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交通銀行股份有限公司 Bank of Communications Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 03328)

2024 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the “**Board of Directors**”) of Bank of Communications Co., Ltd. (the “**Bank**”) is pleased to announce the unaudited results (the “**Interim Results**”) of the Bank and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”), which was prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The Board of Directors of the Bank and the Audit Committee of the Board of Directors have reviewed and confirmed the Interim Results.

I. CORPORATE INFORMATION

	Stock name	Stock code	Stock exchange
A Share	Bank of Communications	601328	Shanghai Stock Exchange
H Share	BANKCOMM	03328	The Stock Exchange of Hong Kong Limited
Domestic Preference Share	BOCOM PREF1	360021	Shanghai Stock Exchange

Secretary of the Board of Directors and Company Secretary

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II. FINANCIAL HIGHLIGHTS

As at 30 June 2024 (the “**end of the Reporting Period**”), key financial data and financial indicators prepared by the Group under International Financial Reporting Standards (“**IFRSs**”) are as follows:

	<i>(in millions of RMB unless otherwise stated)</i>		
Key financial data	January to June 2024	January to June 2023	Increase/ (decrease) (%)
Net interest income	84,234	82,387	2.24
Net fee and commission income	21,000	24,580	(14.56)
Net operating income	132,550	137,307	(3.46)
Credit impairment losses	33,021	36,346	(9.15)
Operating expenses	39,621	40,079	(1.14)
Profit before tax	47,678	49,674	(4.02)
Net profit (attributable to shareholders of the parent company)	45,287	46,039	(1.63)
Earnings per share (attributable to holders of ordinary shares of the parent company, in RMB yuan) ¹	0.56	0.57	(1.75)
	30 June 2024	31 December 2023	Increase/ (decrease) (%)
Total assets	14,177,914	14,060,472	0.84
Loans and advances to customers ²	8,267,734	7,957,085	3.90
Total liabilities	13,058,623	12,961,022	0.75
Deposits from customers ²	8,650,116	8,551,215	1.16
Shareholders’ equity (attributable to shareholders of the parent company)	1,107,374	1,088,030	1.78
Net assets per share (attributable to holders of ordinary shares of the parent company, in RMB yuan) ³	12.56	12.30	2.11
Net capital ⁴	1,471,631	1,351,116	8.92
Including: Net core tier-1 capital ⁴	927,346	905,394	2.42
Net other tier-1 capital ⁴	176,146	176,289	(0.08)
Net tier-2 capital ⁴	368,139	269,433	36.63
Risk-weighted assets ⁴	9,005,179	8,850,786	1.74

Key financial ratios (%)	January to June 2024	January to June 2023	Change (percentage point)
Annualised return on average assets	0.65	0.69	(0.04)
Annualised weighted average return on net assets ¹	9.29	10.16	(0.87)
Net interest margin ⁵	1.29	1.31	(0.02)
Cost-to-income ratio ⁶	29.94	29.22	0.72
	30 June 2024	31 December 2023	Change (percentage point)
Non-performing loan ratio ⁷	1.32	1.33	(0.01)
Provision coverage ratio	204.82	195.21	9.61
Capital adequacy ratio ⁴	16.34	15.27	1.07
Tier-1 capital adequacy ratio ⁴	12.25	12.22	0.03
Core tier-1 capital adequacy ratio ⁴	10.30	10.23	0.07
Leverage Ratio ⁴	7.11	7.03	0.08

Notes:

1. Calculated pursuant to the requirements of *Regulations on the Preparation of Information Disclosure for Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (2010 Revision)* issued by the China Securities Regulatory Commission (the “CSRC”).
2. Loans and advances to customers do not include interest receivable of related loans and advances. Deposits from customers include interest payable of related deposits.
3. Refer to shareholder’s equity attributable to holders of ordinary shares of the parent company after the deduction of other equity instruments against the total issued ordinary shares as at the end of the period.
4. Calculated pursuant to the *Administrative Measures for the Capital Management of Commercial Banks* and relevant regulations by the National Financial Regulatory Administration (“NFRA”), including all of the Group’s domestic and overseas branches and subsidiaries of those financial institutions (excluding insurance companies).
5. Represented the ratio of annualised net interest income to total average interest-bearing assets.
6. Calculated as operating expenses divided by net operating income after the deduction of other operating expenses, consistent with the financial report in accordance with China Accounting Standards (“CAS”).
7. Calculated according to the regulatory standards.

As at the end of the Reporting Period, the Group’s capital adequacy ratio, leverage ratio all met the regulatory requirements. For further information on the Group’s capital and leverage ratio measurement, please refer to the *Pillar 3 Report at 30 June 2024* published on the official website of the Bank.

III. CHANGES IN SHARES AND SHAREHOLDERS

(I) Changes in Ordinary Shares

As at the end of the Reporting Period, the Bank issued a total of 74,262,726,645 ordinary shares including 39,250,864,015 A shares and 35,011,862,630 H shares, which accounted for 52.85% and 47.15%, respectively. All the ordinary shares issued by the Bank are not subject to sales restrictions.

1. Shareholdings of Top 10 Ordinary Shareholders as at the end of the Reporting Period¹

Name of shareholders (Full name)	Increase or decrease during the Reporting Period (share)	Number of shares held as at the end of the Reporting Period (share)	Percentage (%)	Class of shares	Shares pledged or frozen	Nature of shareholders
The Ministry of Finance of the People's Republic of China	-	13,178,424,446	17.75	A Share	Nil	Government
The Hongkong and Shanghai Banking Corporation Limited ^{2,4}	(19,300)	0	0.00	A Share	Nil	Foreign legal entity
The National Council for Social Security Fund ^{3,4}	-	14,135,636,613	19.03	H Share	Nil	Government
Hong Kong Securities Clearing Company Nominees Limited ^{4,5}	-	3,105,155,568	4.18	A Share	Nil	Government
China Securities Finance Corporation Limited	3,973,040	8,433,333,332	11.36	H Share	Nil	Foreign legal entity
Hong Kong Securities Clearing Company Limited	-	7,715,433,713	10.39	H Share	Unknown	Foreign legal entity
Capital Airports Holdings Company Limited	-	1,891,651,202	2.55	A Share	Nil	State-owned legal entity
Shanghai Haiyan Investment Management Co., Ltd. ⁵	266,536,214	1,312,631,266	1.77	A Share	Nil	Foreign legal entity
Yunnan Hehe (Group) Co., Ltd. ⁵	-	1,246,591,087	1.68	A Share	Nil	State-owned legal entity
FAW Equity Investment (Tianjin) Co., Ltd.	-	808,145,417	1.09	A Share	Nil	State-owned legal entity
	-	745,305,404	1.00	A Share	Nil	State-owned legal entity
	-	663,941,711	0.89	A Share	Nil	State-owned legal entity

Notes:

- The relevant data and information are based on the Bank's register of members at the Share Registrar and Transfer Office and the information provided by shareholders to the Bank.
- According to the Bank's register of members, the Hongkong and Shanghai Banking Corporation Limited ("HSBC") held 13,886,417,698 H shares of the Bank. HSBC beneficially held 249,218,915 more H shares than shown on the Bank's register of members. The discrepancy was due to a purchase of H shares by HSBC from the secondary market in 2007 and thereafter receiving bonus shares issued by the Bank and participating in the rights issue of the Bank. Those extra shares have been registered under Hong Kong Securities Clearing Company Nominees Limited ("HKSCC Nominees Limited").

3. Including the 1,970,269,383 A shares of the Bank held by the Sixth Transfer Account for State-owned Capital of The National Council for Social Security Fund (“SSF”). Other than the above shareholdings, the SSF held additional 630,178,000 H shares, which were indirectly held by certain asset managers (including Hong Kong Stock Connect). As at the end of the Reporting Period, the SSF held a total of 12,168,666,900 A shares and H shares of the Bank, representing 16.39% of the Bank’s total ordinary shares issued.
4. HKSCC Nominees Limited held the H shares of the Bank as a nominee. The aggregate number of shares held by HKSCC Nominees Limited represents the total number of H shares of the Bank held by all institutional and individual investors who maintained an account with it as at the end of the Reporting Period. The data did not include 249,218,915 and 7,027,777,777 H shares indirectly held by HSBC and SSF, respectively, which were registered under HKSCC Nominees Limited. The data did not include 13,886,417,698 and 1,405,555,555 H shares of the Bank directly held by the aforementioned two shareholders, respectively as well, which were registered in the Bank’s register of members.
5. Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd. are parties acting in concert as defined under the *Provisional Measures on Shareholdings Administration of Commercial Banks (China Banking Regulatory Commission Order No. 1 of 2018)*. 7 subordinate enterprises of China National Tobacco Corporation including Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd. authorised and entrusted China National Tobacco Corporation to present at the Shareholders’ General Meeting of the Bank and to exercise the voting rights on their behalf. HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. Furthermore, the Bank is not aware of the existence of any related relationship among the other top 10 shareholders, or whether they are parties acting in concert as defined in the *Provisional Measures on Shareholdings Administration of Commercial Banks*.

2. Substantial Shareholders and Holders of Interest or Short Positions Required to be Disclosed under Division 2 and 3 of Part XV of the Securities and Futures Ordinance (the “SFO”)

As at the end of the Reporting Period, to the knowledge of the directors, supervisors and chief executives of the Bank, the substantial shareholders and other persons (excluding the directors, supervisors and chief executives of the Bank) who had interests or short positions in the shares or underlying shares of the Bank as recorded in the register required to be kept pursuant to Section 336 of the SFO are as follows:

Name of substantial shareholders	Capacity	Number of A shares	Nature of interest ¹	Percentage of total issued A shares (%)	Percentage of total issued shares (%)
The Ministry of Finance of the People’s Republic of China	Beneficial owner	13,178,424,446 ²	Long position	33.57	17.75
The National Council for Social Security Fund	Beneficial owner	3,105,155,568 ⁴	Long position	7.91	4.18

Name of substantial shareholders	Capacity	Number of H shares	Nature of interest ¹	Percentage of total issued H shares (%)	Percentage of total issued shares (%)
The Ministry of Finance of the People's Republic of China	Beneficial owner	4,553,999,999 ²	Long position	13.01	6.13
HSBC Holdings plc	Interests of controlled corporation	14,135,636,613 ³	Long position	40.37	19.03
The National Council for Social Security Fund	Beneficial owner	9,063,511,332 ⁴	Long position	25.89	12.21

Notes:

1. Long positions held other than through equity derivatives.
2. To the knowledge of the Bank, as at the end of the Reporting Period, the Ministry of Finance held 4,553,999,999 H shares and 13,178,424,446 A shares of the Bank, respectively representing 6.13% and 17.75% of the total ordinary shares issued by the Bank.
3. HSBC Holdings plc wholly owns HSBC Asia Holdings Limited, which wholly owns HSBC. As at the end of the Reporting Period, HSBC beneficially held 14,135,636,613 H shares of the Bank. Pursuant to the SFO, HSBC Holdings plc was deemed to own the interests associated with the total of 14,135,636,613 H shares held by HSBC.
4. To the knowledge of the Bank, as at the end of the Reporting Period, the SSF held a total of 9,063,511,332 H shares and 3,105,155,568 A shares (please refer to the details in Shareholdings of Top 10 Ordinary Shareholders and relevant notes) of the Bank, respectively representing 12.21% and 4.18% of the Bank's total ordinary shares issued.

Save as disclosed above, as at the end of the Reporting Period, no other person (excluding the directors, supervisors and chief executives of the Bank) or corporation were recorded in the register required to be kept under Section 336 of the SFO as holding any interests or short positions in the shares or underlying shares of the Bank that would fall to be disclosed to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

(II) Information of Preference Shares

1. Top 10 Preference Shareholders and Their Shareholdings as at the end of the Reporting Period

Name of shareholders	Increase or Decrease during the Reporting Period (share)	Number of shares held as at the end of the Reporting Period (share)	Percentage (%)	Class of shares	Shares pledged or frozen	Nature of shareholders
China Mobile Communications Group Co., Ltd.	-	100,000,000	22.22	Domestic preference share	Nil	State-owned legal entity
HwaBao Trust Co., Ltd. – HwaBao Trust – Baofu Investment No. 1 Collective Capital Trust plan	-	48,910,000	10.87	Domestic preference share	Nil	Others
Bosera Funds – ICBC – Bosera – ICBC – Flexible Allocation No. 5 Specific Multi-customer Asset Management Plan	-	20,000,000	4.44	Domestic preference share	Nil	Others
AVIC Trust Co., Ltd. – AVIC Trust Tianji Win-win No. 2 Securities Investment Collective Capital Trust Plan	-	20,000,000	4.44	Domestic preference share	Nil	Others
CCB Trust Co., Ltd. – CCB Trust – Jianyue Changhong No. 1 Single Capital Trust	20,000,000	20,000,000	4.44	Domestic preference share	Nil	Others
Ping An Life Insurance Company of China, Ltd. – Self-owned fund	-	18,000,000	4.00	Domestic preference share	Nil	Others
China National Tobacco Corporation – Henan Branch	-	15,000,000	3.33	Domestic preference share	Nil	State-owned legal entity
China Life Property and Casualty Insurance Company Limited – Traditional – Common insurance product	-	15,000,000	3.33	Domestic preference share	Nil	Others
Ping An Property & Casualty Insurance Company of China, Ltd. – Traditional – Common insurance product	-	13,800,000	3.07	Domestic preference share	Nil	Others
Ping An Trust Co., Ltd. – Ping An Trust Stable Superiority No. 10 Collective Capital Trust Plan	8,528,000	12,761,000	2.84	Domestic preference share	Nil	Others

Notes:

1. Shareholdings of preference shareholders are summarised according to the Bank's register members of preference shareholders.
2. "Percentage" refers to the percentage of number of preference shares held by preference shareholders in the total number of preference shares.
3. According to the Administrative Measures on the Connected Transactions of Banking and Insurance Institutions issued by the former China Banking and Insurance Regulation Commission ("CBIRC"), to the knowledge of the Bank, China National Tobacco Corporation Henan Branch is related with Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd., which are among top 10 ordinary shareholders of the Bank.
4. The Bank is not aware of the existence of any related relationship among the top 10 preference shareholders or any relationship between the above shareholders and top 10 ordinary shareholders, or whether they are parties acting in concert.

2. Dividends Distribution of Preference Shares

In accordance with the resolution and authorisation of the Shareholders' General Meeting, the 13th meeting of the 10th Session of Board of Directors of the Bank was held on 26 April 2024, at which the proposal for the dividend distribution of the domestic preference shares was considered and approved.

The dividend on domestic preference shares was calculated at the nominal dividend yield of 4.07% and amounted to RMB1,831,500,000, which will be distributed on 9 September 2024. Please refer to the announcement published by the Bank on 26 April 2024 for details of dividend distribution of preference shares.

(III) Issuance, Listing, Purchase or Sale and Redemption/Payment of Securities

During the Reporting Period, the Bank did not issue any ordinary share or convertible bond, or any corporate bond that was required to be disclosed in accordance with the *Standards on the Content and Format of Information Disclosure of Publicly Listed Company No. 3 – Content and Format of the Interim Report (2021 Revision)* and the *Administrative Measures for Information Disclosure of Enterprise Credit Bonds*, and the Bank and its subsidiaries did not purchase or sell or redeem any of Bank's listed securities (including treasury shares). As at the end of the Reporting Period, the Bank did not hold any treasury shares.

The Bank did not issue preference shares during the past three years. During the Reporting Period, there was neither any redemption nor conversion of preference shares.

The Bank has no employee stock.

1. Issuance, Redemption/Payment of Bonds

In April 2024, the Bank issued a RMB26.0 billion tier-2 capital bond in China's National Interbank Bond Market, including RMB15.0 billion with a term of 5+5 years and a coupon rate of 2.45% and 11.0 billion with a term of 10+5 years and a coupon rate of 2.60%. The proceeds were all used for supplementing the Bank's tier-2 capital.

In May 2024, the Bank issued a RMB25.0 billion straight bond in China's National Interbank Bond Market with a term of 3 years and a coupon rate of 2.20%. The proceeds were all used for supplementing the Bank's medium- and long-term stabilization funds.

In May 2024, the Bank issued a RMB5.0 billion green financial bond in China's National Interbank Bond Market with a term of 3 years and a coupon rate of 2.14%. The proceeds were all used for green industry projects stipulated in the *Green Bond Endorsed Projects Catalogue (2021 Edition)* and the *Common Classification Catalog of Sustainable Finance*.

The Bank paid the total of RMB40.0 billion special financial bond for loans to small and micro enterprises in China's National Interbank Bond Market in April 2024.

2. Equity Linked Agreement

The Bank privately issued domestic preference shares with an amount of RMB450 million in September 2016. Assuming that the Bank triggers a mandatory share conversion event and all preference shares are mandatorily required to be converted into ordinary shares at the initial share conversion price, the number of the above domestic preference shares being converted into ordinary A shares will not exceed 7.2 billion shares.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Financial Statement Analysis

In the first half of 2024, the Group strictly abided by the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, focused on the goal of building China into a strong financial power, and adhered to the theme of seeking high-quality development. By concentrating our efforts mainly on supply-side structural reform of the financial industry and coordinating development with security, we achieved the phased goal of pursuing stability through growth, and our business performance generally met our expectations.

During the Reporting Period, the Group's net profit (attributable to shareholders of the parent company) amounted to RMB45.287 billion, representing a year-on-year decrease of 1.63%. The Group's net operating income amounted to RMB132.550 billion representing a year-on-year decrease of 3.46%, of which, the Group's net interest income amounted to RMB84.234 billion representing a year-on-year increase of 2.24%.

As at the end of the Reporting Period, the balance of the Group's loans and advances to customers increased by 310.649 billion or 3.90% over the end of the previous year to 8.27 trillion; the balance of deposits from customers increased by 98.901 billion or 1.16% over the end of the previous year to 8.65 trillion.

As at the end of the Reporting Period, the non-performing loan ratio of the Group was 1.32%, representing a decrease of 0.01 percentage point over the end of the previous year. The provision coverage ratio was 204.82%, representing an increase of 9.61 percentage points over the end of the previous year.

1. Analysis on Key Income Statement Items

(1) Profit before tax

During the Reporting Period, the Group's profit before tax decreased by 1.996 billion on a year-on-year basis, representing a decrease of 4.02% to 47.678 billion.

The selected items from the income statement of the Group during the periods indicated are shown below:

(in millions of RMB unless otherwise stated)

	Six months ended 30 June		
	2024	2023	Increase/ (decrease)(%)
Net interest income	84,234	82,387	2.24
Net non-interest income	48,316	54,920	(12.02)
Including: Net fee and commission income	21,000	24,580	(14.56)
Net operating income	132,550	137,307	(3.46)
Credit impairment losses	(33,021)	(36,346)	(9.15)
Impairment losses on other assets	(467)	(594)	(21.38)
Other operating expenses	(51,384)	(50,693)	1.36
Including: Operating expenses	(39,621)	(40,079)	(1.14)
Profit before tax	47,678	49,674	(4.02)
Income tax	(1,853)	(3,108)	(40.38)
Net profit	45,825	46,566	(1.59)
Net profit attributable to shareholders of the parent company	45,287	46,039	(1.63)

The breakdown of the net operating income of the Group during the periods indicated is shown below:

(in millions of RMB unless otherwise stated)

	Six months ended on 30 June		Increase/ (decrease) (%)
	2024	Proportion	
	Amount	(%)	
Net interest income	84,234	63.55	2.24
Net fee and commission income	21,000	15.84	(14.56)
Net gains/(losses) arising from trading activities	12,089	9.12	(31.46)
Net gains/(losses) arising from financial investments	934	0.71	Not applicable
Net gains/(losses) on investments in associates and joint ventures	307	0.23	90.68
Other operating income	13,986	10.55	11.23
Total net operating incomes	132,550	100.00	(3.46)

(2) Net interest income

During the Reporting Period, the Group's net interest income increased by 1.847 billion or 2.24% on a year-on-year basis to 84.234 billion, accounting for 63.55% of the net operating income, which was a major component of the Group's income.

The average balances, associated interest income and expenses and annualised average rate of return or annualised average rate of cost of the Group's interest-bearing assets and interest-bearing liabilities during the periods indicated are shown below:

(in millions of RMB unless otherwise stated)

	Six months ended on 30 June 2024			Six months ended on 30 June 2023		
	Average Balance	Interest income (expense)	Annualised average rate of return/ (cost) (%)	Average Balance	Interest income (expense)	Annualised average rate of return/ (cost) (%)
Assets						
Cash and balances with central banks	754,213	5,896	1.57	793,390	6,022	1.53
Due from and placements with banks and other financial institutions	926,743	15,506	3.36	964,263	13,950	2.92
Loans and advances to customers	8,132,717	150,721	3.73	7,596,925	153,272	4.07
Investment securities	3,368,197	55,915	3.34	3,293,470	55,162	3.38
Interest-bearing assets	13,181,870	228,038	3.48	12,648,048	228,406	3.64
Non-interest-bearing assets	966,291			1,074,056		
Total assets	14,148,161			13,722,104		
Liabilities and Shareholders' Equity						
Deposits from customers	8,340,461	91,706	2.21	8,203,920	95,767	2.35
Due to and placements from banks and other financial institutions	2,296,749	28,664	2.51	2,120,747	26,488	2.52
Debt securities and others	1,641,035	23,434	2.87	1,674,064	23,764	2.86
Interest-bearing liabilities	12,278,245	143,804	2.36	11,998,731	146,019	2.45
Share-holders' equity and non-interest-bearing liabilities	1,869,916			1,723,373		
Total liabilities and shareholders' equity	14,148,161			13,722,104		
Net interest income		84,234			82,387	
Net interest spread¹			1.12			1.19
Net interest margin²			1.29			1.31

Notes:

1. Represented the difference between the annualised average rate of return on total average interest-bearing assets and the annualised average rate of cost of total average interest-bearing liabilities.
2. Represented the ratio of annualised net interest income to total average interest-bearing assets.

