昆仑银行
Bank of Kunlun

BANK OF KUNLUN

ABSTRACT OF 2025 ANNUAL REPORT

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I. Important Notice

The Board of Directors and all Directors and Senior Management of Bank of Kunlun Co., Ltd. undertake that the information in this report contains no false records, misleading statements, or material omissions.

This Abstract is extracted from the full Annual Report. For more information about the details, you should read the full Annual Report in Chinese.

On 31 March 2026, the 2025 Annual Report of Bank of Kunlun Co., Ltd. and its abstract were reviewed and approved at the third session of Bank of Kunlun's Board of Directors.

The 2025 Annual Financial Report prepared by the Bank in accordance with PRC GAAP has been audited by ShineWing, which has issued a standard and unqualified auditor's report.

Ms. Huang Liping, President of the Bank (acting as Chairman); Ms. Zhang Jianhui, Chief Accountant; and Mr. Liu Renshuo, in charge of the Accounting Department, represent and warrant that the financial statements in the 2025 Annual Report are authentic, accurate and complete.

II. General Information

1. Legal Name in Chinese: 昆仑银行股份有限公司
Legal Name in English: BANK OF KUNLUN CORPORATION LIMITED
Abbreviation in Chinese: 昆仑银行
Abbreviation in English: Bank of Kunlun (KLB)

2. Legal Representative: He Fang(1)

3. Registered Capital: RMB 10,287,879,258.43
Registered Address: No. 7 Century Avenue, Karamay City, Xinjiang
Postal Code: 834000
Business Enquiry and Complaint Hotline: 95379
Website: http://www.klb.cn/

4. Board Secretary: Zhang Yong
Tel: 0990-6230689
Email: ir@klb.com.cn

Note: (1) Mr. He Fang resigned from the post of legal representative of the Bank on 13 March 2026, and the change procedures are currently underway.

III. Financial Highlights

Financial data and indicators in this Annual Report are derived from the auditor's reports of the Company in the previous years. The report is prepared in accordance with PRC GAAP, and unless otherwise specified, the data come from the consolidated reports of the Company and are presented in RMB.

Annual Operating Results

Unit: in RMB 10^4

Item	2025	2024	2023
Net Interest Income	814,439	851,341	762,989
Net Fee and Commission Income	(111,358)	(147,222)	(113,149)
Operating Income	769,090	842,700	776,137
Operating and Administrative Expenses	291,367	279,535	266,131
Impairment Losses on Credit Assets	248,823	300,420	161,680
Impairment Losses on Other Assets	(270)	(164)	3,738
Operating Profit	221,646	254,546	336,431
Pre-tax Profit	198,612	253,833	334,952
Net Profit	183,591	170,490	253,165
Net Profit Attributable to the Shareholders of the Parent Company	183,635	170,411	253,420
Total Comprehensive Income Attributable to the Shareholders of the Parent Company	124,859	273,010	283,683
Net Cash Flows from Operating Activities	(249,765)	2,764,816	150,225

As at the End of the Reporting Period

Unit: in RMB 10^4

Item	31 December 2025	31 December 2024	31 December 2023
Total Assets	46,779,355	45,556,023	43,042,022
Total Loans and Advances to Customers(1)	24,145,342	22,923,581	22,035,285
Allowance for Impairment Losses on Loans(2)	931,690	923,404	728,159
Net Investments	14,913,315	14,852,733	12,751,118
Total Liabilities	42,652,958	41,486,540	39,154,552
Due to Customers(3)	30,719,808	29,794,092	25,972,824
Due to Banks and Other Financial Institutions	4,473,629	4,592,613	5,285,418

Continued

Item	31 December 2025	31 December 2024	31 December 2023
Equity Attributable to the Shareholders of the Parent Company	4,125,382	4,068,423	3,876,683
Share Capital	1,028,788	1,028,788	1,028,788
Net Core Tier 1 Capital(4)	4,109,219	4,053,179	3,865,138
Net Tier 1 Capital(4)	4,109,224	4,053,192	3,865,686
Net Capital(4)	4,500,970	4,428,859	4,241,149
Risk-weighted Assets(4)	33,344,488	31,970,578	31,698,510

Note: (1) The balance included the principal and the interest payable.
(2) The amount included the allowance for impairment losses on loan principal and the interest payable.
(3) The amount included the principal and the interest payable.
(4) Calculated in accordance with the requirements in the Administrative Measures on the Capital of Commercial Banks.

Per Share Data

Unit: in RMB

Item	31 December 2025	31 December 2024	31 December 2023
Net Assets Per Share(1)	4.01	3.95	3.77
Basic Earnings Per Share(2)	0.18	0.17	0.25
Diluted Earnings Per Share(2)	0.18	0.17	0.25
Net Cash Flow Per Share from Operating Activities	(0.24)	2.69	0.15

Note: (1) Calculated by dividing equity attributable to the shareholders of the parent company at the end of the reporting period by the number of shares issued at the end of the reporting period.
(2) Calculation methods are determined according to the Rules for the Information Disclosure and Compilation of Companies Publicly Issuing Securities No.9: Calculation and Disclosure of Return on Equity and Earnings per Share (Revised in 2010) issued by CSRC.

Profitability

Unit: %

Item	2025	2024	2023
Return on Average Total Assets(1)	0.40	0.38	0.62
Weighted Average ROE(2)	4.47	4.28	6.67
Weighted Average ROE after Deduction of Non-Recurring Gains and Losses(2)	4.84	4.29	6.69
Net Interest Spread(3)	1.80	1.97	1.96
Net Interest Margin(4)	1.86	2.05	2.03
Ratio of Net Fee and Commission Income to Operating Income	(14.48)	(17.47)	(14.58)
Cost-to-Income Ratio(5)	37.88	33.17	34.29

Note: (1) Calculated by dividing net profit by the average balance of total assets at the beginning and at the end of the reporting period.
(2) Calculation methods are determined according to the Rules for the Information Disclosure and Compilation of Companies Publicly Issuing Securities No.9: Calculation and Disclosure of Return on Equity and Earnings per Share (Revised in 2010) issued by CSRC.
(3) Calculated by the spread between the yield on average balance of interest-bearing assets and the cost on average balance of interest-bearing liabilities.
(4) Calculated by dividing the net interest income by the average balance of interest-bearing assets.
(5) Calculated by dividing the operating and administrative expenses by the operating income.

Asset Quality

Unit: %

Item	2025	2024	2023
Non-performing Loan (NPL) Ratio(1)	1.43	1.47	1.29
Provision Coverage Ratio(2)	269.09	275.01	256.30
Loan Provision Ratio(3)	3.86	4.03	3.30

Note: (1) Calculated by dividing the balance of NPLs by total loans and advances to customers.
(2) Calculated by dividing the balance of the allowance for impairment losses on loans by the balance of NPLs.
(3) Calculated by dividing the balance of the allowance for impairment losses on loans by the total loans and advances to customers.

Capital Adequacy

Unit: %

Item	2025	2024	2023
Core Tier 1 Capital Adequacy Ratio(1)	12.32	12.68	12.19
Tier 1 Capital Adequacy Ratio(1)	12.32	12.68	12.20
Capital Adequacy Ratio(1)	13.50	13.85	13.38
Total Equity to Total Assets Ratio	8.82	8.93	9.03

Note: (1) Calculated in accordance with the requirements in the Administrative Measures on the Capital of Commercial Banks.

IV. Management Discussion and Analysis

4.1 Review of Overall Operation

In 2025, KLB adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implemented the guiding principles of the 20th CPC National Congress and all plenary sessions of the 20th CPC Central Committee, and remained committed to its positioning of "serving energy, serving Xinjiang, and serving China's overall development". Guided by the goal of high-quality development, the Bank adhered to the working policy of "integrating industry and finance, promoting industry through finance, integrated collaboration, and pursuing distinctive and high-quality development", and implemented the business strategy of "controlling risks, optimizing the business structure, stabilizing net interest margins, and sustaining growth". The Bank steadily advanced the "five priorities", remained committed to the "serving small customers, completing difficult business, doing professional things, and making deep efforts" approach to industry-finance integration, made a final push toward the successful completion of the 14th Five-Year Plan, and initiated high-quality planning for the 15th Five-Year Plan. The whole bank strengthened confidence, concentrated efforts, forged ahead and strived continuously, actively overcoming various difficulties and challenges, achieved new progress in business operations, reform and innovation, management enhancement, risk prevention and control, and Party building, maintaining steady progress in the Bank's overall development. In 2025, the Bank recorded operating income of RMB 7.691 billion and total profit of RMB 1.986 billion. As at the end of 2025, total assets reached RMB 467.794 billion while total liabilities amounted to RMB 426.530 billion, with a relatively good level of non-performing loan (NPL) ratio among peers.

