantial change in the contract terms after the modification but changes in the contractual cash flows is resulted in, the Bank will recalculate the book value of the financial asset and recognise relevant gains or losses in the profit or loss. The recalculated book value of the financial assets shall be recognised at the present value determined by discounting the modified or renegotiated contractual cash flows by the original effective interest rate of the financial asset (or the credit-adjusted effective interest rate of purchased or originated credit-impaired financial assets). For all the costs or expenses arising from the modified or renegotiated contract, the Bank shall adjust the book value of the financial assets and amortise it for the remaining life of the financial asset. The Bank shall compare the risk of default at the balance sheet date based on the new contract terms with the risk of default at initial recognition based on the original contract terms when evaluating whether the credit risk of the relevant financial instrument has increased significantly.

(7) Financial assets held under resale agreements and financial assets sold under repurchase agreements

Financial assets held under resale agreements are transactions where the Bank acquires financial assets which will be resold at a predetermined price at a future date under resale agreements. Financial assets sold under repurchase agreements are transactions where the Bank sells financial assets which will be repurchased at a predetermined price at a future date under repurchase agreements.

The cash advanced or received is recognised as amounts held under resale or sold under repurchase agreements in the balance sheet. Assets held under resale agreements are recorded in memorandum accounts as off-balance sheet items. Assets sold under repurchase agreements continue to be recognised in the balance sheet.

The difference between the purchase and resale consideration, and that between the sale and repurchase consideration, is amortised over the period of the respective transaction using the effective interest method and is included in interest income and interest expenses respectively.

(8) 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. A derivative financial instrument with a positive fair value is recognized as an asset, and a negative fair value is recognized as a liability.

If the hybrid contract contains a host that is a financial asset, then the Bank assesses the entire contract as described in the financial assets section above for classification and measurement purposes Otherwise, the embedded derivatives are treated as separate derivatives when: their economic characteristics and risks are not closely related to those of the host contract; A separate instrument with the same terms would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. These embedded derivatives are separately accounted for at fair value, with changes in fair value recognised in the statement of profit or loss unless the Bank chooses to designate the hybrid contracts at fair value through profit or loss.

Profits and losses derived from changes in fair value of derivative financial instruments, if they do not meet the requirements of hedge accounting, should be directly included in the current profit and loss.

(9) Fixed assets

(a) Recognition of fixed assets

Fixed assets represent tangible assets held by the Bank for the conduct of business with useful lives over one accounting year.

The 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.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Bank in a different pattern, 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 Bank, 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 balance sheet at cost less accumulated depreciation and impairment losses.

(b) 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 meet the conditions for holding 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*	*Residual value rate*	*Depreciation rate*
Electronic equipment	3 - 5 years	0% ~ 5%	19% ~ 33%
Office and other equipment	5 years	0% ~ 5%	19% ~ 20%

Useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end.

(c) For the impairment of the fixed assets, refer to Note 3(13).

(d) Disposal of fixed assets

When fixed assets meet one of the following conditions, the carrying amount of a fixed asset is derecognised:

- when the fixed asset is holding for disposal; or
- 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.

(10) Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 3(13)). 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.

The respective amortisation periods for intangible assets are as follows:

Class	*Amortization period*
New generation system	10 years
Software	3 - 5 years

The Bank reviews the useful life and amortization method of a finite useful life intangible assets at the end of each year and adjusts it if necessary.

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 Bank. At the balance sheet date, the Bank does not have any intangible assets with indefinite useful lives.

Expenditure on an internal research and development project is classified into expenditure during the research phase and expenditure during the development phase.

Expenditure during the research phase is expensed when incurred. Expenditure during the development phase is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Bank has sufficient resources and the intention to complete development. Capitalised development costs are stated in the balance sheet at cost less impairment losses (see Note 3(13)). Other development expenditure is recognised as an expense in the period in which it is incurred.

(11) Long-term deferred expenses

Long-term deferred expenses include the expenditure for improvements to fixed assets held under operating leases, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term deferred expenses are amortized on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

(12) Repossessed assets

Repossessed assets refer to the physical assets or property rights of the debtor, guarantor or third party that are compensated by the Bank for exercising creditor's rights or security interests.

For the transferred financial-asset-linked debt-repaid assets, the Bank initially measures them at the fair value, then performs classification and subsequent measurement based on the accounting polices stated in Note 3(6).

For the transferred non-financial-asset-linked debt-repaid assets, the Bank initially measures them based on the fair value of the waived creditor's rights and other costs (such as taxes directly attributable to the assets) and performs subsequent measurement at the lower of the cost and the net realizable value of the debt-repaid assets. For the impairment testing methods and the provision for impairment, please see Note 3(13).

(13) Impairment of assets other than financial assets

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

- fixed assets
- right-of-use assets
- intangible assets
- long-term deferred expenses
- non-financial-asset-linked repossessed assets, etc.

If any indication exists, the recoverable amount of the asset is estimated.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note 3(14)) 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.

(14) Fair value measurement

Unless otherwise specified, the Bank 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 Bank takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, 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.

(15) Provisions and contingent liabilities

A contingent liability is a potential obligation arising from past transactions or events, its existence must be verified through the occurrence or non-occurrence of uncertain future events; in respect of present obligations arising from past transactions or events, the performance of such obligations is not likely to cause economic benefits to flow out of the Bank or the affected amount of the obligation cannot be reliably measured. The Bank does not recognise such obligations and only discloses the contingent liabilities in Note 6 Commitments and contingencies to the financial statements.

A provision is recognised for an obligation related to a contingency if the Bank 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 Bank reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

(16) Revenue

(a) Interest income

For all financial instruments measured at amortised cost and interest-generating financial instruments classified as financial assets measured at FVOCI, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, where appropriate, to the 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.

Interest income is calculated by applying the effective interest rate to the book value of financial assets and is included in interest income, except for:

- For purchased or originated credit-impaired (POCI) financial assets, the interest income is recognised according to the amortised cost of the financial asset and the credit adjusted effective interest rate since initial recognition;
- 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.

(b) Fee and commission income

The Bank collects fees and commissions by rendering services to customers. Revenue from fees and commissions is recognised when the Bank satisfies the performance obligation in the contract by transferring the control over services to customers at a point in time or over time.

The Bank satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- The customer simultaneously receives and consumes the benefits provided by the Bank’s performance as the Bank performs;
- The customer controls the service provided by the Bank in the course of performance;
- The Bank does not provide service with an alternative use to the Bank, and the Bank has an enforceable right to payment for performance completed to date.

(17) Expense

(a) Interest expense

Interest expenses from financial liabilities are accrued on a time proportion basis in line with the amortised cost and the applicable effective interest rate.

(b) Other expenses

Other expenses are recognised on an accrual basis.

(18) Employee benefits

(a) 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.

(b) Post-employment benefits

The contribution plans in which the Bank participates mainly include the basic pension insurance and the unemployment insurance.

Pursuant to the relevant laws and regulations of the PRC, the Bank participated in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Bank 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.

(c) Other long-term employee compensation

According to the relevant requirements of the regulation and the Bank, the deferred portion of the bonus payable by the Bank will be paid annually over the next three years.

(19) Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Bank except for capital contributions from the government in the capacity as an investor in the Bank.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Bank will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Bank qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income. A grant that compensates the Bank for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income in the periods in which the expenses or losses are recognized, or included in other income directly.

(20) 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 balance sheet date, current tax assets and liabilities are offset only if the Bank 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 balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;
- they relate to income taxes levied by the same tax authority on the same taxable entity or different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously,

in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

(21) Leases

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

At inception of a contract, the Bank 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 Bank assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified 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.

The Bank as a lessee

The Bank 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 3(13).

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 Bank’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 Bank 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 Bank will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Bank 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.

(22) Fiduciary activities

The Bank acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Bank and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Bank enters into entrusted loan agreements with customers, whereby the customers provide funding (“entrusted funds”) to the Bank, and the Bank grants loans to third parties (“entrusted loans”) under instructions of the customers. As the Bank does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No provision for impairment loss is made for entrusted loans.

(23) Dividend distribution

After the reporting date, the dividends or profits to be distributed in the profit distribution plan which has been examined and approved are not really considered as liabilities on the balance sheet date and shall be disclosed separately in the notes.

(24) Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

(25) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Bank’s internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment’s products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

(26) Significant accounting and judgements and estimates

In preparing the financial statements, the management of the Bank 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 Bank'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 course of implementing the Bank's accounting policies, management will make estimates and assumptions about the impact of future uncertainties on the financial statements. The management makes the following estimates and major assumptions on the significant future uncertainties at the balance sheet date, which may result in a significant adjustment in the carrying amount of the assets and liabilities in the next accounting period.

Measurement of ECLs

For debt instrument investments carried at amortised cost and FVOCI, loan commitments and financial guarantee contracts, complicated models and a huge amount of assumptions were adopted in the ECL measurement. These models and assumptions relate to the future macroeconomic conditions and the customers’ credit behaviour (e.g., the likelihood of default by customers and the corresponding losses). Explanations on inputs, assumptions and estimation techniques of ECL measurement are indicated in Note 8(2).

Income tax

The Bank is required to make judgements on the future tax treatments of certain transactions in order to recognise the income tax. The Bank makes prudent judgements on the income tax effects corresponding to transactions and measures the income tax accordingly based on relevant tax regulations. Deferred tax assets are only recognised to the extent that the future taxable profit is likely to be available and can be used to offset relevant temporary differences. This requires significant judgements in relation to the tax treatments of certain transactions and significant estimates on the likelihood that sufficient future taxable profits will be available to offset the deferred tax assets.

