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CHINA BOHAI BANK CO., LTD.

渤海銀行股份有限公司

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

(Stock Code: 9668)

2024 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the “**Board**”) of CHINA BOHAI BANK CO., LTD. (the “**Bank**”) hereby announces the unaudited consolidated interim results of the Bank and its subsidiary for the six months ended June 30, 2024. This announcement, containing the full text of the 2024 interim report of the Bank, complies with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited relating to information to accompany preliminary announcements of interim results.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The Chinese and English versions of this results announcement will be available on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Bank (www.cbhb.com.cn). If there are any discrepancies in interpretations between the Chinese and English versions, the Chinese version shall prevail. The printed version of the Bank’s 2024 interim report will be despatched to the holders of H shares of the Bank requiring printed copy subsequently and will be available for viewing on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Bank (www.cbhb.com.cn) in due course.

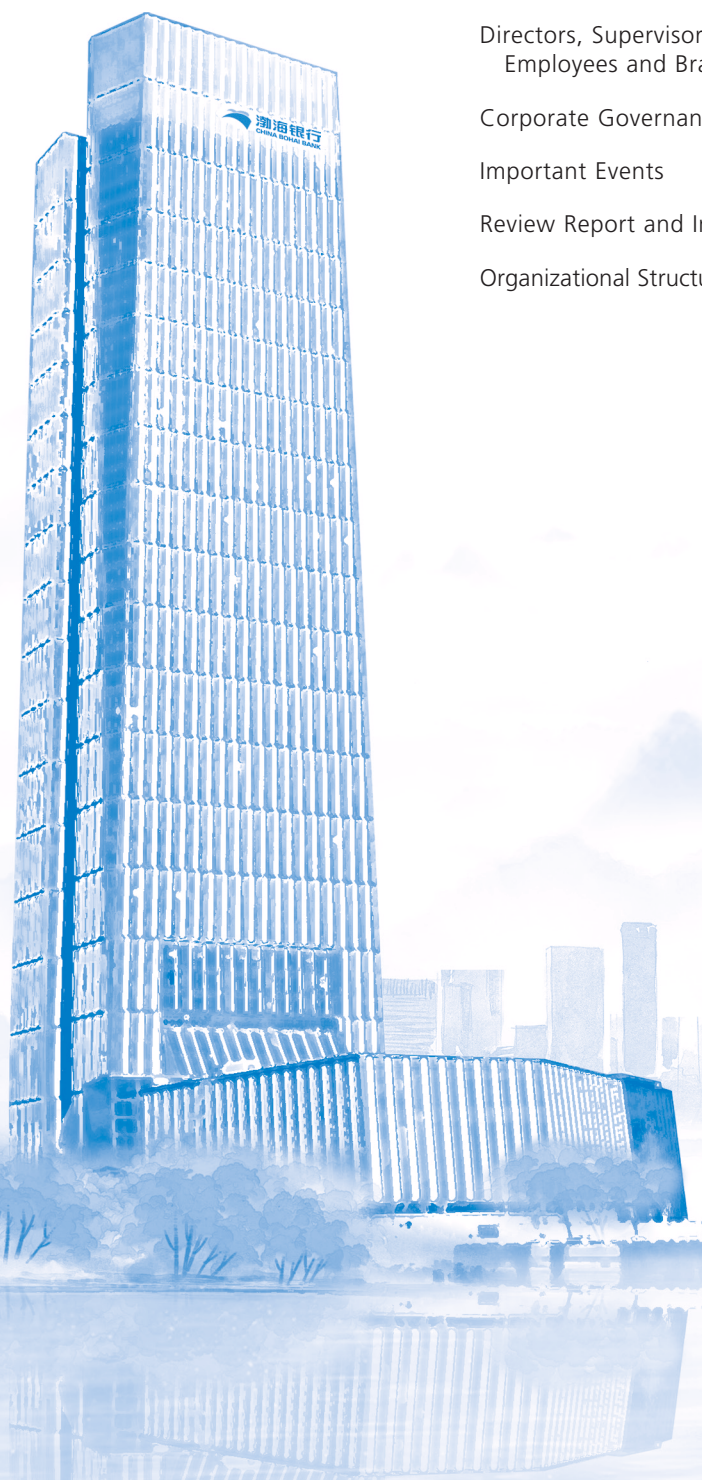
By order of the Board
CHINA BOHAI BANK CO., LTD.
WANG Jinhong
Chairman

Tianjin, China
August 28, 2024

As at the date of this announcement, the Board comprises Mr. WANG Jinhong, Mr. QU Hongzhi and Mr. DU Gang as executive Directors; Mr. AU Siu Luen, Ms. YUAN Wei, Mr. DUAN Wenwu, Mr. HU Aimin and Mr. ZHANG Yunji as non-executive Directors; and Mr. MAO Zhenhua, Mr. MU Binrui, Mr. TSE Yat Hong, Mr. ZHU Ning and Mr. SHUM Siu Hung Patrick as independent non-executive Directors.

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Definitions

Articles of Association	the Articles of Association of CHINA BOHAI BANK CO., LTD.
Bank, our Bank, Company, our Company	CHINA BOHAI BANK CO., LTD. (渤海銀行股份有限公司), a joint stock company established on December 30, 2005 in the PRC with limited liability pursuant to the relevant PRC laws and regulations, and its H Shares were listed on the Hong Kong Stock Exchange (Stock Code: 9668)
Central Bank or PBoC	the People's Bank of China
China Accounting Standards for Business Enterprises	Accounting Standards for Business Enterprises – Basic Standards, specific accounting standards, application guidance and interpretations to the Accounting Standards for Business Enterprises and other regulations issued by the Ministry of Finance of the PRC on and after February 15, 2006
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
Domestic Shares	ordinary shares issued by the Bank with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi
Fourth “Five-Year Plan”	the Plan for Development Strategy of CHINA BOHAI BANK CO., LTD. (2021-2025) (渤海銀行股份有限公司2021-2025年發展戰略規劃)
Group, our Group	the Bank and its subsidiary
H Shares	the overseas listed foreign shares issued by the Bank with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed and traded on the Hong Kong Stock Exchange
HKEX	Hong Kong Exchanges and Clearing Limited
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
IFRS	International Financial Reporting Standards and International Accounting Standards (“IAS”), the related standards, amendments and interpretations issued by the International Accounting Standards Board (“IASB”)
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
Reporting Date	the date on which this interim report was considered and approved by the Board of Directors of the Bank
Reporting Period	the six months ended June 30, 2024
SASAC	the State-owned Assets Supervision and Administration Commission of the State Council (中華人民共和國國務院國有資產監督管理委員會)
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Tianjin SASAC	the State-owned Assets Supervision and Administration Commission of Tianjin People's Government

Important Notice

The Board of Directors, the Board of Supervisors, Directors, Supervisors and members of the senior management of the Bank undertake that the information contained in this report does not include any false records, misleading statements or material omissions, and assume several and joint liabilities for the truthfulness, accuracy and completeness of the content of this report.

The Interim Report 2024 of the Bank was considered and approved at the 63rd meeting of the fifth session of the Board of Directors on August 28, 2024. 13 Directors should attend the meeting, among which 13 Directors actually attended, and Mr. WANG Jinhong authorized Mr. AU Siu Luen to exercise a voting right. 4 Supervisors of the Bank attended the meeting as non-voting delegates.

Mr. WANG Jinhong, the legal representative and chairman of the Board of Directors of the Bank, Mr. QU Hongzhi, the president of the Bank, Mr. DU Gang, the person in charge of accounting affairs of the Bank, and Ms. ZHANG Hui, the person in charge of accounting department, hereby warrant the truthfulness, accuracy and completeness of the financial report in this report.

The Bank does not propose to distribute dividend or capitalize the capital reserve for the interim period in 2024.

The Bank's 2024 interim financial report is unaudited.

Forward-looking statements such as future plans contained in this report do not constitute substantive commitments made by the Bank to its investors. Investors are cautioned against the investment risks and should understand the difference among plans, forecasts and commitments.

This report describes in detail the major risks that the Bank faces in its operational management, as well as the corresponding measures taken by the Bank. For details, please refer to the section "Management Discussion and Analysis: Comprehensive Risk Management" in this report.

Unless otherwise stated, the financial data and indicators contained in this report are prepared in accordance with IFRS, and are consolidated data of the Group and denominated in Renminbi (RMB). Certain amounts and percentage figures included in this report have been subject to rounding adjustments. Any discrepancy between the sum and total amounts in the tables is due to rounding.