In corporate banking, the Bank focused on distinctive industry-finance business, further strengthened the financial ecosystem serving the petroleum and petrochemical industrial chain, and implemented the business strategy of "serving small customers, completing difficult business, doing professional things, and making deep efforts". The Bank strengthened the innovative application of online products, steadily advanced the "five priorities", further consolidated its customer base and forged ahead steadily amid a complex operating environment. As at the end of the reporting period, corporate banking customers amounted to 45,800. The balance of corporate banking deposits amounted to RMB 154.370 billion. The average daily balance of corporate banking loans (excluding discounted loans) amounted to RMB 117.363 billion. The annual cumulative disbursement of featured industry-finance loans reached RMB 55.160 billion, hitting an all-time high. **In retail banking,** the Bank firmly upheld the customer-centric principle, advanced its digital and scenario-based transformation strategy, and steadily improved refined operation and comprehensive service capacity of retail financial business, delivering sound overall business performance. It launched the "Benefit Deposit" series savings products targeting new urban residents, exclusive deposit products including "Warm Salary Deposit" and "Monthly Deposit" for payroll receiving clients, and newly rolled out the individual business loan product "Tax Easy Financing". The Bank optimized user experience of electronic banking, launched the upgraded Mobile Banking version 3.5 and launched a dedicated HarmonyOS mobile application. Fulfilling its responsibilities as a pilot bank for personal carbon accounts, the Bank launched personal green finance products, namely "Carbon Benefit Deposit" and "Carbon Benefit Loan". As at the end of the reporting period, the outstanding balance of retail loans stood at RMB 63.23 billion, the total number of retail customers reached 4,858,900, the sales of intermediate business products reached RMB 40.859 billion, and a total of 3,729,100 debit cards and 305,600 credit cards had been issued, respectively. **In financial market business,** the Bank actively coped with the severe challenges of narrowing interest margins and rising yield volatility, conducted in-depth research on investment and trading strategies, achieved compliant and stable business development, and won multiple honors such as the "Yinghua Award" and the "Golden Reputation Award". As at the end of the reporting period, the balance of interbank deposits stood at RMB 13.84 billion, interbank borrowings reached RMB 37.30 billion, and the investment balance of asset-backed securities amounted to RMB 3.572 billion. The outstanding balance of treasury bonds, local government bonds and policy bank bonds stood at RMB 60.147 billion, while that of credit bonds stood at RMB 21.90 billion. The balance of existing wealth management products was RMB 13.124 billion. **In international business,** the Bank actively maintained and consolidated business channels, strictly controlled business risks, and continuously improved its service and management levels. **In channel construction,** the Bank made every effort to build a comprehensive, multi-tiered and multi-channel coordinated online service system, continuously strengthened offline channel development, optimized the allocation of service resources, and enhanced customer service capabilities. Four outlets, including the Business Department of Tacheng Branch and its subordinate branches were newly established. The Bank promoted the upgrading of the "Kunlun Cloud Counter" channel and optimized and upgraded the new counter service system. **In information technology,** focusing on the core objectives of digitalization, intelligence and ecosystem development, the Bank continuously deepened the integration of business and technology and comprehensively advanced digital transformation and intelligent upgrading. The Bank promoted the development of the new-generation credit system group, completed the construction of CNPC’s centralized ERP system and full integration with the unified office platform, expanded the application of emerging technologies such as artificial intelligence and robotic process automation (RPA), improved the full-life-cycle data security protection system, and strengthened the protection of personal information and sensitive data, providing solid technological support and robust security assurance for the Bank’s high-quality development.

4.2 Risk Management

4.2.1 Organizational Structure of Risk Management

The comprehensive risk management organizational structure covers various types of risks including credit risk, market risk, operational risk, liquidity risk, country risk, reputational risk, strategic risk, legal risk, money laundering risk, and information technology risk. As the supreme managing and decision-making authority in the Bank’s risk management structure, the Board of Directors is responsible for examining and approving the major risk management policies and procedures; the Board Audit Committee is responsible for overseeing the performance of risk management duties by the Board of Directors and Senior Management and for urging corrective actions where necessary; the Senior Management established the Risk Management Committee (the Business Continuity Management

Committee, the Credit Information Security Leading Group) to be responsible for implementing and supervising the risk management; the Risk Management Department at the Head Office is responsible for coordinating overall risk management and promoting the comprehensive implementation of risk management across the Bank; the leading management departments of various risks of the Head Office are the subject of the risk management of the Bank, and responsible for recognition, measurement/assessment, monitoring/report, control/mitigation of such risks, and reporting the risk management of these risks to the Senior Management, and the comprehensive risk management department; all departments of the Head Office and branches specifically implement the policies related to risk management, recognize and manage the risks, and report the risk management work and risk events, etc. to all risk leading management departments and the comprehensive risk management departments; the Internal Audit Department makes independent and objective supervision, inspection, appraisal and report for the risk management effect of the Bank.

4.2.2 Credit Risk

The Bank has established a sound credit risk governance framework with a well-defined organizational structure and clearly delineated responsibilities and determines the tolerance and management objectives involved in the credit risks based on the supervision policies and the risk preference management policies of the Bank. The credit risk condition was regularly reported to the Board of Directors, the Senior Management and the Credit Risk Management Committee. The Bank actively promoted, gradually established and implemented a unified credit risk management concept. The Bank applied the look-through principle to ensure that credit risk management covered all on- and off-balance-sheet credit risk exposures. The Bank continued to improve the credit risk management system, deepened the adjustment of its credit structure, standardized post-loan management initiatives, and effectively strengthened asset quality classification management. As at the end of 2025, the Bank’s total loans and advances amounted to RMB 240.746 billion, implying an increase of RMB 12.433 billion compared with last year, and the balance of NPLs reached RMB 3.456 billion, implying an increase of RMB 107 million compared with last year; the NPLs ratio was 1.43%, representing a decrease of 0.04 percentage points from the end of the previous year.

Asset Quality Classification of Loans and Advances to Customers

Unit: in RMB 10^4 (Excluding Percentage)

Five-tier Classification	31 December 2025		31 December 2024	
	Amount of Loans and Advances	Proportion in Total Amount (%)	Amount of Loans and Advances	Proportion in Total Amount (%)
Subtotal of PLs:	23,729,067	98.56	22,496,410	98.53
Normal	23,388,273	97.15	22,153,423	97.03
Special-mention	340,794	1.42	342,987	1.50
Subtotal of NPLs:	345,559	1.43	334,870	1.47
Sub-standard	122,650	0.51	94,912	0.42
Doubtful	31,764	0.13	22,955	0.10
Loss	191,144	0.79	217,003	0.95
Total	24,074,625	100.00	22,831,280	100.00

4.2.3 Market Risk

The Bank classified all on-balance sheet and off-balance sheet assets and liabilities into trading books or banking books. The Bank has established a market risk management system for trading books covering risk identification, measurement, monitoring, reporting, and control to continuously monitor and control market risk in transactions and keep the market risk of trading books within a tolerable and reasonable level of the Bank. The Bank incorporated interest rate risk in the banking book into its comprehensive risk management framework, and established a specific management system according to system importance, risk status, and business complexity, in order to strengthen the identification, measurement, monitoring, control, and mitigation of such risk. The Bank set the foreign exchange exposure limit, continued to monitor the risk values, analyzed the foreign exchange rate changes, and conducted monitoring, pre-warning and reporting of exchange rate risk situation. As at the end of 2025, the balance of trading book of the Bank was 0; Interest rate risks in the banking book were generally under control, and showed asset sensitivity.

4.2.4 Operational Risk

The Bank continued to improve the operational risk management system and strengthened mechanisms for risk identification, assessment, control and monitoring to keep all operational risk indicators within the tolerance range. It pushed forward the development of the operational risk management system, which was fully developed and launched online. The system enabled online management of operational risk self-assessment, risk incidents and key risk indicators, and lifted the digital capability of risk management. The Bank optimized the operational risk stress testing mechanism, formulated and issued detailed rules for its implementation, standardized scenario design, model methodologies and reporting procedures, and enhanced the scientificity and standardization of stress testing. It carried out regular reviews on risks and business processes, together with relevant training sessions, to help staff improve capabilities in risk identification and process optimization. Focusing on risk prevention and control in key areas, the Bank conducted special assessments on critical links including authorization management, business continuity, as well as new products and new businesses. It also updated emergency plans for business continuity and other scenarios to bolster overall risk prevention capacity. In 2025, the Bank’s operational risks remained generally controllable, and no major operational risk incidents occurred during the year.

4.2.5 Liquidity Risk

The liquidity risk management system of the Bank was consistent with the overall development strategy and overall risk management system of the Bank and adaptable to the business scale, business nature and complexity of the Bank. In terms of liquidity risk management, the Bank adhered to a sound and prudent liquidity risk management philosophy, and liquidity risk preferences were generally robust. The strategies and policies of liquidity risk of the Bank covered various businesses as well as all business departments, units and sub-branches, and holding enterprises which might cause a significant impact on liquidity risk, and included liquidity risk management under normal and pressure scenes. The Bank strengthened forward-looking management and control of liquidity risk, adjusted its asset-liability business strategy as appropriate, and optimized the maturity allocation of assets and liabilities. Meanwhile, the Bank continuously improved stress test management and working methods, refined the liquidity risk emergency mechanism, and expanded the fund sources to ensure smooth market financing channels and abundant high-quality liquid assets. The Bank's various business operations remained generally stable, while its liquidity remained at a low-risk level, and various liquidity indicators met regulatory requirements. The pressure test results showed that under the set pressure scenarios, the Bank could achieve the minimum life expectancy as required by regulatory authorities, and the liquidity risks were always within the controllable scope. As at the end of 2025, the liquidity ratio of the Bank was 59.25%, liquidity coverage ratio 442.11%, net stable funding ratio 133.49%, and liquidity matching rate 135.67%.

4.2.6 Country Risk

The Bank continued to improve the country risk management system, gradually improved its country risk monitoring mechanism, and implemented a country risk limit management system and country risk reporting mechanisms. In 2025, the Bank continued to deepen the construction of its country risk management system, assessing potential risks in view of the actual business situation and changes in the international political and economic arena, timely adjusted the business strategies and processes, and took risk control measures to ensure country risk management policies and limits were effectively implemented and followed. Overall, the Bank’s internal level of country risks was relatively low.