Fair value of financial instruments

For financial instruments without active market, the Bank adopts valuation methods to determine the fair value. Valuation methods include estimations by reference to transaction prices determined in arm's length transactions between economic agents with complete information and willingness to trade in the market; estimations by reference to the fair value of another similar financial instrument in the market, or estimations by applying discounted cash flow analysis and option pricing models. The valuation methods utilise observable market information to the maximum extent possible, however, when observable market information is not available, management will estimate the significant unobservable information included in the valuation methods.

4 Taxation

The types of taxes applicable to the Bank's are as follows:

Tax Name	*Tax basis*	*Applicable rate*
Value-added tax (VAT)	The output tax is calculated according to the applicable tax rate of taxable income stipulated by the tax law. After deducting the input tax allowed to be deducted in the current period, the difference is the value-added tax payable.	6%
Urban maintenance and construction tax	Calculated and levied based on the actual VAT paid.	7%
Education fee surcharges	Calculated and levied based on the actual VAT paid.	3%
Local education fee surcharges	Calculated and levied based on the actual VAT paid.	2%
Corporate income tax	Calculated based on taxable income.	25%

5 Notes to financial statements items

(1) Cash and deposits with central bank

	31 December 2025	*31 December 2024*
Mandatory reserve deposits with the central bank	1,015,000,091	870,771,606
Surplus reserve deposits with the central bank	7,456,645	648,280,416
Fiscal deposits with the central bank	4,000	-
Interest receivables	388,372	255,783
Total	1,022,849,108	1,519,307,805

The statutory deposit reserve of the Bank with the central bank is the deposit reserve paid to the People's Bank of China in accordance with regulations, including RMB and foreign currency deposit reserves. Fiscal deposits are funds from financial institutions and deposited with the People's Bank of China in accordance with regulations. The above funds shall not be used for the Bank's daily business activities.

(2) Deposits with banks

	31 December 2025	*31 December 2024*
Domestic		
- Deposits with related parties	1,189,513,729	1,245,103,856
- Deposits with non affiliated banks	2,909,713,282	3,341,124,371
Oversea		
- Deposits with related parties	3,575,156	1,528,467
- Deposits with non affiliated banks	420,943,531	78,609,372
Subtotal	4,523,745,698	4,666,366,066
Interest receivables	14,235,493	9,174,182
Less: Impairment allowance	(298,182)	(649,893)
Total	4,537,683,009	4,674,890,355

The Bank's deposits with interbank are the deposits with shareholder banks and their branches.

(3) Placements with banks and other financial Institutions

	31 December 2025	*31 December 2024*
Domestic		
- Placements with domestic banks	2,509,216,000	1,509,564,000
- Placements with domestic non-bank financial institutions	2,403,849,600	3,450,432,000
Oversea		
- Placements with domestic banks	126,450,800	147,843,300
Subtotal	5,039,516,400	5,107,839,300
Interest receivables	19,067,165	24,553,342
Less: Impairment allowance	(1,335,044)	(1,107,765)
Total	5,057,248,521	5,131,284,877

(4) Derivative financial instruments

	31 December 2025		
	Nominal amount	*Fair value*	
		Assets	*Liabilities*
Foreign exchange swap	3,122,256,361	10,780,931	(9,982,260)
Foreign exchange options	3,761,400,000	-	(248,552)
Interest rate swap	2,400,000,000	26,662,248	(32,796,507)
Total		37,443,179	(43,027,319)

	31 December 2024		
	Nominal amount	*Fair value*	
		Assets	*Liabilities*
Foreign exchange swap	9,091,977,755	114,801,663	(167,919)
Foreign exchange options	5,208,100,000	-	(179,031)
Interest rate swap	2,400,000,000	42,275,150	(52,473,669)
Total		157,076,813	(52,820,619)

(5) Loans and advances

	31 December 2025	*31 December 2024*
Corporate loans		
- Measured at amortized cost	6,881,162,242	6,635,337,881
- Measured at fair value through profit and loss	1,606,005,875	2,146,494,781
Loans and advances, gross	8,487,168,117	8,781,832,662
Cumulative changes in fair value	(3,740,109)	(16,250,936)
Interest receivables	11,855,693	11,270,191
Impairment allowance		
- Measured at amortized cost	(121,144,608)	(143,729,995)
Loans and advances, net	8,374,139,093	8,633,121,922

(a) Analysis by industry sector

	31 December 2025		*31 December 2024*	
	Amount	*%*	*Amount*	*%*
Manufacturing	2,651,925,422	31.24	2,507,112,502	28.55
Scientific research and technology services	2,454,517,823	28.92	2,094,611,680	23.85
Information transmission, software and information technology services	1,163,697,355	13.71	1,349,280,090	15.36
Leasing and commercial services	1,040,810,700	12.26	907,172,838	10.33
Financing	612,630,465	7.22	809,772,434	9.22
Wholesale and retail	308,819,765	3.64	708,927,926	8.07
Transportation, warehousing and postal services	70,000,000	0.82	30,000,000	0.34
Construction	55,000,000	0.65	55,000,000	0.63
Mining	53,960,000	0.64	56,800,000	0.65
Health and social work	35,500,000	0.42	84,486,111	0.96
Residential services, repairs and other services	33,843,875	0.40	52,617,552	0.60
Production and supply of electricity, heat, gas and water	6,462,712	0.08	8,354,237	0.10
Culture, sports and entertainment	-	-	79,693,085	0.91
Education	-	-	38,004,207	0.43
Loans and advances, gross	8,487,168,117	100.00	8,781,832,662	100.00

(b) Analysis by geographic sector

	31 December 2025	*31 December 2024*
Eastern China	4,689,266,406	4,419,908,893
North China	1,554,679,153	2,207,950,307
South China	1,180,319,513	1,204,328,736
Other regions in China	673,411,295	603,760,082
Overseas region	389,491,750	345,884,644
Loans and advances, gross	8,487,168,117	8,781,832,662

(c) Analysis by collateral type

	31 December 2025	*31 December 2024*
Unsecured loans	3,271,438,583	2,738,612,105
Guaranteed loans	3,420,913,680	3,827,596,012
Mortgaged loans	351,156,215	197,722,690
Pledged loans	1,443,659,639	2,017,901,855
Loans and advances, gross	8,487,168,117	8,781,832,662

(d) Analysis by overdue situation

	31 December 2025				
	Overdue for 1 day to 90 days (including 90 days)	*Overdue 90 days to 1 year (including 1 year)*	*Overdue for 1 to 3 years (including 3 years)*	*Overdue more than 3 years*	*Total*
Guaranteed loans	-	10,700,000	5,075,252	79,403	15,854,655
Mortgaged loans	-	14,361,287	-	-	14,361,287
Pledged loans	-	24,747,727	42,771,088	-	67,518,815
Total	-	49,809,014	47,846,340	79,403	97,734,757

	31 December 2024				
	Overdue for 1 day to 90 days (including 90 days)	*Overdue 90 days to 1 year (including 1 year)*	*Overdue for 1 to 3 years (including 3 years)*	*Overdue more than 3 years*	*Total*
Guaranteed loans	-	5,075,252	28,807,894	79,403	33,962,549
Pledged loans	-	42,771,088	-	38,004,207	80,775,295
Total	-	47,846,340	28,807,894	38,083,610	114,737,844

The bank classifies all loans whose principal or interest is overdue for one day or more as overdue loans.

(e) Allowance for impairment losses

Changes in impairment losses of loans and advances measured at amortized cost

	2025			
	Stage 1	*Stage 2*	*Stage 3*	*Total*
1 January 2025	44,838,641	8,023,676	90,867,678	143,729,995
Transfers during the year:				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	(1,628,789)	1,628,789	-
(Reductions)/Additions during the year	(3,370,904)	(2,856,862)	25,713,515	19,485,749
Written-off during the year	-	-	(41,998,034)	(41,998,034)
Recoveries or reversals during the year	-	-	889,278	889,278
Other changes	(18,480)	-	(943,900)	(962,380)
31 December 2025	41,449,257	3,538,025	76,157,326	121,144,608

	2024			
	Stage 1	*Stage 2*	*Stage 3*	*Total*
1 January 2024	70,220,569	4,113,056	62,421,862	136,755,487
Transfers during the year:				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(1,916,935)	1,916,935	-	-
Transfer to Stage 3	(611,471)	(136,797)	748,268	-
(Reductions)/Additions during the year	(22,855,267)	2,130,482	47,021,402	26,296,617
Written-off during the year	-	-	(19,965,000)	(19,965,000)
Recoveries or reversals during the year	-	-	13,062	13,062
Other changes	1,745	-	628,084	629,829
31 December 2024	44,838,641	8,023,676	90,867,678	143,729,995

(6) Financial investments

	31 December 2025	*31 December 2024*
Debt investments	2,639,784,868	826,294,872
Other debt investments	2,010,861,228	860,259,488
Total	4,650,646,096	1,686,554,360

(a) Debt investments

	31 December 2025	*31 December 2024*
Interbank deposit certificates	1,283,598,078	396,191,805
Commercial bank bonds	1,114,320,000	81,884,000
Policy bank bonds	210,571,613	341,357,277
Debt investments, gross	2,608,489,691	819,433,082
Interest receivables	32,307,645	7,109,594
Impairment allowance	(1,012,468)	(247,804)
Total	2,639,784,868	826,294,872