This report is prepared in both Chinese and English. Should there be any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

Corporate Profile

- I. **Legal Chinese Name:** 渤海銀行股份有限公司 (Abbreviation: 渤海銀行)
- II. **Legal English Name:** CHINA BOHAI BANK CO., LTD. (Abbreviation: CBHB)
- III. **Legal Representative:** WANG Jinhong
- IV. **Authorized Representatives:** DU Gang and ZHANG Xiao
- V. **Secretary to the Board of Directors:** DU Gang
Joint Company Secretaries: DU Gang and ZHANG Xiao
- VI. **Registered Address and Office Address:** 218 Haihe East Road, Hedong District, Tianjin
Postcode: 300012
International Website: www.cbhb.com.cn
Customer Service and Complaints Hotline: (86) 95541, (86) 400 889 5541 (credit card business)
Investor Hotline: (86) 22-5878 9668
E-mail: IR@cbhb.com.cn
Fax: (86) 22-5831 6529
- VII. **Principal Place of Business in Hong Kong:** Suites 1201-1209 and 1215-1216, 12/F, Two International Finance Centre, Central, Hong Kong
- VIII. **Websites for Information Disclosure:** website of the HKEX (www.hkexnews.hk) and website of the Bank (www.cbhb.com.cn)
Place where the interim report is kept: Office of the Board of Directors of the Bank
- IX. **Listing Stock Exchange of H Shares:** Hong Kong Stock Exchange
Stock Short Name: CBHB
Stock Code: 9668
- X. **Share Registrar**
Domestic Shares: China Securities Depository and Clearing Corporation Limited
No.17 Tai Ping Qiao Street, Xicheng District, Beijing
H Shares: Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
- XI. **Legal Advisors**
As to PRC Laws: Commerce & Finance Law Offices
12-14th Floor, China World Office 2, No. 1 Jianguomenwai Avenue, Chaoyang District, Beijing
As to Hong Kong Laws: Paul Hastings
22/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong
- XII. **Auditors**
Domestic Accounting Firm: Deloitte Touche Tohmatsu Certified Public Accountants LLP
30/F, 222 Yan An Road East, Huangpu District, Shanghai
International Accounting Firm: Deloitte Touche Tohmatsu
35/F, One Pacific Place, 88 Queensway, Hong Kong
- XIII. **Other Relevant Information**
Initial Registration Date: December 30, 2005
Registered Capital: RMB17,762 million
Unified Social Credit Code: 911200007109339563
Financial License Institution Serial Number: B0017H112000001

Summary of Accounting Data and Financial Indicators

I. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

(Unit: RMB'000)

	January to June 2024	January to June 2023	Increase (decrease) (%)
Operating results data:			
Operating income	13,144,941	13,082,522	0.48
Profit before taxation	4,114,362	4,658,582	(11.68)
Net profit	3,697,109	4,098,828	(9.80)
Indicators per share (RMB):			
Basic earnings per share attributable to ordinary Shareholders of the Bank	0.21	0.23	(8.70)
Diluted earnings per share attributable to ordinary Shareholders of the Bank	0.21	0.23	(8.70)
Financial ratios⁽¹⁾ (%):			
Average return on total assets ⁽²⁾	0.42	0.49	A decrease of 0.07 percentage point
Weighted average return on net assets ⁽³⁾	7.67	8.91	A decrease of 1.24 percentage points
	June 30, 2024	December 31, 2023	Increase (decrease) (%)
Scale indicators:			
Total assets	1,747,995,740	1,732,733,836	0.88
Gross loans and advances to customers ⁽⁴⁾	947,852,113	932,644,435	1.63
Total liabilities	1,629,425,368	1,618,331,135	0.69
Gross deposits from customers ⁽⁴⁾	934,621,539	915,161,978	2.13
Total equity	118,570,372	114,402,701	3.64
Net assets per share attributable to ordinary Shareholders of the Bank ⁽⁵⁾ (RMB)	5.55	5.32	4.32

Notes: (1) Interim financial ratios are annualized.

(2) Average return on total assets equals net profit divided by average value of total assets at the beginning and end of the period.

(3) Weighted average return on net assets is calculated pursuant to the Compilation Rules for Information Disclosures by Companies that Offer Securities to the Public (No. 9): Calculation and Disclosure of Rate of Return on Equity and Earnings per Share (2010 Revision) (《公開發行證券的公司信息披露編報規則第 9 號—淨資產收益率和每股收益的計算及披露 (2010 年修訂)》) issued by the CSRC.

(4) Gross loans and advances to customers and gross deposits from customers exclude interests accrued.

(5) Net assets per share attributable to ordinary Shareholders of the Bank equals equity attributable to holders of ordinary shares of the Bank at the end of the period, which has excluded other equity instruments, divided by total share capital at the end of the period.

II. SUPPLEMENTARY FINANCIAL INDICATORS

(Unit: %)

	January to June 2024	January to June 2023	Changes	January to June 2022
Profitability indicators⁽¹⁾:				
Net interest spread ⁽²⁾	1.16	1.24	A decrease of 0.08 percentage point	1.49
Net interest margin ⁽³⁾	1.07	1.21	A decrease of 0.14 percentage point	1.55
Cost-to-income ratio ⁽⁴⁾	36.27	38.69	A decrease of 2.42 percentage points	33.85
	June 30, 2024	December 31, 2023	Changes	June 30, 2023
Asset quality indicators:				
NPL ratio ⁽⁵⁾	1.81	1.78	An increase of 0.03 percentage point	1.84
Allowance coverage ratio ⁽⁶⁾	158.41	156.94	An increase of 1.47 percentage points	144.42
Allowance to gross loan ratio ⁽⁷⁾	2.86	2.79	An increase of 0.07 percentage point	2.65
Capital adequacy indicators⁽⁸⁾:				
Capital adequacy ratio	12.46	11.58	An increase of 0.88 percentage point	11.55
Tier 1 capital adequacy ratio	10.03	10.01	An increase of 0.02 percentage point	10.13
Core tier 1 capital adequacy ratio	8.27	8.17	An increase of 0.10 percentage point	8.28

Notes: (1) Interim profitability indicators are all annualized.

(2) Net interest spread is calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities.

(3) Net interest margin is calculated by dividing net interest income by the average balance of total interest-earning assets.

(4) Cost-to-income ratio is calculated by dividing total operating expenses (excluding tax and surcharges, etc.) by total operating income.

(5) NPL ratio equals the balance of non-performing loans divided by gross loans and advances to customers (excluding interests accrued).

(6) Allowance coverage ratio equals the sum of allowance for impairment losses on the loans measured at amortized cost and allowance for impairment losses on the loans measured at fair value through other comprehensive income divided by the NPL balances.

(7) Allowance to gross loan ratio equals the sum of allowance for impairment losses on the loans measured at amortized cost and allowance for impairment losses on the loans measured at fair value through other comprehensive income divided by gross loans and advances to customers (excluding interests accrued).

(8) The Group calculates the capital adequacy ratios for each tier as at June 30, 2024 according to the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》), China Accounting Standards for Business Enterprises (中國企業會計準則) and other relevant regulations. The Group calculates the capital adequacy ratios for each tier as at December 31, 2023 and June 30, 2023 according to the Capital Rules for Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》), China Accounting Standards for Business Enterprises (中國企業會計準則) and other relevant regulations.

Management Discussion and Analysis

I. ECONOMIC, FINANCIAL AND REGULATORY ENVIRONMENT OF THE FIRST HALF OF 2024

In the first half of 2024, the international environment became more complex and severe with frequent geopolitical conflicts and international trade frictions. The global economic growth was not robust and global inflation, although on a downward trend, was still sticky. The economic growth and monetary policies of major economies were diverging.

China's economy continued to recover and improve and high-quality development advanced steadily. However, it still faced difficulties such as a lack of effective demand, pressure on business operations, and various risks and hidden dangers in key areas. Overall, the opportunities facing China's development outweighed the challenges, the favorable conditions outweighed the unfavorable factors, and the fundamentals towards a stable and long-term economic growth remained unchanged. In the first half of the year, China's GDP grew by 5.0% year on year at constant prices. CPI rose steadily by 0.1% year-on-year. PPI rebounded from a low level, representing a decrease of 2.1% as compared to the same period of the previous year. External demand improved, with exports denominated in RMB increased by 6.9% year on year.

Fiscal revenues and expenditures were in a tight balance and the issuance of special bonds was slow. The yield on long-term interest rate bonds fell sharply, and the growth of money and credit shifting from supply constraints to demand constraints became increasingly apparent. As of the end of June 2024, M2 increased by 6.2% year on year, while M1 decreased by 5% year on year. The regulatory authorities stepped up efforts to rectify the deposit market, increased efficiency and prevented wastage, prohibited banks from collecting high-interest rate deposit through manual compensation, and optimized and adjusted the accounting for the added value of the financial industry. The government policies strengthened support for the "five priorities", large-scale equipment upgrades and consumer goods trade-ins, promoted the accelerated development of new quality productive forces, implemented a coordinated mechanism for urban real estate financing, adjusted the minimum down payment ratio for personal housing loans, promoted the stable and healthy development of the real estate market, and continued to deepen the structural reform of the financial supply side.

II. DEVELOPMENT STRATEGIES

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank thoroughly studied and implemented the spirit of the 20th CPC National Congress, the Central Financial Work Conference, the Central Economic Work Conference and the important speech made by General Secretary Xi Jinping during his visit to Tianjin, adhered to the Party's overall leadership over financial work, deeply grasped keeping political consciousness in mind and putting people first in the financial work. The Bank took quality improvement as the premise and foundation, putting idle assets to good use as the urgent need and key, cultivating growth as the path and support, and coordinated and promoted the "Ten Special Tasks". The Bank strived to make itself a modern financial enterprise with Chinese characteristics with strong political guidance, clear strategic positioning, effective corporate governance, improved business quality and efficiency, controllable overall risks and healthy and sustainable development.

In terms of business strategy, the Bank focused on serving the national strategic objectives and the real economy and Tianjin's "Ten Actions", and promoted the "five priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance, as well as the "two specialties" of industrial finance and shipping finance, so as to realize the development of both supporting the real economy and its own high-quality development. For the corporate banking business, the Bank was positioned as an industrial bank, transaction bank and light-model bank, focusing on building an industrial strategic customer base, specializing in serving basic and special customer bases, growing the government agency customer base and expanding regional key customer bases. For the retail banking business, the Bank was positioned as an account-oriented bank, a wealth management bank and an ecosystem-based bank, and focused on strengthening life-cycle customer base, refining the investment and financing customer bases, expanding the ecosystem scenario customer base. For the financial markets business, the Bank was positioned as a bond bank, an asset management bank and an agency bank. By taking investment and research capabilities as the core, trend management as the starting point, and customer service as the orientation, the Bank strengthened transactions, deepened customer relationships, increased sales, empowered corporate and retail channels, facilitated transformation of wealth management, and provided customers with comprehensive financial solutions to build a leading FICC business center.