4.2.7 Reputational Risk

The Bank attached great importance to reputational risk management and continued to conduct around-the-clock public opinion monitoring. The monitoring scope covers the Bank's own public opinions, the public opinions of important credit customers, regulatory policy updates and peer market sentiments. Sensitive information involving the Bank was tracked promptly to keep abreast of and identify evolving reputational risks, and the Bank proactively responded to and resolved risks arising from negative sensitive public opinions. No material reputational risk incidents arising from adverse public opinion occurred during the year.

4.2.8 Strategic Risk

In accordance with the principles of prudence, comprehensiveness, compatibility and effectiveness, the Bank gradually established a strategic risk management system matching its business scale and product complexity to effectively identify, assess, monitor, control and report strategic risks. The strategic risks of the Bank were overall controllable, showing a stable development trend.

4.2.9 Legal Risk

The Bank continued to deepen legal review and provide legal support for daily business operations, new product development and the handling of material matters. It improved the prevention and control mechanism for legal disputes and delivered on requirements for reducing the volume of pending cases. The Bank lifted the quality and efficiency of contract management and officially launched the financial business contract management platform. It strengthened publicity and education on the rule of law, and created a favorable law-abiding culture of compliance with laws and regulations throughout the Bank. Overall, the Bank's internal level of legal risks was low, and the risk development trend was stable.

4.2.10 Money Laundering Risk

Adhering to a risk-based approach, the Bank effectively fulfilled its anti-money laundering obligations and continuously enhanced its anti-money laundering and counter-terrorist financing management capabilities across the Bank. The Bank revised and issued the Administrative Measures for Money Laundering and Terrorist Financing Risk Management to facilitate the implementation of the requirements of the new Anti-Money Laundering Law; optimized the functions of its anti-money laundering system to facilitate the sharing of customer due diligence information across different systems; upgraded suspicious transaction monitoring criteria and continuously enhanced the effectiveness of monitoring reports; launched targeted business inspections to strengthen oversight of the performance of core statutory obligations, launched a new round of institution-wide money laundering risk self-assessments and completed the identification and analysis of typical money laundering scenarios; implemented tiered, differentiated and customized training programs to enhance employees' professional competence; organized a variety of anti-money laundering awareness campaigns to enhance money laundering prevention awareness among employees and the public; and actively cooperated in anti-money laundering investigations and research, providing strong support for competent authorities in combating money laundering and other illegal and criminal activities. Overall, the Bank's internal level of money laundering risks was low, and the risk development trend was stable.

4.2.11 Information Technology Risk

The Bank continued to refine its information technology risk management practices and continuously enhanced the effectiveness of risk management. The Bank continuously upgraded its risk monitoring platform, dynamically optimized its risk inventory and monitoring indicator system, and conducted quarterly assessments and monitoring to improve the accuracy of risk identification and the timeliness of early warnings. The Bank established a regular risk assessment mechanism and conducted special assessments covering cybersecurity, data security, outsourcing risks and mobile applications, as well as annual comprehensive assessments. The Bank strengthened full-life-cycle risk management of information technology outsourcing, conducted on-site inspections of key off-site service providers, and organized emergency drills for critical outsourcing scenarios to effectively mitigate the risk of service disruptions. The Bank further strengthened its business continuity management framework, successfully completed live switch drills for bank-wide business continuity and intra-city disaster recovery of core systems, and successfully passed business continuity stress tests. All key business operations remained stable throughout the year, with no medium-level or above service disruption incidents. Overall, the Bank's information technology risks remained stable and controllable.

4.3 Capital Management

In accordance with the Administrative Measures on the Capital of Commercial Banks, the Bank conducted capital planning, measurement, evaluation, allocation, utilization, monitoring and reporting, and fulfilled its information disclosure obligations. In accordance with regulatory requirements, credit risk-weighted assets are measured using the weighted approach, market risk-weighted assets using the simplified standardized approach, and operational risk-weighted assets using the basic indicator approach. In accordance with the transition-period arrangements under the Administrative Measures on the Capital of Commercial Banks, the Bank disclosed its key prudential regulatory indicators and capital composition on a regulatory consolidated basis with the specific data listed as follows:

Key Prudential Regulatory Indicators in Consolidated Tables of the Company under Regulatory Standards

Unit: in RMB 10^4 (Excluding Percentage)

No.	Item	31 December 2025	31 December 2024	Rate of Change (%)
Available Capital				
1	Net Core Tier 1 Capital	4,109,219	4,053,179	1.38
2	Net Tier 1 Capital	4,109,224	4,053,192	1.38
3	Net Capital	4,500,970	4,428,859	1.63
Risk-weighted Assets				
4	Risk-weighted Assets	33,344,488	31,970,578	4.30
Capital Adequacy Ratio				
5	Core Tier 1 Capital Adequacy Ratio (%)	12.32	12.68	Down 0.36 Percentage Points
6	Tier 1 Capital Adequacy Ratio (%)	12.32	12.68	Down 0.36 Percentage Points
7	Capital Adequacy Ratio (%)	13.50	13.85	Down 0.35 Percentage Points
Requirements for Other Tiers of Capital				
8	Requirements for Reserve Capital (%)	2.50	2.50	-
9	Capital Requirements in the Conversion Period (%)	-	-	-
10	Additional Capital Requirements for Global or Domestic Systematically Important Banks (%)	N/A	N/A	N/A
11	Requirements for Other Tiers of Capital (%) (8+9+10)	2.50	2.50	-
12	Proportion of Net Core Tier 1 Capital to Risk-weighted Assets after Meeting Minimum Capital Requirements (%)	4.32	4.68	Down 0.36 Percentage Points
Leverage Ratio				
13	Balance of Adjusted On-Balance-Sheet and Off-Balance-Sheet Assets	50,663,010	50,000,895	1.32
14	Leverage Ratio (%)	8.11	8.11	-
14a	Leverage Ratio a (%)	8.11	8.11	-
Liquidity Coverage Ratio				
15	Qualified Quality Liquid Assets	6,116,723	4,898,630	24.87
16	Net Cash Outflow	1,383,534	1,066,169	29.77
17	Liquidity Coverage Ratio (%)	442.11	459.46	Down 17.35 Percentage Points
Net Stable Funding Ratio				
18	Total Available Stable Funding	29,031,648	28,563,972	1.64
19	Total Required Stable Funding	21,748,038	22,133,306	(1.74)
20	Net Stable Funding Ratio (%)	133.49	129.05	Up 4.44 Percentage Points

Continued

No.	Item	31 December 2025	31 December 2024	Rate of Change (%)
Liquidity Ratio				
21	Liquidity Ratio (%)	59.25	55.33	Up 3.92 Percentage Points

Capital Structure of the Bank

Unit: in RMB 10^4 (Excluding Percentage)

No.	Item	31 December 2025	31 December 2024	Rate of Change (%)
Core Tier 1 Capital				
1	Portion of Paid-in Capital and Capital Reserve that Can be Included	2,049,119	2,049,119	-
2	Retained Earning	2,001,207	1,885,471	6.14
2a	Surplus Reserve	391,276	371,433	5.34
2b	General Risk Reserve	562,820	529,747	6.24
2c	Undistributed Profits	1,047,110	984,291	6.38
3	Accumulated Other Comprehensive Income	75,056	133,832	(43.92)
4	Eligible Portion of Minority's Capital	35	97	(63.92)
5	**Net Core Tier 1 before Deduction**	**4,125,417**	**4,068,519**	**1.40**
Core Tier 1 Capital: Deduction Item				
6	Other Intangible Assets (Excluding Land Use Right) (Deduction of Deferred Tax Liabilities)	16,198	15,340	5.59
7	**Total Deduction Items of Core Tier 1 Capital**	**16,198**	**15,340**	**5.59**
8	**Net Core Tier 1 Capital**	**4,109,219**	**4,053,179**	**1.38**
Other Tier 1 Capitals				
9	Eligible Portion of Minority's Capital	5	13	(64.10)
10	**Other Tier 1 Capitals before Deduction**	**5**	**13**	**(64.10)**
11	**Total Deduction Items of Other Tier 1 Capitals**	**-**	**-**	**-**
12	**Net Amount of Other Tier 1 Capitals**	**5**	**13**	**(64.10)**
13	**Net Tier 1 Capital**	**4,109,224**	**4,053,192**	**1.38**
Tier 2 Capital				
14	Eligible Portion of Minority's Capital	9	26	(64.10)
15	Excess Loss Provision that Can Be Included	391,737	375,641	4.28

Continued

No.	Item	31 December 2025	31 December 2024	Rate of Change (%)
16	**Tier 2 Capital before Deduction**	**391,746**	**375,667**	**4.28**
17	**Total Deduction Items of Tier 2 Capital**	**-**	**-**	**-**
18	**Net Tier 2 Capital**	**391,746**	**375,667**	**4.28**
19	**Total Net Capital**	**4,500,970**	**4,428,859**	**1.63**
20	**Risk-weighted Assets**	**33,344,488**	**31,970,578**	**4.30**
Capital Adequacy Ratio and Requirements for Other Tiers of Capital				
21	**Core Tier 1 Capital Adequacy Ratio**	**12.32**	**12.68**	**Down 0.36 Percentage Points**
22	**Tier 1 Capital Adequacy Ratio**	**12.32**	**12.68**	**Down 0.36 Percentage Points**
23	**Capital Adequacy Ratio**	**13.50**	**13.85**	**Down 0.35 Percentage Points**
24	**Requirements for Other Tiers of Capital (%)**	**2.5**	**2.5**	**-**
25	Including: Requirements for Reserve Capital	2.5	2.5	-
26	**Proportion of Net Core Tier 1 Capital to Risk-weighted Assets after Meeting Minimum Capital Requirements (%)**	**4.32**	**4.68**	**Down 0.36 Percentage Points**
China's Minimum Regulatory Capital Requirements				
27	Core Tier 1 Capital Adequacy Ratio	5.00	5.00	-
28	Tier 1 Capital Adequacy Ratio	6.00	6.00	-
29	Capital Adequacy Ratio	8.00	8.00	-
Limit of Allowance for Excess Losses that Can Be Recorded in Tier 2 Capital				
30	Actually Accrued Amount of Allowance for Excess Losses under Weighting Approach	722,063	718,637	0.48
31	Amount of Allowance for Excess Losses that Can Be Recorded in Tier 2 Capital under Weighting Approach	391,918	375,641	4.33

Note: (1) Calculated in accordance with the requirements in the Administrative Measures on the Capital of Commercial Banks, the figures in the table are the data of the Bank.