During the Reporting Period, the Group's net interest income increased by 2.24% on a year-on-year basis. The net interest spread was 1.12%, representing a decrease of 7 basis points on a year-on-year basis. The net interest margin was 1.29%, representing a decrease of 2 basis points on a year-on-year basis.

The table below illustrates the impact of changes in scales and interest rates on the Group's interest income and interest expenses. The changes in scales and interest rates are based on the changes in average balance and the changes on interest rates of interest-bearing assets and interest-bearing liabilities during the periods indicated.

(in millions of RMB)

	Comparison between January to June 2024 and January to June 2023		
	Increase/(Decrease) due to		Net increase/ (decrease)
	Amount	Interest rate	
Interest-bearing assets			
Cash and balances with central banks	(298)	172	(126)
Due from and placements with banks and other financial institutions	(545)	2,101	1,556
Loans and advances to customers	10,844	(13,395)	(2,551)
Investment securities	1,256	(503)	753
Changes in interest income	11,257	(11,625)	(368)
Interest-bearing liabilities			
Deposits from customers	1,596	(5,657)	(4,061)
Due to and placements from banks and other financial institutions	2,206	(30)	2,176
Debt securities and others	(470)	140	(330)
Changes in interest expenses	3,332	(5,547)	(2,215)
Changes in net interest income	7,925	(6,078)	1,847

During the Reporting Period, the Group's net interest income increased by 1.847 billion on a year-on-year basis. Within this total, changes in the average balances of assets and liabilities increased net interest income by 7.925 billion, while changes in the annualised average rate of return and annualised average rate of cost decreased net interest income by 6.078 billion.

① Interest Income

During the Reporting Period, the Group's interest income decreased by 0.368 billion or 0.16% on a year-on-year basis to 228.038 billion, of which interest income from loans and advances to customers, investment securities and cash and balances with central banks accounted for 66.09%, 24.52% and 2.59% of total interest income, respectively.

A. Interest income from loans and advances to customers

Interest income from loans and advances to customers was the largest component of the Group's interest income. During the Reporting Period, interest income from loans and advances to customers decreased by 2.551 billion or 1.66% on a year-on-year basis to 150.721 billion, which was mainly due to the year-on-year decrease of 34 basis points in the annualised average rate of return of loans and advances to customers.

Analysis of the average income of loans and advances to customers by business type and term structure

(in millions of RMB unless otherwise stated)

	January to June 2024			January to June 2023		
	Average balance	Interest income	Annualised average rate of return (%)	Average Balance	Interest income	Annualised average rate of return (%)
Corporate loans	5,355,828	97,529	3.66	4,997,794	97,101	3.92
– Short-term loans	1,539,576	24,802	3.24	1,550,476	25,910	3.37
– Medium and long-term loans	3,816,252	72,727	3.83	3,447,318	71,191	4.16
Personal loans	2,473,774	51,527	4.19	2,350,849	54,170	4.65
– Short-term loans	597,618	14,177	4.77	595,375	14,382	4.87
– Medium and long-term loans	1,876,156	37,350	4.00	1,755,474	39,788	4.57
Discounted bills	303,115	1,665	1.10	248,282	2,001	1.63
Total loans and advances to customers	8,132,717	150,721	3.73	7,596,925	153,272	4.07

B. Interest income from investment securities

During the Reporting Period, interest income from investment securities increased by 0.753 billion or 1.37% on a year-on-year basis to 55.915 billion, which was mainly due to the year-on-year increase by 74.727 billion or 2.27% in the average balance of investment securities.

C. Interest income from cash and balances with central banks

The cash and balances with central banks mainly included balances in statutory reserves and excess reserves. During the Reporting Period, interest income from cash and balances with central banks decreased by 126 million or 2.09% on a year-on-year basis to 5.896 billion, which was mainly due to the year-on-year decrease by 39.177 billion or 4.94% in the average rate return on cash and balances with central banks.

D. Interest income from balances due from and placements with banks and other financial institutions

During the Reporting Period, the interest income from balances due from and placements with banks and other financial institutions increased by 1.556 billion or 11.15% on a year-on-year basis to 15.506 billion, which was mainly due to the year-on-year increase of 44 basis points in the annualised average rate of return on balances due from and placements with banks and other financial institutions.

② Interest expenses

During the Reporting Period, the Group's interest expenses decreased by 2.215 billion or 1.52% on a year-on-year basis to 143.804 billion, of which deposits from customers, balances due to and placements from banks and other financial institutions, debt securities issued and others were 63.77%, 19.93%, and 16.30%, respectively.

A. Interest expenses on deposits from customers

Deposits from customers is the Group's primary funding source. During the Reporting Period, interest expenses on deposits from customers decreased by 4.061 billion or 4.24% on a year-on-year basis to 91.706 billion, accounting for 63.77% of total interest expenses. The decrease in customer deposit interest expenditure was mainly due to the year-on-year decrease of 14 basis points in the annualised average balance of customer deposits.

Analysis of the average cost of deposits from customers by product type

(in millions of RMB unless otherwise stated)

	January to June 2024			January to June 2023		
	Average Balance	Interest expense	Annualised average rate of cost (%)	Average Balance	Interest expense	Annualised average rate of cost (%)
Corporate deposits	4,894,666	52,985	2.18	5,036,894	58,058	2.32
– Demand deposits	1,939,325	10,251	1.06	1,945,909	10,455	1.08
– Time deposits	2,955,341	42,734	2.91	3,090,985	47,603	3.11
Personal deposits	3,445,795	38,721	2.26	3,167,026	37,709	2.40
– Demand deposits	855,651	1,002	0.24	823,913	1,003	0.25
– Time deposits	2,590,144	37,719	2.93	2,343,113	36,706	3.16
Total deposits from customers	8,340,461	91,706	2.21	8,203,920	95,767	2.35

B. Interest expenses on balances due to and placements from banks and other financial institutions

During the Reporting Period, interest expenses on balances due to and placements from banks and other financial institutions increased by 2.176 billion or 8.22% on a year-on-year basis to 28.664 billion, which was mainly due to a year-on-year increase by 176.002 billion or 8.30% in the average rate of cost of balances due to and placements from banks and other financial institutions.

C. Interest expenses on debt securities issued and other interest-bearing liabilities

During the Reporting Period, interest expenses on debt securities issued and other interest-bearing liabilities decreased by 0.330 billion or 1.39% on a year-on-year basis to 23.434 billion, which was mainly due to a year-on-year decrease by 33.029 billion or 1.97% in the average balance of debt securities issued and others.

(3) Net fee and commission income

The net fee and commission income is an important part of the Group's net operating income. During the Reporting Period, the Group's net fee and commission income decreased by 3.580 billion or 14.56% on a year-on-year basis to 21.000 billion. This is mainly due to factors such as the ongoing turbulence in the capital market, weak consumption demand, continuous reduction of fees and charges, and adjustments in the product rates, the Group saw significant year-on-year declines in income from agency services business, investment banking business and bank cards business.

The breakdown of the Group's net fee and commission income for the periods indicated is shown below:

(in millions of RMB unless otherwise stated)

	Six months ended 30 June		
	2024	2023	Increase/ (decrease)(%)
Bank cards	8,027	10,005	(19.77)
Wealth management business	4,121	4,088	0.81
Custody and other fiduciary businesses	4,681	4,887	(4.22)
Agency services	2,128	3,518	(39.51)
Investment banking	1,299	1,676	(22.49)
Guarantee and commitment	1,705	1,661	2.65
Settlement services	896	750	19.47
Others	76	106	(28.30)
Total fee and commission income	22,933	26,691	(14.08)
Less: fee and commission expense	(1,933)	(2,111)	(8.43)
Net fee and commission income	21,000	24,580	(14.56)

Among them, income from agency services business decreased by 39.51% year-on-year, mainly due to the decline in income from insurance agency and fund consignment businesses, which was mainly caused by the reduction in bancassurance commission fees and management fees of equity funds, respectively. Income from investment banking business decreased by 22.49% year-on-year, mainly due to the decline in financial advisory and bond underwriting income as a result of factors such as the lack of high-quality projects and competition in the industry. Finally, income from bank cards business tumbled by 19.77% on a year-on-year basis, mainly due to factors such as the decline in consumption as well as the proactive removal of high-risk customers, which led to a fall in credit cards commission income and penalty income.

(4) Other non-interest income

The structure of the Group's other non-interest income for the periods indicated is shown below:

(in millions of RMB unless otherwise stated)

	Six months ended 30 June		
	2024	2023	Increase/ (decrease)(%)
Net gains/(losses) arising from trading activities	12,089	17,637	(31.46)
Net gains/(losses) arising from financial investments	934	(32)	Not applicable
Net gains/(losses) on investments in associates and joint ventures	307	161	90.68
Other operating income	13,986	12,574	11.23
Total other non -interest income	27,316	30,340	(9.97)

During the Reporting Period, the Group recorded other non-interest income of 27.316 billion, of which net gains arising from trading activities amounted to 12.089 billion, representing a decrease of 5.548 billion or 31.46% on a year-on-year basis, mainly attributable to the increase in the base value of individual equity IPO valuation in the same period last year, resulting in the decrease in the equity investment income of subsidiaries. In addition, affected by changes in foreign exchange exposure and exchange rate, foreign exchange translation gains and losses decreased year on year. At the same time, foreign currency swap business was conducted to support the investment of foreign currency assets, resulting in an increase in related costs.

(5) *Operating expenses*

During the Reporting Period, the Group's operating expenses decreased by 0.458 billion or 1.14% on a year-on-year basis to 39.621 billion. The Group's cost-to-income ratio was 29.94%, representing a year-on-year increase of 0.72 percentage point.

The breakdown of the Group's operating expenses for the periods indicated is shown below:

(in millions of RMB unless otherwise stated)

	Six months ended 30 June		
	2024	2023	Increase/ (decrease)(%)
Staff costs	15,376	15,414	(0.25)
Operating expenses	19,354	19,933	(2.90)
Depreciation and amortisation	4,891	4,732	3.36
Total operating expenses	39,621	40,079	(1.14)

(6) *Asset impairment losses*

During the Reporting Period, the Group's asset impairment losses were 33.488 billion, representing a year-on-year decrease of 3.452 billion or 9.34%, of which the credit impairment losses on loans decreased by 2.171 billion or 6.50% on a year-on-year basis to 31.242 billion. The Group continued to adhere to the *Implementation Measures for Expected Credit Losses Management in Commercial Banks*, continued to monitor the focus and trend of the risk situation, and dynamically updated the impairment model's parameters to fully reflect the impact of forward-looking information on expected credit losses. Concurrently, the Group continued to adhere to regulatory requirements of "accurate asset classification, full provision of reserves, and expedite disposal" to strengthen asset quality by making reasonable and adequate provisions based on accurate measurement, therefore, sufficient risk resistance and loss absorption capacity has been well established.

(7) *Income tax*

During the Reporting Period, the Group's income tax expenses decreased by 1.255 billion or 40.38% on a year-on-year basis to 1.853 billion. The effective tax rate of 3.89% was lower than the statutory tax rate of 25%, which was mainly due to the tax exemption on interest income from treasury bonds and local treasury bonds held by the Group pursuant to the relevant tax provisions.

2. Analysis on Key Balance Sheet Items

(1) *Assets*

As at the end of the Reporting Period, the Group's total assets increased by 117.442 billion or 0.84% over the end of the previous year to 14,177.914 billion, which was mainly due to the increase in the scale of loans and advances to customers. The balances (after provision) of the key components of the Group's total assets and their proportions to the total assets as at the dates indicated are shown below:

(in millions of RMB unless otherwise stated)

	30 June 2024		31 December 2023		31 December 2022	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Loans and advances to customers	8,066,326	56.89	7,772,060	55.28	7,135,454	54.93
Financial investments	4,023,080	28.38	4,104,142	29.19	3,955,207	30.44
Cash and balances with central banks	737,032	5.20	898,022	6.39	806,102	6.20
Due from and placements with banks and other financial institutions	848,684	5.98	859,642	6.11	690,421	5.31
Others	502,792	3.55	426,606	3.03	404,387	3.12
Total assets	14,177,914	100.00	14,060,472	100.00	12,991,571	100.00

① Loans and advances to customers

During the Reporting Period, the Group focused on successfully implementing the “five priorities” of finance and consistently optimised its supply of resources and supporting policies, with the aim of serving the real economy with better quality and higher efficiency. As at the end of the Reporting Period, the Group’s loans and advances to customers increased by 310.649 billion or 3.90% over the end of the previous year to 8,267.734 billion.

The balance and breakdown of the Group’s loans and advances to customers at the dates indicated are shown below:

(in millions of RMB unless otherwise stated)

	30 June 2024		31 December 2023		31 December 2022	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Corporate loans	5,451,393	65.94	5,179,533	65.09	4,711,353	64.58
– Short-term loans	1,563,356	18.91	1,496,422	18.81	1,438,252	19.72
– Medium and long-term loans	3,888,037	47.03	3,683,111	46.28	3,273,101	44.86
Personal loans	2,555,798	30.91	2,473,100	31.08	2,365,317	32.43
– Mortgage	1,460,961	17.67	1,462,634	18.39	1,512,648	20.74
– Credit cards	496,289	6.00	489,725	6.15	477,746	6.55
– Personal business loans	374,991	4.54	343,585	4.32	271,660	3.72
– Personal consumption loans	219,994	2.66	173,423	2.18	99,289	1.36
– Others	3,563	0.04	3,733	0.04	3,974	0.06
Discounted bills	260,543	3.15	304,452	3.83	218,295	2.99
Total	8,267,734	100.00	7,957,085	100.00	7,294,965	100.00

The corporate loan balance was 5,451.393 billion, representing an increase of 271.860 billion or 5.25% over the end of the previous year, among which, short-term loans increased by 66.934 billion, and medium and long-term loans increased by 204.926 billion, the proportion of medium and long-term loans in loans and advances to customers increased to 47.03%.

The personal loan balance was 2,555.798 billion, representing an increase of 82.698 billion or 3.34% over the end of the previous year, among which, mortgage loans decreased by 1.673 billion or 0.11% over the end of the previous year, credit card loans increased by 6.564 billion or 1.34% over the end of the previous year, personal business loans increased by 31.406 billion or 9.14% over the end of the previous year, and personal consumption loans increased by 46.571 billion or 26.85% over the end of the previous year.

Discounted bills decreased by 43.909 billion or 14.42% over the end of the previous year.

Distribution of loans and advances to customers by security types

(In millions of RMB unless otherwise stated)

	30 June 2024		31 December 2023	
	Balance	Proportion (%)	Balance	Proportion (%)
Unsecured loans	3,021,133	36.54	2,883,274	36.23
Guaranteed loans	1,374,117	16.62	1,288,963	16.20
Loans secured by collateral	2,737,480	33.11	2,904,861	36.51
Pledged loans	1,135,004	13.73	879,987	11.06
Total	8,267,734	100.00	7,957,085	100.00

Expected credit loss allowance for loans and advances to customers

(in millions of RMB)

	30 June 2024	31 December 2023
Balance at the end of the previous year	206,309	178,019
Accrual/(Reversal) in the period	31,242	54,137
Write-offs and disposals in the period	(16,383)	(31,099)
Recovered after written-off	2,401	5,679
Other movements	(371)	(427)
Balance at the end of the period	223,198	206,309

② Financial investments

As at the end of the Reporting Period, the Group's net balance of financial investments decreased by 81.062 billion or 1.98% over the end of the previous year to 4,023.080 billion.

The breakdown of investments by nature

(in millions of RMB unless otherwise stated)

	30 June 2024		31 December 2023	
	Balance	Proportion (%)	Balance	Proportion (%)
Bonds	3,520,095	87.50	3,618,639	88.17
Equity instruments and others	502,985	12.50	485,503	11.83
Total	4,023,080	100.00	4,104,142	100.00

The breakdown of investments by the presentation basis of financial statements

(in millions of RMB unless otherwise stated)

	30 June 2024		31 December 2023	
	Balance	Proportion (%)	Balance	Proportion (%)
Financial investments at fair value through profit and loss	613,900	15.26	642,282	15.65
Financial investments at amortised cost	2,489,110	61.87	2,573,911	62.71
Financial investments at fair value through other comprehensive income	920,070	22.87	887,949	21.64
Total	4,023,080	100.00	4,104,142	100.00

As at the end of the Reporting Period, the balance of the Group's bonds investments decreased by 98.544 billion or 2.72% over the end of the previous year to 3,520.095 billion. In the future, the Group will reinforce the research and judgement of the economic and financial situation, and continue to make arrangements for securities investment. First, the Group will maintain the overall strategy of investing mainly in interest rate bonds and make arrangements for investment in treasury bonds and local treasury bonds, etc. Secondly, we focused on the "five priorities" of finance and provided enhanced resource support for major national strategies, key areas and weak links. Thirdly, we also continued our role to provide interbank market making and quotation services, and actively engaged in bond trading business. Fourthly, we conducted research on the monetary policies of major economies and made robust arrangements for bond investment based on liquidity trends.

The breakdown of securities investment by issuers

(in millions of RMB unless otherwise stated)

	30 June 2024		31 December 2023	
	Balance	Proportion (%)	Balance	Proportion (%)
Government and central banks	2,817,186	80.03	2,836,600	78.38
Public sector entities	29,162	0.83	35,653	0.99
Interbank institutions and other financial institutions	487,416	13.85	549,166	15.18
Corporate entities	186,331	5.29	197,220	5.45
Total	3,520,095	100.00	3,618,639	100.00

As at the end of the Reporting Period, financial bonds held by the Group amounted to 487.416 billion, including bonds issued by policy banks of 75.048 billion and by interbank institutions and non-bank financial institutions of 412.368 billion, which accounted for 15.40% and 84.60%, respectively.

Top 10 financial bonds held by the Group

(in millions of RMB unless otherwise stated)

Bond name	Face value	Annual interest rate (%)	Maturity date	Impairment allowance
Policy Bank Bond issued in 2017	6,330	4.39	2027/09/08	2.51
Policy Bank Bond issued in 2018	5,006	4.98	2025/01/12	1.99
Foreign-funded Bank Bond issued in 2022	3,402	SOFR+1.06	2027/09/29	1.31
Policy Bank Bond issued in 2017	3,336	4.30	2024/08/21	1.34
Commercial Bank Bond issued in 2023	3,000	2.70	2026/11/23	1.19
Commercial Bank Bond issued in 2022	2,938	SOFR+0.78	2025/04/28	0.67
State-owned Institution Bond issued in 2024	2,840	2.47	2029/03/29	9.08
Policy Bank Bond issued in 2018	2,752	4.88	2028/02/09	1.10
Tier-2 Capital Bond of State-owned Institution issued in 2022	2,633	3.58	2032/11/21	–
Foreign-funded Bank Bond issued in 2023	2,377	4.75	2030/10/29	1.66

③ Foreclosed asset

The selected information of the Group's foreclosed asset on the dates indicated is shown below:

	<i>(in millions of RMB)</i>	
	30 June 2024	31 December 2023
Original value of foreclosed assets	1,336	1,384
Less: Impairment allowance	(482)	(439)
Net value of foreclosed assets	854	945

(2) *Liabilities*

The balance and proportion of the main components in the total liabilities of the Group as of the dates indicated are shown below:

	<i>(in millions of RMB unless otherwise stated)</i>					
	30 June 2024		31 December 2023		31 December 2022	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Deposits from customers	8,650,116	66.24	8,551,215	65.98	7,949,072	66.47
Due to and placements from interbank institutions and other financial institutions	2,257,871	17.29	2,424,537	18.71	2,034,894	17.02
Certificates of deposits issued	1,128,611	8.64	1,027,461	7.93	1,092,366	9.13
Debt securities issued	599,046	4.59	592,175	4.57	530,861	4.44
Others	422,979	3.24	365,634	2.81	350,856	2.94
Total liabilities	13,058,623	100.00	12,961,022	100.00	11,958,049	100.00

As at the end of the Reporting Period, the Group's total liabilities increased by 97.601 billion or 0.75% over the end of the previous year to 13,058.623 billion. Among them, deposits from customers increased by 98.901 billion or 1.16 % over the end of the previous year, which accounted for 66.24% of total liabilities and represented an increase of 0.26 percentage point over the end of the previous year; the balance of due to and placements from interbank institutions and other financial institutions decreased by 166.666 billion or 6.87% over the end of the previous year to 2,257.871 billion, which accounted for 17.29% of total liabilities and represented a decrease of 1.42 percentage points over the end of the previous year.

Deposits from customers

Deposits from customers is the Group's major funding source. As at the end of the Reporting Period, the Group's balance of deposits from customers increased by 98.901 billion or 1.16% over the end of the previous year to 8,650.116 billion. In terms of customer structure, the proportion of corporate deposits was 56.73% representing a decrease of 2.23 percentage points over the end of the previous year, while the proportion of personal deposits was 41.48%, representing an increase of 2.21 percentage points over the end of the previous year. In terms of deposit tenure, the proportion of demand deposits decreased by 1.10 percentage points over the end of the previous year to 33.23%, while the proportion of time deposits increased by 1.08 percentage points over the end of the previous year to 64.98%.