(b) Other debt investments

	31 December 2025	*31 December 2024*
Chinese government bonds	1,184,421,650	-
Policy bank bonds	797,631,400	846,534,940
Subtotal	1,982,053,050	846,534,940
Interest receivables	28,808,178	13,724,548
Total	2,010,861,228	860,259,488

(7) Fixed assets

	Electronic equipment	*Office and other equipment*	*Total*
Cost			
31 December 2023	68,537,349	3,680,449	72,217,798
Additions	3,225,856	-	3,225,856
31 December 2024	71,763,205	3,680,449	75,443,654
Additions	1,142,028	-	1,142,028
31 December 2025	72,905,233	3,680,449	76,585,682
Accumulated depreciation			
31 December 2023	(45,438,140)	(2,303,520)	(47,741,660)
Charge	(10,014,514)	(460,625)	(10,475,139)
31 December 2024	(55,452,654)	(2,764,145)	(58,216,799)
Charge	(7,143,193)	(279,258)	(7,422,451)
31 December 2025	(62,595,847)	(3,043,403)	(65,639,250)
Net book value			
31 December 2025	10,309,386	637,046	10,946,432
31 December 2024	16,310,551	916,304	17,226,855

(8) Intangible assets

	Software
Cost	
31 December 2023	255,302,754
Additions	5,377,121
Transfer from development expenditure	6,218,326
31 December 2024	266,898,201
Additions	3,777,629
Transfer from development expenditure	5,526,944
31 December 2025	276,202,774
Accumulated amortization	
31 December 2023	(111,482,516)
Amortization	(29,390,956)
31 December 2024	(140,873,472)
Amortization	(26,076,470)
31 December 2025	(166,949,942)
Net book value	
31 December 2025	109,252,832
31 December 2024	126,024,729

(9) Development expenditures

	R&D Expenditure
31 December 2023	2,586,913
Additions	5,786,289
Transfer out	(6,218,326)
31 December 2024	2,154,876
Additions	3,372,068
Transfer out	(5,526,944)
31 December 2025	-

(10) Deferred tax assets

Deferred tax assets and deferred tax liabilities without taking into consideration the offsetting of balances:

	2025		2024	
	Deductible/ (taxable) temporary differences	*Deferred tax assets/(liabilities)*	*Deductible/ (taxable) temporary differences*	*Deferred tax assets/(liabilities)*
Deferred tax assets:				
Impairment allowance	318,990,545	79,747,636	307,412,575	76,853,144
Tax differences on intangible assets amortization	33,085,415	8,271,354	30,927,608	7,731,902
The difference between accrued and actually paid salaries	22,458,798	5,614,700	24,964,433	6,241,108
Tax differences on lease liabilities	16,872,665	4,218,166	21,531,231	5,382,808
Changes in the fair value of financial instruments measured at fair value through profit or loss	28,224,270	7,056,068	-	-
Changes in the fair value of other debt investments measured at FVOCI	1,887,940	471,985	-	-
Others	5,853,012	1,463,253	26,567,651	6,641,913
Total deferred tax assets	427,372,645	106,843,162	411,403,498	102,850,875
Deferred tax liabilities:				
Depreciation of fixed assets	(9,815,201)	(2,453,800)	(27,137,680)	(6,784,420)
Right-of-use assets	(17,795,465)	(4,448,866)	(20,228,835)	(5,057,209)
Changes in the fair value of financial instruments measured at fair value through other comprehensive income	-	-	(11,731,568)	(2,932,892)
Changes in the fair value of financial instruments measured at fair value through profit or loss	-	-	(70,483,107)	(17,620,777)
Total deferred tax liabilities	(27,610,666)	(6,902,666)	(129,581,190)	(32,395,298)
Deferred tax assets, net	399,761,979	99,940,496	281,822,308	70,455,577

Movement of deferred tax assets:

	2025	*2024*
Balance at the beginning of the year	70,455,577	79,339,769
Charge to profit or loss	26,080,042	(7,742,220)
Charge to other comprehensive income	3,404,877	(1,141,972)
Balance at the end of the year	99,940,496	70,455,577

There is no deductible temporary difference of accumulated unrecognized deferred tax assets at 31 December 2025 (31 December 2024: nil).

(11) Other assets

	31 December 2025	31 December 2024
Right-of-use assets	17,795,465	20,228,835
Prepaid expenses	4,114,938	1,628,471
Deposits and guarantees	3,965,128	3,990,878
Deferred expenses	1,781,113	2,252,688
Others	16,115,651	32,052,101
Subtotal	43,772,295	60,152,973
Less: Allowance	-	-
Total	43,772,295	60,152,973

(12) Customer deposits

	31 December 2025	31 December 2024
Deposits measured at amortized cost		
- Corporate demand deposits	9,129,482,557	8,392,794,492
- Corporate time deposits	8,524,583,567	6,004,900,600
- Remittance outstanding and outward remittance	21,603,479	24,224,764
Subtotal	17,675,669,603	14,421,919,856
Structured deposits measured at fair value	3,777,142,790	5,222,417,327
Interest receivables	36,077,005	44,774,549
Total	21,488,889,398	19,689,111,732

(13) Employee benefits payable

	Note	*31 December 2025*	*31 December 2024*
Short-term payroll and welfare payable	(a)	40,137,119	43,909,863
Post-employment benefits - defined contribution plans	(b)	1,131,077	-
Termination benefits	(c)	-	-
Other long-term employee benefits	(d)	16,257,293	30,448,980
Total		57,525,489	74,358,843

(a) Short-term payroll and welfare payable

2025

	Balance at 1 January 2025	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2025*
Salaries and bonuses	43,909,863	156,889,713	(161,298,447)	39,501,129
Employee welfare and benefits	-	3,374,010	(3,374,010)	-
Social insurance				
Including: Medical insurance	-	7,723,769	(7,101,489)	622,280
Industrial injury insurance	-	178,389	(164,679)	13,710
Housing fund	-	16,025,192	(16,025,192)	-
Total	43,909,863	184,191,073	(187,963,817)	40,137,119

2024

	Balance at 1 January 2024	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2024*
Salaries and bonuses	38,325,687	165,798,049	(160,213,873)	43,909,863
Employee welfare and benefits	-	3,938,462	(3,938,462)	-
Social insurance				
Including: Medical insurance	-	7,677,342	(7,677,342)	-
Industrial injury insurance	-	144,079	(144,079)	-
Housing fund	-	15,495,245	(15,495,245)	-
Total	38,325,687	193,053,177	(187,469,001)	43,909,863

(b) Defined contribution plans

2025

	Balance at 1 January 2025	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2025*
Basic endowment insurance	-	13,999,195	(12,902,393)	1,096,802
Unemployment insurance	-	453,784	(419,509)	34,275
Total	-	14,452,979	(13,321,902)	1,131,077

2024

	Balance at 1 January 2024	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2024*
Basic endowment insurance	-	13,602,318	(13,602,318)	-
Unemployment insurance	-	438,591	(438,591)	-
Total	-	14,040,909	(14,040,909)	-

(c) Termination benefits

2025

	Balance at 1 January 2024	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2024*
Compensation for separated employees	-	7,779	(7,779)	-
Total	-	7,779	(7,779)	-

2024

	Balance at 1 January 2024	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2024*
Compensation for separated employees	-	-	-	-
Total	-	-	-	-

(d) Other long-term employee benefits

Based on the relevant regulations of the regulatory authorities and the Bank, the deferred portion of the bonus payable by the Bank will be paid annually over the next three years.

(14) Taxes payable

	31 December 2025	*31 December 2024*
Corporate income tax payable	45,621,901	-
VAT payable	7,512,023	6,367,936
Others	1,708,735	2,178,293
Total	54,842,659	8,546,229

(15) Provisions

	31 December 2025	*31 December 2024*
Provision for impairment of financial guarantee contracts and loan commitments	265,932	965,272

(16) Other liabilities

	31 December 2025	*31 December 2024*
Lease liabilities	16,872,665	20,933,111
Accrued expenses	17,053,587	14,563,471
Deferred fee income on loans	2,772,089	2,546,246
Others	3,429,820	1,416,912
Total	40,128,161	39,459,740

(17) Paid-in capital

In the paid-in capital account, the exchange rate used when the foreign currency is converted into RMB is the exchange rate published by the PBOC on the day when the capital contribution is received.

On September 2, 2024, the Bank's registered capital and paid-in capital were changed to RMB 1 billion with the approval of the national financial regulatory authority and relevant market regulatory authority.

(18) Capital reserve

	2025		
	Balance at 1 January 2025	*Addition*	*Balance at 31 December 2025*
Capital reserve	1,034,777,987	-	1,034,777,987

	2024		
	Balance at 1 January 2024	*Addition*	*Balance at 31 December 2024*
Capital reserve	34,777,987	1,000,000,000	1,034,777,987

(19) Other comprehensive income

	2025					
	Balance at 1 January 2025	*Amount before income tax*	*Less: other comprehensive income transferred to profit and loss in the current period*	*Less: income tax expense*	*Net after tax*	*Balance at 31 December 2025*
Changes in fair value of other debt investments	8,850,746	(1,863,889)	(11,664,544)	3,404,877	(10,123,556)	(1,272,810)

	2024					
	Balance at 1 January 2024	*Amount before income tax*	*Less: other comprehensive income transferred to profit and loss in the current period*	*Less: income tax expense*	*Net after tax*	*Balance at 31 December 2024*
Changes in fair value of other debt investments	5,798,538	21,950,029	(17,755,849)	(1,141,972)	3,052,208	8,850,746

(20) Surplus reserve

	2025		
	Balance at the beginning of the year	*Addition*	*Balance at the end of the year*
Statutory surplus reserve	19,872,391	5,547,903	25,420,294

	2024		
	Balance at the beginning of the year	*Addition*	*Balance at the end of the year*
Statutory surplus reserve	12,802,202	7,070,189	19,872,391

In accordance with relevant regulations, after making up the accumulated losses, the Bank is required to appropriate 10% of its net profit in statutory financial statements to non-distributable statutory surplus reserve. Appropriation to the statutory surplus reserve may cease when the balance of such reserves has reached 50% of the registered capital.