(2) Net core tier 1 capital = Core tier 1 capital - Supervision Deduction item of core tier 1 capital; Net tier 1 capital = Net core tier 1 capital + Other tier 1 capital - Other supervision deduction items of tier 1 capital; Total net capital = Net tier 1 capital + Tier 2 capital - Supervision deduction item of tier 2 capital.

(3) The supervision indicators in this table are calculated in accordance with the supervision requirements and accounting standards applicable to the relevant period. The figures are not subject to retroactive adjustment.

4.4 Human Resource Management

Adhering to a strategic orientation and professional approach, the Bank focused on optimizing its organizational system. It established Tacheng Branch as a secondary-level institution and adjusted the structure of its Beijing-based operating institutions, giving full play to the guiding and supporting role of organizational arrangements in institutional reform, structural adjustment, business integration, and intensive resource allocation. The Bank vigorously implemented its talent-driven development strategy, strengthened top-level planning for talent development, and continued to build a high-caliber cadre team distinguished by "strong political integrity, strong professional competence, and strong work style". The Bank continued to improve its training and talent development mechanisms and further refined its position certification system. It developed flagship talent development programs such as "Kunlun Lecture Hall", "Operational Excellence", and "Wealth Leadership", and established a tiered and differentiated training framework featuring "comprehensive coverage and targeted empowerment", thereby strengthening its capability for independent talent cultivation. In addition, the Bank launched the "Starlight Program" to systematically advance the development of its internal trainer team. The Bank continued to optimize its compensation and performance evaluation mechanisms, further directing compensation resources toward value creators while strengthening performance orientation and risk discipline. It was recognized as a First-Class Unit in the assessment of the reform of the three institutional mechanisms conducted by China National Petroleum Corporation (CNPC) and received a formal commendation. Furthermore, the Bank enhanced the quality and effectiveness of Party building, promoted the effective implementation of the "Six Systems" initiative for primary-level Party building, deepened the integrated enhancement of the "Three Basics" framework for primary-level Party building and the "Three Basics" work, and continuously strengthened the political and organizational functions of primary-level Party organizations.

4.5 Social Responsibility

Adhering to the decisions and deployments of the CPC Central Committee and the State Council, the Bank actively implements regulatory requirements, delivers benefits to society through concrete actions and fulfills its social responsibilities. In supporting the economic and social development of Xinjiang, the Bank leveraged its resource advantages as well as its deep roots in Xinjiang and expertise in serving the energy sector to build a differentiated financial service system featuring "one policy for each industrial chain" and "one policy for each enterprise". It prioritized support for the energy sector and the "Ten Major Industrial Clusters" in its credit allocation within Xinjiang. During the year, the Bank’s institutions in Xinjiang served 18,177 customers in the region, with cumulative credit disbursements exceeding RMB 38.2 billion. To strengthen support for inclusive finance for micro and small enterprises (MSEs), the Bank initially established a differentiated and business-line- oriented organizational structure and branch network for inclusive finance services. As of the end of the year, the balance of inclusive MSE loans amounted to RMB 11.939 billion, serving 35,356 borrowing MSEs. To further advance green finance, the Bank thoroughly implemented the national “dual carbon” strategy, made full use of the carbon emission reduction support facility of the People’s Bank of China, and cumulatively issued RMB 989 million in carbon emission reduction loans. It also completed Xinjiang’s first transition finance transaction for the petrochemical industry chain and was recognized by the China Energy Research Society as a "Typical Case of Sustainable Energy Finance Innovation". As of the end of the year, the balance of green loans stood at RMB 8.973 billion. In supporting the national rural revitalization strategy, the Bank thoroughly implemented the relevant national policy initiatives and focused on providing financial support for rural revitalization and village assistance programs. As of the end of the year, the balance of agriculture-related loans amounted to RMB 11.740 billion, while the balance of inclusive agriculture-related loans (with a credit line of less than RMB 10 million per borrower) reached RMB 2.516 billion. In strengthening consumer rights and interests protection, the Bank adhered to its customer-centered development philosophy, thoroughly implemented regulatory requirements, and continued to advance consumer protection initiatives in an orderly manner.

V. Changes in Share Capital and Shareholders

5.1 Changes in Share Capital

In 2025, the Bank did not increase its capital or enlarge its share, and the registered capital remained at RMB 10.288 billion.

5.2 Number of Shareholders and Proportion of Shareholding

As at 31 December 2025, the total number of shareholders of the Bank was 75, and the total number of shares was 10.288 billion. The shareholding ratio of legal person shareholders was 99.9908% and that of natural person shareholders was 0.0092%.

5.3 Top 10 Shareholders of the Bank and Shareholding Ratios

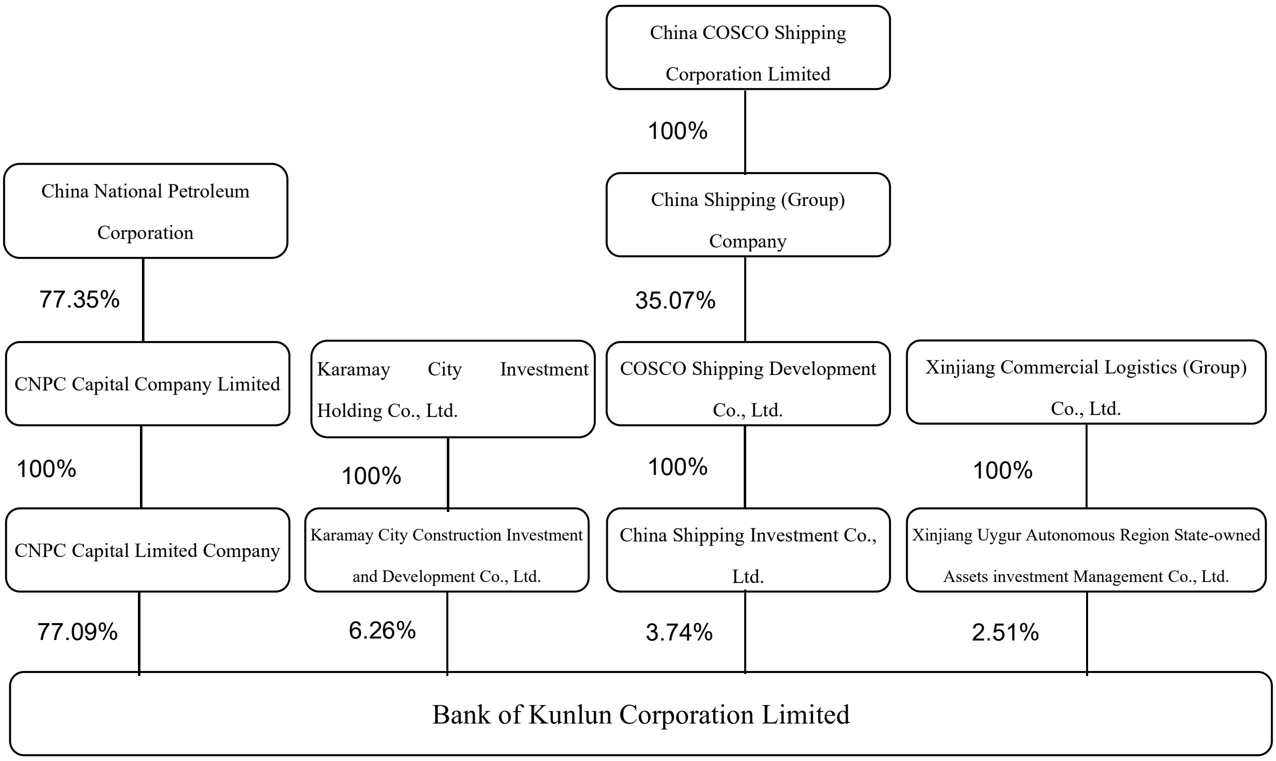
Unit: Share (Excluding Percentage)

No.	Name of Shareholder	Number of Shares Held	Shareholding Ratio (%)
1	CNPC Capital Limited Company	7,930,712,499.85	77.09
2	Karamay City Construction Investment and Development Co., Ltd.	644,126,987.60	6.26
3	China Shipping Investment Co., Ltd.	384,604,330.37	3.74
4	Xinjiang Uygur Autonomous Region State-owned Assets Investment Management Co., Ltd.	258,347,016.97	2.51
5	Xinjiang Financial Investment (Group) Co., Ltd.	223,225,446.36	2.17
6	Shandong State-owned Assets Investment Holdings Co., Ltd.	199,829,696.98	1.94
7	Xinjiang Uygur Autonomous Region Financing and Guarantee Co., Ltd.	129,173,508.49	1.26
8	Shanghai Qisheng Enterprise Development Co., Ltd.	68,686,275.09	0.67
9	Karamay City Dushanzi District Tianding Investment Group Co., Ltd.	58,386,227.45	0.57
10	Hainan Jinling Shengshi Investment Co., Ltd.	56,879,807.02	0.55

5.4 Major Shareholders

As at 31 December 2025, major shareholders of the Bank include: those holding over 5% of the equity in the Bank: CNPC Capital; Karamay City Construction Investment and Development Co., Ltd.; China Shipping Investment Co., Ltd., and Xinjiang Uygur Autonomous Region State-owned Assets Investment Management Co., Ltd. assigning Directors to the Bank.