The balance and breakdown of the Group's deposits from customers as of the dates indicated are shown below:

(in millions of RMB unless otherwise stated)

	30 June 2024		31 December 2023		31 December 2022	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Corporate deposits	4,907,584	56.73	5,041,991	58.96	4,877,033	61.36
– Demand deposits	1,913,371	22.12	2,050,524	23.98	1,989,383	25.03
– Time deposits	2,994,213	34.61	2,991,467	34.98	2,887,650	36.33
Personal deposits	3,588,270	41.48	3,358,156	39.27	2,955,724	37.18
– Demand deposits	960,959	11.11	884,746	10.35	885,013	11.13
– Time deposits	2,627,311	30.37	2,473,410	28.92	2,070,711	26.05
Other deposits	2,196	0.03	3,240	0.04	4,227	0.05
Accrued interest	152,066	1.76	147,828	1.73	112,088	1.41
Total	8,650,116	100.00	8,551,215	100.00	7,949,072	100.00

(3) Off-balance sheet items

The Group's off-balance sheet items included derivative financial instruments, contingencies and commitments as well as collaterals.

The Group entered into various derivative financial instruments including interest rate contracts, exchange rate contracts, precious metals and commodity contracts for trading, hedging, asset and liability management and on behalf of customers. Please refer to "VI. Financial Report 8" Derivative Financial Instruments for the details of nominal amount and fair value of the derivative financial instruments.

The Group's contingencies and commitments mainly included outstanding litigations, credit related commitments and financial guarantees, capital expenditure commitments, operating leasing commitments, commitments on security underwriting and bond acceptance. Please refer to "VI. Financial Report 10" Contingencies for the details of contingencies, and "VI. Financial Report 11" Commitments for the details of commitments.

The Group uses part of its assets as collaterals for interbank repurchase arrangements and other liabilities-related business.

3. *Analysis on Key Cash Flow Items*

As at the end of the Reporting Period, the balance of Group's cash and cash equivalents decreased by 129.677 billion over the end of the previous year to 145.784 billion.

The net cash outflows from operating activities increased by 217.319 billion on a year-on-year basis to 222.442 billion, which was mainly due to the decrease in net cash inflow from deposits from customers.

The net cash inflows from investing activities increased by 160.270 billion on a year-on-year basis to 98.042 billion, which was mainly due to the cash inflow from bond investment in the current period was a net outflow compared with the same period last year.

The net cash outflows from financing activities increased by 45.182 billion on a year-on-year basis to 4.196 billion, which was mainly due to the decrease in net cash inflow from issuance and redemption of bonds.

4. *Segment Analysis*

(1) *Operating results by geographical segments*

The profit before tax and net operating income from each of the Group's geographical segments for the periods indicated are as below:

(in millions of RMB unless otherwise stated)

	Six months ended 30 June							
	2024				2023			
	Profit before tax	Proportion (%)	Net operating income ¹	Proportion (%)	Profit before tax	Proportion (%)	Net operating income ¹	Proportion (%)
Yangtze River Delta	20,911	43.86	46,860	35.35	26,032	52.41	49,284	35.89
Pearl River Delta	3,402	7.14	12,410	9.36	4,441	8.94	13,733	10.00
Bohai Rim								
Economic Zone	9,174	19.24	17,155	12.94	8,683	17.48	16,689	12.16
Central China	11,188	23.47	19,374	14.62	11,340	22.83	20,737	15.11
Western China	6,604	13.85	12,204	9.21	5,207	10.48	12,526	9.12
North Eastern China	1,344	2.82	4,203	3.17	1,070	2.15	4,121	3.00
Overseas	6,882	14.43	10,249	7.73	4,057	8.17	9,219	6.71
Head Office ²	(11,827)	(24.81)	10,095	7.62	(11,156)	(22.46)	10,998	8.01
Total ³	47,678	100.00	132,550	100.00	49,674	100.00	137,307	100.00

Notes:

1. Including net interest income, net fee and commission income, net gains/(losses) arising from trading activities, net gains/(losses) arising from financial investments, net gains/(losses) on investments in associates and joint ventures as well as and other income. Same applies hereinafter.
2. Including the Pacific Credit Card Centre. Same applies hereinafter.
3. Including profit/(loss) attributable to non-controlling interests.
4. The comparative information was prepared in accordance with the categorisation of the current period since the assessment rules of the income and expense distribution between various business segments have been adjusted.

(2) *Deposits and loans and advances by geographical segments*

The Group's loans and advances balances by geographical segments as at the dates indicated are as below:

(in millions of RMB unless otherwise stated)

	30 June 2024		31 December 2023	
	Loans and advances balances	Proportion (%)	Loans and advances balances	Proportion (%)
Yangtze River Delta	2,349,459	28.42	2,226,422	27.98
Pearl River Delta	1,086,817	13.15	1,051,204	13.21
Bohai Rim Economic Zone	1,327,289	16.05	1,288,078	16.19
Central China	1,336,311	16.16	1,290,880	16.22
Western China	984,747	11.91	947,510	11.91
North Eastern China	268,887	3.25	265,215	3.33
Overseas	342,101	4.14	359,446	4.52
Head Office	572,123	6.92	528,330	6.64
Total	8,267,734	100.00	7,957,085	100.00

The Group's deposit balances by geographical segments as at the dates indicated are as below:

(in millions of RMB unless otherwise stated)

	30 June 2024		31 December 2023	
	Deposit balances	Proportion (%)	Deposit balances	Proportion (%)
Yangtze River Delta	2,440,668	28.22	2,363,907	27.64
Pearl River Delta	1,018,297	11.77	1,057,766	12.37
Bohai Rim Economic Zone	1,797,394	20.78	1,825,945	21.35
Central China	1,404,465	16.24	1,365,881	15.99
Western China	901,265	10.42	894,662	10.46
North Eastern China	438,011	5.06	426,274	4.98
Overseas	494,581	5.72	465,463	5.44
Head Office	3,369	0.04	3,489	0.04
Accrued interest	152,066	1.76	147,828	1.73
Total	8,650,116	100.00	8,551,215	100.00

(3) *Operating results by business segments*

The Group's four main business segments are corporate banking, personal banking, treasury businesses and other businesses.

The Group's profit before tax and net operating income by business segments for the periods indicated are as below:

(in millions of RMB unless otherwise stated)

	Six months ended 30 June			
	2024		2023	
	Amount	Proportion (%)	Amount	Proportion (%)
Net operating income	132,550	100.00	137,307	100.00
Corporate banking	63,413	47.83	65,650	47.80
Personal banking	52,154	39.35	56,511	41.16
Treasury businesses	16,444	12.41	15,029	10.95
Other businesses	539	0.41	117	0.09
Profit before tax	47,678	100.00	49,674	100.00
Corporate banking	19,655	41.22	20,138	40.54
Personal banking	14,262	29.91	18,314	36.87
Treasury businesses	13,520	28.36	11,395	22.94
Other businesses	241	0.51	(173)	(0.35)

Note: The comparative information was prepared in accordance with the categorisation of the current period since the assessment rules of the income and expense distribution between various business segments have been adjusted.

(II) Business Review

1. *Development Strategies and Implementation*

The Group has anchored the goal of building China into a strong financial power, actively and effectively played the role as an important force to support the real economy and the ballast for maintaining financial stability, deeply promoted the implementation of the “One-Four-Five” strategy, implemented and detailed in the “five priorities” of finance, continued to build four major business characteristics, and strengthened the foundation for green. With construction of “Shanghai Base” and digital transformation as strategic breakthroughs, the Group has optimised the credit structure, promoted product innovation, increased investment in resources, strengthened service capacity, maintained stable development quality, further improved comprehensive capabilities, and achieved strategic improvement of phased goals.

(1) *Creating business features while striving for excellence and achievements*

Inclusive finance With a view to implement the decisions and deployment of the Central Government on expanding domestic demand, boosting spending and benefiting people’s livelihoods, and to meet the demand for more convenient payment and settlement channels, we enhanced inclusive financial support for small-and-micro enterprises, self-employed business owners, new citizens, rural revitalisation and various consumer activities. We also improved our capabilities in digital operations, enhanced the coverage, availability and customer satisfaction of our services. As at the end of the Reporting Period, the balance of inclusive loans provided to small-and-micro enterprises, personal consumption loans, and agriculture-related loans of domestic banking institutions increased by 15.74%, 30.08% and 9.34%, respectively over the end of the previous year.

Trade finance The Group actively served the development of the industrial chain and supply chain and promoted high-level opening-up to the outside world. We improved and strengthened trade finance products to further stimulate the capability of trade finance and serve the real economy and the new development landscape of dual circulation. In the first half of the year, trade finance and industrial value chain financial business climbed 39.68% and 8.51%, respectively year-on-year, and cross-border business income rose 14.37% year-on-year.

Sci-tech finance The Group proactively adhered to the strategy of the building of a strong power in technology, reinforced the connection between industry and finance, and promoted the customers' accessibility and transformation in marketing initiatives of sci-tech finance, thereby concentrating its financial resources on original and pioneering sci-tech research that aims to achieve breakthroughs, and promoting the development of new quality production forces. As at the end of the Reporting Period, sci-tech enterprises credit customers increased by 16.05% over the end of the previous year; and strategic emerging industry loans, "SRDI (specialized, refined, differential, innovative)" small and medium-sized enterprises loans, and technology-based small and medium-sized enterprises loans increased by 5.89%, 37.87%, and 8.51%, respectively.

Wealth finance The Group proactively implemented the development ideology of providing finance for the people, put into practice the requirement of increasing residents' property income through multiple channels, create a full-chain wealth management operating system, thereby enabling financial products to benefit more customers and enhancing the inclusiveness of wealth finance. As at the end of the Reporting Period, individual financial assets under management ((AUM¹)) managed by domestic banking institutions increased by 5.29% over the end of the previous year, the number of middle and high-end customers increased by 5.46% over the end of the previous year, the balance of the Group's wealth management products increased by 16.56% over the end of previous year, the number of opening of individual pension fund accounts increased by 21.23% over the end of the previous year, and the cumulative deposit amount increased by 31.63% over the end of the previous year.

Green finance The Group integrated the concept of green development into the entire process of creating distinctive business characteristics, and consistently strengthened efforts in supporting green and low-carbon transformation. The Group's balance of green loans increased by 5.96% over the end of the previous year. We actively applied the international green finance standard and successfully issued green financial bonds of RMB5.0 billion which are in line with the requirements of the China-EU Common Ground Taxonomy for Sustainable Finance, which has been widely recognised and accepted by investors. Since 2016, we have issued green finance bonds amounting to RMB115.0 billion in aggregate.

¹ Excluding the fair value of customers' securities, same applies hereinafter.

(2) *Continuing to exert efforts by focusing on two breakthroughs*

Leveraging the advantages and leading role of “Shanghai Base” The Group actively took part in the allocation of global financial resources and improved our service ability in the Shanghai market to assist in strengthening the competitiveness and influence of Shanghai as an international financial center. The Group has reached the first batch of transactions such as the interbank bond market general repurchase and the new function of “Northbound Swap Connect”, and maintained leading position in various submarket segment in the interbank market in terms of transaction volume. As an important component of China’s synchronous settlement mechanism for foreign exchange transactions, the Group was the first bank to carry out foreign exchange transaction settlement business. The Group actively participated in the pilot projects of standard interest rate derivatives and was the first bank to carry out agency clearing of standard interest rate swaps. In addition, the Group ranked top in the interbank market and securities and futures market in terms of settlement volume. The Group continued to intensively develop medical care scenarios to promote the expansion of “one thing” in relation to medical payment, and kept the market leading position in terms of contract signings for the “Credit for Medical Treatment” initiative.

Deeply promoting digital transformation The Group focused on doing a good job in digital finance by leveraging the dual-driving forces of digital technology and data elements, with the goal of promoting the establishment of a new digitalised BoCom. The Group continued to improve the service functions of online platform from the customers’ perspective and expanded the scale of our services in order to burnish the “BOCOM On-cloud” digital brand. The Group prioritised retail business, developing a digital operating system for inclusive finance, and promoted the construction of the enterprise-level structure, business system and product factory in an integrated manner. The Group strengthened data governance, focused on the “five priorities” of finance, enhanced the integration and application of internal and external data, empowered the innovation and upgrading of products, and optimised business processes. Moreover, the Group deepened the application of artificial intelligence (AI) so as to improve the quality and efficiency of its services, risk control and management.

2. *Corporate Banking Business*

- ◆ Focusing on “five priorities” of finance, the Bank promoted an increase in total credit allocation with an excellent structure. During the Reporting Period, the Group’s corporate loan balance increased by 271.860 billion or 5.25% over the end of the previous year, in which manufacturing industry medium and long-term loans, “SRDI (specialized, refined, differential, innovative)” small and medium-sized enterprises loans, green credit, and the agriculture-related loans of domestic banking institutions increased by 8.37%, 37.87%, 5.96% and 9.34%, respectively, all exceeding the average growth rate of the Group’s loans.

(1) Customer development

The Bank practiced the customer-centric business philosophy, and continuously optimised the management of corporate customers segmentation and built a refined and professional service system. As at the end of the Reporting Period, the total number of corporate customers of domestic banking institutions increased by 3.45% over the end of the previous year.

For group customers, the Bank established a Group-wide integrated and collaborative service system and continued to optimise customer service policies and credit procedures in order to improve service level and business synergy. At the end of the Reporting Period, the total number of group customers was 105,300, representing an increase of 7,792 over the end of last year. In terms of government institution customers, the Bank actively participated in the construction of digital government and the process of digital transformation of cities, helped to provide convenient administrative services, and built a system of intelligent government products. As at the end of the Reporting Period, the number of government institutions customers reached 79,300, representing an increase of 2,368 over the end of the previous year. For small-and-micro basic customers, the Bank strengthened support for digital batch financial services and launched online and offline collaborative services that combine “Internet Management, Online Management and Remote Management”. As at the end of the Reporting Period, the number of small-and-micro basic customers reached 2,524.8 thousand, representing an increase of 80.1 thousand over the end of the previous year.

(2) *Scenario construction*

The Bank used digital thinking to intensively explore scenarios in areas such as medical care, industrial parks, global corporate treasury and interbank fund management. The “Credit for Medical Treatment” initiative, which has been launched in 90 cities, including Shanghai, Guangzhou, Dalian, Xiamen and Zibo, aims to solve the problem of queuing for medical treatment through the new model of “Treatment First and Payment Later”. Benefiting advantages from intelligent fee collection and reconciliation to offer service solutions in fee collection scenarios such as wholesale, leasing, logistics and commercial services. The total number of contracted customers of the Intelligent Financial Services Platform exceeded 140,300, representing an increase of 1,800 over the end of the previous year, with a collection and settlement volume of RMB1,265.451 billion, reflecting a year-on-year increase of 37.89%. We actively served central and state-owned enterprises in the construction of treasury systems and the launching of the global treasury construction solution to enhance the visibility and control of global account funds. Furthermore, we fully leveraged the advantages of fintech services in areas such as interbank fund management systems and treasury management systems for financial companies to empower the informatisation of corporate treasuries.

(3) *Inclusive service provided to small-and-micro enterprises*

Focusing on meeting diversified financial needs in key areas and weak links such as small-and-micro enterprises, self-employed business owners, and rural revitalisation, the Bank continued to maintain the momentum of increasing expansion and strengthen financial support for key areas including small-and-micro enterprises that are first-time loan recipients, credit lending, loan renewal, medium- and long-term loans, sci-tech-based small-and-micro enterprises, and small-and-micro manufacturing enterprises. The Bank enriched the brand image of BoCom Zhanyetong and BoCom Yinongtong and enhanced the online experience of the “Inclusive e-Loan” and “Xingnong e-Loan” product series as part of dual-driver approach of standardised products and customised scenario products. The Bank also accelerated data empowerment, improved the digital risk control system, and strengthened post-loan management and compliance operations to strictly adhere to the bottom line of risk compliance.

At the end of the Reporting Period, the balance of inclusive loans to small-and-micro enterprises was RMB683.175 billion, representing an increase of 15.74% over the end of the previous year, the number of customers with loan balances was 377.5 thousand, representing an increase of 10.55% over the end of the previous year, the accumulated average interest rate of inclusive loans to small-and-micro enterprises was 3.32%, representing a decrease of 11 basis points over the end of the previous year, and the non-performing loan ratio of inclusive small-and-micro enterprises was 0.72%, representing an increase of 0.02 percentage point over the end of the previous year. Also, there were 2,792 business outlets of the Bank providing financing services and other financial services for small-and-micro enterprises.

(4) *Industrial chain finance*

Rooted in the needs associated with constructing and developing a modern industrial system, the Bank focused on key customer groups such as central and state-owned enterprises, strategic customers, and leading local enterprises, and enhanced support for key sectors including manufacturing, scientific and technological innovation, and green development. The Bank also delivered assistance to the real economy to strengthen, supplement and extend the industrial chain. Moreover, the Bank enhanced the iteration and optimization of the platform and marketing of BoCom's self-built "smart transaction chain", facilitated its connection with core enterprises and third-party supply chain platforms, and created digital and scenario-based services with unique features for industrial chain finance. The Bank also launched an innovative rapid financing product line to improve service efficiency and customer experience, and enhanced the digitalisation level of the industrial chain finance. During the Reporting Period, the industrial chain financing business volume amounted to RMB304.249 billion, representing a year-on-year increase of 8.51% and the number of upstream and downstream enterprises in the industrial chain amounted to 36,700, representing a year-on-year increase of 23.99%.

(5) *Sci-tech services*

The Bank proactively aligned with the strategy of strengthening the country through science and technology in order to excel in sci-tech finance area. The Bank built an "eight specialists" mechanism to serve sci-tech innovation enterprises. In addition, it also launched the "BoCom Sci-tech Innovation" brand to introduce exclusive service solutions covering the four major product lines of "equity, debt, lending and rental" and the three major scenarios of "industrial chain, business cycle and industrial park". The Bank gave full play to the advantage of having full license of the Group, thereby providing diversified and relay financial products. As at the end of the Reporting Period, the number of scientific and technological enterprises credit customers increased by 16.05% over the end of the previous year, the loan balance of strategic emerging industries increased by 5.89% over the end of the previous year. There were 5,092 "little giant" enterprises of SRDI (specialized, refined, differential, innovative), with a market coverage rate of 41.79%; their loan balances increased by 17.60% over the end of the previous year.

(6) *Investment bank*

The Bank proactively served the national strategies and built the most innovative investment bank. During the Reporting Period, the bond underwriting according to NAFMII (debt financing instruments for non-financial enterprises) reached RMB109.580 billion. The Bank served the strategy of science and technology strong nation and provided services such as bill underwriting, mergers and acquisitions, and equity investment to sci-tech enterprises, which amounted to RMB8.51 billion. The Bank participated in the investment and establishment of the China Integrated Circuit Industry Investment Fund Phase III Co., Ltd. and subscribed for the capital contribution of RMB20.0 billion, to help promote the development of the integrated circuit industry in China. In addition, using advantages as a member of the Green Bond Standards Committee, the Bank served applied the green and low-carbon development strategies through comprehensively using green bond underwriting, green mergers and acquisitions and green equity investment, etc. In order to shape new advantages in digital finance development, the Bank continued to iteratively upgrade the “Win to Fortune e-Smart” information consultancy system.

3. *Personal Banking Businesses*

- ◆ The balance of personal deposits and personal loans, and the scale of AUM grew steadily. As at the end of the Reporting Period, the balance of personal deposits increased by 6.85% over the end of the previous year, and the balance of personal loans increased by 3.34% over the end of the previous year. Among them, the personal consumption loans of domestic banking institutions increased by 30.08% over the end of last year, the market share² increased by 0.88 percentage point over the end of last year, and the scale of AUM increased by 5.29% over the end of last year.

(1) *Retail customers and AUM*

The Bank deepened the construction of management system of retail customers segmentation to strengthen digital operation capability, improve the accuracy and specialization of customer service around customer demand, realize the integrated service of customer’s whole-life cycle and promoted sustained and stable growth of AUM scale. As at the end of the Reporting Period, the number of retail customers of domestic banking institutions (including debit card and credit card customers) increased by 1.35% over the end of the previous year to 195 million, the number of qualified OTO Fortune customers increased by 5.36% over the end of the previous year to 2.5497 million. As at the end of the Reporting Period, the scale of AUM increased by 5.29% over the end of the previous year to RMB5,266.502 billion.

² The proportion in 17 commercial banks, same applies hereinafter.

(2) *Wealth management*

By adhering to a customer-oriented philosophy, the Bank consistently strengthened full-chain operating capabilities in investment and research, products, sales and services for the purpose of enhancing the inclusiveness of our wealth management business. The Bank optimised product offerings by enriching inclusive financial products with low starting points, medium to low risk, and simple structures and enriching pension products, so as to provide customers financial products with secure, profitable and high liquidity. The Bank strengthened the “OTO Best Choice” brand to maintain the leading performance of this product series. Furthermore, the Bank focused on the companionship aspect of services for customers, launched the OTO Fortune Forum, and offered customer portfolio health check services, among other activities. The Bank also strengthened digital operations by deploying digital tools to enhance internal management and empower business development. As at the end of the Reporting Period, the balance of personal public funds product on consignment was RMB220.059 billion. The balance of wealth management products on consignment was RMB895.186 billion. The balance of insurance products on consignment was RMB315.662 billion.