(21) General risk reserve

	2025		
	Balance at the beginning of the year	*Addition*	*Balance at the end of the year*
General risk reserve	151,986,455	49,931,130	201,917,585

	2024		
	Balance at the beginning of the year	*Addition*	*Balance at the end of the year*
General risk reserve	88,354,752	63,631,703	151,986,455

The Bank appropriates general risk reserve pursuant to Cai Jin [2012] No. 20 “Requirements on Impairment Allowance for Financial Institutions” issued by the Ministry of Finance. According to the requirement, the general risk reserve should not be less than 1.5% of the aggregate amount of risk assets.

(22) Net interest income

	2025	*2024*
Interest income:		
Loans and advances	220,520,053	286,811,952
Placements with banks and other financial institutions	198,542,718	167,943,908
Deposits with central and related banks	117,759,023	136,706,725
Financial investments	61,478,462	49,615,745
Subtotal	598,300,256	641,078,330
Interest expense:		
Customer deposits	(282,781,508)	(311,665,510)
Placements from banks and other financial institutions	(4,250,803)	(3,553,308)
Financial assets sold for repurchase	(552,321)	(54,247)
Lease liabilities	(365,758)	(534,250)
Deposits from banks and other financial institutions	(128,133)	-
Subtotal	(288,078,523)	(315,807,315)
Net interest income	310,221,733	325,271,015

(23) Net fee and commission income

	2025	*2024*
Credit related fees	16,473,958	18,559,489
Settlement and clearing fees	2,364,663	2,125,094
Other	854,229	1,085,394
Fee and commission income	19,692,850	21,769,977
Fee and commission expense	(2,050,947)	(1,509,922)
Net fee and commission income	17,641,903	20,260,055

(24) Losses from investment

	2025	*2024*
Loans and advances measured at fair value through profit and loss	72,353,949	73,221,806
Other debt investments	11,664,544	17,755,849
Derivative financial instruments	(4,132,493)	(4,031,549)
Structured deposits measured at fair value	(106,949,966)	(116,481,632)
Total	(27,063,966)	(29,535,526)

(25) Gains on changes in fair value

	2025	*2024*
Loans and advances measured at fair value through profit and loss	12,558,421	21,323,108
Structured deposits measured at fair value	(1,425,463)	1,150,215
Derivative financial instruments	3,994,738	191,864
Total	15,127,696	22,665,187

(26) Net gains from foreign exchange

	2025	*2024*
Fair value changes on foreign currency derivatives	(113,835,072)	128,062,673
Investment gains / (losses) on foreign currency derivatives	137,151,131	(61,942,828)
Others	81,992,958	45,686,210
Total	105,309,017	111,806,055

(27) General and administrative expenses

	2025	*2024*
Payroll	205,169,304	219,197,155
Depreciation and amortization	46,900,960	54,748,231
Telecommunications and computer maintenance expenses	38,311,851	39,875,515
Insurance	10,248,533	9,159,543
Professional service expenses	2,242,701	3,335,261
Rental and utilities	2,631,225	1,979,550
Marketing expenses	1,600,326	1,293,437
Other	13,444,305	15,417,914
Total	320,549,205	345,006,606

(28) Credit losses

	2025	*2024*
Loans and advances	19,485,749	26,296,617
Deposits with banks	(350,508)	573,266
Placements with banks and other financial institutions	248,098	338,715
Debt investments	770,114	247,517
Provisions	(697,473)	(263,812)
Other assets	2,084,906	(13,520)
Total	21,540,886	27,178,783

(29) Income tax expense

	2025	*2024*
Current income tax	45,621,901	-
Deferred tax	(26,080,042)	7,742,220
Final settlement difference adjustment	-	1,870,434
Total	19,541,859	9,612,654

Reconciliation between income tax expenses and accounting profit:

	Note	*2025*	*2024*
Profit before taxation		75,020,892	80,314,546
Expected income tax expense at tax rate of 25%		18,755,223	20,078,636
Tax effect of expenses that are not deductible for tax purposes		2,200,162	1,801,892
Tax effect of non-taxable income		(328,604)	-
Use in temporary differences of unrecognized deferred income tax assets		-	(10,742,412)
Other	(i)	(1,084,922)	(1,525,462)
Income tax expense		19,541,859	9,612,654

(i) Other mainly comprises R&D expenses deduction.

(30) Notes to the statement of cash flows

(a) Cash and cash equivalents

	31 December 2025	*31 December 2024*
Surplus reserve deposits with the central bank which can be used for payment	7,456,645	648,280,416
Deposits with banks with maturity less than three months from acquisition date	3,848,025,699	4,096,366,065
Placements with banks and other financial institutions with maturity less than three months from acquisition date	2,765,512,000	2,879,435,300
Cash and cash equivalents at the end of the year	6,620,994,344	7,624,081,781

(b) Reconciliation from net profit to cash flows from operating activities

	2025	*2024*
Net profit	55,479,033	70,701,892
Credit losses	21,540,886	27,178,783
Depreciation and amortization	46,900,960	54,748,231
Interest expense on lease liabilities	365,758	534,250
Net gains from changes in fair value	(15,127,696)	(22,665,187)
Gains / (losses) on foreign exchange	108,902,279	(57,430,499)
Net investment gains	(11,664,544)	(17,755,849)
Interest income from investment in debt instruments	(61,478,462)	(49,615,745)
Increase in operating receivables	(57,257,961)	(174,767,598)
Increase in operating payables	1,945,316,824	3,426,381,248
Net cash from operating activities	2,032,977,077	3,257,309,526

(c) Net Changes in cash and cash equivalents

	2025	*2024*
Cash and cash equivalents at the end of the year	6,620,994,344	7,624,081,781
Less: Cash and cash equivalents at the beginning of the year	(7,624,081,781)	(4,440,898,277)
Net (decrease) / increase in cash and cash equivalents	(1,003,087,437)	3,183,183,504

(31) Collateral information

(a) Assets serve as collateral security

As at 31 December 2025 and 31 December 2024, the Bank's assets serving as collateral were not significant.

(b) Collateral received

The Bank is engaged in loan origination activities and purchase and resale transactions in accordance with general commercial terms and holds collaterals under the underlying transactions. At the balance sheet date, the Bank did not hold any collateral that could be directly disposed of or re-pledged without default of the counterparties.

6 Contingent liabilities and commitments

The Bank's credit commitments include unspent loans and letter of credit services that have been approved and signed contracts. The contract amount of a loan commitment refers to the amount when the loan is fully used; the contract amount of a letter of credit refers to the maximum loss that may occur if the other party fails to fully perform the contract.

Relevant loan commitments may not be used before maturity, so the amounts described below do not represent expected future cash outflows.

(1) Off-balance sheet items

	31 December 2025	*31 December 2024*
Irrevocable loan commitment	125,276,624	398,300,929

(2) Capital commitments

Capital expenditures contracted for by the Bank but not yet necessary to be recognised on the balance sheet as at the balance sheet date are as follows:

	31 December 2025	*31 December 2024*
Signed but not performed contract	6,192,939	5,631,044
Approved but not signed contract	48,167,160	51,992,522

(3) Entrusted loan business

The Bank provides entrusted loan business for third parties, and assets held as a result of the entrusted loan business are not included in the balance sheet.

The entrusted assets and liabilities on the balance sheet date are as follows:

	31 December 2025	*31 December 2024*
Entrusted loan	477,615,002	783,711,051
Entrusted loan fund	477,615,002	783,711,051

7 Related party relationships and transactions

(1) Related parties with controlling relationship

As of the end of 2025, the Bank's actual controller is SPD.

(2) Related parties without controlling relationship but with related party transactions

During the reporting period, in addition to the related party transactions with group subsidiaries under the actual controller, the Bank also entered into transactions with other related parties with which it did not have any control relationship as described below.

Name of related party	*Relationship with the bank*
China Mobile Communications Group Jiangsu Co., Ltd.	Subsidiaries of the investor of the actual controller
Haitong Hengxin International Financial Leasing Co., Ltd.	Subsidiaries of the investor of the actual controller
Shanghai Junlian Qisheng Management Consulting Co., Ltd.	Enterprises with significant influence on key management personnel and their close relatives
Hainan Junqi Venture Capital Co., Ltd.	Enterprises with significant influence on key management personnel and their close relatives
Junlian Capital Management Co., Ltd.	Enterprises with significant influence on key management personnel and their close relatives
Shengwei Venture Capital Management (Shanghai) Co., Ltd.	Enterprises with significant influence on key management personnel and their close relatives

(3) Related party transactions

(a) Pricing policy

The major related party transactions of the Bank mainly involve interbank fund transactions and other related businesses between related parties. All transactions of the Bank with related parties follow general commercial terms and are arranged in the ordinary business course of the Bank. The pricing policy is consistent with that of independent third-party transactions.