Shareholding Structure of Major Shareholders



5.5 Information on the Actual Controller

Name: China National Petroleum Corporation (CNPC)
Nature: Central State-owned Holding Company
Type: Legal Entity
Legal Representative: Dai Houliang

VI. Directors, Supervisors, Senior Management, Employees and Institutions

6.1 Incumbent Directors and Other Senior Management

Name	Position	Gender	Age	Date of Appointment
Huang Liping (1)	Party Committee Deputy Secretary, President, Director （Acting Chairman）	Female	48	2024.03 (Party Committee Deputy Secretary) 2024.07 (Director and President) 2026.03（Acting Chairman）
Chen Can	Director	Female	57	2025.04
Shi Yong	Director	Male	44	2023.10
Du Haiying	Director	Female	50	2022.11
Wang Jianling	Director	Female	49	2024.08
Su Wanlong	Independent Director	Male	63	2025.04
Ye Donghai	Independent Director	Male	63	2025.04
Fan Dihong	Independent Director	Female	57	2025.04
Yang Daxin	Party Committee Deputy Secretary, Labor Union Chairman	Male	59	2022.06
Wang Mingdong	Member of the Party Committee, Vice President, Chief Information Officer	Male	55	2021.05 (Member of the Party Committee) 2021.09 (Vice President) 2024.01 (Chief Information Officer)
Zhao Kui	Member of the Party Committee, Vice President	Male	51	2022.03 (Member of the Party Committee) 2022.07 (Vice President)
Zhang Jianhui	Member of the Party Committee, Vice President, Chief Accountant	Female	52	2022.06 (Member of the Party Committee) 2022.11 (Vice President, Chief Accountant)
Zhao Zhilong	Member of the Party Committee, Vice President	Male	49	2024.09 (Member of the Party Committee) 2025.02 (Vice President)
Ma Yuanhui	Assistant to President	Male	56	2017.03

Note: (1) Mr. He Fang resigned as Director and Chairman of the Bank on 13 March 2026. Meanwhile, the Bank has nominated Ms. Huang Liping, Executive Director and President, to act as Chairman and Legal Representative.

Continued

Name	Position	Gender	Age	Date of Appointment
Zhang Yong	Board Secretary	Male	53	2025.02
Liu Lei	Assistant to President	Male	43	2025.02
Meng Lin	General Manager of Audit Department	Male	55	2022.10

6.2 Resigned Directors, Supervisors, Other Senior Management

Name	Position	Gender	Age	Date of Appointment and Retirement
He Fang	Party Committee Secretary, Chairman	Male	53	2021.05-2026.03 (Director) 2024.01-2026.03 (Secretary of CPC Committee) 2024.08-2026.03 (Chairman)
Hao Guangmin	Director	Male	53	2023.10-2025.04
Liu Bo	Independent Director	Male	66	2018.12-2025.04
Zhang Shengping	Independent Director	Male	60	2018.10-2025.04
Xi Bo	Independent Director	Male	53	2018.10-2025.04
Yang Daxin	Chairman of the Board of Supervisors	Male	59	2022.07-2025.12
Fan Hongbin	Employee Supervisor	Male	59	2023.11-2025.12
Qu Anna	External Supervisor	Female	63	2021.11-2025.12
Zhang Shanlin	External Supervisor	Male	63	2022.10-2025.12
Pang Hong	External Supervisor	Female	70	2022.10-2025.12
Zhang Jianhui	Board Secretary	Female	52	2023.02-2025.02

6.3 Employees

As at the end of 2025, there were 3,270 employees altogether, including 550 at the Head Office, 247 at the Operation Service Center, 2,443 at branches, International Business Settlement Center and Business Departments of Head Office, and 30 at rural banks. The average age of employees was 38.7. The employee structure of the Bank was continuously optimized, with a good quality overall: 3,131 employees (95.75%) have a bachelor’s degree or above and 604 employees (18.47%) have a doctor’s or master’s degree.

6.4 Salary

The Bank has established the Nomination and Remuneration Committee of the Board of Directors in accordance with the Articles of Association of Bank of Kunlun Co., Ltd. The committee is responsible for reviewing the Bank's remuneration management systems and policies. The formulation and adjustments of salary policies of the Bank conform strictly to relevant laws, regulations, and supervisory provisions. They are adaptable to the corporate governance requirements, operation development strategies and talent competition strategies, uphold the objective of "improving and perfecting the incentive and restrictive mechanism and increasing the organization efficiency", and pay proper attention to the steady operation and sustainable development while "focusing on achievements, preserving the key personnel and establishing a benchmark". The salary of an employee is mainly composed of the basic salary, performance-based salary, welfare benefits, and medium- and long-term incentives, and the beneficiaries are all contract employees of all kinds of institutions. And the deferred payment and recourse charge-back system is established for the Senior Management and the employees at the posts having a material effect on the risks, and the postponed payment period is not less than three years. For personnel violating rules and disciplines or abnormal exposure to risk losses within the duties, the payment shall be stopped and the performance-based salary shall be recovered.

The Bank continued to adhere to the principle of "strict performance assessment and rigorous implementation of compensation policies" in its performance assessment and salary distribution. In 2025, the Bank further optimized and improved its multidimensional indicator system covering all employees, breaking down indicators such as economic benefits, risk cost control and social responsibility to Head Office departments, branch offices and various positions. The Bank fully achieved its major assessment targets, and the assessment system, indicators, and assessment results were submitted to the regulatory authorities for filing as required. There was no exception to the original salary policy or plan in 2025, ensuring that the salaries of employees in audit, risk, compliance management and other related positions were independent of the performance of the business lines they oversee. The Bank maintained a strong linkage between performance-based salary and assessment results, further directing salary distribution toward high-performing branches, frontline employees, and key positions. It implemented adjustments to the compensation structure that allowed for both increases and decreases in income while placing equal emphasis on incentives and constraints, gradually narrowed the salary gap between branches and local peers, effectively reduced the turnover rate of key personnel, and provided solid human resources support for the sustained and healthy development of all institutions.

6.5 Institutions

The Bank owned a total of 11 branch-level institutions, namely Karamay Branch, Urumqi Branch, Daqing Branch, Tuha Branch, Korla Branch, Xi'an Branch, Ili Branch, Kashgar Branch, Tacheng Branch, International Business Settlement Center, and Shanghai International Business Settlement Center. As at the end of 2025, the Bank had 79 branches and sub-branches, an increase of 2 compared with the end of 2024.

VII. Corporate Governance Report

7.1 Overview of Corporate Governance

The Bank kept on optimizing the operating mechanism of corporate governance and the governance architecture to enhance scientific decision-making and effective checks and balances. The Bank initiated the performance evaluation of Directors, Supervisors and Senior Management, made further efforts in information disclosure and investor relationship management, optimized equity management, and regulated related party transactions. The management efficiency of the Bank was improved, the interests of all parties had been effectively protected, and the corporate governance proved to be fruitful.

7.2 Shareholders' General Meeting

During the reporting period, the Bank organized one annual meeting and one extraordinary general meeting in total, debriefed 6 reports, and adopted 9 proposals through deliberation. The agenda and proposals for the meeting were arranged by the Board of Directors in a lawful, fair and reasonable manner to ensure that every proposal was fully deliberated by the General Meeting. Each meeting was convened in compliance with relevant legal procedures, thus ensuring shareholders' participation and exercise of their rights. The Bank engaged lawyers to witness the General Meeting and issue legal opinions.

7.3 Board of Directors and Special Committees

By the end of the reporting period, the Board of Directors had nine directors, including two Executive Directors, namely Mr. He Fang(1) and Ms. Huang Liping(1); four Equity Directors, namely Ms. Chen Can, Mr. Shi Yong, Ms. Du Haiying and Ms. Wang Jianling; and three Independent Directors, namely Mr. Su Wanlong, Mr. Ye Donghai and Mr. Fan Dihong. Mr. He Fang(1) served as Chairman of the Board. All Equity Directors have extensive experience in corporate management or financial management and possess substantial professional expertise. The Independent Directors are renowned experts in finance, accounting and risk management, and are well versed in corporate finance and financial management.

In 2025, the Bank held 7 meetings of the Board of Directors in total, at which 33 reports were heard and 68 proposals were deliberated.