(3) *Payment and Scenarios*

We continued to optimise our convenient payment services. The bank further improved the payment acceptance environment by strengthening cooperation with China UnionPay and other international card issuing organisations. We also vigorously expanded the list of high-quality internal and external card-acquiring merchants to enhance the payment convenience for overseas individuals and elderly customers. Taking into account of government policies, we seized the opportunity to boost spending and conducted online and offline marketing activities to boost spending in different scenarios, such as trade-ins of consumer goods, cultural tourism, home appliances and home furniture, catering, shopping, and traveling, with the goal of meeting consumers’ growing demands for spending. As at the end of the Reporting Period, the accumulated number of debit cards issued amounted to 181.3156 million, representing a net increase of 3.3810 million over the end of the previous year. We also continued to enrich services for new citizens and offer them a number of promotional benefits. During the Reporting Period, a total of 1.3647 million debit cards were issued to new citizens.

(4) *Personal loan*

The Bank was committed to serving the strategy of expanding domestic demand and delivering an outstanding performance in inclusive finance. The Bank actively responded to the complex internal and external landscapes, offered support to meet residents' demand for rigid and improved housing and formed a dual-driven development model of primary and secondary housing. The Bank also optimised the entire process for housing loan granting to improve the customer experience, improved consumption loan product portfolio and risk control strategies, upgraded digital operations, and expanded the scope of customer services. Moreover, taking advantage of the trend of promoting trade-ins of consumer goods and purchases of automobiles, the Bank iteratively optimised its product offerings and loan procedures for online household loans and automobile loans. During the Reporting Period, the Bank made breakthroughs in head-to-head brand cooperation and new energy vehicle loans accounted for 65% of new energy vehicle loans. The Bank also deeply promoted digital transformation and leveraged enterprise-level architecture to drive product innovation and improve product capabilities, focusing on enabling and reducing the burden, we carried out the centralized operation of the head office and branches, and continued to strengthen household, medical, government, education and other livelihood services. As at the end of the Reporting Period, the balances of personal consumption loans of domestic banking institutions increased by 30.08% over the end of the previous year, leading the industry in terms of growth rate, and automobile scene loans became a new growth point.

The Bank enriched applications of internal and external big data, adopt online and digital intelligent models, refreshed and upgraded the personal business loan product system, continued to optimise product processes, and expanded the service coverage of small-and-micro entrepreneurs, self-employed business owners, farmers and other market entities.

(5) *Private banking*

Based on our customer-oriented philosophy, the Bank improved market research and investment strategy research capabilities to provide customers with professional account diagnosis and asset allocation services, and optimised product offerings by selecting from products preferred by institutions from the market and expanded supply of low-volatility inclusive products. The Bank's family wealth management business developed rapidly and the specialised service system, such as family trusts, family service trusts and charitable trusts, has become more perfect by the day, with its asset management scale to increase by 27.78% as compared with the end of last year. The Bank also organised multiple marketing roadshows and customer engagement activities related to wealth management and the spiritual and cultural needs in order to enrich service scenarios and enhance customer adhesion. As at the end of the Reporting Period, there were 90.9 thousand private banking customers of the Group, representing an increase of 8.76% over the end of the previous year; the assets of private banking customers under management of the Group were RMB1,246.8 billion, representing an increase of 6.89% over the end of the previous year.

(6) *Credit card*

The Bank consistently implemented the requirements of national policies related to expanding domestic demand and boosting spending. To this end, the Bank launched various activities such as “Boosting Spending Together to Benefit the People”, “Shopping for Bargains”, and “Sharing the Joy and Benefits of Spending” to offer support for consumer spending. During the Reporting Period, total spending on the Bank’s credit cards reached RMB1,236.299 billion, ranking third in the industry, maintained the same level as at the end of last year. Moreover, the Bank actively seized market opportunities and continued to expand penetration in automobile instalment loan scenarios. As at the end of the Reporting Period, the accounts receivables from domestic banking institutions reached RMB496.178 billion³, representing an increase by RMB6.572 billion over the end of the previous year, among which the balance of automobile installment increased by RMB20.443 billion or 72.81% over the end of the previous year. As at the end of the Reporting Period, domestic banking institutions credit cards that remained in force reached 64.8883 million.

(7) *Pension finance*

The Bank strived to deliver a remarkable performance in pension finance. As part of this effort, the Bank continued to promote the construction of a financial service system for group pensions, with a view to coordinating the development of pension finance, old-age financial services and finance for the elderly care industry.

The Bank established a comprehensive service system integrating “accounts, products and services”, and consolidated the foundation of pension financial services. The Bank provided full-chain services covering account opening, fund deposit, investment and receipt of funds for individual pension fund accounts. By integrating different scenarios related to government affairs and people’s livelihoods, the Bank optimised the customer service experience and generated rapid growth in the scale of accounts. The Bank introduced the “All-in-one Account for Pensioners” on mobile banking platform, to provide convenient enquiries and account management services for three-pillar pension assets. The Bank continued to strengthen account management and custody services for the national social security fund, basic pension funds and enterprise (occupational) annuities, and ranking at the forefront of the industry in terms of the scale of the pension custody business. The Bank offered all categories of product tiers for pension savings, funds, insurance and wealth management products, ranking at the forefront of the industry in terms of total number of products. The Bank fully leveraged the advantages of integrated operations, and the management scale of pension target funds and the yield of our pension wealth management products remained remarkably strong.

³ The credit card overdraft balance in domestic branches includes the balance of personal credit card loans and the balance of corporate business card loans.

The Bank consistently improved the quality and efficiency of its services for elderly customers and strengthened the financial support for the silver economy. The Bank launched the “Care version” of BOCOM On-cloud online services to improve elderly-friendly facilities and services at our business outlets, and relaxed the age limit for elderly people to apply for vehicle loans and credit cards to establish an all-round age-friendly bank.

The Bank optimised credit policies for the health care industry, pension industry and silver economy. As a result, the Bank actively promoted special inclusive pension refinancing business. As at the end of the Reporting Period, the credit balance of the elderly care service industry increased by 28.83% over the previous year, exceeding the average growth rate of corporate loans across the industry. The number of credit customers increased by 17.02% over the end of the previous year.

4. *Interbank and Financial Market Businesses*

- ◆ The Bank actively served the construction of Shanghai as international financial centre, intensively participated in the development of financial market, such as bonds, currencies and foreign exchange within China, improved its market making and quotation abilities, deepened its business cooperation in the financial market, optimised its professional custody services, and transformed financial market products into quality services that meet the needs from various kinds of customers, and constantly strengthened the capabilities to serve the real economy.

(1) Inter-bank businesses

The Bank optimised the settlement business within the financial market, ensuring its smooth operations. During the Reporting Period, the volume of the agency clearing business in the Shanghai Clearing House, the volume the agency settlement business in the Shanghai Gold Exchange, and the volume of the securities and futures settlement business ranked at the forefront in the market. The Bank proactively participated in the innovation of the financial market, being the first to carry out the direct processing agency settlement service for foreign exchange transactions in the market, and the first to carry out the bilateral clearing agency service for foreign exchange transactions of Shanghai Clearing House in the market.

The Bank enriched the scene of inter-bank cooperation in order to support the construction of modern financial institutions and market systems. The Bank served the construction of the capital market, commenced third-party depository business cooperation with 107 securities companies, commenced margin selling and short selling depository business cooperation with 93 securities companies, and commenced futures transfer business cooperation with 148 futures companies, in order to help the capital market better play the hub function. In addition, the Bank strengthened its cooperation with cross-border inter-bank payment and clearing limited companies, vigorously expanded domestic and foreign participants, and helped the people to expand the global network of cross-border payment systems. Actively apply the deployment of new products of the people's cross-border payment system to provide safe and efficient people's cross-border payment services for enterprises to "go out". At the end of the Reporting Period, the standard payers of the cross-border payment system and the number of customers ranked at the forefront of the market.

(2) *Financial market businesses*

Focusing on national strategies and the needs of the real economy, the Bank leveraged a combination of investment and trade instruments to provide financial support to major strategies, key regions, and weak links to further improve the high-quality economic development.

Giving full play of its role as a leading state-owned bank, the Bank completed the first batch of transactions in initiatives such as the general repurchase program in the interbank bond market and the new "Northbound Swap Connect". The Bank proactively conducted market making, quotations, and trading to help shape the "Shanghai Price". During the Reporting Period, the trading volume of domestic banking institutions in Renminbi currency market amounted to RMB44.03 trillion; the trading volume of foreign currency amounted to USD348.2 billion, the trading volume of Renminbi bonds amounted to RMB3.10 trillion, the trading volume in interbank foreign exchange market amounted to USD2.02 trillion, the trading volume of self-operated gold amounted to 3,376.5 tons, maintaining its market position as an active trading bank.

(3) Custody businesses

The Bank conducted an in-depth study on changes in the market landscape, strengthened cooperation with high-quality fund companies, and introduced key funds products in the categories of “fixed income+” funds and index funds to satisfy customers’ wealth management and asset allocation needs. We continued to excel in custody services for the three-pillar pension system and consolidated our advantages in pension custody business, and we were able to deliver a strong performance in pension finance. Moreover, the Bank focused on key areas and key customer groups to enhance its integrated financial services system, continued to expand its custody business for private equity funds and drove the development of sci-tech innovation enterprises. We seized the opportunities offered by the national policy on promoting high-level opening-up to the outside world, and focused on enhancing our integrated service capabilities in domestic and overseas markets, as well as promoting the development of cross-border custody business. As at the end of the Reporting Period, the assets under custody reached RMB14.37 trillion.

5. Integrated operation

- ◆ The Group established development pattern with commercial banking business as the body, in close coordination and connection with other businesses including financial leasing, fund, wealth management, trust, insurance, overseas securities and debt-to-equity swap, so as to provide comprehensive financial services for customers.
- ◆ During the Reporting Period, net profits attributable to shareholders of the parent company of subsidiaries⁴ amounted to RMB5.455 billion, accounting for 12.05% of the Group’s net profit. As at the end of the Reporting Period, total assets of the subsidiaries were RMB710.281 billion, accounting for 5.01% of the Group’s total assets.

⁴ Excluding Bank of Communications (Luxembourg) S.A., Bank of Communications (Brazil) Co., Ltd. and Bank of Communications (Hong Kong) Limited, same applies hereinafter.

Bank of Communications Financial Leasing Co., Ltd. As the Bank’s wholly owned subsidiary, the company was set up in December 2007 with a registered capital of 20.0 billion. The main business scope includes financing leasing and operating leasing in sectors such as aviation, shipping and energy power, transportation infrastructure, equipment manufacturing and livelihood services. The company was elected as the Chief Administration Unit of China Banking Association (CBA) Financial Leasing Committee and the director unit of the Financial Leases Professional Committee of the Shanghai Banking Association. During the Reporting Period, the company adhered to the development strategies of “Professionalism, Internationalisation, Differentiation and Characteristics”, and was deeply engaged in aviation, shipping, traditional financing leasing and other businesses. As at the end of the Reporting Period, total assets were 432.788 billion. The balance of net assets was 47.353 billion, the balance of leasing assets was 380.637 billion. The company owned and managed 458 ships and 141.091 billion of aircraft charter assets. The company was the largest leasing company in the domestic merchant fleet. The company also had a fleet of 303 planes and had aviation leasing assets cost 100.037 billion. During the Reporting Period, the company generated operating income of RMB15.103 billion, an increase of 6.94% year-on-year; and net profit of RMB2.146 billion, an increase of 7.20% year-on-year. It won 13 awards, with its “Communication Case of Serving the Real Economy” winning the “Jinnuo 2024 Annual Award for Financial Brand Innovation Cases” issued by China Banking and Insurance News.

During the Reporting Period, the company was devoted to achieving a remarkable performance in the “five priorities” of finance, and it continued to pursue transformation and innovation. The company invested RMB14.966 billion in new infrastructure and new energy leasing business, accounting for more than 50% of its total investment in equipment leasing business; and it invested RMB8.816 billion in technology leasing business, accounting for more than 30% of its total investment in equipment leasing business. Meanwhile, the company provided services to 58 sci-tech enterprises in order to drive high-level technological independence and self-reliance, and the company provided an array of services to support the strategy for constructing a “manufacturing power”. As at the end of the Reporting Period, the balance of the company’s leasing assets in the manufacturing industry amounted to 30.488 billion, reflecting an increase of 17.82% over the end of the previous year.

Bank of Communications International Trust Co., Ltd. The company was set up in October 2007 with a registered capital of 5.765 billion, of which the Bank and Hubei Provincial Communications Investment Group Co., Ltd. contributed 85% and 15% shares, respectively. The main business scope includes trust loans, equity investment trusts, securities investment trusts, credit asset securitization, corporate asset securitization, qualified domestic institutional investor (QDII), family trusts, charitable trusts, etc. During the Reporting Period, the company adhered to the principle of “seeking progress while maintaining stability”, took the goal of creating “the most trustworthy first-class trust company”, adhered to the risk bottom line, accelerated the transformation and development, and deepened the synergy

of the Group. As at the end of the Reporting Period, the total assets, net assets of the company were 18.837 billion, 16.588 billion, respectively, and the trust assets under management amounted to 602.0 billion, reflecting an increase of 10.22% over the end of the previous year. The company's net profit during the Reporting Period was 0.443 billion, representing an increase of 0.58% on a year-on-year basis.

During the Reporting Period, the company proactively monitored the implementation of the regulatory requirements for the "Three Categories" of trust management, steadfastly adhered to its original mission to fully leverage the advantages of trust business and focused on implementing the "five priorities" of finance. The company subscribed for 790 million of scientific and technological innovation corporate bonds. The Qi'an Phase Two Fund that the company participated in was selected as a 2024 Full Life Cycle Sci-tech Innovation Financial Service Product at the Lujiazui Forum. It also took part in the establishment of Hubei Changjiang Jiaoying New Venture Capital Fund in an effort to vigorously promote the development of sci-tech finance. The company invested RMB1.070 billion in green bonds in the primary market, and continued to polish the green financial background. Moreover, the company established 95 "Thousand Points of Light" family service trusts, with a scale of RMB179 million. The company also set up seven charitable trusts and the country's first high-speed truck ETC prepaid fund. By engaging in these initiatives, we are using the trust regime to deliver benefits to thousands of families and drive common prosperity.

Bank of Communications Schroder Fund Management Co., Ltd. The company was set up in August 2005 with a registered capital of 0.20 billion. It was jointly contributed by the Bank, Schroder Investment Management Limited and China International Marine Containers (Group) Co., Ltd., with the shares accounting for 65%, 30% and 5%, respectively. The primary businesses include fund raising, fund sales and asset management. The company has won the "Golden Bull Fund Management Company" award for five consecutive years, and once again secured the "grand slam" of Golden Bull, Star Fund and Golden Fund awards. As at the end of the Reporting Period, the company's total assets and net assets were 8.176 billion and 6.746 billion, respectively, and the public fund under management reached 552.0 billion. The company's net profit during the Reporting Period was 0.491 billion.

The company continuously improved core competitiveness in investment research, forming a product system with clear risk-return characteristics in areas such as equity investment, multi-asset investment, fixed-income investment, and its investment advisory strategy, striving to develop into a first-class fund company with core competitiveness for high-quality development to help the Group deepen its wealth finance features. During the Reporting Period, the company strived to actively meet people's diverse investment needs, promoted the planning of pension target Fund of Funds (FOF) and fixed income products, and delivered a strong performance in pension finance and inclusive finance.

BOCOM Wealth Management Co., Ltd. As a wholly-owned subsidiary of the Bank, the company was set up in June 2019 with a registered capital of 8.0 billion. It primarily issues wealth management products of fixed income, equity, commodities, financial derivatives and hybrid categories to customers. During the Reporting Period, the company adhered to the customer-centric and investor-oriented principles and adjusted the focus of product design and issuance in a timely manner. The company actively expanded consignment agencies outside the Bank, and the balance of products sold under consignment outside the Bank reached 822.195 billion, accounting for 56.35% of the balance of products. The company has preliminarily established an open and diversified omni-channel system with the Bank as the main body. As at the end of the Reporting Period, the balance of wealth management products increased by 18.49% over the end of the previous year to 1,459.117 billion; The company's total assets and net assets were 13.626 billion and 13.263 billion, respectively. The company's net profit during the Reporting Period was 0.711 billion, indicating an increase of 19.42% on a year-on year basis.

During the Reporting Period, the company adhered to the “dual drive” of assets and liabilities, constantly improving the inclusive feature of wealth management, accelerating digital transformation, keeping the risk bottom-line, and helping the Group create the features of wealth finance. Recently, the company has won many awards, such as the “Golden Toad Award”, the “Jiefu Award”, and the “2023 Outstanding Bond Investment and Trading Institution Award”. In addition, the Company was awarded the “Outstanding Case of Elderly-Friendly Financial Services” title at the “2023 Innovative Cases of Financial Consumer Protection and Services” event.

BOCOM MSIG Life Insurance Company Limited. The company was set up in January 2010 with a registered capital of 5.10 billion, of which the Bank and the MS&AD Insurance Group contributed 62.50% and 37.50% shares, respectively. The business scope includes life insurance, health insurance, accident insurance and reinsurance businesses of the aforementioned insurances in Shanghai as well as regions where its branches were established. As at the end of the Reporting Period, the company's total assets and net assets were 139.933 billion and 6.684 billion, respectively. During the reporting period, the company actively grasped the market demand, actively optimized the business structure, and vigorously developed the value oriented regular delivery business, achieving insurance service income of 1.249 billion, which increased by 42.44% on a year-on-year basis, achieving operating income of 3.485 billion, which increased by 14.25% on a year-on-year basis, and realizing a net profit of 788 million during the reporting period, an increase of 102.86% on a year-on-year basis.

During the Reporting Period, the company continued to cultivate the business features of “inclusiveness, pensions and wealth” to drive synergies effect within the Group. In terms of inclusive finance, the company has developed various types of inclusive insurance products for specific groups, and it is promoting the Shanghai one-stop insurance service platform project called “Insurance Code”, as well as the “Huhuobao” co-insurance plan, an urban customised commercial medical insurance initiative. In terms of

pension finance, the company has upgraded and improved its third-pillar commercial pension insurance products, and established a “pension insurance + home-based elderly care service” system. In terms of wealth finance, the Bank is using insurance premiums and insurance premium trusts to meet the financial asset allocation and inheritance needs of middle and high-end customers.

BOCOM Financial Asset Investment Co., Ltd. As a wholly-owned subsidiary of the Bank, it was set up in December 2017 with a registered capital of 15.0 billion. As one of the first pilot banks to implement debt-to-equity swap as determined by the State Council, it is mainly engaged in debt-to-equity swap and supporting services. During the Reporting Period, the company made efforts to develop the main business of market-oriented debt-to-equity swap, and actively reduced leverage ratio and controlled risks for the real economy. Its net incremental investment of the year was 4.8 billion. As at the end of the Reporting Period, the company’s total assets and net assets were 67.889 billion and 25.118 billion, respectively. During the reporting period, the company realized a net profit of 1.505 billion, a year-on-year decrease of 50.80%. The decrease in net profit was mainly due to the listing and large withdrawal of the company’s investment projects in the same period last year. There was no similar one-off event during the reporting period of this year.

During the Reporting Period, the company focused on sci-tech finance, green finance and delivered support for the private economy and other fields; fully leveraged the functional advantages of equity investment; optimised its business development model; and helped the Group accelerate the development of its sci-tech finance and green finance offerings. At the end of the Reporting Period, the company had set up 28 funds through its subsidiary, BOCOM Capital Management Co., Ltd. with a contribution scale of RMB18.529 billion, representing an increase of 52.51%, and reflecting the growing momentum of the Group’s equity investment business.

BOCOM International Holdings Company Limited. The company was set up in June 1998 (formerly known as Communications Securities Co., Ltd. It changed its name to BOCOM International Holdings Company Limited in May 2007). It was listed on the main board of Hong Kong Stock Exchange on 19 May 2017. The main businesses include securities brokerage and margin financing, corporate financing and underwriting, asset management and consulting, investment and loan. As at the end of the Reporting Period, the Bank contributed 73.14% shares of the company. During the reporting period, the company focused its business on key national regions such as Beijing-Tianjin-Hebei, Yangtze River Delta, the Greater Bay Area and Hainan Free Trade Port, actively responded to market shocks, endeavored to reduce operating losses and promoted the gradual transformation of the operating structure to a business model dominated by light assets. At the end of the reporting period, the company had total assets of HKD17.162 billion and net assets of HKD1.579 billion. During the reporting period, the company’s loss decreased year-on-year, with a net loss of HKD0.355 billion due to adverse market conditions and other factors.

China BoCom Insurance Co., Ltd. As a wholly-owned subsidiary of the Bank, it was set up in November 2000 with a registered capital of HKD0.4 billion. The main business includes the operation of 17 types of general insurances approved by the Insurance Authority of Hong Kong. At the end of the reporting period, the company had total assets of HKD1.387 billion and net assets of HKD569 million. During the reporting period, the company realized a net profit of HKD10.77 million, representing a year-on-year increase of 169%.

During the Reporting Period, the company actively served the risk protection needs of Hong Kong residents in the areas of residences, travel, commerce and trade, and provided risk management support to Hong Kong's science and innovation-oriented medium, small-and-micro businesses. At the same time, the company is collaborating with the insurance industry to provide assistance to farming, breeding and forestry reinsurance arrangements as part of the effort to support "agriculture, rural areas and farmers" in the Chinese Mainland. It has also signed a cooperation memorandum with partners in the Chinese Mainland and actively participated in the construction of the Hong Kong International Risk Management Centre and the Shanghai International Reinsurance Centre.