III. SCOPE OF BUSINESSES

The business scope of the Bank includes: absorbing public deposits; offering short-term, medium-term and long-term loans; arranging settlement of domestic and international accounts; handling acceptance and discount of bills; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds and proprietary trading bonds issued by government and financial institutions; inter-bank borrowing and lending; trading of foreign currencies by itself and on behalf of its customers; bank card business; letters of credit and financial guarantees; acting as agent on inward and outward payments and insurance agency; offering safe-deposit facilities and other business approved by the regulatory authorities.

IV. OVERALL OPERATING PERFORMANCE

During the Reporting Period, the Group conscientiously implemented the spirit of the Central Economic Work Conference and the Central Financial Work Conference and fully complied with the requirements of the regulatory policies, insisted on the general principle of pursuing progress while ensuring stability, promoting stability through progress, and establishing the new before abolishing the old, continuously promoted the "Ten Special Tasks", firmly implemented the various goals and tasks for high-quality development plans, optimized its business layout, focused on technological innovation, highlighted transformation-driven development, and strengthened risk prevention and control. It strived for new achievements in high-quality development by actively making progress in mode switching, structural adjustment, quality improvement and efficiency growth. During the Reporting Period, the Group achieved an operating income of RMB13,145 million and a net profit of RMB3,697 million, maintaining a stable development trend in general.

Adhering to the origin of finance and sustaining steady growth in asset size

As of the end of the Reporting Period, the total assets of the Group amounted to RMB1,747,996 million, representing an increase of RMB15,262 million or 0.88% as compared to the end of the previous year. In particular, the balance of net loans and advances to customers amounted to RMB935,947 million, representing an increase of RMB15,552 million or 1.69% as compared to the end of the previous year. The Group continued to reinforce the concept of healthy development, adhered to serving the real economy, strengthened high-quality financial services for major strategies, key areas and weak links, actively contributed to the expansion of domestic demand and strongly supported rural revitalization. During the Reporting Period, the growth of loans in key sectors such as manufacturing, small and micro enterprises in science and technology innovation, green finance, and agriculture-related industries significantly outpaced the growth of general loans.

Improving cost control and realizing quantitative and qualitative growth in liabilities

As of the end of the Reporting Period, the total liabilities of the Group amounted to RMB1,629,425 million, representing an increase of RMB11,094 million or 0.69% as compared to the end of the previous year. In particular, deposits from customers amounted to RMB952,835 million, representing an increase of RMB18,241 million or 1.95% as compared to the end of the previous year, a steady growth in its size. During the Reporting Period, the Group implemented a “quantitative and qualitative improvement” strategy for deposits, continued to optimize its liability structure, consolidated the customer base, established a strategic customer base system, strengthened active liability management, enhanced product portfolio application, improved scenario service support, and expanded stable liability sources through multiple channels, which resulted in a continuous reduction in deposit interest costs.

Deepening business transformation and achieving continuous improvement in comprehensive financial service capabilities

For the corporate business, the Bank continued to deepen the development and transformation of the FPA business, leveraging its banking resource advantages, focused on the establishment of six major product centers and provided customers with comprehensive financial services such as cash management, supply chain finance, bills business and cross-border finance. For the retail business, the Bank expanded its retail account customer base, consolidated the foundation for retail business development, expanded and strengthened the size and profitability of wealth assets, accelerated the construction of a smart business circle ecosystem, and achieved full scenario integration. For the financial market business, the Bank strengthened the bond business model and product innovation, improved the scale of bond investment and trading, and effectively improved its influence in the bond market, its ability to convey monetary policy, and its ability to provide bilateral market-making services.

Asset quality risks under control

As of the end of the Reporting Period, the balance of the non-performing loans of the Bank amounted to RMB17,112 million, representing an increase of RMB554 million as compared to the end of the previous year. The NPL ratio was 1.81%, representing an increase of 0.03 percentage point as compared to the end of the previous year. Allowance for loans loss was adequate, and the allowance for loan impairment was RMB27,107 million, representing an increase of RMB1,120 million as compared to the end of the previous year. The allowance to gross loan ratio was 2.86%, and the allowance coverage ratio was 158.41%. All the indicators met the regulatory requirements.

V. ANALYSIS OF FINANCIAL STATEMENTS

(I) Items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

1. *Changes in items in the consolidated statement of profit or loss and other comprehensive income*

During the Reporting Period, the Group realized a net profit of RMB3,697 million, representing a year-on-year decrease of 9.80%.

The following table sets forth the changes in items in the consolidated statement of profit or loss and other comprehensive income of the Group for the periods indicated:

(Unit: RMB'000)

	January to June 2024	January to June 2023	Change	Increase (decrease) (%)
Net interest income	8,080,158	9,327,727	(1,247,569)	(13.37)
Net non-interest income	5,064,783	3,754,795	1,309,988	34.89
Operating income	13,144,941	13,082,522	62,419	0.48
Operating expenses	(5,018,272)	(5,360,226)	341,954	(6.38)
Impairment losses on assets	(4,012,307)	(3,063,714)	(948,593)	30.96
Profit before taxation	4,114,362	4,658,582	(544,220)	(11.68)
Income tax expense	(417,253)	(559,754)	142,501	(25.46)
Net profit	3,697,109	4,098,828	(401,719)	(9.80)
Total comprehensive income	4,167,671	4,271,345	(103,674)	(2.43)

2. *Net interest income*

During the Reporting Period, the net interest income of the Group amounted to RMB8,080 million, representing a year-on-year decrease of 13.37%.

(1) *Net interest spread and net interest margin*

During the Reporting Period, the net interest spread of the Group was 1.16%, representing a year-on-year decrease of 0.08 percentage point; and the net interest margin was 1.07%, representing a year-on-year decrease of 0.14 percentage point.

The following table sets forth the interest-earning assets and interest-bearing liabilities of the Group for the periods indicated:

(Unit: RMB'000)

	January to June 2024			January to June 2023		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Assets:						
Loans and advances to customers	914,109,286	20,346,039	4.48	950,008,424	22,541,753	4.78
Financial investments	455,606,192	6,577,414	2.90	434,224,052	6,616,298	3.07
Deposits with the central bank	72,081,671	490,570	1.37	78,678,502	524,423	1.34
Deposits with banks and other financial institutions	32,352,327	165,957	1.03	33,375,314	146,433	0.88
Placements with banks and other financial institutions	17,249,443	327,363	3.82	23,849,921	477,992	4.04
Financial assets held under resale agreements	27,244,329	250,522	1.85	29,106,237	254,569	1.76
Total interest-earning assets	1,518,643,248	28,157,865	3.73	1,549,242,450	30,561,468	3.98
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Liabilities:						
Deposits from customers	903,350,150	11,158,743	2.48	892,488,690	12,304,689	2.78
Deposits from banks and other financial institutions	186,124,645	2,405,577	2.60	202,051,507	2,637,715	2.63
Placements from banks and other financial institutions	40,563,778	884,907	4.39	31,967,307	589,700	3.72
Financial assets sold under repurchase agreements	41,822,343	379,900	1.83	38,327,084	335,898	1.77
Debt securities issued	269,224,827	3,566,472	2.66	267,084,850	3,599,145	2.72
Borrowing from the central bank	131,553,731	1,682,108	2.57	128,293,768	1,766,594	2.78
Total interest-bearing liabilities	1,572,639,474	20,077,707	2.57	1,560,213,206	21,233,741	2.74
Net interest income		8,080,158			9,327,727	
Net interest spread			1.16			1.24
Net interest margin			1.07			1.21

(2) Interest income

During the Reporting Period, the interest income of the Group amounted to RMB28,158 million, representing a year-on-year decrease of 7.86%.

Interest income arising from loans and advances to customers

During the Reporting Period, the Group's interest income arising from loans and advances to customers amounted to RMB20,346 million, representing a year-on-year decrease of 9.74%.

The following table sets forth the average balance, interest income and average yield for components of loans and advances to customers of the Group for the periods indicated:

(Unit: RMB'000)

	January to June 2024			January to June 2023		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans and advances	588,814,316	13,630,957	4.66	544,414,694	12,397,633	4.59
Personal loans	246,557,895	6,097,399	4.97	329,455,130	9,551,365	5.85
Discounted bills	78,737,075	617,683	1.58	76,138,600	592,755	1.57
Loans and advances to customers	914,109,286	20,346,039	4.48	950,008,424	22,541,753	4.78

Interest income arising from deposits with the central bank, deposits with banks and other financial institutions and placements with banks and other financial institutions and interest income arising from financial assets held under resale agreements

During the Reporting Period, the Group's interest income arising from deposits with the central bank, deposits with banks and other financial institutions and placements with banks and other financial institutions totaled RMB984 million, representing a year-on-year decrease of 14.36%; and the interest income arising from financial assets held under resale agreements amounted to RMB251 million, representing a year-on-year decrease of 1.59%.

Interest income arising from financial investments

During the Reporting Period, the Group's interest income arising from financial investments amounted to RMB6,577 million, representing a year-on-year decrease of 0.59%.

(3) Interest expense

During the Reporting Period, the Group's interest expense amounted to RMB20,078 million, representing a year-on-year decrease of 5.44%.

Interest expense on deposits from customers

During the Reporting Period, the Group's interest expense on deposits from customers amounted to RMB11,159 million, representing a year-on-year decrease of 9.31%.