(b) Transactions with related parties other than key management personnel

The amount of major transactions between the Bank and related parties other than key management personnel and related natural persons, the balance of major current accounts and major off-balance sheet items on the balance sheet date are as follows:

	Major shareholders	*Subsidiaries of SPD and its shareholders*	*Companies with significant influence by key management personnel*	*Total*	*Proportion in similar transactions*
Amount of major transactions in 2025:					
Interest income	55,347,262	2,583,252	-	57,930,514	9.68%
Interest expenses	(2,581,787)	(62,154)	-	(2,643,941)	0.92%
Fee and commission income	-	220,000	-	220,000	1.12%
Fee and commission expense	(313,497)	(53,837)	-	(367,334)	17.91%
Losses on changes in fair value	(6,635,714)	-	-	(6,635,714)	-43.86%
Net investment gains	4,230,910	-	-	4,230,910	-15.63%
Net gains/(losses) from foreign exchange	(12,699,381)	-	-	(12,699,381)	-12.06%

	Major shareholders	*Subsidiaries of SPD and its shareholders*	*Companies with significant influence by key management personnel*	*Total*	*Proportion in similar transactions*
Balance of major current accounts as of December 31, 2025:					
Deposits with banks	1,193,088,886	-	-	1,193,088,886	26.29%
Placements with banks and other financial institutions	126,450,800	175,720,000	-	302,170,800	5.98%
Loans and advances	-	81,818,182	-	81,818,182	0.96%
Derivative financial assets	26,988,200	-	-	26,988,200	72.08%
Financial investments	210,000,000	-	-	210,000,000	4.52%
Customer deposits	-	(10,266,641)	(80)	(10,266,721)	0.05%
Derivative financial liabilities	(14,630,542)	-	-	(14,630,542)	34.00%
Other liabilities	(776,174)	-	-	(776,174)	3.34%
Balance of major off-balance sheet items as of 31 December 2025:					
Notional amount of derivative financial instruments	2,700,138,912	-	-	2,700,138,912	29.08%

	Major shareholders	*Subsidiaries of SPD and its shareholders*	*Companies with significant influence by key management personnel*	*Total*	*Proportion in similar transactions*
Amount of major transactions in 2024:					
Interest income	18,054,540	4,439,077	-	22,493,617	3.51%
Interest expenses	(764,613)	-	(1,707,249)	(2,471,862)	0.78%
Fee and commission income	-	-	4,423,085	4,423,085	20.32%
Fee and commission expense	(172,634)	(83,911)	-	(256,545)	16.99%
Gains on changes in fair value	9,275,977	-	-	9,275,977	40.93%
Net investment gains	3,325,550	-	-	3,325,550	-11.26%
Net gains from foreign exchange	32,146,982	-	-	32,146,982	28.75%
General and administrative expenses	-	-	(400,527)	(400,527)	0.12%

	Major shareholders	*Subsidiaries of SPD and its shareholders*	*Companies with significant influence by key management personnel*	*Total*	*Proportion in similar transactions*
Balance of major current accounts as of 13 December 2024:					
Deposits with banks	1,246,632,322	-	-	1,246,632,322	26.67%
Placements with banks and other financial institutions	543,205,300	86,260,800	-	629,466,100	12.27%
Derivative financial assets	91,304,776	-	-	91,304,776	58.13%
Financial investments	10,000,000	-	-	10,000,000	0.59%
Other assets	-	-	2,084,906	2,084,906	3.47%
Customer deposits	-	-	(350,243,572)	(350,243,572)	1.78%
Derivative financial liabilities	(10,955,097)	-	-	(10,955,097)	20.74%
Balance of major off-balance sheet items as of 31 December 2024:					
Notional amount of derivative financial instruments	6,219,070,086	-	-	6,219,070,086	37.24%

(c) Transactions with key management personnel

Key management personnel refer to persons who have the authority and responsibility to plan, direct and control the activities of the Bank directly or indirectly, including directors, supervisors, senior management personnel at the head office and branches, and persons with core business approval or decision-making authority such as major credit facilities and asset transfers.

The Bank pays the following salaries, bonuses and other welfare to key management personnel:

	2025	*2024*
Salary, bonus and other welfare	49,300,423	51,072,900

8 Financial risk management

(1) Overview

The Bank’s business activities are exposed to a variety of risks, and thus the Bank analyse, evaluate, accept and manage these risks or combination of risks. Risk management is core to the financial industry, and business operations will definitely bring about operating risks. The Bank’s goal is to achieve an appropriate balance between risk and return while minimising potential adverse effects on the Bank’s financial performance.

The Bank’s risk management policies are designed to identify and analyse related risks, to set appropriate risk limits and control procedures, and to monitor the risks and risk limits with the support of reliable information systems.

The Board exercises overall risk supervision and assumes the ultimate responsibility for overall risk management.The Risk Management Committee (hereinafter referred to as “RMC”) and the Related-party Transactions Control Committee (hereinafter referred to as “RTCC”) are established under the BOD to supervise and inspect the management's implementation of risk management policies and procedures.

The Bank is exposed to major business risks including credit risk, market risk and liquidity risk. Market risk includes foreign currency risk and interest rate risk in the banking book (IRRBB).

(2) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly comes from the Bank's credit business and debt instrument investment and other treasury businesses. Management of the Bank closely monitors its exposure to credit risk. In terms of credit business and credit risk management, the Bank adopts the following organisation structure where front office, middle office and back office are segregated. The BOD has the ultimate decision-making power over all the matters related to credit business and credit risk management. The BOD, the RMC and RTCC assigned by the BOD, the President, Chief Risk Officer, Chief Credit Officer, Senior Credit Officer, Senior Credit Manager and Senior Client Manager assigned by the BOD have been delegated with certain authorities and responsibilities in relation to credit business and credit risk management. The Credit Management Department and the Risk Management Department are responsible for the credit risk management of the Bank, and keep regular communication and negotiation with Senior Management of the Bank.

The Bank manages, restricts and controls the identified credit risk concentration, especially on individual borrower, group, industry and region. The Bank sets limit to the same individual borrower or group borrower to optimize credit risk structures. Such risks are monitored on a regular basis and are subject to an annual or more frequent review when necessary.

(a) Credit business

The Bank uses the bank's internal CRR10 rating system to measure the credit risk of credit assets. In order to ensure that the current risk classification mechanism of credit assets of the Bank complies with the requirements of relevant regulations of the CBIRC, the risk classification of credit assets of the Bank shall be adjusted dynamically in real time. According to the level of credit risk, credit assets are divided into five categories: namely pass, special mention, sub-standard, doubtful and loss, among which sub-standard, doubtful and loss are regarded as non-performing credit assets.

The core definition of the five-level classification of credit assets is:

Normal: the debtor is able to perform the contract, and there is no objective evidence showing that it is unable to repay the principal, interest or earnings in full and on time.

Special-mentioned: although there are some factors which are likely to have adverse impact on the performance of the contract, the debtor is currently able to repay the principal, interest or earnings.

Substandard: the debtor is unable to repay the principal, interest or earnings in full, or the financial asset has suffered from credit impairment.

Doubtful: the debtor is unable to repay the principal, interest or earnings in full, and the financial asset has suffered from significant credit impairment.

Loss: after all possible measures are taken, only a very small part of financial assets is recovered, or all of the financial assets are lost.

(b) Fund business

The bank's fund business includes investment in national bonds, policy bank bonds, interbank deposit certificates and interbank financing, and interbank customer credit risk is mainly controlled by the risk management department according to the credit risk management policies, procedures and systems. The risk management department reviews and manages the credit risks of individual financial institutions on a regular basis, sets credit lines for individual banks or non-bank financial institutions that have funds with the Bank, and monitors the risk exposure of peer groups at the level of large risk exposure to ensure that regulatory requirements are met.

(c) Measurement of expected credit losses

Risk stage division of financial instruments

Based on whether the credit risk of the financial instrument has significantly increased or has undergone credit impairment since the initial recognition, the Bank divides each business into three risk stages and makes provision for expected credit losses. Please refer to Note 3(6)(vii) for the definitions of the three risk stages, the judgment criteria for the significant increase of credit risk, the definition of default and the definition of financial assets with credit impairment.

Grouping of credit risk exposure

The Bank groups the assets with similar credit risk characteristics into the same portfolio. When grouping, the Bank has obtained sufficient information to ensure the reliability of its statistics. The Bank groups the credit risk exposure according to the credit risk characteristics such as product types, client types and client industries. The Bank re-examines and corrects the reasonableness of the groupings and conduct quantitative and qualitative assessments on a regular basis. When the credit risk characteristics of risk exposures in the portfolio change, the Bank 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.

Description of parameters, assumptions and estimation techniques

According to whether the credit risk has increased significantly since the initial recognition and whether the credit impairment of the financial instrument has occurred, the Bank shall measure the loss provisions for different financial instruments at the expected credit losses of 12 months or the whole life respectively. Expected credit loss is the weighted average of the product of default probability, default loss rate and default risk exposure. Relevant definitions are as follows:

- Probability of default refers to the probability that the debtor will default in the next 12 months or throughout the remaining life of the debtor. The default probability of the Bank is adjusted based on the estimation method using the 10-level classification transfer matrix, and forward-looking information is added to reflect the impact of macroeconomic changes on the default probability of the future point in time;
- The default loss ratio refers to the proportion of the loss amount caused by a default to the risk exposure of the default debt. Due to the small sample size of our bank's historical default, we set the default loss rate by referring to regulatory standards;
- Default exposure is the amount of a debt payable in the event of default.