6. Global Service Capabilities

- ◆ The Group formed an overseas operating network covering major international financial centres spanning across five continents, with 23 overseas branches (subsidiaries) and representative offices with 66 overseas operating outlets.
- ◆ During the Reporting Period, the net profit of overseas banking institutions amounted to RMB5.905 billion, accounting for 13.04% of the Group's net profit. As at the end of the Reporting Period, the total assets of overseas banking institutions amounted to RMB1,246.721 billion, accounting for 8.79% of the Group's total assets.

(1) Internationalisation development

The Group actively responded to changes in internal and external situations, carried out operation and management in a stable and orderly manner, consolidated the advantages of global development, continuously optimized the development structure, and coordinated development and security. Actively serving the country's new development pattern of opening up to the outside world at a high level and providing financial services for Chinese enterprises going global. To build financial bridges connecting internal and external markets, and to provide financial protection for the smooth flow of the domestic and international "double cycle". We will place compliance and sound operation at the top priority, guard the bottom line of risk and safety, strengthen dynamic monitoring and risk pre-study and predetermination, and build the foundation of sustainable and high-quality development of offshore banks.

(2) *International settlement and trade financing*

The Bank actively supported the stabilisation of foreign investment and foreign trade. It realized the first Silk Road e-commerce/cross-border e-commerce platform and supported foreign trade small-and-micro merchants on e-commerce platforms such as Amazon to carry out export collection settlement based on electronic transaction information. There were 24 projects under the new forms of foreign trade, with a business volume of RMB42.143 billion, representing a year-on-year increase of 147.05%. The Bank launched a shipping finance integrated service plan, a high-quality development financial service platform for Sino-Europe trains, and an electronic bill of lading finance service plan, included three small currency businesses such as Brazilian real, Hungarian forint and Polish zloty, and iteratively upgraded the digital exchange rate risk-prevention service system to keep improving the quality and efficiency of financial services for foreign trade enterprises. The Bank actively connected with PBOC, SAFE and other government – regulatory platforms, increased technology enablement, promoted more convenient receipt of fees and payment of service trade and capital account, and steadily carried out new forms of offshore international trade. During the Reporting Period, international settlements reached USD241.159 billion. As at the end of the Reporting Period, cross-border trade financing amounted to RMB44.094 billion.

(3) *Overseas service network*

The layout of offshore service network has been progressing steadily. As at the end of the reporting period, the Group had 23 overseas branches (subsidiaries) and representative offices in Hong Kong, New York, London, Singapore, Tokyo, Frankfurt, Luxembourg and Sydney, etc., providing customers with comprehensive financial services such as deposits, loans, international settlements, trade finance and foreign exchange, etc.; it had established an overseas service network with the head offices of 1,045 banks in 131 countries and regions, and opened 201 cross-border Renminbi accounts for 93 overseas Renminbi participating banks in 29 countries and regions, and opened 113 foreign currency clearing accounts in 29 types of currencies with 66 banks in 32 countries and regions.

(4) *Cross-border Renminbi transactions*

The Bank has steadily, prudently and firmly promoted the internationalisation of the Renminbi. During the Reporting Period, we promoted the pilot project for cross-border asset transfer innovation business, and the Seoul Branch purchased domestic asset-backed securities held by BoCom Wealth Management Co., Ltd., marking the first of financial innovation launched after the introduction of the *Comprehensive Plan to Promote the High-level Institutional Opening Up of the China (Shanghai) Pilot Free Trade Zone (FTZ) by Aligning It with High-standard International Economic and Trade Rules*. The Bank has built a unique integrated financial services system for offshore bonds that adopts an “investor + underwriter + trustee + clearing bank + settlement bank” model, and its clearing business ranks first in the market. The Bank launched electronic fence (EF) services in Hainan province and Hengqin, Guangdong province. During the Reporting Period, the volume of cross-border Renminbi settlement of domestic banking institutions reached RMB876.555 billion.

(5) *Offshore services*

Deepen the integrated development of offshore and onshore business and the integrated operation of non-resident accounts, and fully tap into the business potential of the Yangtze River Delta integration and the new Lingang area of the Shanghai Free Trade Zone. As at the end of the Reporting Period, the asset balance of offshore business amounted to USD13.790 billion.

7. Channel construction

- ◆ With a focus on implementing the “five priorities” of finance, and taking into account the customer’s perspective, the Bank used AI, big data and other technologies to strengthen the integrated services and collaborative capabilities of its online financial channels, built “finance + scenario” closed-loop services, and continued to improve the inclusiveness, convenience and availability of its financial services.

(1) *Corporate online banking and corporate mobile banking*

To promote the development of professional services and diversified non-financial services, during the Reporting Period, the Bank continued to improve electronic channels for corporate banking services, and it implemented trade finance services in corporate online banking and inclusive services in corporate mobile banking. It has introduced three categories of non-financial services – bookkeeping management, Party building management and consulting management – to support the daily operations and management of inclusive corporate customer groups. As at the end of the Reporting Period, the number of contracted customers of corporate online banking (bank-corporate direct link) increased by 5.30% over the end of the previous year, and the number of customers that conducted trades within the year increased by 9.99% on a year-on-year basis; the number of contracted customers of corporate mobile banking increased by 5.69% over the end of the previous year, the annual cumulative transaction volume increased by 7.93% on a year-on-year basis, and the number of customers that conducted trades within the year increased by 1.40% on a year-on-year basis.

(2) *Personal mobile banking*

Adhering to the principle of customer-centricity, the Bank launched the English version of its mobile banking platform to facilitate the payment needs of overseas personal customers. We also optimised services for car finance scenarios and simplified the car selection and purchase process for customers. In addition, the Bank launched a night market zone, steady zone and overseas zone on its mobile banking platform for wealth management to better meet customers’ diverse investment and financing needs. As at the end of the Reporting Period, the number of monthly active users (MAU) of personal mobile banking amounted to 45.2217 million, representing an increase of 4.96% over the end of the previous year.

(3) *Go Pay APP*

The Bank deepened its digital transformation by creating and launching the HarmonyOS version of the Go Pay APP to support the core business of credit cards, which makes it one of the first banks to launch a HarmonyOS version of its mobile banking platform. As at the end of the Reporting Period, the cumulative number of customers who bundled their cards with the Go Pay APP amounted to 78.3956 million, and monthly active users (MAU) amounted to 26.5949 million. The HarmonyOS version of the Go Pay APP was awarded the “Ecosystem Contribution Award” by HarmonyOS Pioneer.

(4) *Open Banking*

During the Reporting Period, the Bank accelerated its implementation of open banking concepts, promoted the deep integration of digital technology, financial services and the real economy across key scenarios, delivered financial services that improve people’s livelihood and promote the transformation and upgrading of traditional industries, and developed high-quality “finance + scenario” closed-loop services. As at the end of the Reporting Period, 5,215 interfaces were launched for open banking with a cumulative 4.8 billion calls. During the Reporting Period, the Bank provided financing through online chain financial service of open banking of RMB 135.034 billion, representing a year-on-year increase of 69.36%.

(5) *BOCOM On-cloud*

The Bank continuously enriched the functions of BOCOM On-cloud, and it launched 57 convenient service scenarios on its personal and corporate mobile banking platforms, the “BoCom” WeChat Mini Program, the smart screen and other channels. During the Reporting Period, we were able to serve a total of 640,000 customers through these channels, reflecting an increase of 146% year-on-year. Meanwhile, the Bank continuously promoted the application of video technology, innovated new models for serving the people, launched new types of cloud outlets, cloud tellers, and cloud butler services, innovated online and offline integrated services, and built a new three-dimensional service platform that is more convenient for people and enterprises.

The Bank also improved the featured services of new media channels such as “BoCom” WeChat Mini Program, “BoCom Loans” WeChat Mini Program and BOCOM On-cloud to strengthen cross-channel collaboration. As at the end of the Reporting Period, customers served by “BoCom” WeChat Mini Program increased by 14.51% over the end of the previous year to 41.7031 million; customers served by “BoCom Loans” WeChat Mini Program increased by 46.29% over the end of the previous year to 5.5852 million; customers served by BOCOM On-cloud amounted to 8.5892 million, an increase of 15.80% over the end of last year.

8. *FinTech and Digital Transformation*

(1) *Laying a solid data foundation to build the core driver of digital finance*

The Bank conducted in-depth data governance within the Group and strengthened the monitoring of data quality in key business scenarios. In addition, we continued to enrich our data resources, actively connected with key data institutions in different places, strengthened the integration of internal and external data, and improved our data application platforms so as to leverage the multiplier effect of data elements and enhance the precision and inclusiveness of our financial services.

(2) *Accelerating the application of AI to create a powerful engine for new quality productive forces*

The Bank leveraged technologies such as biometrics, intelligent voice, and image recognition to reengineer and optimise business procedures, enable the remote verification of customer identity, and improve our efficiency in the verification of certain loan products. With respect to anti-money laundering and anti-telecom fraud, we began to implement AI solutions on a trial basis to enhance our risk prevention and control capabilities. We also applied virtual digital human technology to provide 24-hour services, enhancing our intelligent customer services.

(3) *Optimising the security protection system and safeguarding digital finance security*

During the Reporting Period, the Group gradually improved its network security system and terminal security management and control capabilities, and enhanced the construction of its disaster recovery system to guard against network attacks. We steadily improved our data security protection capabilities, and we strengthened bank-wide data security self-inspections and our monitoring and reporting mechanism for data security. As a result of these efforts, the Group is able to monitor, trace and mitigate the risk of data leakage.

(III) Risk Management

The Board of Directors of the Bank established the overall risk appetite of “Stability, Balance, Compliance and innovation” for the Bank and further set specific indicators of risk limits against various risks including credit, market, operation, liquidity, interest rate of banking book, information technology and country to exercise strict control over various risk types. During the reporting period, the Group consistently adhered to the bottom-line thinking, integrated development and safety, promoted the modernization of risk governance system and governance capability, solidly carried out the action of Year of Post-loan investment Management, strengthened the unified risk management of the Group, enhanced the comprehensive risk management capability, continuously promoted the digital transformation of risk management, and promoted the high-quality development of the entire Bank with high-quality risk management.

1. Risk Management Framework

The Board of Directors of the Bank assumed the ultimate responsibility, served the highest function of decision-making and monitored the Bank’s risk condition through the subordinate Risk Management and Related Party Transactions Control Committee. The Bank’s Senior Management established the Comprehensive Risk Management and Internal Control Committee, as well as two business review committees namely the Credit and Investment Review Committee and the Risk Asset Review Committee. The business review committees were guided by and reported regularly to the Comprehensive Risk Management and Internal Control Committee. Each provincial and directly managed branch, overseas branch and subsidiary established the Comprehensive Risk Management and Internal Control Committee accordingly based on the aforementioned framework, which served as the main platform to study the prevention and control of systematic and regional risks and decision-making risk management on major issues, ensuring that the comprehensive risk management system had been implemented throughout the Group.

2. Credit Risk Management

During the Reporting Period, the Bank continued to strengthen credit risk management, actively served the real economy, optimised the structure of credit assets, promoted the “five priorities” of finance services, supported the development of new quality productive forces, and exercised effective risk prevention and control in key areas such as real estate and local debt. The Bank continuously improved its credit policy framework system; actively implemented major national strategies and regulatory requirements; revised and promulgated management measures for fixed asset loans, working capital loans and personal loans and promoted the implementation of such measures; and enhanced credit and risk policies, industry credit policies, and regional credit policies. We continuously improved the degree to which credit processes are online and automated, used digital risk management to optimise the entire credit process, continuously enhanced the quality and efficiency of loan management, and maintained credit investigation compliance. Meanwhile, the Bank carried out the “Year of Post-loan/investment Management” campaign to strengthen the quality and efficiency of its “four early” risk management, and it strictly classified asset risks to ensure that asset quality is stable and being steadily improved.

The Bank strengthened risk identification and prompted risk disposal. The business accountability mechanism for granting credit to key customers was continuously enhanced, with the approval procedures for the credit business being continuously strengthened; the post-loan (post investment) management, risk monitoring and early-warning measures were continuously enhanced, with the purpose of upgrading the system tools. Credit risk screening and management in key areas was continuously strengthened. The Bank continued intensification of the collection of non-performing assets. During the Reporting Period, the disposal of non-performing loans reached 29.59 billion, of which the substantial recovery amount was 13.20 billion. During the Reporting Period, the Bank focused on key areas to bring into play the professional disposal capabilities to steadily and orderly dispose of the risk exposures in significant areas.

The Bank adheres to the regulatory requirements and maintains strict asset risk classification standards. The foundation of asset quality has been continuously strengthened and the level of asset quality has improved steadily. At the end of the Reporting Period, the Group's non-performing loan balance amounted to 108,971 million and the nonperforming loan ratio was 1.32%, representing an increase of 3,283 million and a decrease of 0.01 percentage point, respectively, compared with the end of the previous year; and the percentage of overdue loan balance increased compared with the beginning of the year. The Group adopts prudent classification criteria for overdue loans. Domestic corporate loans overdue for more than 60 days have been included in non-performing loans and all loans overdue for more than 90 days have been included in nonperforming loans, with loans overdue for more than 90 days accounting for 69.04% of non-performing loans.

Distribution of loans by five categories of loan classification

(in millions of RMB unless otherwise stated)

	30 June 2024		31 December 2023		31 December 2022	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Pass loan	8,021,208	97.02	7,731,141	97.16	7,091,355	97.21
Special mention loan	137,555	1.66	120,256	1.51	105,084	1.44
Total performing loan balance	8,158,763	98.68	7,851,397	98.67	7,196,439	98.65
Sub-standard loan	23,776	0.29	28,523	0.36	40,465	0.55
Doubtful loan	29,990	0.36	32,383	0.41	33,257	0.46
Loss loan	55,205	0.67	44,782	0.56	24,804	0.34
Total non-performing loan Balance	108,971	1.32	105,688	1.33	98,526	1.35
Total	8,267,734	100.00	7,957,085	100.00	7,294,965	100.00

Distribution of special mention loans and overdue loans by business type

(in millions of RMB unless otherwise stated)

	30 June 2024				31 December 2023			
	Special mention loan balance	Special mention loan ratio (%)	Overdue loan balance	Overdue loan ratio (%)	Special mention loan balance	Special mention loan ratio (%)	Overdue loan balance	Overdue loan ratio (%)
Corporate loans	99,722	1.83	62,708	1.15	89,192	1.72	62,273	1.20
Personal loans	37,833	1.48	56,802	2.22	30,939	1.25	47,832	1.93
Mortgage	12,733	0.87	15,740	1.08	9,875	0.68	12,236	0.84
Credit cards	21,756	4.38	31,531	6.35	18,673	3.81	28,061	5.73
Personal business loans	1,537	0.41	4,537	1.21	903	0.26	3,425	1.00
Personal consumption loans and others	1,807	0.81	4,994	2.23	1,488	0.84	4,110	2.32
Discounted bills	0	0.00	11	0.00	125	0.04	16	0.01
Total	137,555	1.66	119,521	1.45	120,256	1.51	110,121	1.38

The balance of corporate overdue loan was 62.708 billion, representing an increase of 0.435 billion over the end of the previous year. The overdue ratio was 1.15%, representing a decrease of 0.05 percentage point over the end of the previous year. The balance of personal overdue loan was 56.802 billion, representing an increase of 8.970 billion over the end of the previous year. The overdue loan ratio was 2.22%, representing an increase of 0.29 percentage point over the end of the previous year.

Distribution of loans and non-performing loans by business type

(in millions of RMB unless otherwise stated)

	30 June 2024				31 December 2023			
	Loans	Proportion (%)	Non- performing Loan	Non- performing loan ratio (%)	Loans	Proportion (%)	Non- performing Loan	Non- performing loan ratio (%)
Corporate loans	5,451,393	65.94	83,803	1.54	5,179,533	65.09	85,549	1.65
Personal loans	2,555,798	30.91	25,157	0.98	2,473,100	31.08	20,123	0.81
Mortgage	1,460,961	17.67	7,067	0.48	1,462,634	18.39	5,462	0.37
Credit cards	496,289	6.00	11,537	2.32	489,725	6.15	9,385	1.92
Personal business loans	374,991	4.54	3,288	0.88	343,585	4.32	2,713	0.79
Personal consumption loans and others	223,557	2.70	3,265	1.46	177,156	2.22	2,563	1.45
Discounted bills	260,543	3.15	11	0.00	304,452	3.83	16	0.01
Total	8,267,734	100.00	108,971	1.32	7,957,085	100.00	105,688	1.33

Distribution of loans and non-performing loans by industry

(in millions of RMB unless otherwise stated)

	30 June 2024				31 December 2023			
	Loans	Proportion (%)	Non-performing Loan	Non-performing loan ratio (%)	Loans	Proportion (%)	Non-performing Loan	Non-performing loan ratio (%)
Corporate loans	5,451,393	65.94	83,803	1.54	5,179,533	65.09	85,549	1.65
Transportation, storage and postal services	946,420	11.45	4,450	0.47	905,624	11.38	5,460	0.60
Manufacturing	1,015,063	12.27	16,724	1.65	954,586	12.00	18,753	1.96
Leasing and commercial services	927,265	11.22	6,382	0.69	866,601	10.89	6,030	0.70
Real estate	527,977	6.39	26,238	4.97	489,080	6.15	24,403	4.99
Water conservancy, environmental and other public facilities	487,327	5.89	1,931	0.40	466,137	5.86	4,173	0.90
Production and supply of electric power, heat, gas and water	404,336	4.89	3,039	0.75	391,742	4.92	3,098	0.79
Wholesale and retail trade	304,701	3.69	7,971	2.62	292,168	3.67	7,883	2.70
Construction	226,852	2.74	2,691	1.19	188,716	2.37	2,639	1.40
Finance	138,889	1.68	2,018	1.45	159,183	2.00	1,870	1.17
Education, science, culture and public health	148,464	1.80	4,440	2.99	141,254	1.78	4,116	2.91
Mining	120,052	1.45	522	0.43	116,467	1.46	1,071	0.92
Others	88,097	1.07	387	0.44	88,640	1.11	437	0.49
Information transmission, software and information technology services	80,986	0.98	1,566	1.93	81,176	1.02	1,164	1.43
Accommodation and catering	34,964	0.42	5,444	15.57	38,159	0.48	4,452	11.67
Personal loans	2,555,798	30.91	25,157	0.98	2,473,100	31.08	20,123	0.81
Discounted bills	260,543	3.15	11	0.00	304,452	3.83	16	0.01
Total	8,267,734	100.00	108,971	1.32	7,957,085	100.00	105,688	1.33

Distribution of loans and non-performing loans by region

(in millions of RMB unless otherwise stated)

	30 June 2024				31 December 2023			
	Loans	Proportion (%)	Non-performing Loan	Non-performing loan ratio (%)	Loans	Proportion (%)	Non-performing Loan	Non-performing loan ratio (%)
Yangtze River Delta	2,349,459	28.42	21,858	0.93	2,226,422	27.98	20,582	0.92
Pearl River Delta	1,086,817	13.15	13,841	1.27	1,051,204	13.21	12,214	1.16
Bohai Rim Economic Zone	1,327,289	16.05	13,945	1.05	1,288,078	16.19	16,472	1.28
Central China	1,336,311	16.16	13,922	1.04	1,290,880	16.22	13,311	1.03
Western China	984,747	11.91	8,781	0.89	947,510	11.91	9,443	1.00
North Eastern China	268,887	3.25	10,808	4.02	265,215	3.33	11,221	4.23
Overseas	342,101	4.14	14,274	4.17	359,446	4.52	13,053	3.63
Head office	572,123	6.92	11,542	2.02	528,330	6.64	9,392	1.78
Total	8,267,734	100.00	108,971	1.32	7,957,085	100.00	105,688	1.33

Note: Head Office included the Pacific Credit Card Centre.

The Group implemented differentiated policies of “one policy for one bank” to make dynamic adjustments to business authorisation based on regional economic traits.

Overdue loans and advances

(in millions of RMB unless otherwise stated)

Overdue Period	30 June 2024		31 December 2023	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 3 months	44,288	0.54	41,727	0.52
3 months to 1 year	38,407	0.46	34,927	0.44
1 to 3 years	29,992	0.37	26,820	0.34
Over 3 years	6,834	0.08	6,647	0.08
Total	119,521	1.45	110,121	1.38

As at the end of the Reporting Period, the balance of overdue loans was 119.521 billion, representing an increase of 9.400 billion over the end of the previous year. The overdue ratio was 1.45%, representing an increase of 0.07 percentage point over the end of the previous year. The balance of loans overdue for over 90 days was 75.233 billion, representing an increase of 6.839 billion over the end of the previous year.

Restructured loans

(in millions of RMB unless otherwise stated)

	30 June 2024		31 December 2023	
	Amount	Proportion (%)	Amount	Proportion (%)
Restructured loans	60,749	0.73	40,836	0.51
Including: Restructured loans overdue over three months	6,120	0.07	6,306	0.08

Note: The calculation standard of restructured was calculated in accordance with the relevant provisions of the *Measures on the Risk Categorisation of Commercial Banks' Financial Assets* (China Banking and Insurance Regulatory Commission of the PRC and People's Bank of China Order No. 1 of [2023]).

Loan migration rates

(%)	January to June 2024	2023	2022
Pass loan migration rate	0.91	1.70	1.89
Special mention loan migration rate	16.31	24.12	26.55
Sub-standard loan migration rate	49.36	57.06	52.87
Doubtful loan migration rate	50.49	58.63	26.61

Note: Data calculated pursuant to the *Notice on the Distribution of the Regulatory Indicator and Calculation Formula for Off-Field Investigation* issued by the former CBIRC.