The following table sets forth the average balance, interest expense and average cost on deposits from customers of the Group for the periods indicated:

(Unit: RMB'000)

	January to June 2024			January to June 2023		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits	564,492,108	6,742,352	2.40	561,100,337	7,727,198	2.78
Of which: Demand deposits	194,718,092	1,203,907	1.24	189,814,574	1,238,272	1.32
Time deposits	369,774,016	5,538,445	3.01	371,285,763	6,488,926	3.52
Personal deposits	200,658,195	2,793,766	2.80	197,699,371	2,914,643	2.97
Of which: Demand deposits	31,533,175	58,551	0.37	39,153,964	149,277	0.77
Time deposits	169,125,020	2,735,215	3.25	158,545,407	2,765,366	3.52
Pledged deposits and others	138,199,847	1,622,625	2.36	133,688,982	1,662,848	2.51
Deposits from customers	903,350,150	11,158,743	2.48	892,488,690	12,304,689	2.78

Interest expense on borrowing from the central bank, deposits from banks and other financial institutions and placements from banks and other financial institutions and interest expense on financial assets sold under repurchase agreements

During the Reporting Period, the Group's interest expense on borrowing from the central bank, deposits from banks and other financial institutions and placements from banks and other financial institutions totaled RMB4,973 million, representing a year-on-year decrease of 0.43%; interest expense on financial assets sold under repurchase agreements amounted to RMB380 million, representing a year-on-year increase of 13.10%.

Interest expense on debt securities issued

During the Reporting Period, the Group's interest expense on debt securities issued amounted to RMB3,566 million, representing a year-on-year decrease of 0.91%.

(4) Impact of changes in volume and interest rate on interest income and interest expense

The following table sets forth the allocation of changes in the interest income and interest expense of the Group due to changes in volume and changes in rate for the periods indicated:

(Unit: RMB'000)

	January to June 2024 vs. January to June 2023 due to changes in volume	January to June 2024 vs. January to June 2023 due to changes in rate	Net increase (decrease) (%)
Loans and advances to customers	(778,488)	(1,417,226)	(9.74)
Financial investments	328,190	(367,074)	(0.59)
Deposits with the central bank	(45,590)	11,737	(6.46)
Deposits with banks and other financial institutions	(5,371)	24,895	13.33
Placements with banks and other financial institutions	(124,537)	(26,092)	(31.51)
Financial assets held under resale agreements	(17,073)	13,026	(1.59)
Changes in interest income	(642,869)	(1,760,734)	(7.86)
Deposits from customers	185,472	(1,331,418)	(9.31)
Deposits from banks and other financial institutions	(201,996)	(30,142)	(8.80)
Placements from banks and other financial institutions	188,702	106,505	50.06
Financial assets sold under repurchase agreements	32,567	11,435	13.10
Debt securities issued	47,015	(79,688)	(0.91)
Borrowing from the central bank	49,486	(133,972)	(4.78)
Changes in interest expense	301,246	(1,457,280)	(5.44)
Changes in net interest income	(944,115)	(303,454)	(13.37)

Note: Changes in interest income and expense caused by both changes in volume and changes in rate have been allocated to the amount of impact of changes in volume on changes in interest income and expense.

3. *Net non-interest income*

During the Reporting Period, the net non-interest income of the Group amounted to RMB5,065 million, representing a year-on-year increase of 34.89%.

(1) *Net fee and commission income*

During the Reporting Period, the net fee and commission income of the Group amounted to RMB1,696 million, representing a year-on-year decrease of 3.92%.

The following table sets forth the principal components of the Group's net fee and commission income for the periods indicated:

(Unit: RMB'000)

	January to June 2024	January to June 2023	Increase (decrease) (%)
Fee and commission income	2,254,523	2,305,676	(2.22)
Of which: Agency services	1,106,619	1,061,631	4.24
Settlement and clearing business	487,889	567,086	(13.97)
Credit commitments and loan services	354,562	367,658	(3.56)
Custodian services	154,178	151,704	1.63
Consulting services	74,213	94,112	(21.14)
Bank card business	54,339	41,961	29.50
Others	22,723	21,524	5.57
Fee and commission expense	558,603	540,510	3.35
Net fee and commission income	1,695,920	1,765,166	(3.92)

(2) Other net non-interest income

During the Reporting Period, other net non-interest income of the Group amounted to RMB3,369 million, representing a year-on-year increase of 69.32%, primarily due to an increase in net gains on financial investments as compared to the same period of the previous year.

The following table sets forth the principal components of other net non-interest income of the Group for the periods indicated:

(Unit: RMB'000)

	January to June 2024	January to June 2023	Increase (decrease) (%)
Net trading income	388,431	501,268	(22.51)
Net gains on financial investments	2,963,902	1,453,143	103.96
Other operating income	16,530	35,218	(53.06)
Total	3,368,863	1,989,629	69.32

4. Operating expenses

During the Reporting Period, the operating expenses of the Group amounted to RMB5,018 million, representing a year-on-year decrease of 6.38%, primarily due to a decrease in staff costs and other general and administrative expenses.

The following table sets forth the principal components of operating expenses of the Group for the periods indicated:

(Unit: RMB'000)

	January to June 2024	January to June 2023	Increase (decrease) (%)
Staff costs	2,900,374	3,202,892	(9.45)
Depreciation and amortization	880,850	858,178	2.64
Taxes and surcharges	217,555	224,515	(3.10)
Interest expense on lease liabilities	75,704	82,199	(7.90)
Other general and administrative expenses	943,789	992,442	(4.90)
Total	5,018,272	5,360,226	(6.38)

5. Impairment losses on assets

The Group strictly followed the regulatory requirements to provide impairment losses on credit based on the principle of prudence. During the Reporting Period, the impairment losses on credit provided by the Group amounted to RMB4,012 million, representing a year-on-year increase of 30.96%, among which the provision for impairment losses on loans and advances to customers amounted to RMB3,102 million, impairment losses on investment amounted to RMB136 million, and other impairment losses on credit amounted to RMB774 million.

6. Income tax expense

During the Reporting Period, the income tax expense of the Group amounted to RMB417 million and the effective tax rate was 10.14%. The income tax decreased primarily due to the decrease in the profit before taxation.

(II) Items in the Consolidated Statement of Financial Position

1. Items of assets

As of the end of the Reporting Period, the total assets of the Group amounted to RMB1,747,996 million, representing an increase of 0.88% as compared to the end of the previous year, which was mainly due to an increase in asset scale led by the development of financial investments and loans and advances to customers.

The following table sets forth the composition of total assets of the Group as of the dates indicated:

(Unit: RMB'000)

	June 30, 2024		December 31, 2023		Increase (decrease) (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Cash and deposits with the central bank	76,082,193	4.35	103,494,179	5.97	(26.49)
Deposits with banks and other financial institutions	19,604,097	1.12	20,938,491	1.21	(6.37)
Placements with banks and other financial institutions and financial assets held under resale agreements	26,144,429	1.50	18,886,161	1.09	38.43
Derivative financial assets	2,711,736	0.15	1,551,181	0.09	74.82
Loans and advances to customers	935,947,091	53.54	920,394,849	53.12	1.69
Financial investments	651,748,787	37.29	633,136,792	36.54	2.94
Property and equipment	3,432,311	0.20	3,586,673	0.21	(4.30)
Deferred tax assets	14,642,128	0.84	14,759,051	0.85	(0.79)
Right-of-use assets	3,762,625	0.21	3,886,770	0.22	(3.19)
Other assets	13,920,343	0.80	12,099,689	0.70	15.05
Total assets	1,747,995,740	100.00	1,732,733,836	100.00	0.88

(1) Loans and advances to customers

As of the end of the Reporting Period, the Group's gross loans and advances granted to customers (including discounts) amounted to RMB947,852 million, representing an increase of 1.63% as compared to the end of the previous year.

The following table sets forth the distribution of loans and advances to customers of the Group by product type as of the dates indicated:

(Unit: RMB'000)

	June 30, 2024		December 31, 2023		Increase (decrease) (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Corporate loans and advances	636,666,365	67.17	566,740,133	60.77	12.34
Discounted bills	86,420,361	9.12	93,160,915	9.99	(7.24)
Personal loans	224,765,387	23.71	272,743,387	29.24	(17.59)
Gross loans and advances to customers	947,852,113	100.00	932,644,435	100.00	1.63
Interests accrued	13,851,892		12,350,216		
Total	961,704,005		944,994,651		

(2) Financial investments

As of the end of the Reporting Period, the financial investments of the Group amounted to RMB651,749 million, representing an increase of 2.94% as compared to the end of the previous year.

The following table sets forth the composition of financial investments of the Group as of the dates indicated:

(Unit: RMB'000)

	June 30, 2024		December 31, 2023		Increase (decrease) (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Financial investments measured at fair value through profit or loss	183,325,271	28.13	161,057,566	25.44	13.83
Financial investments measured at fair value through other comprehensive income	127,911,816	19.63	117,150,761	18.50	9.19
Financial investments measured at amortized cost	340,511,700	52.24	354,928,465	56.06	(4.06)
Total	651,748,787	100.00	633,136,792	100.00	2.94

Further details of the Group's financial investments are set forth in "Review Report and Interim Financial Report – Notes to the Unaudited Consolidated Financial Statements" in this report.

(3) Financial derivatives transactions

The Group's financial derivatives transactions mainly consist of interest rate swaps, foreign exchange swaps, currency swaps, foreign exchange forwards and foreign exchange options, etc. The Group flexibly uses various derivative financial instruments to hedge exchange rate and interest rate risks, carries out strategic transactions and reasonably manages the portfolio of derivative financial instrument position, and keeps a sound trading style.