The Bank monitors and reviews quarterly assumptions related to the calculation of expected credit losses, including changes in default probabilities and default loss rates for each term.

During the reporting period, there were no major changes in estimating techniques or key assumptions.

Forward-looking information contained in expected credit losses

Forward-looking information is involved in the assessment of whether the credit risk of a financial instrument has increased significantly since the initial recognition and in the measurement of expected credit losses.

The bank presuppositions three kinds of economic scenarios: one is the baseline scenario, that is, the neutral scenario set internally according to the prediction of variables by the vector autoregressive model; The other two scenarios are optimistic scenarios and pessimistic scenarios, and the historical data volatility method is used to predict the predicted values of macro factors respectively.

Through historical data analysis, the Bank identifies key economic indicators, such as the year-on-year growth rate of gross domestic product (GDP), that influence the credit risk and expected credit losses of each business type. The Bank evaluates and forecasts these economic indicators at least annually to provide the best estimate for the future and periodically tests the results.

As of December 31, 2025, the Bank sets the macroeconomic scenario weights for 2025 at 30%, 20% and 50% for baseline, optimistic and pessimistic scenarios respectively. The Bank sets the 2025 scenario model volatility at the 90th percentile for the optimistic scenario and the 30th percentile for the pessimistic scenario. The key economic indicator forecasts used by the Bank in 2025 are foretasted as: a cumulative year-on-year increase of 5.20% in GDP; a cumulative year-on-year increase of 8.4% in M2; a cumulative year-on-year increase of -0.35% in completed investment in fixed assets.

Similar to other economic forecasts, estimates of projected economic indicators and likelihood of occurrence are subject to a high degree of inherent uncertainty, so actual results may differ materially from projections. The Bank believes that these forecasts represent the Bank's best estimate of likely outcomes. Weighted credit loss is calculated by multiplying the expected credit loss in each scenario by the weight of the corresponding scenario.

(d) Maximum credit risk exposure

Without taking account of any collateral and other credit enhancements, the maximum credit risk exposure of the Bank at 31 December 2025 was attributable to the following financial assets, and guarantees and commitments.

Financial assets and guarantees and commitments included in impairment assessment

The following table analyzes the maximum credit risk exposure of financial instruments included in expected credit loss assessment.

	31 December 2025			
	Stage 1	*Stage 2*	*Stage 3*	*Total*
Cash and balances with central bank	1,022,849,108	-	-	1,022,849,108
Deposits with banks	4,537,683,009	-	-	4,537,683,009
Placements with banks and other financial institutions	5,057,248,521	-	-	5,057,248,521
Loans and advances				
- Measured at amortized cost	6,715,910,767	54,127,126	1,835,434	6,771,873,327
Financial investments				
- Debt investments	2,639,784,868	-	-	2,639,784,868
- Other debt investments	2,010,861,228	-	-	2,010,861,228
Other financial assets	4,307,415	-	-	4,307,415
Total	21,988,644,916	54,127,126	1,835,434	22,044,607,476

	31 December 2024			
	Stage 1	*Stage 2*	*Stage 3*	*Total*
Cash and balances with central bank	1,519,307,805	-	-	1,519,307,805
Deposits with banks	4,674,890,355	-	-	4,674,890,355
Placements with banks and other financial institutions	5,131,284,877	-	-	5,131,284,877
Loans and advances				
- Measured at amortized cost	6,393,751,101	109,126,976	-	6,502,878,077
Financial investments				
- Debt investments	826,294,872	-	-	826,294,872
- Other debt investments	860,259,488	-	-	860,259,488
Other financial assets	6,487,895	-	-	6,487,895
Total	19,412,276,393	109,126,976	-	19,521,403,369

	31 December 2025 Maximum credit risk exposure	*31 December 2024 Maximum credit risk exposure*
Loan commitments and financial guarantee contracts:		
-Irrevocable loan commitments	125,010,692	397,335,657
Total	125,010,692	397,335,657

Financial assets not included in impairment assessment

The table below analyses maximum exposure to credit risk of financial assets that are not included in expected credit losses assessment.

	31 December 2025 Maximum exposure to credit risk	*31 December 2024 Maximum exposure to credit risk*
Financial assets at fair value through profit or loss		
- Loans and advances	1,602,265,766	2,130,243,845
- Derivative financial assets	37,443,179	157,076,813
Total	1,639,708,945	2,287,320,658

(e) Loans and advances with impaired credit

Collaterals and other credit enhancements covered and not covered

	2025	*2024*
Covering part	86,880,103	80,775,296
Uncovering part	15,854,655	33,962,550
Total	102,734,758	114,737,846

The covering part of the collaterals above refers to the ending balance of mortgaged loans and pledged loans.

(3) Market risk

The Bank is exposed to market risks. This risk refers to the risk of fluctuations in the fair value or future cash flow of exposure to financial instruments held by the Bank due to fluctuations in market prices. Market risk arises from the impact of general or specific changes in market interest rates and foreign exchange rates on exposure positions in interest rate products and currency products.

The Bank classifies market exposure into either trading or non-trading portfolios. The trading portfolio category includes positions that arise from transactions between the Bank and its clients or market participants, namely market makers. The non-traded portfolio category mainly includes interest rate risk management of commercial bank assets and liabilities.

The risk management department of the Bank is the centralized management department of the bank's market risk management. The risk management department monitors and analyzes the market risk changes and the implementation of quotas, and reports to the senior management regularly.

(a) Currency risk

The Bank is exposed to exchange rate risk, which means that the level of position and cash flow of the Bank's foreign exchange exposure may be affected as a result of fluctuations in major foreign exchange rates.

The Bank's main principle for controlling currency risk is to match assets and liabilities in different currencies as much as possible and to keep currency risk within the limits set by the Bank. Exposure to each currency is capped and monitored regularly. In accordance with the guiding principles of the RMC and RTCC, relevant regulatory requirements and management's assessment of the current environment, the Bank sets risk tolerance limits and minimizes the possible currency mismatching of assets and liabilities by reasonably arranging the sources and utilization of foreign currency funds.

The Bank's exposure to currency risk at the balance sheet date is as follows:

31 December 2025	*RMB*	*USD (RMB equivalent)*	*HKD (RMB equivalent)*	*Other currencies (RMB equivalent)*	*Total*
Financial assets					
Cash and balances with central bank	727,374,815	277,834,406	17,639,887	-	1,022,849,108
Deposits with banks	2,018,573,287	2,450,902,595	23,094,674	45,112,453	4,537,683,009
Placements with banks and other financial institutions	260,914,840	4,669,437,949	126,895,732	-	5,057,248,521
Derivative financial assets	37,443,179	-	-	-	37,443,179
Loans and advances	8,006,888,134	258,951,285	38,045,930	70,253,744	8,374,139,093
Financial investments:					
- Debt investments	1,557,174,169	1,082,610,699	-	-	2,639,784,868
- Other debt investments	2,010,861,228	-	-	-	2,010,861,228
Other financial assets	4,307,415	-	-	-	4,307,415
Total financial assets	14,623,537,067	8,739,736,934	205,676,223	115,366,197	23,684,316,421
Financial liabilities					
Derivative financial liabilities	43,027,319	-	-	-	43,027,319
Customer deposits	12,206,605,824	8,806,068,437	468,656,210	7,558,927	21,488,889,398
Other financial liabilities	16,872,665	-	-	-	16,872,665
Total financial liabilities	12,266,505,808	8,806,068,437	468,656,210	7,558,927	21,548,789,382
Net balance sheet	2,357,031,259	(66,331,503)	(262,979,987)	107,807,270	2,135,527,039
Currency derivative contract	(231,250,450)	33,782,191	295,862,437	(91,414,050)	6,980,128
Financial guarantees and credit commitments	125,010,692	-	-	-	125,010,692

31 December 2024	*RMB*	*USD (RMB equivalent)*	*HKD (RMB equivalent)*	*Other currencies (RMB equivalent)*	*Total*
Financial assets					
Cash and balances with central bank	1,249,478,718	268,819,533	1,009,554	-	1,519,307,805
Deposits with banks	2,280,871,128	2,176,252,823	174,440,242	43,326,162	4,674,890,355
Placements with banks and other financial institutions	-	4,959,996,000	75,472,260	95,816,617	5,131,284,877
Derivative financial assets	157,076,813	-	-	-	157,076,813
Loans and advances	8,206,697,711	277,551,247	38,729,564	110,143,400	8,633,121,922
Financial investments:					
- Debt investments	751,454,322	74,840,550	-	-	826,294,872
- Other debt investments	860,259,488	-	-	-	860,259,488
Other financial assets	6,487,895	-	-	-	6,487,895
Total financial assets	13,512,326,075	7,757,460,153	289,651,620	249,286,179	21,808,724,027
Financial liabilities					
Derivative financial liabilities	52,820,619	-	-	-	52,820,619
Deposits from customers	11,906,368,969	7,377,668,594	250,406,062	154,668,107	19,689,111,732
Other financial liabilities	20,933,111	-	-	-	20,933,111
Total financial liabilities	11,980,122,699	7,377,668,594	250,406,062	154,668,107	19,762,865,462
Net balance sheet	1,532,203,376	379,791,559	39,245,558	94,618,072	2,045,858,565
Currency derivative contract	648,764,375	(342,821,345)	(39,297,350)	(103,658,554)	162,987,126
Financial guarantees and credit commitments	63,200,870	334,134,787	-	-	397,335,657

The following table lists the exchange rate sensitivity analysis results of financial assets and financial liabilities on the balance sheet date.