Credit risk concentration

As at the end of the Reporting Period, the total loans to the largest single customer of the Group accounted for 4.42% of the Group's net capital, and the total loans to top 10 customers accounted for 18.66% of the Group's net capital. The situation of loans to top 10 single customers as at the end of the Reporting Period is shown below.

(in millions of RMB unless otherwise stated)

30 June 2024

	Industry	Amount	Percentage of total loans (%)
Customer A	Production and supply of electric power, heat, gas and water	65,000	0.79
Customer B	Production and supply of electric power, heat, gas and water	37,999	0.46
Customer C	Leasing and commercial services	35,000	0.42
Customer D	Transportation, storage and postal services	33,308	0.40
Customer E	Real estate	25,923	0.31
Customer F	Transportation, storage and postal services	16,619	0.20
Customer G	Transportation, storage and postal services	16,478	0.20
Customer H	Production and supply of electric power, heat, gas and water	15,772	0.19
Customer I	Transportation, storage and postal services	15,034	0.18
Customer J	Transportation, storage and postal services	13,431	0.16
Total of Top 10 Customers		274,564	3.32

3. *Market Risk Management*

Market risk refers to the risk of losses of on- and off-balance sheet businesses of the Bank arising from unfavourable changes in interest rate, exchange rate, commodity price, share price and others. Interest rate risk and exchange rate risk were the major market risks encountered by the Group.

The objective of the Group's market risk management is to proactively identify, measure, monitor, control and report market risks in accordance with the risk appetite determined by the Board of Directors, to control market risks within tolerable limits through the use of methods and tools such as limit management, risk hedging and risk transfer, and to pursue the maximization of risk-adjusted returns on this basis.

In accordance with the *Administrative Measures for the Capital of Commercial Banks* issued by the National Financial Regulatory Administration and its implementation requirements, the Group's market risk capital measurement is subject to the standard method, while the non-bank subsidiaries and Brazilian subsidiaries are subject to the simplified standard method for market risks during the transition period. The measurement of market risk capital covers default risk, general interest rate risk, credit spread risk, stock risk, banking book exchange rate risk and commodity risk in the Group's trading book. The results of capital measurement were applied to quota monitoring and management, performance assessment, and risk monitoring and analysis.

During the Reporting Period, the Group kept improving the market risk management system, improved management policies and procedures, optimised the risk management system, strengthened product management, optimised limit setting, and improved derivatives business risk management. The Group closely monitored the financial market fluctuations, strengthened market research and judgement and risks monitoring and forewarning, enhanced the risk assessment and inspection, and strictly controlled various market risk limits to continuously improve the level of market risk management.

4. *Liquidity Risk Management*

Liquidity risk is the risk that occurs when the commercial bank cannot obtain sufficient funds in time and at a reasonable cost to repay debts when they are due, fulfil other payment obligations, or meet other funding needs in the normal course of business. The main factors affecting the liquidity risk include early withdrawal by deposit customers, deferred repayment by loan customers, mismatch of asset and liability structure, difficulty in asset realisation, decline in financing capability, etc.

The governance structure of the Group's liquidity risk management includes a decision-making body consisting of the Board of Directors and its Special Committees and Senior Management, a supervisory institution consisting of the Board of Supervisors and the Audit and Supervisory Bureau, and an executive institution consisting of the Finance and Management Department, the Financial Markets Department, the Risk Management Department, the Operations and Channels Management Department, the subsidiaries, branches, and the competent authorities in charge of the head office of the various businesses.

The Group determines its liquidity risk appetite and formulates its liquidity risk management strategies and policies each year based on factors such as its business strategy, business characteristics, financial strength, financing ability, overall risk appetite and market influence.

During the reporting period, the Group continued to improve its liquidity risk management system, flexibly adjusted its liquidity management strategy and business development structure and tempo when appropriate, and promoted the coordinated development of its asset and liability businesses; expanded diversified financing channels, and timely issued bonds to supplement and stable funds, performed cash flow measurement and analysis, closely monitored liquidity risk indicators, and strengthen daytime liquidity management and financing management to ensure daily liquidity safety and smooth operation of the indicators.

The Group regularly launched stress tests for liquidity risk, in which various factors which may affect liquidity situation were given full consideration and stress scenarios were appropriately set up. The results of stress tests showed that the Bank's liquidity risk was within a controllable range under various stress scenarios.

As at the end of the Reporting Period, the table below shows the liquidity ratio indicator of the Group:

	Standard value	30 June 2024	31 December 2023	31 December 2022
Liquidity ratios (%)	≥25	65.30	64.92	69.76

Note: Calculated according to the regulatory standard of the NFRA.

The daily average liquidity coverage ratio of the Group during the second quarter of 2024 was 143.72%, In the first quarter of 2024, the quarter-end net stable funding ratio of the Group was 112.15%, and in the second quarter of 2024, the quarter-end net stable funding ratio of the Group was 111.50%, which all met the regulatory requirements. For further information on the Group’s liquidity coverage ratio and stable funding ratio, please refer to the *Pillar 3 Report at 30 June 2024* published on the official website of the Bank.

5. Other Risk Management

The Group’s risk management also includes operational risk management, legal compliance and anti money laundering, reputation risk management, cross-industry cross-border and by-country risk management, management of large exposure risk, climate and environment.

IV. OUTLOOK

In the second half of the year, amid rising instability and uncertainty in the external environment, the domestic economy will face difficulties and challenges in the course of its development and transformation. Nevertheless, all things considered, the favourable factors around China’s economic development outweighed the unfavourable ones. The fundamentals of the country’s stable economic performance and long-term positive trends remain unchanged, and the general trend of high-quality development has not changed. As a result, the economy in the future is expected to continue its steady momentum.

By fully implementing the relevant decisions and deployment made under the 20th CPC National Congress, the Third Plenary Session of the 20th CPC Central Committee, the Financial Work Conference of the Central Government and the Economic Work Conference of the Central Government, the Group will grasp the responsibilities and roles of BoCom in comprehensively deepening reform and promoting Chinese style modernisation, persistently seek progress while maintaining stability, safeguard stability through progress, establish new systems and mechanisms before getting rid of old ones, fully leverage BoCom’s role as an important force for serving the real economy and the anchor for maintaining financial stability, and drive high-quality development to make new achievements. In particular, the Group will focus on the following areas:

I. Striving to excel in the “five priorities” of finance in order to comprehensively improve the quality and efficiency of financial supply. The Group will maintain a reasonable increase in total credit allocation with an effective improvement in quality, balance the relationship among “quantity, pricing and risk”, and continue to improve the effectiveness, balance and sustainability in serving the real economy. In addition, the Group will seize the development opportunities related to the digital economy and data empowerment, and explore the digital business model for inclusive finance.

II. Enhancing the ability to pursue innovation and giving full play of the leading role of the “Shanghai Base”. The Group will deeply integrate into the construction of Shanghai’s “five centres”, promptly follow up and connect, as well as study in a forward-looking manner, on the important reform tasks and the latest reform measures in Shanghai, promote the implementation of home field construction measures to achieve results and accelerate the summarisation and refinement, replication and promotion, and iterative updating of innovation experience.

III. Deepening digital transformation and constantly enhancing momentum for business development. The Group will boost the integration of industry, technology and digitalisation, with the goal of reshaping financial infrastructure, customer operations, channel construction, exhibition marketing and management decision-making and facilitating reform and development.

IV. Continuously deepening reform and promote stable and healthy business development. With reform as the starting point, the Group will promote the balance of the volume and price of debt businesses, the stability and quality improvement of assets businesses, lay a solid foundation for the stability of interest margin, tap the development potential of intermediary businesses, and promote business development, structural optimisation and revenue growth go hand in hand and complement each other.

V. Maintaining the stability of asset quality and make precise efforts to improve risk prevention and control. The Group will solidify our risk management responsibilities, solidly and effectively prevent and resolve risks in key areas, such as real estate and local debts, and improve comprehensive risk management of the Group in order to adhere to the bottom line of zero occurrence of systemic financial risk.

V. OTHER INFORMATION

1. Compliance with the Corporate Governance Code

The Bank strictly abides by the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, and the Commercial Bank Law of the People’s Republic of China, and other laws, regulations and supervisory rules, and actively explored and implemented the corporate governance mechanism of a large-scale commercial bank with special characteristics in China, continuously improved the standard of its corporate governance, and adequately protected and upheld the legitimate rights and interests of its shareholders and other stakeholders both domestically and internationally.

In May 2024, Mr. Liu Jun resigned as President of the Bank. At the 15th meeting of the 10th Session of Board of Directors of the Bank, it was approved that Mr. Ren Deqi, Chairman of the Board of Directors, would perform the duties of President until the date on which the new President appointed by the Board of Directors of the Bank officially assumes office. In June 2024, Mr. Zhang Baojiang took office as the President of the Bank, and Mr. Ren Deqi, Chairman of the Board of Directors, no longer performed the duties of President. The directors of the Bank confirmed that, in addition to the above, during the Reporting Period, the Bank has complied with the principles and code provisions contained in the *Corporate Governance Code* of the Appendix C1 of Rules Governing the Listing of Securities on The Hong Kong Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) at all times, and complied with a majority of the recommended best practices.

2. Securities Transactions of Directors, Supervisors and Senior Management

The Bank required that the directors, supervisors and senior management of the Bank to strictly adhere to the *Management Rules for the Shares Held by Directors, Supervisors and Senior Managers of Listed Companies and their Changes* of the CSRC and the *Model Code for Securities Transactions by Directors of Listed Issuers* contained in Appendix C3 to the Hong Kong Listing Rules. Also, the Bank adopted a set of standards not less exacting than those mentioned above for the securities transactions of the directors, supervisors and senior management. Having made enquiry, all the directors, supervisors and senior management of the Bank confirmed that the securities transactions conducted by them during the Reporting Period were in compliance with the above rules.

3. Profit Distribution

Pursuant to the 2023 Profit Distribution Plan approved at the 2023 Annual General Meeting of the Bank, a cash dividend of RMB0.375 (inclusive of tax) per share, totalling RMB27.849 billion, which was calculated based on a total number of ordinary shares of 74.263 billion shares as at 31 December 2023 was approved. The aforementioned dividend was distributed to holders of A share and H share of the Bank on 10 July 2024 and 31 July 2024, respectively.

Pursuant to the resolution of 2024 interim profit distribution considered at the 17th meeting of the 10th Session of Board of Directors of the Bank, a cash dividend of RMB0.182 (inclusive of tax) per share will be distributed to registered shareholders of A share and H share, totaling RMB13.516 (inclusive of tax) billion, which was calculated based on a total number of ordinary shares of 74.263 billion shares as at the end of the Reporting Period. The abovementioned plan complies with the provisions of the Articles of Association and review procedures, fully protects the legitimate rights and interests of small and medium-sized investors, and has been commented by independent directors. Current distribution does not involve bonus shares or share capital increase from capital accumulation fund. The 2024 interim profit distribution plan is subject to the approval of the general meeting of the Bank to be convened in due course. If the resolution regarding the 2024 interim profit distribution plan is approved by the general meeting, it is expected that the interim dividend will be distributed on Friday, 24 January 2025 to the shareholders of A shares of the Bank, and on Friday, 14 February 2025 to the shareholders of H shares of the Bank.

4. Audit Committee

The Bank has established an Audit Committee under the Board of Directors in accordance with the requirements of the Hong Kong Listing Rules. As at the date of this announcement, the Audit Committee comprised seven members, including Ms. Li Xiaohui, Mr. Li Longcheng, Mr. Chang Baosheng, Mr. Chen Junkui, Mr. Shi Lei, Mr. Zhang Xiangdong and Mr. Wong Tin Chak, among which Ms. Li Xiaohui, independent non-executive director, served as the chairman. The Audit Committee and the senior management have reviewed the Bank's accounting policies and practices and discussed issues relating to internal controls and financial reporting, including reviewing this announcement. At the same time, the Audit Committee is also responsible for the coordination of the Bank's senior management, internal audit division and other relevant departments, as well as the communication with the external auditors, so as to ensure that the internal audit department has sufficient resources to operate within the Bank and has appropriate status.

5. Other Significant Events

- (I) The Bank issued RMB26.0 billion of tier-2 capital bonds in the national interbank bond market. For related details, please refer to the announcement the Bank published on 29 April 2024.
- (II) The Bank intended to inject capital of RMB20.0 billion into National Integrated Circuit Industry Investment Fund Phase Three Co., Ltd., a wholly-owned subsidiary of the Bank. For related details, please refer to the announcements the Bank published on 27 May 2024.

The above announcements were published on the websites of Shanghai Stock Exchange (www.sse.com.cn) and the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

VI. FINANCIAL REPORT

Unaudited interim condensed consolidated statement of profit or loss and other comprehensive income

(All amounts presented in millions of RMB except when otherwise indicated)

	Six months ended 30 June	
	2024	2023
Interest income	228,038	228,406
Interest expense	(143,804)	(146,019)
Net interest income	84,234	82,387
Fee and commission income	22,933	26,691
Fee and commission expense	(1,933)	(2,111)
Net fee and commission income	21,000	24,580
Net gains/(losses) arising from trading activities	12,089	17,637
Net gains/(losses) arising from financial investments	934	(32)
<i>Including: Net gains on derecognition of financial assets measured at amortised cost</i>	104	10
Net gains/(losses) on investments in associates and joint ventures	307	161
Other operating income	13,986	12,574
Net operating income	132,550	137,307
Credit impairment losses	(33,021)	(36,346)
Other assets impairment losses	(467)	(594)
Other operating expenses	(51,384)	(50,693)
Profit before tax	47,678	49,674
Income tax	(1,853)	(3,108)
Net profit for the period	45,825	46,566

Unaudited interim condensed consolidated statement of profit or loss and other comprehensive income (continued)

(All amounts presented in millions of RMB except when otherwise indicated)

	Six months ended 30 June	
	2024	2023
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of debt instruments measured at fair value through other comprehensive income		
<i>Amount recognised in equity</i>	8,561	2,923
<i>Amount reclassified to profit or loss</i>	(801)	(190)
Expected credit losses of debt instruments measured at fair value through other comprehensive income		
<i>Amount recognised in equity</i>	(254)	448
<i>Amount reclassified to profit or loss</i>	–	–
Effective portion of gains or losses on hedging instruments in cash flow hedges		
<i>Amount recognised in equity</i>	339	(1,079)
<i>Amount reclassified to profit or loss</i>	(31)	888
Translation differences for foreign operations	(34)	3,865
Others	(2,734)	(1,220)
	<hr/>	<hr/>
Subtotal	5,046	5,635
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Items that will not be reclassified subsequently to profit or loss:		
Actuarial revaluation on pension benefits	–	4
Changes in fair value of equity investments designated at fair value through other comprehensive income	1,251	1,129
Changes in fair value attributable to changes in the credit risk of financial liability designated at fair value through profit or loss	(219)	(148)
Others	(460)	(225)
	<hr/>	<hr/>
Subtotal	572	760
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Unaudited interim condensed consolidated statement of profit or loss and other comprehensive income (continued)

(All amounts presented in millions of RMB except when otherwise indicated)

	Six months ended 30 June	
	2024	2023
Other comprehensive income, net of tax	<u>5,618</u>	<u>6,395</u>
Total comprehensive income for the period	<u>51,443</u>	<u>52,961</u>
Net profit attributable to:		
Shareholders of the parent company	45,287	46,039
Non-controlling interests	<u>538</u>	<u>527</u>
	<u>45,825</u>	<u>46,566</u>
Total comprehensive income attributable to:		
Shareholders of the parent company	50,710	51,959
Non-controlling interests	<u>733</u>	<u>1,002</u>
	<u>51,443</u>	<u>52,961</u>
Basic and diluted earnings per share for profit attributable to holders of ordinary shares of the parent company (in RMB yuan)	<u>0.56</u>	<u>0.57</u>

Unaudited interim condensed consolidated statement of financial position

(All amounts presented in millions of RMB except when otherwise indicated)

	As at 30 June 2024	As at 31 December 2023
ASSETS		
Cash and balances with central banks	737,032	898,022
Due from and placements with banks and other financial institutions	848,684	859,642
Derivative financial assets	79,459	67,387
Loans and advances to customers	8,066,326	7,772,060
Financial investments at fair value through profit or loss	613,900	642,282
Financial investments at amortised cost	2,489,110	2,573,911
Financial investments at fair value through other comprehensive income	920,070	887,949
Investments in associates and joint ventures	9,354	8,990
Property and equipment	227,878	217,751
Deferred tax assets	40,078	40,379
Other assets	146,023	92,099
	<hr/>	<hr/>
Total assets	14,177,914	14,060,472
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND EQUITY		
LIABILITIES		
Due to and placements from banks and other financial institutions	2,257,871	2,424,537
Financial liabilities at fair value through profit or loss	59,551	56,557
Derivative financial liabilities	60,380	50,975
Deposits from customers	8,650,116	8,551,215
Certificates of deposits issued	1,128,611	1,027,461
Income tax payable	3,261	4,538
Debt securities issued	599,046	592,175
Deferred tax liabilities	2,533	2,407
Other liabilities	297,254	251,157
	<hr/>	<hr/>
Total liabilities	13,058,623	12,961,022
	<hr/> <hr/>	<hr/> <hr/>

Unaudited interim condensed consolidated statement of financial position (continued)

(All amounts presented in millions of RMB except when otherwise indicated)

	As at 30 June 2024	As at 31 December 2023
LIABILITIES AND EQUITY (CONTINUED)		
EQUITY		
Share capital	74,263	74,263
Other equity instruments	174,790	174,790
<i>Including: Preference shares</i>	44,952	44,952
<i>Perpetual bonds</i>	129,838	129,838
Capital surplus	111,428	111,428
Other reserves	427,719	400,805
Retained earnings	319,174	326,744
	<hr/>	<hr/>
Equity attributable to shareholders of the parent company	1,107,374	1,088,030
	<hr/>	<hr/>
Equity attributable to non-controlling interests of ordinary shares	8,384	7,912
Equity attributable to non-controlling interests of other equity instruments	3,533	3,508
	<hr/>	<hr/>
Non-controlling interests	11,917	11,420
	<hr/>	<hr/>
Total equity	1,119,291	1,099,450
	<hr/>	<hr/>
Total equity and liabilities	14,177,914	14,060,472
	<hr/> <hr/>	<hr/> <hr/>

Unaudited interim condensed consolidated statement of changes in equity

(All amounts presented in millions of RMB except when otherwise indicated)

	Equity attributable to shareholders of the parent company													Non-controlling interests			Total		
	Other equity instruments				Other reserves									Attributable to the shareholders of the parent company	Attributable to ordinary shares	Attributable to other equity instruments			
	Share capital	Preference share	Perpetual bonds	Capital surplus	Statutory reserve	Discretionary surplus reserve	Statutory general reserve	Revaluation reserve through other comprehensive income	Revaluation reserve in credit risk of the financial liabilities at fair value through profit or loss	Effective portion of gains or losses on hedging instruments in cash flow hedges	Translation differences for foreign operations	Actuarial changes reserve	Others				Retained earnings		
As at 1 January 2024	74,263	44,952	129,838	111,428	97,227	140,399	159,053	1,277	301	84	3,214	(88)	(662)	326,744	1,088,030	7,912	3,508	1,099,450	
Total comprehensive income	-	-	-	-	-	-	-	7,345	(219)	307	(27)	-	(1,983)	45,287	50,710	642	91	51,443	
Dividends paid to ordinary shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(27,849)	(27,849)	(170)	-	(28,019)	
Dividends paid to preference shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,832)	(1,832)	-	-	(1,832)	
Interest paid to perpetual bond holders	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,685)	(1,685)	-	-	(1,685)	
Interest paid to non-cumulative subordinated additional tier-1 capital securities holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(66)	(66)
Transferred to reserves	-	-	-	-	8,162	-	13,367	-	-	-	-	-	-	(21,529)	-	-	-	-	
Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	(38)	-	-	-	-	-	38	-	-	-	-	
As at 30 June 2024	<u>74,263</u>	<u>44,952</u>	<u>129,838</u>	<u>111,428</u>	<u>105,389</u>	<u>140,399</u>	<u>172,420</u>	<u>8,584</u>	<u>82</u>	<u>391</u>	<u>3,187</u>	<u>(88)</u>	<u>(2,645)</u>	<u>319,174</u>	<u>1,107,374</u>	<u>8,384</u>	<u>3,533</u>	<u>1,119,291</u>	

Unaudited interim condensed consolidated statement of changes in equity (continued)

(All amounts presented in millions of RMB except when otherwise indicated)