As of the end of the Reporting Period, the contractual amounts and fair value of the main types of unexpired derivative financial instruments held by the Group are set out as follows:

(Unit: RMB'000)

	June 30, 2024			December 31, 2023		
	Contractual/ notional amount	Fair value		Contractual/ notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Interest rate swaps	79,206,487	22,688	(3,533)	248,318,596	14,753	(4,386)
Exchange rate swaps	255,519,962	1,207,956	(753,587)	79,142,406	726,267	(501,555)
Exchange rate forwards	41,183,981	759,117	(663,319)	43,718,277	578,565	(473,145)
Precious metal swaps	5,000,658	714,509	–	4,845,954	218,193	–
Option contracts	3,214,187	7,466	(2,939)	1,132,332	13,403	(11,526)
Total	384,125,275	2,711,736	(1,423,378)	377,157,565	1,551,181	(990,612)

2. *Items of liabilities*

As of the end of the Reporting Period, the total liabilities of the Group amounted to RMB1,629,425 million, representing an increase of 0.69% as compared to the end of the previous year, which was mainly due to an increase in total liabilities led by the increase of deposits from customers and the increase in deposits from banks and other financial institutions.

The following table sets forth the composition of total liabilities of the Group as of the dates indicated:

(Unit: RMB'000)

	June 30, 2024		December 31, 2023		Increase (decrease) (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Borrowing from the central bank	133,383,949	8.19	133,787,964	8.27	(0.30)
Deposits from banks and other financial institutions	169,028,557	10.37	158,762,222	9.81	6.47
Placements from banks and other financial institutions	35,065,124	2.15	34,920,012	2.16	0.42
Derivative financial liabilities	1,423,378	0.09	990,612	0.06	43.69
Financial assets sold under repurchase agreements	54,133,162	3.32	66,634,253	4.12	(18.76)
Deposits from customers	952,834,686	58.48	934,593,879	57.75	1.95
Income tax payable	131,957	0.01	849,131	0.05	(84.46)
Debt securities issued	267,162,889	16.40	267,923,368	16.56	(0.28)
Lease liabilities	3,860,855	0.23	4,115,588	0.25	(6.19)
Other liabilities	12,400,811	0.76	15,754,106	0.97	(21.29)
Total liabilities	1,629,425,368	100.00	1,618,331,135	100.00	0.69

Note: As at June 30, 2024, borrowing from the central bank of RMB133,383,949,000 included the principal amount at a fixed interest rate of RMB131,467,000,000, and the interest payable on the borrowing from the central bank of RMB1,916,949,000.

Deposits from customers

As of the end of the Reporting Period, the gross deposits from customers of the Group amounted to RMB934,622 million, representing an increase of 2.13% as compared to the end of the previous year.

The following table sets forth the distribution of deposits from customers of the Group by product type and customer type as of the dates indicated:

(Unit: RMB'000)

	June 30, 2024		December 31, 2023		Increase (decrease) (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Corporate deposits	594,275,757	63.58	566,167,040	61.87	4.96
Of which: Demand deposits	184,534,801	19.74	219,169,451	23.95	(15.80)
Time deposits	409,740,956	43.84	346,997,589	37.92	18.08
Personal deposits	210,319,324	22.50	201,002,143	21.96	4.64
Of which: Demand deposits	35,415,281	3.79	33,061,936	3.61	7.12
Time deposits	174,904,043	18.71	167,940,207	18.35	4.15
Pledged deposits	129,774,953	13.89	147,772,584	16.15	(12.18)
Fiscal deposits	153,792	0.02	174,755	0.02	(12.00)
Inward and outward remittances	97,713	0.01	45,456	0.00	114.96
Gross deposits from customers	934,621,539	100.00	915,161,978	100.00	2.13
Interests accrued	18,213,147		19,431,901		
Total	952,834,686		934,593,879		

3. Total equity

As of the end of the Reporting Period, the total equity of the Group amounted to RMB118,570 million, representing an increase of RMB4,168 million or 3.64% as compared to the end of the previous year, primarily due to an increase of retained earnings of the Group during the Reporting Period.

4. Pledge of assets

Details for the pledge of assets of the Group are set out in "Review Report and Interim Financial Report – Notes to the Unaudited Consolidated Financial Statements" in this report.

5. Outstanding debts payable

The Group had no outstanding debts payable as of the end of the Reporting Period.

VI. ANALYSIS OF CAPITAL ADEQUACY RATIOS

In calculating its capital adequacy ratios, the Bank considers itself and the financial institutions it invests directly or indirectly in compliance with the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》).

The Group calculates the capital adequacy ratios for each tier as at June 30, 2024 in accordance with the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》) and the relevant requirements and the capital adequacy ratios for each tier as at December 31, 2023 in accordance with the Capital Rules for Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》) and the relevant requirements. The items involved are as follows:

(Unit: RMB'000)

	June 30, 2024		December 31, 2023	
	The Group	The Bank	The Group	The Bank
Core tier 1 capital	98,608,768	98,282,917	94,441,097	94,223,505
Core tier 1 capital regulatory deductions	(5,089,744)	(7,304,643)	(5,635,246)	(7,839,745)
Net core tier 1 capital	93,519,024	90,978,274	88,805,851	86,383,760
Other tier 1 capital	19,961,604	19,961,604	19,961,604	19,961,604
Net tier 1 capital	113,480,628	110,939,878	108,767,455	106,345,364
Tier 2 capital	27,473,569	27,473,569	17,051,284	17,051,284
Tier 2 capital regulatory deductions	–	–	–	–
Net capital	140,954,197	138,413,447	125,818,739	123,396,648
Capital adequacy ratio^{Note} (%)	12.46	12.26	11.58	11.37
Tier 1 capital adequacy ratio (%)	10.03	9.82	10.01	9.80
Core tier 1 capital adequacy ratio (%)	8.27	8.06	8.17	7.96

Note: Capital adequacy ratio equals net capital/risk-weighted assets*100%. See table below for details of risk-weighted assets.

The following table sets forth the risk-weighted assets calculated by the Group and the Bank, among which, credit risk-weighted assets are calculated using the method of weighting, market risk-weighted assets are calculated using the simplified standardized approach, and operational risk-weighted assets are calculated using the standardized approach.

(Unit: RMB'000)

	June 30, 2024		December 31, 2023	
	The Group	The Bank	The Group	The Bank
Credit risk-weighted assets	1,064,380,660	1,062,558,197	1,027,021,912	1,025,855,790
Of which: On-balance sheet credit risk	962,140,825	960,318,362	955,466,268	954,300,146
Off-balance sheet credit risk	99,198,610	99,198,610	68,502,384	68,502,384
Counterparty credit risk	3,041,225	3,041,225	3,053,260	3,053,260
Market risk-weighted assets	18,498,923	18,498,923	9,964,652	9,964,652
Operational risk-weighted assets	48,441,626	48,351,163	49,660,324	49,392,011
Total risk-weighted assets	1,131,321,209	1,129,408,283	1,086,646,888	1,085,212,453

VII. LEVERAGE RATIO

The Group measured the leverage ratio as at June 30, 2024 pursuant to the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》) and relevant regulatory rules and the leverage ratio as at December 31, 2023 pursuant to the Leverage Ratio Rules for Commercial Banks (Revised) (《商業銀行槓桿率管理辦法(修訂)》) and relevant regulatory rules as follows:

(Unit: RMB'000)

	June 30, 2024	December 31, 2023
Tier 1 capital	118,570,372	114,402,701
Tier 1 capital deductions	(5,089,744)	(5,635,246)
Total adjusted on-balance sheet and off-balance sheet assets	2,037,989,682	1,983,659,131
Of which: Total adjusted on-balance sheet assets	1,726,089,259	1,719,012,401
Total adjusted off-balance sheet assets	292,110,284	254,731,342
Others	19,790,139	9,915,388
Leverage ratio (%)	5.57	5.48

VIII. SEGMENT REPORTING

The following table shows the segment performance of the Group by business segment for the periods indicated:

(Unit: RMB'000)

	January to June 2024		January to June 2023	
	Operating income	Profit before taxation	Operating income	Profit before taxation
Corporate banking	8,030,219	3,737,157	7,177,329	3,591,324
Retail banking	2,688,685	(1,348,344)	4,656,861	1,302,341
Financial market	2,414,317	1,787,843	1,219,655	(167,148)
Others	11,720	(62,294)	28,677	(67,935)
Total	13,144,941	4,114,362	13,082,522	4,658,582

The following table shows the segment performance of the Group by geographic region for the periods indicated:

(Unit: RMB'000)

	January to June 2024		January to June 2023	
	Operating income	Profit before taxation	Operating income	Profit before taxation
Northern and Northeastern China	8,061,148	2,459,106	7,169,164	1,405,221
Eastern China	2,242,622	814,913	2,532,926	1,904,713
Central and Southern China	2,028,744	318,955	2,514,847	820,731
Western China	812,427	521,388	865,585	527,917
Total	13,144,941	4,114,362	13,082,522	4,658,582

IX. LOAN QUALITY ANALYSIS

(I) Distribution of Loans by Five-category Classification

(Unit: RMB'000)

	June 30, 2024		December 31, 2023	
	Amount	Proportion (%)	Amount	Proportion (%)
Normal loans	902,490,702	95.21	887,214,612	95.12
Special mention loans	28,249,204	2.98	28,871,484	3.10
NPLs	17,112,207	1.81	16,558,339	1.78
Of which: Substandard loans	7,881,577	0.83	5,531,097	0.59
Doubtful loans	1,783,375	0.19	5,572,424	0.60
Loss loans	7,447,255	0.79	5,454,818	0.59
Gross loans and advances to customers	947,852,113	100.00	932,644,435	100.00