Net profit	*31 December 2025*		*31 December 2024*	
	Exchange rate changes		*Exchange rate changes*	
(Decrease) / increase	-1%	1%	-1%	1%
USD / RMB	244,120	(244,120)	(277,277)	277,277
Other currencies / RMB	(369,568)	369,568	68,192	(68,192)

Based on the static exchange rate risk structure of assets and liabilities, the sensitivity analysis above calculates the impact of reasonably possible changes in foreign currency exchange rate against RMB exchange rate on net profit when other factors remain unchanged. The analysis is based on the following assumptions : (1) various exchange rate sensitivities refer to exchange gains and losses resulting from 1% fluctuations in the absolute value of the exchange rate of each currency against the RMB at the closing (central parity) of the reporting date; (2) Changes in exchange rates of other foreign currencies refer to simultaneous and simultaneous fluctuations of exchange rates of other foreign currencies against RMB; (3) Calculation of foreign exchange exposure includes spot foreign exchange exposure and forward foreign exchange exposure. Based on the above assumptions, the actual changes in the bank's net profit caused by exchange rate changes may be different from the results of this sensitivity analysis.

(b) Interest rate risk

In response to the impact of future interest rate changes, the main tool to assess current and expected risk for the Bank net interest income sensitivity analysis, namely fixed calculate a certain period expires or the need to the difference between the pricing of interest-bearing assets and debt servicing both (gap), and use the benchmark interest rate gap data sensitivity analysis of the changing circumstances. The Bank has established a reporting system for sensitivity analysis, and regularly collects the sensitivity analysis results of net interest income and submits them to senior management, asset and liability management committee, the RMC and RTCC.

The following table sets out the bank's interest rate exposure. The items of assets and liabilities in the statement are classified as the earlier of the contract repricing date and the earlier of the contract maturity date and are presented at carrying value.

31 December 2025	*Within 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Non-interest bearing*	*Total*
Financial assets						
Cash and deposits with the central bank	1,022,460,736	-	-	-	388,372	1,022,849,108
Deposits with banks	4,523,447,516	-	-	-	14,235,493	4,537,683,009
Placements with banks and other financial institutions	3,495,513,340	1,542,668,016	-	-	19,067,165	5,057,248,521
Derivative financial assets	-	-	-	-	37,443,179	37,443,179
Loans and advances	2,408,822,795	3,557,200,954	2,316,767,644	79,492,007	11,855,693	8,374,139,093
Financial investments:						
- Debt investments	588,560,363	904,955,912	59,982,037	1,053,978,911	32,307,645	2,639,784,868
- Other debt investments	50,213,400	433,983,950	1,311,677,650	186,178,050	28,808,178	2,010,861,228
Other financial assets	-	-	-	-	4,307,415	4,307,415
Subtotal of financial assets	12,089,018,150	6,438,808,832	3,688,427,331	1,319,648,968	148,413,140	23,684,316,421
Financial liabilities						
Derivative financial liabilities	-	-	-	-	43,027,319	43,027,319
Customer deposits	19,202,063,797	2,235,005,807	-	-	51,819,794	21,488,889,398
Other financial liabilities	2,826,986	7,130,998	6,914,681	-	-	16,872,665
Subtotal of financial liabilities	19,204,890,783	2,242,136,805	6,914,681	-	94,847,113	21,548,789,382
Net interest re-pricing gap	(7,115,872,633)	4,196,672,027	3,681,512,650	1,319,648,968	53,566,027	2,135,527,039

31 December 2024	*Within 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Non-interest bearing*	*Total*
Financial assets						
Cash and balances with central bank	1,519,052,022	-	-	-	255,783	1,519,307,805
Deposits with banks	4,555,731,491	109,984,682	-	-	9,174,182	4,674,890,355
Placements with banks and other financial institutions	3,884,968,563	1,221,762,972	-	-	24,553,342	5,131,284,877
Derivative financial assets	-	-	-	-	157,076,813	157,076,813
Loans and advances	3,617,454,969	3,354,119,430	1,608,097,597	42,179,735	11,270,191	8,633,121,922
Financial investments:						
- Debt investments	-	676,414,645	70,911,192	71,859,441	7,109,594	826,294,872
- Other debt investments	-	182,419,020	664,115,920	-	13,724,548	860,259,488
Other financial assets	-	-	-	-	6,487,895	6,487,895
Subtotal of financial assets	13,577,207,045	5,544,700,749	2,343,124,709	114,039,176	229,652,348	21,808,724,027
Financial liabilities						
Derivative financial liabilities	-	-	-	-	52,820,619	52,820,619
Deposits from customers	18,102,841,737	1,527,178,119	-	-	59,091,876	19,689,111,732
Other financial liabilities	4,241,364	10,082,153	6,609,594	-	-	20,933,111
Subtotal of financial liabilities	18,107,083,101	1,537,260,272	6,609,594	-	111,912,495	19,762,865,462
Net interest re-pricing gap	(4,529,876,056)	4,007,440,477	2,336,515,115	114,039,176	117,739,853	2,045,858,565

The table below illustrates the potential impact to the fiscal year after the balance sheet date of the Bank when the yield curve shifts by 100 basis points:

	31 December 2025	*31 December 2024*
Yield curve shifts up by 100 basis points	(34,894,774)	(18,456,385)
Yield curve shifts down by 100 basis points	(13,438,944)	(5,300,219)

In performing sensitivity analysis, the Bank has made the following assumptions in deciding the commercial conditions and financial parameters:

(i) Business changes after the balance sheet date are not considered, and the analysis is based on the static gap on the balance sheet date;
(ii) All assets and liabilities repriced are supposed to be repriced in the middle of the related period;
(iii) Impacts of interest rate changes to market prices are not considered;
(iv) Impacts of interest rate changes to off-balance sheet items are not considered;
(v) The necessary actions to be taken by the Bank in response to the interest rate changes are not considered.

Considering the above restrictions, the actual changes in the net interest income of the Bank due to interest rate changes may be different from the results of this sensitivity analysis.

(4) Liquidity risk

Liquidity risk refers to the risk that the Bank is unable to obtain sufficient funds at a reasonable cost or in a timely manner to meet business development needs or repay due debts and other payment obligations. The Bank receives various day-to-day requests for cash withdraw. Based on past experience, a considerable amount of deposits will not be withdrawn immediately on the maturity date, but is still kept in the Bank. However, in response to unexpected capital needs, the Bank regulates the standard of minimum capital reserve, so as to meet various demands of withdraw.

The matching and effective control on mismatching of the structure of maturity date between assets and liabilities is extremely significant to the management of the Bank. It is unusual for banks to completely match the items of assets and liabilities since business transactions are often of uncertain terms and different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The matching of structure of maturity date between assets and liabilities and the ability to replace interest-bearing liabilities at an acceptable cost as they mature are both important factors in assessing the liquidity risk of the Bank.

The following table shows the undiscounted contractual cash flow analysis of the Bank's financial instruments at each balance sheet date. The actual cash flows of these financial instruments may differ significantly from the results of the analysis in the table below:

31 December 2025	*Within 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Overdue*	*Indefinite*	*Total*
Financial assets								
Cash and deposits with the central bank	7,849,016	-	-	-	-	-	1,015,000,092	1,022,849,108
Deposits with banks	4,164,016,693	378,526,452	-	-	-	-	-	4,542,543,145
Placements with banks and other financial institutions	2,682,163,537	835,879,231	1,574,042,724	-	-	-	-	5,092,085,492
Loans and advances	606,872,358	1,818,789,544	3,637,543,033	2,466,648,400	94,361,926	97,734,757	-	8,721,950,018
Financial investments:								
- Debt investments	200,000,000	394,946,128	968,512,625	291,694,011	1,337,162,426	-	-	3,192,315,190
- Other debt investments	5,238,000	68,093,400	458,100,950	1,371,613,650	202,908,050	-	-	2,105,954,050
Other financial assets	-	-	-	-	-	-	4,307,415	4,307,415
Total financial assets	7,666,139,604	3,496,234,755	6,638,199,332	4,129,956,061	1,634,432,402	97,734,757	1,019,307,507	24,682,004,418
Financial liabilities								
Customer deposits	13,890,073,585	5,384,570,881	2,282,604,561	-	-	-	-	21,557,249,027
Other financial liabilities	935,222	1,973,694	7,294,560	7,031,011	-	-	-	17,234,487
Subtotal of financial liabilities	13,891,008,807	5,386,544,575	2,289,899,121	7,031,011	-	-	-	21,574,483,514
Net cashflow	(6,224,869,203)	(1,890,309,820)	4,348,300,211	4,122,925,050	1,634,432,402	97,734,757	1,019,307,507	3,107,520,904
Derivative financial instruments								
- Inflow	1,814,941,903	511,791,702	1,082,239,939	26,662,248	-	-	-	3,435,635,792
- Outflow	1,809,483,042	510,707,885	1,082,064,511	32,796,507	-	-	-	3,435,051,945
Derivative financial instruments, net	5,458,861	1,083,817	175,428	(6,134,259)	-	-	-	583,847
Financial guarantee and credit commitment	-	-	-	115,653,331	9,623,293	-	-	125,276,624