	Equity attributable to shareholders of the parent company													Non-controlling interests			Total	
	Other equity instruments				Other reserves									Attributable to the shareholders of the parent company	Attributable to ordinary shares	Attributable to other equity instruments		
	Share capital	Preference Share	Perpetual bonds	Capital surplus	Statutory reserve	Discretionary surplus reserve	Statutory general reserve	through comprehensive income	Revaluation reserve for the changes in credit risk of the financial assets at fair value designated through profit or loss	Effective portion of gains or losses on hedging instruments	Translation differences	Actuarial changes reserve	Others	Retained earnings	Attributable to the shareholders of the parent company	Attributable to ordinary shares	Attributable to other equity instruments	
As at 31 December 2022																		
(Restated)	74,263	44,952	129,838	111,429	88,154	140,182	144,541	(6,664)	(157)	693	1,164	(121)	1,016	292,734	1,022,024	8,040	3,458	1,033,522
Impact of adoption of accounting policies amendments	-	-	-	-	-	-	-	191	-	-	-	-	-	127	318	190	-	508
As at 1 January 2023	74,263	44,952	129,838	111,429	88,154	140,182	144,541	(6,473)	(157)	693	1,164	(121)	1,016	292,861	1,022,342	8,230	3,458	1,034,030
Total comprehensive income	-	-	-	-	-	-	-	3,463	(148)	(191)	3,701	4	(909)	46,039	51,959	826	176	52,961
Dividends paid to ordinary shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(27,700)	(27,700)	(290)	-	(27,990)
Dividends paid to preference shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,832)	(1,832)	-	-	(1,832)
Interest paid to perpetual bond holders	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,685)	(1,685)	-	-	(1,685)
Interest paid to non-cumulative subordinated additional tier-1 capital securities holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(65)	(65)
Transferred to reserves	-	-	-	-	8,468	-	13,579	-	-	-	-	-	-	(22,047)	-	-	-	-
Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	(95)	-	-	-	-	-	95	-	-	-	-
Others	-	-	-	(1)	-	-	-	-	-	-	-	-	-	-	(1)	(519)	-	(520)
As at 30 June 2023	74,263	44,952	129,838	111,428	96,622	140,182	158,120	(3,105)	(305)	502	4,865	(117)	107	285,731	1,043,083	8,247	3,569	1,054,899

Unaudited interim condensed consolidated statement of cash flows

(All amounts presented in millions of RMB except when otherwise indicated)

	Six months ended 30 June	
	2024	2023
Cash flows from operating activities:		
Profit before tax:	47,678	49,674
Adjustments for:		
Provision for credit impairment losses	33,021	36,346
Provision for other assets impairment losses	467	594
Depreciation and amortization	9,512	8,927
Provision for outstanding litigation and unsettled obligation	51	(22)
Net gains on the disposal of property, equipment and other assets	(377)	(416)
Interest income on financial investments	(55,915)	(55,162)
Net (gains)/losses on fair value and foreign exchange	(1,693)	(600)
Net (gains)/losses on investments in associates and joint ventures	(307)	(161)
Net (gains)/losses arising from financial investments	(829)	32
Interest expense on debt securities issued	8,061	8,036
Interest expense on lease liabilities	89	84
	<hr/>	<hr/>
Operating cash flows before movements in operating assets and liabilities	39,758	47,332
Net decrease/(increase) in balances with central banks	29,330	(30,155)
Net decrease/(increase) in due from and placements with banks and other financial institutions	7,550	(139,134)
Net increase in loans and advances to customers	(326,103)	(493,878)
Net decrease in financial assets at fair value through profit or loss	29,397	40,397
Net increase in other assets	(56,438)	(47,053)
Net (decrease)/increase in due to and placements from banks and other financial institutions	(156,987)	76,117
Net increase/(decrease) in financial liabilities at fair value through profit or loss	2,007	(7,721)
Net increase in deposits from customers and certificates of deposit issued	199,135	545,780
Net increase in other liabilities	14,041	7,519
Net increase in value-added tax and other taxes payable	483	564
Income tax paid	(4,615)	(4,891)
	<hr/>	<hr/>
Net cash flows used in operating activities	(222,442)	(5,123)

Unaudited interim condensed consolidated statement of cash flows (continued)

(All amounts presented in millions of RMB except when otherwise indicated)

	Six months ended 30 June	
	2024	2023
Cash flows from investing activities:		
Cash payment for investment in subsidiaries, associated ventures and joint ventures	(117)	–
Cash payments for financial investments	(674,206)	(588,084)
Proceeds from disposal or redemption of financial investments	731,976	493,374
Dividends received	317	236
Interest received from financial investments	57,294	53,712
Acquisition of intangible assets and other assets	(274)	(1,145)
Cash received from the sale of intangible assets and other assets	6	2
Acquisition of property and equipment	(18,857)	(25,723)
Cash received from disposal of property and equipment	1,903	5,400
Net cash flows generated from/(used in) investing activities	98,042	(62,228)
Cash flows from financing activities:		
Proceeds from issue of debt securities	70,876	80,566
Repayment of principal and interest of lease liabilities	(1,119)	(1,340)
Repayment of principals of debt securities issued	(64,804)	(30,585)
Payment of interest on debt securities	(7,387)	(5,690)
Dividends paid	(1,685)	(1,685)
Dividends paid to non-controlling interests	(77)	(280)
Net cash flows (used in)/generated from financing activities	(4,196)	40,986
Effect of exchange rate fluctuations on cash and cash equivalents held	(1,081)	1,760
Net changes in cash and cash equivalents	(129,677)	(24,605)
Cash and cash equivalents at the beginning of the period	275,461	248,803
Cash and cash equivalents at the end of the period	145,784	224,198
Net cash flows from operating activities include:		
Interest received	174,448	172,545
Interest paid	(133,318)	(117,538)

1 Significant accounting policies

(1) Basis of preparation

The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”, as well as with all applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. The principal accounting policies and methods of computation used in preparing the interim condensed consolidated financial statements are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2023.

The unaudited interim condensed consolidated financial statements should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2023, which have been audited.

(2) Changes in accounting policies

(a) Standards and amendments effective in 2024 relevant to and adopted by the Group

In the current reporting period, the Group has adopted the following International Financial Reporting Standards (“IFRSs”) and amendments issued by the International Accounting Standards Board (“IASB”), that are mandatorily effective for the current reporting period.

		<i>Note</i>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	<i>(i)</i>
Amendments to IAS 1 (2020)	Classification of Liabilities as Current or Non-current	<i>(i)</i>
Amendments to IAS 1 (2022)	Non-current Liabilities with Covenants	<i>(i)</i>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	<i>(i)</i>
(i)	Description of this standard and amendment was disclosed in the Group's consolidated financial statements for the year ended 31 December 2023. The adoption of this standard and amendment does not have a significant impact on the financial position or comprehensive income of the Group.	

(b) Standards and amendments relevant to the Group that are not yet effective in the current reporting period and have not been adopted before their effective dates by the Group

The Group has not adopted the following new or amended standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee, that have been issued but are not yet effective.

		Effective for annual periods beginning on or after	<i>Note</i>
Amendments to IAS 21	Lack of exchangeability	1 January 2025	<i>(i)</i>
Amendments to IFRS 7 and IFRS 9	Classification and measurement of financial assets	1 January 2026	<i>(ii)</i>
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	<i>(iii)</i>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	The effective date has now been deferred.	<i>(i)</i>

(i) Descriptions of these standards and amendments were disclosed in the Group's consolidated financial statements for the year ended 31 December 2023. The Group anticipates that the adoption of these standards and amendments will not have a significant impact on the Group's financial information.

(ii) Amendments to IFRS 7 and IFRS 9: Classification and measurement of financial assets

The amendments include clarification on the classification of financial assets with ESG and slimier features, new requirements on settlement of financial liabilities through electronic payment system and additional disclosure requirements regarding investment in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature.

The Group anticipates that the adoption of the amendments will not have a significant impact on the consolidated financial statements.

(iii) IFRS 18: Presentation and Disclosure in Financial Statements

On April 2024, the IASB published its new standard IFRS 18: Presentation and Disclosure in Financial Statements. The main changes in IFRS 18 compared with the previous requirements in IAS 1 comprise a more structured income statement, disclosures on management defined performance measures and enhanced aggregation and disaggregation of information etc.

The Group has not completed its assessment of the impact on the Group's consolidated financial statements of adopting IFRS 18.

(3) Significant accounting estimates and judgements in applying accounting policies

The preparation of this interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the year ended 31 December 2023.

2 Net interest income

	Six months ended 30 June	
	2024	2023
Interest income		
Loans and advances to customers	150,721	153,272
Financial investments	55,915	55,162
Due from and placements with banks and other financial institutions	15,506	13,950
Balances with central banks	5,896	6,022
Subtotal	228,038	228,406
Interest expense		
Deposits from customers	(91,706)	(95,767)
Due to and placements from banks and other financial institutions	(28,664)	(26,488)
Certificates of deposit issued	(15,373)	(15,728)
Debt securities issued	(8,061)	(8,036)
Subtotal	(143,804)	(146,019)
Net interest income	84,234	82,387

3 Fee and commission income

	Six months ended 30 June	
	2024	2023
Bank cards business	8,027	10,005
Custody and other fiduciary business	4,681	4,887
Wealth management business	4,121	4,088
Agency services	2,128	3,518
Guarantee and commitment	1,705	1,661
Investment banking	1,299	1,676
Settlement services	896	750
Others	76	106
	<hr/>	<hr/>
Total	22,933	26,691

4 Credit impairment losses

	Six months ended 30 June	
	2024	2023
Loans and advances to customers at amortised cost	31,179	33,800
Credit related commitments and financial guarantees	1,373	(112)
Due from and placements with banks and other financial institutions	494	634
Loans and advances to customers at FVOCI	137	162
Debt investments at FVOCI	(8)	313
Financial investments at amortised cost	(261)	401
Others	107	1,148
	<hr/>	<hr/>
Total	33,021	36,346

5 Other assets impairment losses

	Six months ended 30 June	
	2024	2023
Operating lease assets	409	581
Foreclosed assets	58	19
Precious metal	–	(6)
	<hr/>	<hr/>
Total	467	594

6 Income tax

	Six months ended 30 June	
	2024	2023
Current income tax		
– Enterprise income tax	2,082	5,252
– Hong Kong profits tax	866	420
– Other countries or regions	382	329
	<hr/>	<hr/>
Subtotal	3,330	6,001
Deferred income tax	(1,477)	(2,893)
	<hr/>	<hr/>
Total	1,853	3,108
	<hr/> <hr/>	<hr/> <hr/>

The provision for enterprise income tax in Chinese Mainland is calculated based on the statutory rate of 25% (2023: 25%) of the assessable income of the Bank and each of the subsidiary established in Chinese Mainland. Taxation arising in other jurisdictions (including Hong Kong) is calculated at the rates prevailing in the relevant jurisdictions, the shortfall arising from the difference between tax paid by overseas branches and the accrued tax under the regulation of Chinese Mainland shall be compensated by the head office.

The actual taxation on the Group differs from the theoretical amount calculated using the Group's profit before tax at the tax rate of 25% (2023: 25%). The major reconciliation items are as follows:

	<i>Note</i>	Six months ended 30 June	
		2024	2023
Profit before tax		47,678	49,674
		<hr/>	<hr/>
Tax calculated at statutory rate of 25%		11,920	12,419
Effects of different tax rates prevailing in other countries or regions		(271)	(29)
Effects of non-deductible expenses	<i>(1)</i>	2,689	3,074
Effects of non-taxable income	<i>(2)</i>	(11,843)	(12,086)
Adjustments for income tax filing of prior years		(221)	151
Others		(421)	(421)
		<hr/>	<hr/>
Income tax		1,853	3,108
		<hr/> <hr/>	<hr/> <hr/>

(1) Non-deductible expenses primarily represent non-deductible write-offs.

(2) Non-taxable income primarily represents interest income from PRC treasury bonds and municipal government bonds and fund investment income.

7 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders of the parent company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2024	2023
Net profit attributable to shareholders of the parent company	45,287	46,039
Less: Dividends paid to preference shareholders	(1,832)	(1,832)
Interest paid to perpetual bond holders	(1,685)	(1,685)
	<hr/>	<hr/>
Net profit attributable to holders of ordinary shares of the parent company	41,770	42,522
	<hr/> <hr/>	<hr/> <hr/>
Weighted average number of ordinary shares in issue (expressed in millions) at the end of the period	74,263	74,263
Basic and diluted earnings per share (expressed in RMB per share)	0.56	0.57

For the calculation of basic earnings per share, a cash dividend of RMB1,832 million on preference shares and interests of RMB1,685 million on perpetual bond declared for the period was deducted from the amounts attributable to shareholders of the parent company. The conversion feature of preference shares may lead to the possible existence of contingently issuable ordinary shares. The triggering events of conversion did not occur for the six months ended 30 June 2024, and therefore the conversion feature of preference shares has no effect on the calculation of the basic and diluted earnings per share.

8 Derivative financial instruments

A derivative is a financial instrument, the value of which changes in response to the changes in a specified foreign exchange rate, interest rate, commodity price or other similar variables. The Group utilize derivative financial instruments for trading or hedging purposes, including forwards, swaps and options.

The notional amount of a derivative represents the underlying amount of the specific financial instruments mentioned above. It indicates the volume of business transacted by the Group but does not reflect the risk.

The notional amounts and fair values of derivative financial instruments held by the Group are set out below:

As at 30 June 2024	Contractual/ notional amount	Fair values	
		Assets	Liabilities
Foreign exchange contracts	5,682,167	44,704	(44,984)
Interest rate contracts	3,836,441	31,493	(13,080)
Commodity contracts and others	135,957	3,262	(2,316)
Total amount of derivative financial instruments recognised	<u>9,654,565</u>	<u>79,459</u>	<u>(60,380)</u>
As at 31 December 2023	Contractual/ notional amount	Fair values	
		Assets	Liabilities
Foreign exchange contracts	4,437,857	36,040	(37,499)
Interest rate contracts	3,349,227	27,483	(11,509)
Commodity contracts and others	120,757	3,864	(1,967)
Total amount of derivative financial instruments recognised	<u>7,907,841</u>	<u>67,387</u>	<u>(50,975)</u>

(1) Fair value hedge

The Group uses interest rate swaps to hedge against changes in fair value arising from changes in interest rates. Some purchased interest rate swap contracts are designated as hedging instruments, whose terms are identical with those of the corresponding hedged items regarding interest rate, maturity and currency. The Group uses regression analysis and critical term match to evaluate the effectiveness of hedging. With the support of testing results, the Group's management considers the hedging relationship to be highly effective.

For the six months ended 30 June 2024 and the six months ended 30 June 2023, the gain and loss arising from the ineffective portion of fair value value hedge were immaterial.

	As at 30 June 2024			As at 31 December 2023			Line items in the statement of financial position
	Contractual/ notional amount	Fair values		Contractual/ notional amount	Fair values		
		Assets	Liabilities		Assets	Liabilities	
Interest rate contract	<u>246,881</u>	<u>13,517</u>	<u>(369)</u>	<u>230,540</u>	<u>12,002</u>	<u>(898)</u>	Derivative financial assets/liabilities

- (a) The changes in fair value of the hedging instruments and net gains or losses arising from the hedged risk relating to the hedged items are set out below:

	Six months ended 30 June	
	2024	2023
Net gains or losses from fair value hedges:		
Hedging instruments	2,131	457
Hedged items attributable to the hedged risk	<u>(1,900)</u>	<u>(334)</u>
Total	<u>231</u>	<u>123</u>

- (b) The following table shows the fair value hedge notional amounts with remaining maturity of:

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
As at 30 June 2024	2,645	760	26,082	136,614	80,780	246,881
As at 31 December 2023	1,279	7,715	14,762	132,865	73,919	230,540

(c) Details of the Group's hedged items in fair value hedges are as follows:

		As at 30 June 2024				
		Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged item		
		Assets	Liabilities	Assets	Liabilities	Line items in the statement of financial position
						Financial investments at amortised cost/ Financial investments at fair value through other comprehensive income Due from and placements with banks and other financial institutions/Loans and advances to customers/Due to and placements from banks and other financial institutions/Certificates of deposits issued
Bonds		216,845	–	(13,082)	–	
Others		18,537	(1,629)	(18)	1	
Total		<u>235,382</u>	<u>(1,629)</u>	<u>(13,100)</u>	<u>1</u>	
		As at 31 December 2023				
		Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged item		
		Assets	Liabilities	Assets	Liabilities	Line items in the statement of financial position
						Financial investments at amortised cost/ Financial investments at fair value through other comprehensive income Due from and placements with banks and other financial institutions/Loans and advances to customers/ Debt securities issued
Bonds		204,123	–	(10,967)	–	
Others		17,042	(884)	(10)	2	
Total		<u>221,165</u>	<u>(884)</u>	<u>(10,977)</u>	<u>2</u>	

(2) Cash flow hedge

The Group uses foreign exchange contracts to hedge against exposures to cash flow variability primarily resulting from foreign exchange risks and uses interest rate swaps to hedge against exposures to cash flow variability primarily resulting from interest rate risks. The hedged items include due from and placements with banks and other financial institutions, loans and advances to customers, debt investments at amortised cost, debt investments at FVOCI, debt securities issued, due to and placements from banks and other financial institutions, certificates of deposits issued and other assets. The Group mainly uses regression analysis and critical term match to evaluate the effectiveness of hedging.

For the six months ended 30 June 2024 and the six months ended 30 June 2023, the gain and loss arising from the ineffective portion of cash flow hedge were immaterial.

	As at 30 June 2024			As at 31 December 2023			Line items in the statement of financial position
	Contractual/ notional amount	Fair values		Contractual/ notional amount	Fair values		
		Assets	Liabilities		Assets	Liabilities	
Foreign exchange contract	145,803	1,304	(1,983)	148,892	1,225	(2,103)	Derivative financial assets/liabilities
Interest rate contract	36,930	534	(12)	22,063	603	(22)	Derivative financial assets/liabilities
Total	182,733	1,838	(1,995)	170,955	1,828	(2,125)	

(a) The following table shows the cash flow hedge notional amounts with remaining maturity of:

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
As at 30 June 2024	17,388	33,894	83,716	44,497	3,238	182,733
As at 31 December 2023	13,911	43,152	78,265	32,117	3,510	170,955

- (b) Information on the Group's risk exposures in cash flow hedges and the impact on equity and profit or loss is as follows:

Hedged items

	As at 30 June 2024		As at 31 December 2023	
	Assets	Liabilities	Assets	Liabilities
Foreign risk	70,525	(72,760)	34,461	(107,383)
Interest risk	496	(36,244)	1,422	(20,662)
Total	<u>71,021</u>	<u>(109,004)</u>	<u>35,883</u>	<u>(128,045)</u>

Hedging instruments

	For the six months ended 30 June 2024			
	Fair value changes on hedging instruments recognised in other comprehensive income	Reclassifications from the cash flow hedge reserve to profit or loss	Line item in the statement of profit or loss including reclassifications	Cash flow hedge reserve
Foreign risk	(552)	41	Net gains/ (losses) arising from trading activities	(307)
Interest risk	63	-	Nil	(84)
Total	<u>(489)</u>	<u>41</u>		<u>(391)</u>

	For the six months ended 30 June 2023			
	Fair value changes on hedging instruments recognised in other comprehensive income	Reclassifications from the cash flow hedge reserve to profit or loss	Line item in the statement of profit or loss including reclassifications	cash flow hedge reserve
Foreign risk	1,391	(1,184)	Net gains/ (losses) arising from trading activities	(684)
Interest risk	32	-	Nil	182
Total	<u>1,423</u>	<u>(1,184)</u>		<u>(502)</u>

9 Dividends

	Six months ended 30 June	
	2024	2023
Dividends to ordinary shareholders of the Bank	27,849	27,700
Dividends to preference shareholders of the Bank	1,832	1,832
Interest to perpetual bond holders of the Bank	1,685	1,685

Under PRC Company Law and the Bank's Articles of Association, the net profit after tax as reported in the PRC statutory financial statements can only be distributed as dividends after allowances for the following:

- (1) Making up cumulative losses from prior years, if any;
- (2) Allocations to the non-distributable statutory reserve of 10% of the net profit of the Bank as determined under the relevant PRC accounting standards;
- (3) Allocations to statutory general reserve;
- (4) Allocations to the discretionary reserve upon approval by the Annual General Meeting of Shareholders. These funds form part of the shareholders' equity. The cash dividends are recognised in the consolidated statement of financial position upon approval by the shareholders at Annual General Meeting.

Pursuant to the approval by the Annual General Meeting of Shareholders on 26 June 2024, the Bank appropriated a cash dividend of RMB0.375 (before tax) for each ordinary share, with total amount of RMB27,849 million, calculated based on 74,263 million shares outstanding as at 31 December 2023, will be distributed to ordinary shareholders.

Pursuant to the approval by the Board meeting on 26 April 2024, the Bank will appropriate domestic preference dividends of RMB1,832 million with a dividend yield of 4.07%.

The Bank distributed the interest on the 2021 undated capital bonds amounting to RMB1,685 million on 10 June 2024.

10 Contingencies

Legal proceedings

The Group has been involved as defendants in certain lawsuits arising from its normal business operations. Management of the Group believes, based on legal advice, the final result of these lawsuits will not have a material impact on the financial position or operations of the Group. The total outstanding claims against the Group (as defendant) by a number of third parties at the end of the period/year are summarised as follows:

	As at 30 June 2024	As at 31 December 2023
Outstanding litigations	1,404	1,480
Provision for outstanding litigation	553	503

Future receivables from operating leases

The Group acts as lessor in operating leases principally through aircrafts, vessels and equipments leasing undertaken by its subsidiaries. The future minimum lease receivables on certain aircraft, vessel and equipments under irrevocable operating leases are as follows:

	As at 30 June 2024	As at 31 December 2023
Within 1 year	20,563	18,835
After 1 year and within 2 years	19,286	17,470
After 2 years and within 3 years	18,144	16,327
After 3 years and within 4 years	16,024	14,904
After 4 years and within 5 years	14,622	12,935
After 5 years	57,610	53,932
Total	146,249	134,403

11 Commitments

Credit related commitments and financial guarantees

The following tables provide the contractual amounts of the Group's credit related commitments and financial guarantees which the Group has committed to its customers:

	As at 30 June 2024	As at 31 December 2023
Loan commitments		
– Under 1 year	9,324	6,013
– 1 year and above	94,698	82,507
Credit card commitments	942,262	938,820
Acceptance bills	554,066	544,473
Letters of guarantee	480,513	455,646
Letters of credit commitments	238,636	205,132
	<hr/>	<hr/>
Total	2,319,499	2,232,591
	<hr/> <hr/>	<hr/> <hr/>

Capital expenditure commitments

	As at 30 June 2024	As at 31 December 2023
Contracted but not provided for	78,962	87,143
	<hr/> <hr/>	<hr/> <hr/>

Commitments on security underwriting and bond acceptance

The Group is entrusted by the Ministry of Finance ('MOF') to underwrite certain treasury bonds. The investors of these treasury bonds have a right to redeem the bonds at any time prior to maturity and the Group is committed to honor such redemption requests. The redemption price is calculated as the nominal value of the bond plus payable interest in accordance with the terms of the related early redemption arrangement.