(II) Loan Migration

(Unit: %)

	June 30, 2024	December 31, 2023	December 31, 2022
Migration rate of normal loans	2.17	1.11	1.33
Migration rate of special mention loans	39.97	8.33	19.93
Migration rate of substandard loans	100.95	63.89	74.56
Migration rate of doubtful loans	75.64	39.49	15.65

(III) Distribution of Loans and NPLs by Product Type

(Unit: RMB'000)

	June 30, 2024				December 31, 2023			
	Amount	Proportion (%)	NPL amount	NPL ratio (%)	Amount	Proportion (%)	NPL amount	NPL ratio (%)
Corporate loans and advances	636,666,365	67.17	9,693,905	1.52	566,740,133	60.77	10,418,084	1.84
Of which: Short-term corporate loans	251,843,572	26.57	4,124,502	1.64	220,021,985	23.59	5,307,835	2.41
Medium and long-term corporate loans	384,822,793	40.60	5,569,403	1.45	346,718,148	37.18	5,110,249	1.47
Discounted bills	86,420,361	9.12	548	0.00	93,160,915	9.99	13,524	0.01
Of which: Bank acceptance bills	86,059,058	9.08	-	-	92,640,303	9.93	-	-
Commercial acceptance bills	361,303	0.04	548	0.15	520,612	0.06	13,524	2.60
Personal loans	224,765,387	23.71	7,417,754	3.30	272,743,387	29.24	6,126,731	2.25
Of which: Residential and commercial housing loans	153,420,919	16.19	2,015,253	1.31	159,565,607	17.11	1,547,054	0.97
Personal consumption loans	40,956,569	4.32	3,810,449	9.30	75,937,149	8.14	3,372,526	4.44
Personal business loans	30,387,899	3.20	1,592,052	5.24	37,240,631	3.99	1,207,151	3.24
Gross loans and advances to customers	947,852,113	100.00	17,112,207	1.81	932,644,435	100.00	16,558,339	1.78

(IV) Distribution of Corporate Loans and NPLs by Industry

(Unit: RMB'000)

	June 30, 2024				December 31, 2023			
	Amount	Proportion (%)	NPL amount	NPL ratio (%)	Amount	Proportion (%)	NPL amount	NPL ratio (%)
Lease and business services	238,773,667	25.19	2,900,845	1.21	212,756,214	22.81	1,763,908	0.83
Manufacturing	91,278,529	9.63	2,251,341	2.47	85,434,345	9.16	1,877,692	2.20
Real estate	87,877,441	9.27	1,216,976	1.38	88,361,622	9.47	3,229,467	3.65
Water conservancy, environment and public facilities management	71,484,425	7.54	5,298	0.01	59,722,557	6.40	32,330	0.05
Wholesale and retail	48,558,861	5.12	2,146,183	4.42	38,121,599	4.09	1,774,901	4.66
Construction	29,166,482	3.08	674,733	2.31	25,489,080	2.73	878,193	3.45
Transportations and communications, storage and post	14,053,171	1.48	44,754	0.32	10,911,221	1.17	40,441	0.37
Production and supply of electricity, heat, gas and water	12,341,706	1.30	44,939	0.36	10,633,994	1.14	105,936	1.00
Finance	11,616,444	1.23	-	-	9,551,052	1.02	-	-
Mining	7,649,296	0.81	64,572	0.84	7,488,413	0.80	246,172	3.29
Information transmission, software and information technology services	7,196,088	0.76	78,752	1.09	4,376,658	0.47	66,089	1.51
Agriculture, forestry, animal husbandry and fishery	4,175,262	0.44	105,000	2.51	3,734,751	0.40	15,000	0.40
Scientific research and technical services	4,143,772	0.44	6,000	0.14	2,532,378	0.27	106,134	4.19
Others	8,351,221	0.88	154,512	1.85	7,626,249	0.84	281,821	3.70
Gross corporate loans and advances	636,666,365	67.17	9,693,905	1.52	566,740,133	60.77	10,418,084	1.84

(V) Distribution of Loans and NPLs by Geographical Areas

(Unit: RMB'000)

	June 30, 2024				December 31, 2023			
	Amount	Proportion (%)	NPL amount	NPL ratio (%)	Amount	Proportion (%)	NPL amount	NPL ratio (%)
Northern and Northeastern China	411,826,395	43.45	8,556,726	2.08	431,885,105	46.31	5,976,122	1.38
Eastern China	243,851,509	25.73	2,894,101	1.19	217,892,309	23.36	2,694,148	1.24
Central and Southern China	206,753,279	21.81	4,740,507	2.29	205,393,575	22.02	7,269,761	3.54
Western China	85,420,930	9.01	920,873	1.08	77,473,446	8.31	618,308	0.80
Gross loans and advances to customers	947,852,113	100.00	17,112,207	1.81	932,644,435	100.00	16,558,339	1.78

(VI) Distribution of Loans and NPLs by Security Type

(Unit: RMB'000)

	June 30, 2024				December 31, 2023			
	Amount	Proportion (%)	NPL amount	NPL ratio (%)	Amount	Proportion (%)	NPL amount	NPL ratio (%)
Collateralized loans	284,260,746	29.99	6,629,460	2.33	287,431,539	30.82	6,969,093	2.42
Pledged loans	174,384,755	18.40	2,128,081	1.22	177,103,155	18.99	1,082,780	0.61
Guaranteed loans	309,926,553	32.70	3,722,724	1.20	291,933,105	31.30	4,307,416	1.48
Unsecured loans	179,280,059	18.91	4,631,942	2.58	176,176,636	18.89	4,199,050	2.38
Gross loans and advances to customers	947,852,113	100.00	17,112,207	1.81	932,644,435	100.00	16,558,339	1.78

(VII) Distribution of Loans by Overdue Period

As of the end of the Reporting Period, the overdue loans amounted to RMB25,957.40 million, representing a decrease of RMB2,929.92 million as compared to the end of the previous year.

(Unit: RMB'000)

	June 30, 2024		December 31, 2023	
	Amount	Proportion (%)	Amount	Proportion (%)
Overdue within three months	9,607,064	1.01	13,057,400	1.40
Overdue more than three months to one year	8,635,994	0.92	5,455,126	0.59
Overdue more than one year to three years	5,892,250	0.62	7,750,545	0.83
Overdue more than three years	1,822,096	0.19	2,624,251	0.28
Total overdue loans	25,957,404	2.74	28,887,322	3.10
Gross loans and advances to customers	947,852,113	100.00	932,644,435	100.00

(VIII) Loans to Ten Largest Customers Who Are Single Borrowers

(Unit: RMB'000)

Borrowers	Industry	June 30, 2024			
		Amount	NPL amount	% of net capital base	% of gross loans
Customer A	Lease and business services	8,534,000	–	6.05	0.90
Customer B	Manufacturing	7,459,997	–	5.29	0.79
Customer C	Lease and business services	7,027,250	–	4.99	0.74
Customer D	Information transmission, software and information technology services	6,667,132	–	4.73	0.70
Customer E	Construction	5,572,000	–	3.95	0.59
Customer F	Lease and business services	5,233,848	–	3.71	0.55
Customer G	Lease and business services	4,649,919	–	3.30	0.49
Customer H	Lease and business services	4,300,000	–	3.05	0.45
Customer I	Lease and business services	4,045,174	–	2.87	0.43
Customer J	Lease and business services	3,899,200	–	2.77	0.41
Total	–	57,388,520	–	40.71	6.05

(IX) Restructured Loans

Restructured loans refer to those loans that the financial status of the relevant borrowers deteriorates, or that borrowers are not capable of repaying and therefore certain clauses on the loan contract are adjusted. As of the end of the Reporting Period, the Bank's balance of restructured loans amounted to RMB1,270.5245 million, representing an increase of 32.41% as compared to the end of the previous year.

(X) Repossessed Assets

As of the end of the Reporting Period, the Bank had no repossessed assets.

(XI) Disposal of Non-Performing Assets

As of the end of the Reporting Period, the Bank had disposed of RMB8,019 million of non-performing assets through means such as cash collection, write-off of bad debts, assignment, and bankruptcy reorganization.

(XII) Allowance for Loan Impairment

1. *Loans and advances to customers measured at amortised cost*

(Unit: RMB'000)

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Opening balance	24,599,802	23,831,785
Charge	3,138,966	1,688,906
Transfer out	(965,776)	–
Write-off	(1,890,494)	(1,806,412)
Recoveries	874,912	188,274
Exchange rate changes and others	(496)	8,502
Closing balance	25,756,914	23,911,055

2. *Loans and advances to customers measured at fair value through other comprehensive income*

(Unit: RMB'000)

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Opening balance	1,386,837	1,538,132
Charge	(36,897)	(100,080)
Transfer out	–	–
Write-off	–	–
Recoveries	–	–
Exchange rate changes and others	–	–
Closing balance	1,349,940	1,438,052

(XIII) Large Exposure

The Bank has strictly implemented the regulatory requirements of the Rules on Large Exposure of Commercial Banks (《商業銀行大額風險暴露管理辦法》) and established a large exposure management system. According to its own risk appetite, risk profile, management level and capital strength, the Bank sets internal management limits that are more stringent than the regulatory limits, continuously improves the large exposure management system, and conducts continuous monitoring, early warning and control of large exposures. During the Reporting Period, all concentration indicators of large exposures of the Bank met regulatory requirements.