31 December 2024	*Within 1 month*	*1 to 3 months*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*	*Overdue*	*Indefinite*	*Total*
Financial assets								
Cash and deposits with the central bank	648,536,199	-	-	-	-	-	870,771,606	1,519,307,805
Deposits with banks	4,208,487,550	362,356,677	111,799,529	-	-	-	-	4,682,643,756
Placements with banks and other financial institutions	2,365,407,537	1,554,707,069	1,270,996,432	-	-	-	-	5,191,111,038
Loans and advances	1,544,666,997	2,090,053,128	3,446,755,985	1,733,462,005	52,489,759	114,737,844	-	8,982,165,718
Financial investments:								
- Debt investments	-	235,000	691,027,417	89,363,667	93,521,084	-	-	874,147,168
- Other debt investments	-	12,060,000	197,107,020	695,807,920	-	-	-	904,974,940
Other financial assets	-	-	-	-	-	-	6,487,895	6,487,895
Subtotal of financial assets	8,767,098,283	4,019,411,874	5,717,686,383	2,518,633,592	146,010,843	114,737,844	877,259,501	22,160,838,320
Financial liabilities								
Deposits from customers	9,030,558,011	9,166,657,718	1,573,632,376	-	-	-	-	19,770,848,105
Other financial liabilities	1,010,478	3,736,974	9,926,334	6,705,701	-	-	-	21,379,487
Subtotal of financial liabilities	9,031,568,489	9,170,394,692	1,583,558,710	6,705,701	-	-	-	19,792,227,592
Net cashflow	(264,470,206)	(5,150,982,818)	4,134,127,673	2,511,927,891	146,010,843	114,737,844	877,259,501	2,368,610,728
Derivative financial instruments								
- Inflow	8,210,443,487	284,129,670	3,230,526,313	120,751,632	-	-	-	11,845,851,102
- Outflow	8,145,470,817	275,210,131	3,143,177,458	129,399,519	-	-	-	11,693,257,925
Derivative financial instruments, net	64,972,670	8,919,539	87,348,855	(8,647,887)	-	-	-	152,593,177
Financial guarantee and credit commitment	61,307,232	-	273,920,814	11,114,720	51,958,163	-	-	398,300,929

(5) Fair value of financial instruments

(a) Fair value measurement

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Bank's assets and liabilities which are measured at fair value at each balance sheet date on a recurring basis. As at 31 December 2025, the Bank's assets and liabilities which are measured at fair value on a non-recurring basis were not significant. The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels of inputs 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;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

As at 31 December 2025, the financial instruments measured at fair value on a recurring basis are listed below by the above three levels:

	Level 1	*Level 2*	*Level 3*	*Total*
Financial assets				
Other debt investments	-	2,010,861,228	-	2,010,861,228
Loans and advances at fair value through profit or loss	-	-	1,602,265,766	1,602,265,766
Derivative financial assets	-	37,443,179	-	37,443,179
Total assets continuously measured at fair value	-	2,048,304,407	1,602,265,766	3,650,570,173
Financial liabilities				
Structured deposits designated at fair value	-	3,777,142,790	-	3,777,142,790
Derivative financial liabilities	-	43,027,319	-	43,027,319
Total liabilities continuously measured at fair value	-	3,820,170,109	-	3,820,170,109

As at 31 December 2024, the financial instruments measured at fair value on a recurring basis are listed below by the above three levels:

	Level 1	*Level 2*	*Level 3*	*Total*
Financial assets				
Other debt investments	-	860,259,488	-	860,259,488
Loans and advances at fair value through profit or loss	-	-	2,130,243,845	2,130,243,845
Derivative financial assets	-	157,076,813	-	157,076,813
Total assets continuously measured at fair value	-	1,017,336,301	2,130,243,845	3,147,580,146
Financial liabilities				
Structured deposits designated at fair value	-	5,222,417,327	-	5,222,417,327
Derivative financial liabilities	-	52,820,619	-	52,820,619
Total liabilities continuously measured at fair value	-	5,275,237,946	-	5,275,237,946

During 2025, there were no transfers of the Bank’s above assets and liabilities which are measured at fair value on a recurring basis.

(b) Level 1 fair value measurement

On the balance sheet date, the Bank did not hold financial instruments measured at the first level fair value.

(c) Level 2 fair value measurement

The financial instruments of the Bank belonging to the second level of fair value measurement mainly include debt investments, derivative financial instruments and structured deposits at fair value.

The fair value of discounted bonds is determined based on the quotation of the relevant securities settlement agency or exchange valuation system. The relevant quotation agencies adopted observable input values reflecting market conditions in the process of forming quotations.

Derivative financial instruments and structured deposits at fair value is determined by discounting the expected receivable and payable of future contracts and calculating the net present value of the contracts. The discount rate used is the market rate curve of respective currency. System quotations provided by market are used for exchange rates and commodity prices. These interest rate curves and quotations are observable input values that reflect market conditions.

(d) Level 3 fair value measurement

The Bank's Corporate Banking Department is responsible for the valuation of the loans and advances on recurring level 3 fair value measurement and discusses the valuation process and results with the Head of Finance.

The Bank's loans and advances at fair value are valued using valuation techniques that include unobservable market data and the model adopted is the discounted cash flow model. Unobservable inputs involved in this valuation model include the realisation probability of success fee, credit risk spread, etc.

The above assumptions and methods provide a consistent basis for the Bank's fair value measurement. However, as other institutions may use different methods and assumptions, the fair values disclosed may not be fully comparable among financial institutions.

Reconciliation between carrying amount at the beginning of the year 2025 and 2024, and that at the end of the year for items measured at recurring Level 3 fair value measurements:

		Total gains or losses of this year		*Purchase and settlement*			
	Balance at the beginning of the year 2025	*Included in profit or loss*	*Included in other comprehensive income*	*Purchase*	*Settlement*	*Balance at the end of the year 2025*	*Unrealized gains or losses for the year included in profit or loss for assets held at the end of the year*
Loans and advances at fair value through profit or loss	2,130,243,845	84,912,370	-	1,447,220,404	(2,060,110,853)	1,602,265,766	12,558,421

		Total gains or losses of this year		*Purchase and settlement*			
	Balance at the beginning of the year 2024	*Included in profit or loss*	*Included in other comprehensive income*	*Purchase*	*Settlement*	*Balance at the end of the year 2024*	*Unrealized gains or losses for the year included in profit or loss for assets held at the end of the year*
Loans and advances at fair value through profit or loss	1,848,571,672	94,544,914	-	1,975,846,896	(1,788,719,637)	2,130,243,845	21,323,108

The specific items of the above gains or losses recognized in 2025 and 2024 included in profit or loss or other comprehensive income are as follows:

	2025	*2024*
Realized gains recognized in profit or loss during the year		
- Net investment income	72,353,949	73,221,806
Unrealized gains or losses recognized in profit or loss during the year		
- Net gains from changes in fair value	12,558,421	21,323,108
Total	84,912,370	94,544,914

(e) Fair value of financial assets and liabilities not measured at fair value

(i) Cash and balances with the central bank, deposits with other banks, placements with banks and other financial institutions, deposits from banks and other financial institutions, customers deposits at amortised cost, other receivables and other payables

Since the maturity dates of the above financial assets and financial liabilities are within one year or are at floating interest rates so that the carrying amounts are close to the fair values.

(ii) Loans and advances measured at amortized cost

The loans and advances measured at amortised cost are stated at amortised cost less the provision for impairment losses. The fair value of loans and advances is close to the carrying amount as the interest rates on the loans and advances are adjusted primarily in line with LPR or movements in market interest rates, and impaired loans are net of provisions for impairment to reflect the recoverable amounts.

(iii) Debt investments

Debt investments are determined by reference to quotations from the relevant securities settlement institutions or the valuation system of the stock exchange. As at the balance sheet date, the difference between the fair value and the carrying amount of the debt investments was not material.

(6) Capital management

The Bank's capital management focuses on the capital adequacy ratio (“CAR”), aiming to comply with the regulatory requirements and support the business expansion of the Bank.

The Bank adheres to an active capital management policy to achieve the following goals:

(i) To ensure the Bank is in compliance with the regulatory requirements on CAR and has sufficient capital to support the capital demand of internal assessment;
(ii) To ensure the Bank has adequate capital to support the implementation of business strategy and business development;
(iii) To optimize the return to shareholders while maintaining a prudent level of capital depending on the underlying business risks.

The Bank calculates capital adequacy ratio in accordance with Capital Management Rules for Commercial Banks. As of December 31, 2025, China’s commercial banks should meet the minimum capital adequacy ratio requirements and reserve capital requirements stipulated in Capital Management Rules for Commercial Banks. The core tier 1 capital adequacy ratio shall not be lower than 7.5%, the tier 1 capital adequacy ratio shall not be lower than 8.5%, and the capital adequacy ratio shall not be lower than 10.5%.

The capital adequacy ratios calculated according to the Capital Management Rules for Commercial Banks and other regulatory requirements are as follows:

	31 December 2025	*31 December 2024*
Core tier 1 capital - net	2,151,590,224	2,089,462,851
Tier 1 capital - net	2,151,590,224	2,089,462,851
Capital - net	2,188,584,436	2,145,295,902
Core Tier 1 capital adequacy ratio	15.04%	14.55%
Tier 1 capital adequacy ratio	15.04%	14.55%
Capital adequacy ratio	15.29%	14.94%

9 Comparative data

Certain comparative figures have been reclassified to conform to the presentation of the current year’s financial statements.