As at 30 June 2024, the nominal value of treasury bonds the Group had the obligation to buy back amounted to RMB59,391 million (As at 31 December 2023: RMB63,381 million). Management of the Group expects the amount of redemption before the maturity dates of these bonds will not be material.

As at 30 June 2024, the Group had no announced but unfulfilled irrevocable commitment on security underwriting (As at 31 December 2023: Nil).

12 Segmental analysis

Operating segments are identified based on the structure of the Group's internal organization and management requirements. Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group.

Funds are ordinarily allocated between segments. Costs of these funds are charged at the Group's cost of capital and disclosed in inter-segment net interest income. Net interest income and expense relating to third parties are disclosed in external net interest income. There are no other material items of income or expenses between the segments.

Segment revenues, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The basis for allocation is mainly based on occupation of or contribution to resources. Income tax is managed on a group basis and is not allocated to operating segments.

Geographical operating segment information

The Group's Board of Directors and senior management reviews the Group's operation by the particular economic areas in which the Group's branches and subsidiaries provide products or services. The Group's geographical operating segments are decided based upon location of the assets, as the Group's branches and subsidiaries mainly serve local customers.

The Group's geographical operating segments include provincial and directly managed branches and subsidiaries (if any) in relevant regions, as follows:

- Head Office: Head Office, including the Pacific Credit Card Centre;
- Yangtze River Delta: including Shanghai (excluding Head Office), Jiangsu Province, Zhejiang Province and Anhui Province;
- Central China: including Shanxi Province, Jiangxi Province, Henan Province, Hubei Province, Hunan Province, Hainan Province and Guangxi Zhuang Autonomous Region;
- Bohai Rim Economic Zone: including Beijing, Tianjin, Hebei Province and Shandong Province;
- Pearl River Delta: including Fujian Province and Guangdong Province;
- Western China: including Chongqing, Sichuan Province, Guizhou Province, Yunnan Province, Shaanxi Province, Gansu Province, Qinghai Province, Inner Mongolia Autonomous Region, Ningxia Hui Autonomous Region, Xinjiang Uyghur Autonomous Region and Tibet Autonomous Region;
- North Eastern China: including Liaoning Province, Jilin Province and Heilongjiang Province;
- Overseas: including Hong Kong, New York, Tokyo, Singapore, Seoul, Frankfurt, Macau, Ho Chi Minh City, San Francisco, Sydney, Taipei, London, Luxembourg, Brisbane, Paris, Rome, Brazil, Melbourne, Toronto, Prague and Johannesburg.

	Six months ended 30 June 2024								Total
	Yangtze River Delta	Pearl River Delta	Bohai Rim Economic Zone	Central China	Western China	North Eastern China	Overseas	Head Office	
External net interest income/(expense)	10,223	6,008	434	10,195	9,296	(611)	7,245	41,444	84,234
Inter-segment net interest income/(expense)	14,461	3,378	12,639	4,730	398	3,791	487	(39,884)	-
Net interest income	24,684	9,386	13,073	14,925	9,694	3,180	7,732	1,560	84,234
Fee and commission income	6,903	2,773	3,552	3,947	2,172	921	1,191	1,474	22,933
Fee and commission expense	(605)	(13)	(39)	(40)	(9)	(7)	(88)	(1,132)	(1,933)
Net fee and commission income	6,298	2,760	3,513	3,907	2,163	914	1,103	342	21,000
Net gains/(losses) arising from trading activities	3,155	106	216	347	100	18	1,189	6,958	12,089
Net gains/(losses) arising from financial investments	644	-	-	-	-	15	(108)	383	934
Net gains/(losses) on investments in associates and joint ventures	(10)	-	-	-	-	-	56	261	307
Other operating income	12,089	158	353	195	247	76	277	591	13,986
Total operating income-net	46,860	12,410	17,155	19,374	12,204	4,203	10,249	10,095	132,550
Credit impairment losses	(7,805)	(5,304)	(3,284)	(3,248)	(2,074)	(1,075)	(611)	(9,620)	(33,021)
Other assets impairment losses	(440)	-	-	-	-	(25)	(2)	-	(467)
Other operating expense	(17,704)	(3,704)	(4,697)	(4,938)	(3,526)	(1,759)	(2,754)	(12,302)	(51,384)
Profit/(loss) before tax	20,911	3,402	9,174	11,188	6,604	1,344	6,882	(11,827)	47,678
Income tax									(1,853)
Net profit for the period									45,825
Depreciation and amortisation	(835)	(475)	(574)	(590)	(470)	(243)	(295)	(1,409)	(4,891)
Capital expenditure	(18,674)	(31)	(56)	(146)	(106)	(50)	(60)	(48)	(19,171)

	Six months ended 30 June 2023								
	Yangtze River Delta	Pearl River Delta	Bohai Rim Economic Zone	Central China	Western China	North Eastern China	Overseas	Head Office	Total
External net interest income/(expense)	11,909	5,185	(1,251)	11,024	8,414	(711)	6,037	41,780	82,387
Inter-segment net interest income/(expense)	13,585	4,912	13,335	4,669	1,152	3,572	462	(41,687)	-
Net interest income	25,494	10,097	12,084	15,693	9,566	2,861	6,499	93	82,387
Fee and commission income	7,740	3,259	4,182	4,656	2,783	1,154	1,169	1,748	26,691
Fee and commission expense	(804)	(18)	(36)	(56)	(10)	(7)	(99)	(1,081)	(2,111)
Net fee and commission income	6,936	3,241	4,146	4,600	2,773	1,147	1,070	667	24,580
Net gains/(losses) arising from trading activities	5,463	227	150	232	25	39	1,420	10,081	17,637
Net gains/(losses) arising from financial investments	261	-	-	-	-	10	(114)	(189)	(32)
Net gains/(losses) on investments in associates and joint ventures	(7)	-	-	-	-	-	19	149	161
Other operating income	11,137	168	309	212	162	64	325	197	12,574
Total operating income-net	49,284	13,733	16,689	20,737	12,526	4,121	9,219	10,998	137,307
Credit impairment losses	(6,672)	(5,519)	(3,361)	(4,474)	(3,915)	(1,314)	(2,356)	(8,735)	(36,346)
Other assets impairment losses	(596)	-	1	1	(1)	1	-	-	(594)
Other operating expense	(15,984)	(3,773)	(4,646)	(4,924)	(3,403)	(1,738)	(2,806)	(13,419)	(50,693)
Profit/(loss) before tax	<u>26,032</u>	<u>4,441</u>	<u>8,683</u>	<u>11,340</u>	<u>5,207</u>	<u>1,070</u>	<u>4,057</u>	<u>(11,156)</u>	49,674
Income tax									(3,108)
Net profit for the period									<u>46,566</u>
Depreciation and amortisation	(902)	(470)	(592)	(588)	(472)	(249)	(276)	(1,183)	(4,732)
Capital expenditure	(25,586)	(55)	(72)	(228)	(101)	(80)	(145)	(545)	(26,812)

	As at 30 June 2024									Total
	Yangtze River Delta	Pearl River Delta	Bohai Rim Economic North Eastern Zone	Central China	Western China	North Eastern China	Overseas	Head Office	Eliminations	
Segment assets	3,663,027	1,228,672	2,063,448	1,547,945	1,031,314	498,321	1,218,186	5,130,087	(2,243,164)	14,137,836
Including:										
<i>Investments in associates and joint ventures</i>	1,441	-	-	26	-	-	1,161	6,726	-	9,354
Unallocated assets										<u>40,078</u>
Total assets										<u>14,177,914</u>
Segment liabilities	(3,553,838)	(1,224,001)	(2,053,886)	(1,519,660)	(1,027,055)	(499,858)	(1,107,077)	(4,313,879)	2,243,164	(13,056,090)
Unallocated liabilities										<u>(2,533)</u>
Total liabilities										<u>(13,058,623)</u>

	As at 31 December 2023									Total
	Yangtze River Delta	Pearl River Delta	Bohai Rim Economic North Eastern Zone	Central China	Western China	North Eastern China	Overseas	Head Office	Eliminations	
Segment assets	3,581,356	1,280,694	2,097,935	1,498,173	1,025,178	471,772	1,204,469	5,486,713	(2,626,197)	14,020,093
Including:										
<i>Investments in associates and joint ventures</i>	1,427	-	-	1	-	-	1,038	6,524	-	8,990
Unallocated assets										<u>40,379</u>
Total assets										<u>14,060,472</u>
Segment liabilities	(3,451,137)	(1,269,395)	(2,074,193)	(1,479,208)	(1,013,057)	(470,188)	(1,101,049)	(4,726,585)	2,626,197	(12,958,615)
Unallocated liabilities										<u>(2,407)</u>
Total liabilities										<u>(12,961,022)</u>

The comparative information was prepared in accordance with the categorisation of the current period since the assessment rules of the income and expense distribution between various segments have been adjusted.

Business information

The Group is engaged predominantly in banking and related financial activities. It comprises corporate banking, personal banking, treasury and other business. Corporate banking mainly comprises corporate loans, bills, trade financing, corporate deposits and remittance. Personal banking mainly comprises personal loans, personal deposits, credit cards and remittance. Treasury mainly comprises money market placements and takings, financial investment, and securities sold under repurchase agreements. Others Business segment mainly comprises items which cannot be categorised in the above business segments.

The business information of the Group is summarised as follows:

	Six months ended 30 June 2024				Total
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business	
External net interest income/(expense)	43,355	13,152	27,748	(21)	84,234
Inter-segment net interest income/(expense)	551	23,238	(23,789)	-	-
Net interest income/(expense)	43,906	36,390	3,959	(21)	84,234
Net fee and commission income	5,866	12,532	2,508	94	21,000
Net gains/(losses) arising from trading activities	2,475	495	9,000	119	12,089
Net gains/(losses) arising from financial investments	79	253	600	2	934
Net gains/(losses) on investments in associates and joint ventures	95	(10)	-	222	307
Other operating income	10,992	2,494	377	123	13,986
Total operating income-net	63,413	52,154	16,444	539	132,550
Credit impairment losses	(19,091)	(13,745)	(184)	(1)	(33,021)
Other assets impairment losses	(467)	-	-	-	(467)
Other operating expense					
– Depreciation and amortisation	(1,832)	(2,683)	(311)	(65)	(4,891)
– Others	(22,368)	(21,464)	(2,429)	(232)	(46,493)
Profit before tax	19,655	14,262	13,520	241	47,678
Income tax					(1,853)
Net profit for the period					45,825
Depreciation and amortisation	(1,832)	(2,683)	(311)	(65)	(4,891)
Capital expenditure	(18,780)	(335)	(36)	(20)	(19,171)

	Six months ended 30 June 2023				
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business	Total
External net interest income/(expense)	38,193	17,339	26,870	(15)	82,387
Inter-segment net interest income/(expense)	<u>5,974</u>	<u>20,244</u>	<u>(26,218)</u>	<u>-</u>	<u>-</u>
Net interest income/(expense)	44,167	37,583	652	(15)	82,387
Net fee and commission income	6,406	15,738	2,347	89	24,580
Net gains/(losses) arising from trading activities	4,866	1,124	11,943	(296)	17,637
Net gains/(losses) arising from financial investments	48	177	(257)	-	(32)
Net gains/(losses) on investments in associates and joint ventures	26	(7)	-	142	161
Other operating income	<u>10,137</u>	<u>1,896</u>	<u>344</u>	<u>197</u>	<u>12,574</u>
Total operating income-net	65,650	56,511	15,029	117	137,307
Credit impairment losses	(22,107)	(13,255)	(984)	-	(36,346)
Other assets impairment losses	(600)	6	-	-	(594)
Other operating expense					
- Depreciation and amortisation	(1,854)	(2,545)	(272)	(61)	(4,732)
- Others	<u>(20,951)</u>	<u>(22,403)</u>	<u>(2,378)</u>	<u>(229)</u>	<u>(45,961)</u>
Profit/(loss) before tax	<u>20,138</u>	<u>18,314</u>	<u>11,395</u>	<u>(173)</u>	49,674
Income tax					<u>(3,108)</u>
Net profit for the period					<u>46,566</u>
Depreciation and amortisation	(1,854)	(2,545)	(272)	(61)	(4,732)
Capital expenditure	<u>(26,191)</u>	<u>(432)</u>	<u>(75)</u>	<u>(114)</u>	<u>(26,812)</u>

	As at 30 June 2024				
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business	Total
Segment assets	6,039,921	2,715,494	5,289,818	92,603	14,137,836
Including:					
<i>Investments in associates and joint ventures</i>	2,647	1,443	–	5,264	9,354
Unallocated assets					40,078
Total assets					14,177,914
Segment liabilities	(5,394,025)	(3,845,538)	(3,741,246)	(72,020)	(13,052,829)
Unallocated liabilities					(5,794)
Total liabilities					(13,058,623)
	As at 31 December 2023				
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business	Total
Segment assets	5,820,739	2,623,109	5,534,582	41,663	14,020,093
Including:					
<i>Investments in associates and joint ventures</i>	2,457	1,429	–	5,104	8,990
Unallocated assets					40,379
Total assets					14,060,472
Segment liabilities	(5,474,229)	(3,620,670)	(3,802,004)	(57,174)	(12,954,077)
Unallocated liabilities					(6,945)
Total liabilities					(12,961,022)

There were no significant transactions with a single external customer that the Group mainly relied on.

The comparative information was prepared in accordance with the categorisation of the current period since the assessment rules of the income and expense distribution between various segments have been adjusted.

13 Liquidity risk

Maturity analysis

The table below analyses the Group's assets and liabilities into relevant maturity groupings based on the remaining period at the end of reporting date to the contractual maturity date.

As at 30 June 2024	Overdue	Undated	On Demand	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Assets									
Cash and balances with central banks	-	665,804	70,944	-	284	-	-	-	737,032
Due from and placements with banks and other financial institutions	-	-	75,115	255,037	128,854	283,235	92,109	14,334	848,684
Derivative financial assets	-	-	-	8,332	10,150	29,045	20,006	11,926	79,459
Loans and advances to customers	51,017	-	-	473,160	445,790	1,893,761	2,269,872	2,932,726	8,066,326
Financial investments at FVTPL	74	85,301	257,645	33,492	55,183	48,515	92,368	41,322	613,900
Financial investments at amortised cost	961	-	-	25,339	51,052	139,507	1,181,348	1,090,903	2,489,110
Financial investments at FVOCI	46	16,035	-	23,014	37,521	99,794	489,253	254,407	920,070
Other assets	2,396	257,369	123,490	-	-	4,703	35,375	-	423,333
Total assets	54,494	1,024,509	527,194	818,374	728,834	2,498,560	4,180,331	4,345,618	14,177,914
Liabilities									
Due to and placements from banks and other financial institutions	-	-	(862,707)	(459,464)	(280,945)	(576,754)	(64,969)	(13,032)	(2,257,871)
Financial liabilities at FVTPL	-	(509)	(13,212)	(2,567)	(6,186)	(11,733)	(25,344)	-	(59,551)
Derivative financial liabilities	-	-	-	(9,353)	(11,250)	(26,675)	(10,999)	(2,103)	(60,380)
Deposits from customers	-	-	(3,112,496)	(671,279)	(757,811)	(1,774,051)	(2,319,177)	(15,302)	(8,650,116)
Other liabilities	-	-	(102,416)	(155,359)	(292,601)	(811,079)	(316,879)	(352,371)	(2,030,705)
Total liabilities	-	(509)	(4,090,831)	(1,298,022)	(1,348,793)	(3,200,292)	(2,737,368)	(382,808)	(13,058,623)
Net amount on liquidity gap	54,494	1,024,000	(3,563,637)	(479,648)	(619,959)	(701,732)	1,442,963	3,962,810	1,119,291

As at 31 December 2023	Overdue	Undated	On Demand	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Assets									
Cash and balances with central banks	-	695,143	202,550	-	329	-	-	-	898,022
Due from and placements with banks and other financial institutions	-	-	70,015	336,651	131,534	238,325	70,169	12,948	859,642
Derivative financial assets	-	-	-	7,916	14,014	16,290	17,992	11,175	67,387
Loans and advances to customers	46,696	-	-	518,606	485,650	1,847,322	2,117,921	2,755,865	7,772,060
Financial investments at FVTPL	89	70,471	242,065	15,357	51,042	111,629	88,343	63,286	642,282
Financial investments at amortised cost	1,003	-	-	13,927	69,928	194,362	1,107,467	1,187,224	2,573,911
Financial investments at FVOCI	73	14,683	-	18,815	45,034	124,703	449,115	235,526	887,949
Other assets	2,003	247,290	69,547	-	-	4,165	36,214	-	359,219
Total assets	49,864	1,027,587	584,177	911,272	797,531	2,536,796	3,887,221	4,266,024	14,060,472
Liabilities									
Due to and placements from banks and other financial institutions	-	-	(906,104)	(544,069)	(264,549)	(637,782)	(59,622)	(12,411)	(2,424,537)
Financial liabilities at FVTPL	-	(577)	(11,005)	(1,693)	(1,561)	(14,379)	(27,342)	-	(56,557)
Derivative financial liabilities	-	-	-	(7,795)	(12,030)	(18,144)	(10,465)	(2,541)	(50,975)
Deposits from customers	-	-	(3,191,422)	(878,497)	(687,874)	(1,370,261)	(2,423,158)	(3)	(8,551,215)
Other liabilities	-	-	(92,833)	(138,310)	(329,373)	(676,462)	(329,228)	(311,532)	(1,877,738)
Total liabilities	-	(577)	(4,201,364)	(1,570,364)	(1,295,387)	(2,717,028)	(2,849,815)	(326,487)	(12,961,022)
Net amount on liquidity gap	<u>49,864</u>	<u>1,027,010</u>	<u>(3,617,187)</u>	<u>(659,092)</u>	<u>(497,856)</u>	<u>(180,232)</u>	<u>1,037,406</u>	<u>3,939,537</u>	<u>1,099,450</u>

14 Non-adjusting events after reporting period

In July 2024, the Bank issued a RMB30.0 billion 2024 Tier 2 Capital Bonds (Series 2) in China's National Interbank Bond Market, including RMB20.0 billion with a term of 5+5 years and a coupon rate of 2.18% and RMB10.0 billion with a term of 10+5 years and a coupon rate of 2.37%.

In August 2024, the Bank issued 2024 Undated Additional Tier 1 Capital Bonds (Series 1) with the total amount of RMB40.0 billion and a coupon rate of 2.30% in China's National Interbank Bond Market. The proceeds from the issuance of the bonds will be used to replenish the Bank's additional Tier 1 capital.

In July 2024, the Bank completed the first phase investment of RMB1.0 billion into the China Integrated Circuit Industry Investment Fund Phase III Co., Ltd.

Profit distribution after reporting period

On 28 August 2024, the Board of Directors of the Bank proposed a cash dividend of RMB0.182 (before tax) for each share to both A shares and H shares registered shareholders of the Bank, totalling RMB13,516 million, calculated based on the total number of ordinary shares outstanding of 74,263 million shares as at 30 June 2024. The proposal will be subject to the approval by the General Meeting of Shareholders.

VII. PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement will be simultaneously published on the website of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk, as well as the website of the Bank at www.bankcomm.com. This results announcement is extracted from the 2024 Interim Report prepared in accordance with the IFRSs. The full report will be published on the website of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk, as well as the website of the Bank at www.bankcomm.com for the reference of shareholders and investors. The 2024 Interim Report, which is prepared in accordance with China Accounting Standard, will be available on the website of the Shanghai Stock Exchange at www.sse.com.cn and the website of the Bank at www.bankcomm.com. Investors should read the full interim report for details of interim results announcement. The interim report prepared in accordance with the IFRSs is expected to be dispatched to the shareholders of H shares in September 2024 according to the manner in which they have elected to receive corporate communications.

The announcement is prepared in both Chinese and English. Should there be any inconsistency between the Chinese and English versions, the Chinese version should prevail.

By order of the Board
Bank of Communications Co., Ltd.
Ren Deqi
Chairman of the Board

Shanghai, the PRC
28 August 2024

As at the date of this announcement, the directors of the Bank are Mr. Ren Deqi, Mr. Zhang Baojiang, Mr. Yin Jiuyong, Mr. Zhou Wanfu, Mr. Li Longcheng, Mr. Wang Linping*, Mr. Chang Baosheng*, Mr. Liao, Yi Chien David*, Mr. Chan Siu Chung*, Mr. Mu Guoxin*, Mr. Chen Junkui*, Mr. Luo Xiaopeng*, Mr. Cai Haoyi#, Mr. Shi Lei#, Mr. Zhang Xiangdong#, Ms. Li Xiaohui#, Mr. Ma Jun# and Mr. Wong Tin Chak#.*

* *Non-executive directors*

Independent non-executive directors