X. MAIN BUSINESS OPERATION AND MANAGEMENT

(I) Corporate Banking Business

During the Reporting Period, adhering to its fundamental purpose of serving the national strategic objectives and the real economy, the corporate banking focused on the “five priorities” of technology finance, green finance, inclusive finance, pension finance, and digital finance, maintained its position as an industrial bank, transaction bank and light-model bank, optimized business structures, improved operating standards, and steadily promoted the high-quality transformation and development of the corporate banking business.

Customer development

During the Reporting Period, the corporate banking adhered to customer-centric operation, continuously improved the service system comprising the four major corporate customer groups: industry strategic customer group, basic special customer group, government and institution customer group, and regional key customer group. In terms of the industry strategic customer group, the corporate banking optimized and upgraded the strategic customer service model, established a business system that integrates strategic customer management, marketing and services of the wholesale banking throughout the Bank, and improved the service level and value contribution for strategic customers. In terms of the basic special customer group, the corporate banking gradually implemented the management model of “management in full, planning by category, and promotion by task” and established a preliminary mechanism for the management of corporate customers by category, grade, and level. In terms of the government and institution customer group, the corporate banking actively served customer groups such as finance, education, medical care, housing construction, government affairs, and people’s livelihood, and achieved remarkable results in customer base expansion. In terms of the regional key customer group, the corporate banking made active response to the national regional development strategy, gave great support for the construction of the Beijing-Tianjin-Hebei region, the Yangtze Economic Belt, and the Guangdong-Hong Kong-Macao Greater Bay Area, in order to serve the development of leading industries with local characteristics. As of the end of the Reporting Period, the Bank had a total of 111,472 corporate banking customers, representing an increase of 6,040 customers or 5.73% as compared to the end of the previous year.

Liability business

Adhering to the “deposit-oriented” philosophy as always, the corporate banking provided comprehensive financial services to customers and actively expanded low-cost deposits by building business scenarios through the application of traditional and non-traditional credit product portfolios. At the same time, the Bank promoted the construction of digital systems with improved product functions, enhanced service standards, and optimized customer experience, to promote the growth of deposit size and the optimization of deposit structure. As of the end of the Reporting Period, the gross corporate deposits amounted to RMB594,276 million, representing an increase of RMB28,109 million or 4.96% as compared to the end of the previous year.

Asset business

The corporate banking business focused on serving the real economy, continued to increase support for key sectors such as technology finance, manufacturing, green credit, and rural revitalization. As of the end of the Reporting Period, the gross corporate loans amounted to RMB636,666 million, representing an increase of RMB69,926 million or 12.34% as compared to the end of the previous year.

The Bank treated technology finance as the important tool to serve the real economy and promote high quality development, and generated synergy effect by deepening industry research, focusing on key regions, enhancing channel construction, creating innovative and unique products, and empowering digital technologies. As of the end of the Reporting Period, the balance of loans to technology enterprises amounted to RMB43,895 million, of which loans to specialized and unique new enterprises increased by 23.03% year-on-year. The balance of loans to customers in high-tech industry amounted to RMB48,029 million, representing a year-on-year increase of 22.08%. The balance of loans to customers in intellectual property-intensive industry amounted to RMB40,396 million, representing a year-on-year increase of 12.79%.

The Bank adhered to the strategy as a strong manufacturing country. The Bank believed that improving the financial services to the manufacturing sector was essential to support the real economy, and constantly improved the financial service system in terms of top-level design, policy and resource protection, and product and service model innovation. As of the end of the Reporting Period, the Bank's balance of the loans to the manufacturing sector amounted to RMB91,279 million, representing an increase of RMB5,844 million or 6.84% as compared to the end of the previous year.

The Bank actively supported green and low-carbon transformation. The Bank focused on supporting the financing needs of green industries such as clean energy, and made full use of structural monetary policy instruments such as the carbon-reduction credit facility. As of the end of the Reporting Period, the Bank's balance of green loans amounted to RMB37,745 million, representing an increase of RMB6,486 million or 20.75% as compared to the end of the previous year.

The Bank promoted the implementation of the rural revitalization policy. As of the end of the Reporting Period, the Bank's balance of agriculture-related loans amounted to RMB41,916 million, representing an increase of RMB5,664 million or 15.62% as compared to the end of the previous year.*

Transaction banking business

The transaction banking continued to strengthen product development, scenario-based development and online construction, focused on supply chain finance, bill services, cash management solutions, and international settlement and trade financing, established a transaction banking business ecosystem, and tapped into customer needs, thereby providing customers with one-stop service experience. During the Reporting Period, non-interest income amounted to RMB960 million, representing a year-on-year increase of 5.73%. In particular, spread income amounted to RMB143 million, representing a year-on-year increase of 268.98%. The on-balance sheet and off-balance sheet assets of transaction banking business amounted to RMB470,740 million, representing a year-on-year increase of 14.17%, and a total of RMB434,777 million was granted, representing a year-on-year increase of 78.23%. The number of online corporate customers reached 13,286, and the number of active customers of the new-generation bill business reached 2,109.

* The data on agriculture-related loans are compiled in accordance with the Notice of the Statistics and Analysis Department of the People's Bank of China on the Publication of the Revised Financial Statistics of Financial Institutions in 2024 (Yin Diao Fa [2024] No. 2).

Focus on scenario breakthroughs and cultivate industrial ecology. Expanding downstream around core enterprises, the Bank targeted financing services to distributors on livelihood industries such as liquor and home appliances. It analyzed the characteristics of the industries, and formulated “one policy for one customer” tailor-made solutions to provide financial services for such industry leaders. The Bank deepened the public payment service scenario, and achieved a breakthrough in the domestic letter of credit business with power grid enterprises and large communication equipment enterprises by launching products such as “Boyin Swift Top-up (渤銀閃電充)” and “Boyin Purchase Pay Ease (渤銀購付通)” to serve entity enterprises and facilitate cost reduction and efficiency growth. During the Reporting Period, the size of the domestic L/C and forfaiting business amounted to RMB116,361 million.

Adhere to bills consolidation and strengthen integrated operations. Taking bills as an entry point, the transaction banking supported the upgrading of competitive industries, opened up channels for cooperation with leading enterprises, and provided in-depth services to large groups for supply chain business scenarios. The new-generation bills system achieved the grant of payments for 600 bills in a single batch, and the ability of the bills business to serve customers was effectively improved. The second-tier forfaiting trading system was successfully put into operation, realizing the mutual progress and empowerment of the first and second tiers of the forfaiting market.

Focus on cash management and promote scenario-based settlement. The transaction banking continued to iterate cash management products such as the CBHB Haina Pool (渤銀海納池) and legal person account overdraft, refined the three major product series of “pass, manage and pay” for settlement in the transaction banking scenarios, and established effective cooperation with leading enterprises in key industries such as the Internet, automobile manufacturing, engineering machinery, pharmaceuticals, energy and chemicals, high-end manufacturing, and iron and steel, as well as with high-quality regional enterprises. During the Reporting Period, Haina Pool granted a total of RMB12,419 million, with an asset size of RMB15,654 million.

Respond to the international trend and diversify cross-border tools. Adhering to the principle of “achieving breakthroughs point by point and leading in certain areas”, the transaction banking launched the “CBHB Global Fast Payment (渤銀全球速匯) (4.0) + CBHB Hedging Solution (渤銀避險) + CBHB Tariff Ease (渤銀關稅通)” product portfolio. The transaction banking realized the bank-wide deployment of electronic payment of customs duties and electronic L/G in “CBHB Tariff Ease (渤銀關稅通)”, covering more than 30 customs districts nationwide. Focusing on foreign-related enterprises, the transaction banking provided one-stop cross-border financial services in domestic and overseas markets, in local and foreign currencies, and offshore and onshore to support the high-quality development of cross-border trade, investment and financing.

Investment banking business

During the Reporting Period, the investment banking firmly determined the direction of FPA business development and transformation, and focused on building a flowing bank by revitalizing the existing assets, utilizing new assets, and facilitating asset flows. Using hook products with comparative advantages as a business breakthrough point and regarding serving the total financing of the economy as the starting point and end point, it continued to optimize business structure, diversify revenue sources, expand channels, and consolidate customer base. It strengthened the ability to expand customer base, accumulate deposits, and improve efficiency through efficient use of capital such as bond underwriting, transaction facilitation, asset transfer, and pairing up with the wealth management subsidiary. For the first half of 2024, the bond lead underwriting business had a size of RMB91,356 million, representing a year-on-year increase of 105.48%. The Bank had underwritten a total of 31 innovative bonds of various types (including structured financing products), and the amount underwritten was RMB12,017 million in total. The transaction facilitation business sustained stable development. During the Reporting Period, the asset size under facilitation amounted to RMB43,325 million, representing a year-on-year increase of 5.78%. By providing customers with diverse financing facilitation services integrating debt financing, equity financing and financial consulting through the pooling of advantageous market capital, it helped customers resolve financing needs, broaden financing channels, and enhance their ability in financing in various capital markets, further promoted the size and structural improvement of customer financing business as a whole under FPA standards, and assisted the transformation and development towards light-model banking of the Bank. The investment banking utilized both on-balance sheet and off-balance sheet capital to provide financing to listed companies, continued to expand the scenarios of serving the capital market, and collaborated with the wealth management subsidiary to provide financing with pledging of shares, investment in exchangeable bonds, employee equity incentive financing, and other businesses. The investment banking fully implemented FPA business development philosophy, gave full play to product advantages of syndicated loans, and met customers' large-scale financing needs by leading syndicates, and thus there were significant increases in the number of projects and the size of FPA. It further diversified the application scenarios of the M&A lending business, including privatization and replacement of U.S. stocks, M&A and restructuring of listed companies, and M&A of science and innovation enterprises, and continued to improve the ability to serve and support the real economy.