The Board of Directors has five special committees, namely the Strategy and Consumer Protection and ESG Committee, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, and the Related Party Transactions Control Committee, which report to and are authorized by the Board of Directors in providing professional advice and making decisions on

Note: (1) Mr. He Fang resigned as Director and Chairman of the Bank on 13 March 2026. Meanwhile, the Bank has nominated Ms. Huang Liping, Executive Director and President, to act as Chairman and Legal Representative.

professional matters. The Special Committees regularly communicate with the Senior Management and Head Office Function Departments on operating and risk conditions of the Bank, giving relevant opinions and suggestions.

In 2025, the Special Committees held 20 meetings in total, at which 31 reports were heard and 56 proposals were deliberated.

7.4 Board of Supervisors

Effective 30 December 2025, the Bank no longer maintains a Board of Supervisors.

As of 29 December 2025, the Board of Supervisors consisted of five members, including two Employee Supervisors, namely Mr. Yang Daxin and Mr. Fan Hongbin, and three External Supervisors, namely Ms. Qu Anna, Mr. Zhang Shanlin and Ms. Pang Hong, with Mr. Yang Daxin as Chairman of the Board of Supervisors. All supervisors of the Bank are experienced in management and have professional knowledge of finance and accounting.

In 2025, the Bank held 4 meetings of the Board of Supervisors in total, at which 41 reports were heard and 11 proposals were deliberated.

7.5 Senior Management

The Senior Management sets up the Risk Management Committee (the Business Continuity Management Committee and the Credit Information Security Leading Group), the Internal Control and Compliance Management Committee (the Case Prevention and Control Management Committee, the Standardization Management Committee, and the Anti-money Laundering Leading Group), the Asset-Liability Committee, the Information Technology Management Committee (Data Governance Committee), the Performance and Evaluation Committee, and the Production Safety Committee. In 2025, the Board of Directors evaluated the duty performance of the Senior Management in accordance with the Administrative Measures for Evaluation on Duty Performance of the Senior Management of Bank of Kunlun Co., Ltd., and Administrative Measures for Performance Evaluation of Senior Management of Board of Supervisors of Bank of Kunlun Co., Ltd. in order to strengthen the constraint and supervision system of the Senior Management, while also urging them to fulfill their responsibilities diligently.

7.6 Internal Control

The Bank conscientiously implemented the requirements of the central government, superior organizations and supervision departments, firmly established the core concept of "Internal Control Priority, Compliance First", and constructed an internal control management system composed of the Board of Directors, the senior management, internal control management functional departments, internal audit department, and business departments, achieving "clear division of responsibilities, performing their own duties, mutual coordination, and effective checks and balances". In 2025, the Bank fostered a prudent, steady and compliance-oriented culture featuring "supremacy of law, compliance first, honesty and trustworthiness, and rights protection in accordance with the law" by continuously strengthening the construction of its internal control management system through enhancing institutional management, optimizing business processes, updating its internal control management manual, and conducting internal control assessments, thereby consolidating the foundation for the Bank's high-quality development. From the overall internal control perspective, the Bank's internal control system operated effectively.

7.7 Internal Audit

The Bank implemented an independent and vertical internal audit management system accountable to the Board of Directors. During the reporting period, focusing on the center and serving the overall situation, the Bank increased supervision efforts, strengthened audit rectification, enhanced capacity building, accelerated the transformation and upgrading of digital and research-based auditing, and fully completed the annual audit tasks. Throughout the year, the Bank organized and implemented 34 audit items, and the audit contents covered all business areas including corporate business, retail business, credit management, wealth management, information technology, case prevention and control, anti-money laundering, and the economic accountability of leading cadres.

7.8 Accounting Firm

In 2025, the Bank engaged ShineWing (LLP) to provide the annual audit service for the Bank, and the total audit fee aggregated RMB 1.55 million.

VIII. Significant Events

8.1 Top 10 Shareholders and Changes during the Reporting Period

During the reporting period, there was no change in the top ten shareholders of the Bank.

8.2 Increase or Decrease of Registered Capital

During the reporting period, the registered capital of the Bank did not change.

8.3 Matters of Merger and Subsidiary Adjustments

During the reporting period, the Bank successfully completed the merger by absorption of Tacheng Kunlun Rural Bank, which was restructured into Tacheng Branch, and the legal person status of the former rural bank was deregistered. As of the disclosure date, the Bank has completed the public transfer of all its equity interests in Leshan Kunlun Rural Bank. The transfer proceeds have been fully received and accounted for, and the procedures for industrial and commercial registration changes are progressing in an orderly manner. The above adjustments involving the two rural banks did not have material impact on the Bank's overall operations, management or financial position.

8.4 Material Investment Activities

During the reporting period, the Bank had no material investment activities.

8.5 Material Asset Acquisition and Disposal

During the reporting period, the Bank had no material asset acquisition or disposal.

8.6 Material Contracts and Performance

During the reporting period, the Bank had no material contracts required to be disclosed.

8.7 Significant Lawsuits and Arbitrations

During the reporting period, the Bank had no lawsuits or arbitrations that had a significant impact on its operation.

8.8 Related Party Transaction

According to internal and external regulations such as the Management Measures for Related Party Transactions of Banking and Insurance Institutions, as well as the Bank's Articles of Association and its management measures for related party transactions, the Bank identifies related legal persons and natural persons based on the principles of substance over form and penetration. At the end of the reporting period, the Bank had a total of 3,259 related legal persons and 572 related natural persons. According to the definition of the National Financial Regulatory Administration (NFRA), the related party transactions of the Bank were as follows:

Credit Related Party Transactions

As at the end of the reporting period, the exposure balance of all related party credit business of the Bank after deducting margins and bank deposit certificates was RMB 8.884 billion, representing 19.76% of the net capital, including RMB 8.878 billion for legal persons and RMB 6 million for individuals.

Non-credit Related Party Transactions

In 2025, the total amount of deposits and other related party transactions between the Bank and related parties was RMB 66.739 billion, the total amount of asset transfer related party transactions was RMB 32.301 billion, and the total amount of service related party transactions was RMB 495 million.

Major Related Party Transactions

During the reporting period, the Board of Directors reviewed and approved ten major related party transaction proposals, including the Proposal on the 2025 Limit for Deposit and Other Related Party Transactions; the Proposal on Daily Related Party Transactions between the Directors, Supervisors, Senior Management of Bank of Kunlun and their Related Parties and the Bank; the Proposal on Major Related Party Transactions between Bank of Kunlun and China Kunlun Contracting and Engineering Corporation; the Proposal on the Limit for Asset-transfer Bill Discounting Business between Bank of Kunlun and Related Parties; the Proposal on Related Party Transactions between Bank of Kunlun and its Supervisors; the Proposal on Increasing the Limit for Asset-transfer Bill Discounting Business between Bank of Kunlun and Related Parties; the Proposal on Major Credit-Related Bill Business between Bank of Kunlun and China Petroleum Finance Co., Ltd.; the Proposal on the 2026 Limit for Deposit-Related Party Transactions of Bank of Kunlun; the Proposal on the 2026 Limit for Asset-transfer Bill Discounting Related Party Transactions of Bank of Kunlun; and the Proposal on Major Credit-Related Related Party Transactions between Bank of Kunlun and Xinjiang Commercial Logistics (Group) Co., Ltd.

In 2025, the Bank completed 19 major related party transactions of asset-transfer bill discounting, totaling RMB 23.909 billion, with all counterparties being PetroChina Company Limited. The cumulative amount of the above major related party transactions did not exceed the total limit for asset-transfer bill discounting related party transactions in 2025 approved by the Board of Directors.

8.9 Penalties

During the reporting period, the Bank and its Directors and Senior Management members were not subject to compulsory measures taken according to law, criminal punishment, or major administrative punishment by competent authorities due to that they were suspected of committing crimes; the Bank's Directors and Senior Management members were not subject to retention measures taken by discipline inspection and supervision authorities, and their performance of responsibilities was not impacted due to that they were suspected of serious violation of discipline and law or job-related crimes; the Bank's Directors and Senior Management members were not subject to compulsory measures taken by other competent authorities, and their performance of responsibilities was not impacted due to that they were suspected of violation of laws and regulations.

8.10 Distribution of Profits and Dividends

As approved at the 2024 Annual General Meeting, the Bank distributed cash dividends for the second half of 2024 to all shareholders registered as at 31 December 2024, which amounted to a total of RMB 205,757,585.14 (gross) (at a rate of RMB 0.20 per 10 shares, gross).

As approved at the First Extraordinary General Meeting in 2025, the Bank distributed cash dividends for the first half of 2025 to all registered shareholders as at 30 June 2025, which amounted to a total of RMB 473,242,445.90 (gross) (at the rate of RMB 0.46 per 10 shares, gross).

As approved at the 2025 Annual General Meeting, the Bank distributed cash dividends for the second half of 2025 to all shareholders registered as at 31 December 2025, which amounted to a total of RMB 267,484,860.71 (gross) (at a rate of RMB 0.26 per 10 shares, gross).

IX. Financial Report

The 2025 Annual Financial Report prepared by the Bank in accordance with PRC GAAP has been audited by ShineWing (LLP), which has issued a standard and unqualified auditor’s report.

Schedule I

Bank of Kunlun Corporation Limited
Consolidated Balance Sheet
(Unless otherwise specified herein, the following amounts are all expressed in RMB)

Item	31 December 2025	31 December 2024
Assets:		
Cash and Balances with the Central Bank	17,891,937,164.24	20,548,603,651.12
Deposits with Banks and Other Financial Institutions	16,953,297,252.46	16,205,007,152.36
Placements with Banks and Other Financial Institutions	37,399,657,155.41	44,577,985,829.56
Financial Assets Held under Resale Agreements	10,808,641,195.00	3,182,861,249.46
Loans and Advances to Customers	232,136,519,694.99	220,001,766,936.75
Financial Investments:		
Financial Assets Held for Trading	29,385,208,807.09	34,778,207,022.57
Debt Investments	54,376,530,118.95	64,115,714,125.39
Other Debt Investments	65,371,413,048.14	49,633,406,978.00
Other Equity Instrument Investment		
Fixed Assets	348,117,060.53	298,266,172.27
Construction in Progress	28,338,044.97	52,016,263.35
Intangible Assets	161,986,789.53	153,432,353.67
Right-of-use Assets	414,267,311.09	420,934,650.55
Deferred Tax Assets	1,787,723,911.00	1,016,574,554.90
Other Assets	729,911,794.12	575,451,622.67
Total Assets	**467,793,549,347.52**	**455,560,228,562.62**
Liabilities:		
Borrowings from the Central Bank	7,272,572,788.66	9,037,310,474.66
Due to Banks and Other Financial Institutions	44,736,293,152.43	45,926,129,528.16
Placements from Banks and Other Financial Institutions		
Financial Assets Sold under Repurchase Agreements	15,312,879,469.91	21,498,672,080.19
Due to Customers	307,198,081,132.49	297,940,920,596.06
Employee Compensation Payable	75,920,295.87	67,468,505.55
Tax Payable	670,803,970.91	897,536,614.10
Bonds Payable	49,038,477,056.95	34,035,644,134.27
Lease Liabilities	395,371,441.92	399,718,603.39
Provisions	132,691,859.07	166,161,116.79
Deferred Income Tax Liabilities		
Other Liabilities	1,696,487,306.26	4,895,840,889.38
Total Liabilities	**426,529,578,474.47**	**414,865,402,542.55**
Equity:		
Share Capital	10,287,879,258.43	10,287,879,258.43
Other Equity Instruments		
Including: Preferred Shares		
Perpetual Bonds		
Capital Reserve	10,203,310,136.78	10,203,310,136.78
Less: Treasury Stock		
Other Comprehensive Income	750,564,500.24	1,338,324,637.89
Special Reserves		
Surplus Reserve	3,912,760,712.15	3,714,330,025.90
General Risk Reserve	5,628,203,035.04	5,297,473,106.83
Undistributed Profits	10,471,102,050.12	9,842,907,849.63

Continued

Item	31 December 2025	31 December 2024
Total Equity Attributable to the Shareholders of the Parent Company	**41,253,819,692.76**	**40,684,225,015.46**
Non-controlling Interests	10,151,180.29	10,601,004.61
Total Equity	**41,263,970,873.05**	**40,694,826,020.07**
Total Liabilities and Equity	**467,793,549,347.52**	**455,560,228,562.62**

Schedule II

Bank of Kunlun Corporation Limited
Consolidated Income Statement
(Unless otherwise specified herein, the following amounts are all expressed in RMB)

Item	2025	2024
I. Operating Income	**7,690,900,038.36**	**8,427,003,055.34**
Net Interest Income	8,144,387,389.45	8,513,411,700.10
Interest Income	14,675,190,794.42	16,301,798,613.68
Interest Expenses	6,530,803,404.97	7,788,386,913.58
Net Fee and Commission Income	(1,113,576,402.22)	(1,472,224,175.67)
Fee and Commission Income	401,968,113.30	475,173,930.08
Fee and Commission Expenses	1,515,544,515.52	1,947,398,105.75
Return on Investment (Loss is Indicated by "()")	849,492,561.40	1,151,192,066.67
Including: Return on Investment in Associated Enterprises and Joint Ventures		
Return from De-recognition of Financial Assets Measured at Amortized Cost	45,300,716.13	4,434,432.67
Other Gains	27,671,985.55	9,180,170.95
Gains from Changes in Fair Value	(293,788,580.83)	241,596,569.53
Foreign Exchange Gains	69,940,298.22	(18,366,331.33)
Other Operating Incomes	4,250,334.73	2,283,965.69
Gains from Disposal of Assets	2,522,452.06	(70,910.60)
II. Operating Cost	**5,474,443,464.59**	**5,881,538,554.92**
Taxes and Surcharges	71,987,531.93	81,524,168.04
Operating and Administrative Expenses	2,913,671,862.65	2,795,348,187.11
Impairment Losses on Credit Assets	2,488,233,719.59	3,004,199,787.85
Impairment Losses on Assets	(2,695,934.34)	(1,643,738.21)
Other Operating Costs	3,246,284.76	2,110,150.13
III. Operating Profit (Loss is Indicated by "()")	**2,216,456,573.77**	**2,545,464,500.42**
Add: Non-operating Income	5,092,767.07	6,520,328.97
Less: Non-operating Expenses	235,428,217.82	13,658,062.20
IV. Total Profit (Total Loss Is Indicated by "()")	**1,986,121,123.02**	**2,538,326,767.19**
Less: Income Tax Expenses	150,216,101.35	833,422,396.01
V. Net Profit (Net Loss Is Indicated by "()")	1,835,905,021.67	1,704,904,371.18
(I) Classification by Business Continuity	**1,835,905,021.67**	**1,704,904,371.18**
1. Net Profit from Continuing Operations (Net Loss Is Indicated by "()")	1,835,905,021.67	1,704,904,371.18
2. Net Profit from Discontinued Operations (Net Loss Is Indicated by "()")		
(II) Classification by Ownership	**1,835,905,021.67**	**1,704,904,371.18**
1.Net Profit Attributable to the Shareholders of the Parent Company (Net Loss is Indicated by "()")	1,836,354,845.99	1,704,108,650.34
2. Minority Gains or Losses (Net Loss is Indicated by "()")	(449,824.32)	795,720.84
VI. After-tax Amount of Other Comprehensive Income	**(587,760,137.65)**	**1,025,992,377.25**
After-tax Net Amount of Other Comprehensive Income Attributable to the Shareholders of the Parent Company	(587,760,137.65)	1,025,992,377.25
(I) Other Comprehensive Income that May Not be Reclassified Subsequently to Profit or Loss		
1. Changes Arising from the Remeasurement of Defined Benefit Plan		
2. Other Comprehensive Income that May not Be Transferred into Profit or Loss under Equity Method		
3. Changes in Fair Value of Investment in Other Equity Instruments		
4. Changes in Fair Value Arising from Corporate Credit Risk		
5. Others		
(II) Other Comprehensive Income That May be Reclassified Subsequently to Profit or Loss	(587,760,137.65)	1,025,992,377.25
1. Other Comprehensive Income that May Be Transferred into Profit or Loss under Equity Method		
2. Changes in Fair Value of Other Debt Investments	(783,697,897.12)	1,025,899,740.54

Continued

Item	2025	2024
3. Other Comprehensive Income Reclassified into Financial Assets		
4. Credit Impairment Provision Arising from Other Debt Investments	195,937,759.47	92,636.71
5. Cash Flow Hedging Reserves (Effective Portion of Gains or Losses from Cash Flow Hedging)		
6. Difference Arising from Translation of Foreign Currency Statements		
7. Others		
After-tax Net Amount of Other Comprehensive Income Attributable to Minority Shareholders		
VII. Total Comprehensive Income	**1,248,144,884.02**	**2,730,896,748.43**
Total Comprehensive Income Attributable to the Shareholders of the Parent Company	1,248,594,708.34	2,730,101,027.59
Total Comprehensive Income Attributable to Minority Shareholders	(449,824.32)	795,720.84
VIII. Earnings per Share:		
(I) Basic Earnings per Share (RMB/Share)	0.18	0.17
(II) Diluted Earnings per Share (RMB/Share)	0.18	0.17

Schedule III

Bank of Kunlun Corporation Limited
Consolidated Statement of Cash Flows
(Unless otherwise specified herein, the following amounts are all expressed in RMB)

Item	2025	2024
I. Cash Flows from Operating Activities:		
Net Increase in Due to Customers, Banks and Other Financial Institutions	9,092,993,029.80	30,950,643,095.98
Net Increase in Borrowings from the Central Bank	-	1,467,158,293.52
Net Decrease in Deposits with the Central Bank and Due from Banks and Other Financial Institutions	2,302,562,445.49	2,861,360,181.21
Net Increase in Placements from the Banks and Other Financial Institutions	5,860,000,000.00	6,490,000,000.00
Net Decrease in Financial Assets Held for Trading	5,775,835,599.74	988,302,274.05
Cash Receipts from Interest, Charges and Commissions	13,216,327,829.85	14,245,137,476.84
Other Cash Receipts Relating to Operating Activities	71,816,980.85	2,127,728,234.91
Sub-total of Cash Inflows from Operating Activities	**36,319,535,885.73**	**59,130,329,556.51**
Net Increase in Loans and Advances to Customers	14,795,553,484.72	9,998,827,037.75
Net Decrease in Borrowings from the Central Bank	1,764,867,287.80	-
Net Increase in Financial Assets Held for Trading	-	-
Cash Payments for Interest, Charges and Commissions	8,430,175,675.45	8,692,334,687.70
Net Decrease in Financial Assets Sold under Repurchase Arrangements	6,185,114,062.66	7,622,864,749.40
Cash Payments to and on Behalf of Employees	1,643,811,472.45	1,559,670,070.94
Payments of Various Types of Taxes	1,559,045,735.56	2,377,655,314.35
Other Cash Payments Relating to Operating Activities	4,438,620,143.11	1,230,817,656.35
Sub-total of Cash Outflows from Operating Activities	**38,817,187,861.75**	**31,482,169,516.49**
Net Cash Flows from Operating Activities	**(2,497,651,976.02)**	**27,648,160,040.02**
II. Cash Flows from Investing Activities:		
Cash Receipts from Disposals and Recovery of Investments	40,686,638,489.47	26,265,546,735.31
Cash Receipts from Return on Investment	3,446,970,608.08	3,105,404,438.31
Net Cash Receipts from Disposals of Fixed Assets, Intangible Assets and Other Long-term Assets	2,280,446.18	210,914.62
Net Cash Receipts from Sales of Subsidiaries and Other Business Units		
Other Cash Receipts Relating to Investing Activities		
Sub-total of Cash Inflows from Investing Activities	**44,135,889,543.73**	**29,371,162,088.24**
Cash Payments to Acquire or Construct Fixed Assets, Intangible Assets and Other Long-term Assets	170,600,756.35	166,962,323.79
Cash Payments to Acquire Investments	47,784,227,336.86	45,396,347,393.36
Other Cash Payments Relating to Investment Activities		
Sub-total of Cash Outflows from Investing Activities	**47,954,828,093.21**	**45,563,309,717.15**
Net Cash Flow from Investing Activities	**(3,818,938,549.48)**	**(16,192,147,628.91)**
III. Cash Flows from Financing Activities:		
Cash Receipts from Investors		
Including: Cash Received by Subsidiaries from Minority Investments		
Cash Receipts from Issuance of Bonds	88,951,901,166.44	60,062,707,072.35
Other cash received related to financing activities		
Sub-total of Cash Inflows from Financing Activities	**88,951,901,166.44**	**60,062,707,072.35**

Continued

Item	2025	2024
Cash Repayments of Borrowings	74,138,254,632.14	63,208,582,010.00
Cash Payments for Distribution of Dividend or Profit or Settlement of Interest Expenses	1,480,719,126.82	1,724,447,837.91
Other Cash Payments Relating to Financing Activities	296,995,224.38	372,317,856.48
Sub-total of Cash Outflows from Financing Activities	**75,915,968,983.34**	**65,305,347,704.39**
Net Cash Flow from Financing Activities	**13,035,932,183.10**	**(5,242,640,632.04)**
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	**69,940,298.22**	**(18,366,331.33)**
V. Net Increase in Cash and Cash Equivalents	**6,789,281,955.82**	**6,195,005,447.74**
Add: Balance of Cash and Cash Equivalents at the Beginning of the Year	21,605,394,909.43	15,410,389,461.69
VI. Balance of Cash and Cash Equivalents at the End of the Year	**28,394,676,865.25**	**21,605,394,909.43**

Schedule IV

Bank of Kunlun Corporation Limited
Consolidated Statement of Changes in Shareholders' Equity
(Unless otherwise specified herein, the following amounts are all expressed in RMB)

Item	2025								
	Equity Attributable to the Shareholders of the Parent Company							Non-controlling Interests	Total Equity
	Share Capital	Capital Reserve	Other Comprehensive Income	Surplus Reserve	General Risk Reserve	Undistributed Profits	Subtotal		
I. Balance as at the End of Last Year	**10,287,879,258.43**	**10,203,310,136.78**	**1,338,324,637.89**	**3,714,330,025.90**	**5,297,473,106.83**	**9,842,907,849.63**	**40,684,225,015.46**	**10,601,004.61**	**40,694,826,020.07**
Add: Adjustments for Changes in Accounting Policies									
Corrections of Accounting Errors in the Prior Year									
Business Combination under the Same Control									
Others									
II. Balance as at the Beginning of the Current Year	**10,287,879,258.43**	**10,203,310,136.78**	**1,338,324,637.89**	**3,714,330,025.90**	**5,297,473,106.83**	**9,842,907,849.63**	**40,684,225,015.46**	**10,601,004.61**	**40,694,826,020.07**
III. Changes for the Current Year (Decrease is Indicated by "()")			**(587,760,137.65)**	**198,430,686.25**	**330,729,928.21**	**628,194,200.49**	**569,594,677.30**	**(449,824.32)**	**569,144,852.98**
(I) Total Comprehensive Income			(587,760,137.65)			1,836,354,845.99	1,248,594,708.34	(449,824.32)	1,248,144,884.02
(II) Shareholders' Contributions and Reduction in Capital									

Item	2025								
	Equity Attributable to the Shareholders of the Parent Company							Non-controlling Interests	Total Equity
	Share Capital	Capital Reserve	Other Comprehensive Income	Surplus Reserve	General Risk Reserve	Undistributed Profits	Subtotal		
(III) Profit Distribution				183,593,416.36	330,729,928.21	(1,193,323,375.61)	(679,000,031.04)		(679,000,031.04)
1. Withdrawal of Surplus Reserve				183,593,416.36		(183,593,416.36)			
2. Withdrawal of General Risk Reserve					330,729,928.21	(330,729,928.21)			
3. Distribution to Shareholders						(679,000,031.04)	(679,000,031.04)		(679,000,031.04)
4. Others									
(IV) Internal Carry-over of Shareholders' Equity									
1. Capital Reserves Converting into Share Capital									
2. Surplus Reserves Converting into Share Capital									
3. Deficit Covered by Surplus Reserves									
4. Amount of Change Set in the Benefit Plan in Order to Carry Forward Retained Earnings									
5. Carry-over of Retained Earnings on Other Comprehensive Income									

ABSTRACT OF 2025 ANNUAL REPORT **Schedule IV**

Item	2025								
	Equity Attributable to the Shareholders of the Parent Company							Non-controlling Interests	Total Equity
	Share Capital	Capital Reserve	Other Comprehensive Income	Surplus Reserve	General Risk Reserve	Undistributed Profits	Subtotal		
6. Others									
(V) Special Reserves									
1. Withdrawal in Current Year									
2. Used in Current Year									
(VI) Others				14,837,269.89		(14,837,269.89)			
IV. Balance as at the End of the Current Year	**10,287,879,258.43**	**10,203,310,136.78**	**750,564,500.24**	**3,912,760,712.15**	**5,628,203,035.04**	**10,471,102,050.12**	**41,253,819,692.76**	**10,151,180.29**	**41,263,970,873.05**

Schedule IV

Bank of Kunlun Corporation Limited
Consolidated Statement of Changes in Shareholders' Equity (Continued)
(Unless otherwise specified herein, the following amounts are all expressed in RMB)

Item	2024								
	Equity Attributable to the Shareholders of the Parent Company							Non-controlling Interests	Total Equity
	Share Capital	Capital Reserve	Other Comprehensive Income	Surplus Reserve	General Risk Reserve	Undistributed Profits	Subtotal		
I. Balance as at the End of Last Year	**10,287,879,258.43**	**10,192,990,714.50**	**312,332,260.64**	**3,542,660,312.25**	**4,673,021,417.73**	**9,757,950,942.73**	**38,766,834,906.28**	**107,865,178.95**	**38,874,700,085.23**
Add: Adjustments for Changes in Accounting Policies									
Corrections of Accounting Errors in the Prior Year									
Business Combination under the Same Control									
Others									
II. Balance as at the Beginning of the Current Year	**10,287,879,258.43**	**10,192,990,714.50**	**312,332,260.64**	**3,542,660,312.25**	**4,673,021,417.73**	**9,757,950,942.73**	**38,766,834,906.28**	**107,865,178.95**	**38,874,700,085.23**
III. Changes for the Current Year (Decrease is Indicated by "()")		**10,319,422.28**	**1,025,992,377.25**	**171,669,713.65**	**624,451,689.10**	**84,956,906.90**	**1,917,390,109.18**	**(97,264,174.34)**	**1,820,125,934.84**
(I) Total Comprehensive Income			1,025,992,377.25			1,704,108,650.34	2,730,101,027.59	795,720.84	2,730,896,748.43
(II) Shareholders' Contributions and Reduction in Capital									
(III) Profit Distribution				171,669,713.65	617,005,571.51	(1,611,705,625.85)	(823,030,340.69)		(823,030,340.69)
1. Withdrawal of Surplus Reserve				171,669,713.65		(171,669,713.65)			
2. Withdrawal of General Risk Reserve					617,005,571.51	(617,005,571.51)			
3. Distribution to Shareholders						(823,030,340.69)	(823,030,340.69)		(823,030,340.69)

Item	2024								
	Equity Attributable to the Shareholders of the Parent Company							Non-controlling Interests	Total Equity
	Share Capital	Capital Reserve	Other Comprehensive Income	Surplus Reserve	General Risk Reserve	Undistributed Profits	Subtotal		
4. Others									
(IV) Internal Carry-over of Shareholders' Equity									
1. Capital Reserves Converting into Share Capital									
2. Surplus Reserves Converting into Share Capital									
3. Deficit Covered by Surplus Reserves									
4. Amount of Change Set in the Benefit Plan in Order to Carry Forward Retained Earnings									
5. Carry-over of Retained Earnings on Other Comprehensive Income									
6. Others									
(V) Special Reserves									
1. Withdrawal in Current Year									
2. Used in Current Year									
(VI) Others		10,319,422.28			7,446,117.59	(7,446,117.59)	10,319,422.28	(98,059,895.18)	(87,740,472.90)
IV. Balance as at the End of the Current Year	**10,287,879,258.43**	**10,203,310,136.78**	**1,338,324,637.89**	**3,714,330,025.90**	**5,297,473,106.83**	**9,842,907,849.63**	**40,684,225,015.46**	**10,601,004.61**	**40,694,826,020.07**