Asset custodian business

During the Reporting Period, the asset custodian business made solid efforts in fulfilling its function of serving the high-quality development of the real economy, sustained professional and regulated development, continuously optimized the operation process, strengthened the customer base, and explored innovative service models, which facilitated the rapid expansion in the size of custody. As of the end of the Reporting Period, the balance of the asset custody and outsourcing business of the Bank amounted to RMB2,805.855 billion. During the Reporting Period, the Bank achieved revenue from asset custody and outsourcing business of RMB154.1777 million. According to the statistics of the China Banking Association for the second quarter of 2024, the Bank ranked 20th in terms of total assets in custody.

Inclusive finance business

As of the end of the Reporting Period, the balance of inclusive loans of the Bank was RMB45,735 million, representing a decrease of RMB5,735 million as compared to the end of the previous year; the number of inclusive loan accounts was 87,402, representing a decrease of 28,263 as compared to the end of the previous year; and the cumulative loan execution rate for the year was 4.4%, representing a decrease of 0.32 percentage point as compared to the end of the previous year. During the Reporting Period, the Bank focused on the creation of the spectrum of inclusive finance products, strived to establish four major spectrums of inclusive finance products, namely "Chain Series, Digital Series, Fast Series and Science Series (鏈系列、數系列、快系列、科系列)" and integrated online and offline services, thus significantly enhancing service efficiency and customer experience, and facilitating the inclusive service brand building with Bohai characteristics. In particular, the "Boyin Digital E-Loan (渤銀數E貸)", a product of the "Digital Series", was an online product developed based on ecological, scenario and other big data mining and risk control logic, which can be customized to develop different sub-products according to different scenarios and customers to satisfy different customer needs.

(II) Retail Banking Business

During the Reporting Period, the retail banking made efforts to build the Bank into an account-oriented bank, a wealth management bank and an ecosystem-based bank, promoted the construction of an integrated service system of "account+payment+financial products", strengthened the model to acquire customers in various ecosystems, deepened the operation of customers by tier and group leveraging on technological support and digital drive, focused on products and services from the perspective of customers, optimized the product spectrum, improved the business structure, and maintained steady development of the retail business.

As of the end of the Reporting Period, the balance of retail deposits amounted to RMB210,319 million, representing an increase of RMB9,317 million as compared to the end of the previous year. The total number of retail customers was 7,931,800, with an annual increase of 219,300.

Customer development

During the Reporting Period, the Bank accelerated the breakthrough of its digital operation capability, focused on the construction of diversified channels, the transformation of customer acquisition model and the establishment of ecosystems, improved the operation and service strategy for customers by tier and group, optimized the tools for distribution and payment services, and promoted the increase in the quantity and quality of retail customers. Firstly, the Bank strengthened segmental synergy and public-private partnership, focused on the agency business, continuously improved the service function of the agency area and deepened service cooperation with large enterprises. Secondly, the Bank focused on people's livelihood services, accelerated the construction of smart community ecosystems around the outlets, and built up channels for outlets to expand their customer base, and gradually realized economies of scale. Thirdly, by continuously improving the "Boyin E-payment" product spectrum and refining the "collection, management and payment" products, the Bank expanded the size of the customer base, attracted the precipitation of funds from high-quality customers, and gradually established a growth driver from the high-quality customer base. Fourthly, the Bank improved the framework of the digital operation infrastructure system and established a retail digital operation system with a digital marketing platform as the engine, reaching out to the customers by tier and group, and through multi-wave and omni-channel, so as to promote management refinement and improve marketing effectiveness. As of the end of the Reporting Period, the total number of retail customers was 7,931,800, representing a net increase of 219,300 customers as compared to the beginning of the year.

Asset business

During the Reporting Period, the retail asset business followed the national credit policy, accelerated the high-quality business transformation and development, and adhered to the customer-centric approach to satisfy the diversified credit needs of customers. The rapid reduction of inefficient assets and increased investment in secured platform business produced initial results in asset restructuring. The Bank fully supported the demand for rigid and improvement housing loans, increased housing mortgage loans in key areas, adhered to product and service innovation and channel leadership, and strengthened the promotion of the business model of "mortgage transfer loans" and "judicial auction housing mortgage loans". The self-managed business loans developed rapidly, with a focus on the development of standardized products represented by the "Bohai Bank Real Estate Flash Loan"; the self-managed consumption loans focused on high-quality customer bases by promoting such flagship product as the "Golden Lending Loan" business. The Bank continuously optimized business functions and iterated risk control strategies to enhance product service capability and risk control capacity in order to maintain steady development of the retail asset business. As of the end of the Reporting Period, the personal loan balance was RMB224,765 million.

Wealth management

During the Reporting Period, the Bank continuously developed the “Boyin E-Finance” product portfolio and enhanced its product supply capacity. Focusing on the agency wealth management, trust and insurance, the Bank continuously enriched the agency product types, strengthened cooperation with mainstream wealth management subsidiaries and trust companies, completed the creation of a series of products, and launched products with market competitiveness. During the Reporting Period, the increment of retail banking’s wealth assets increased steadily by 407.24% year on year. In particular, the growth rate of the existing wealth management size increased by 26.25 percentage points as compared to the same period of the previous year. The existing agency trusts size increased by 116.14% year on year with a favorable growth momentum. Specialized private banking services became increasingly effective. As of the end of the Reporting Period, the coverage of private banking’s investment and wealth management products increased by 1.23 percentage points as compared with the beginning of the year. The private banking was the first in the industry to launch the wealth management service trust system, which established a comprehensive family wealth inheritance service system, cultivated a professional team, and enhanced customers’ experience of professional services.

The Bank actively supported the “priority of pension finance”, fully utilized its comprehensive advantages in personal finance, and established an innovative pension finance services system with “one card, one set of products, one set of services, one team, and one lifelong companionship”. The Bank continuously enriched specialized pension products, such as insurance and finance, and explored family trust services, such as pension and children education, established an ecosystem of pension services, including pension finance, pension service finance and pension industry finance, which fulfilled the new demand for differentiated, multi-level and high-quality Chinese modernized elderly care.

Credit card business

During the Reporting Period, the Bank unswervingly promoted the change of the business philosophy of credit card business to improve the “service functionality”, focusing on the Golden Lending Loan and mortgage customer, and causing the credit card business to become an effective vehicle to increase the stickiness of the retail quality customer base. In response to China’s current trend, the Bank launched a new Hi Card Credit Card “Shan Hai Jing” (山海經) to enhance the brand influence. As of the end of the Reporting Period, the Bank had issued an aggregate of 1,264,200 credit cards and achieved the loan scale of RMB4.189 billion.

(III) Financial market business

During the Reporting Period, the financial market business implemented the requirements of the Bank’s transformation and revitalization of high-quality development, with the aim of building a leading FICC business center. The Bank firmly safeguarded the bottom line of risk, cultivated the customer base in the industry, strengthened sales and trading capacity, ensured the liquidity security of the Bank, empowered business development with fintech, adhered to the financial services of the real economy, and achieved significant results in various aspects.

Wealth management business

The Group enriched wealth management product types, optimized product functions and provided customers with better wealth management services. The Group actively expanded the agency sales channels outside the bank and broadened the asset management customer base. It had reached agency sales cooperation with 26 institutions. During the Reporting Period, the Group issued 204 wealth management products with a total sales amount of RMB204.885 billion. As of the end of the Reporting Period, the Group had 358 wealth management products, with a balance of RMB167.701 billion, of which net-worth wealth management products accounted for 91.72%. Closed-end products accounted for 54.36% of the wealth management products, and open-end products accounted for 45.64%. The assets of wealth management products were mainly allocated in the fixed income category, of which bonds, non-standardized bonds, bank deposits and equity assets accounted for 55.39%, 18.49%, 14.27% and 2.29% respectively, while the remaining assets, including interbank deposit, and bonds purchased under resale agreements, QDII agency overseas wealth management, accounted for 9.56%.

Treasury business

The Bank paid close attention to the market trends, strengthened market research and judgment, actively carried out various currency market transactions, earnestly fulfilled the duties of primary dealers, expanded transaction scale and counterparties, and actively participated in various transactions of the China Foreign Exchange Trade System. In the first half of 2024, the pledged repo trading volume of RMB bonds approximated RMB5.57 trillion, representing a year-on-year increase of 5.96%. The Bank was granted the 2024 Primary Dealer Qualification for Open Market Business by the PBoC and was recognized as a repo active trader by the China Foreign Exchange Trade System, which significantly enhanced its influence in the interbank market.

Facing the complex and volatile financial environment in both domestic and overseas markets, the Bank grasped the market opportunities, strengthened the study and judgment of trends of exchange rate and foreign currency market interest rates, flexibly adjusted trading strategies, actively carried out transactions in the interbank foreign exchange market, continuously improved its own trading capabilities, and enthusiastically participated in various standardized trading operations in the China Foreign Exchange Trade System. During the Reporting Period, the Bank's ranking in all terms of foreign exchange transactions improved to varying degrees compared to the same period of the previous year, in which, the Bank ranked among the top 45 in terms of RMB foreign exchange swap market transactions.

Bond business

In the face of the complex and volatile bond market, the Bank reinforced the development of its bond business, flexibly utilized a different set of strategies for asset allocation, actively explored bond trading value, and steadily improved comprehensive income from bonds. As a general market maker in the interbank bond market, the Bank effectively fulfilled its obligations as a market maker, actively improved the bilateral quotation model, enriched the types of market-making transactions, improved market pricing capabilities and strived to become a comprehensive and competitive bond market maker. During the Reporting Period, the Bank maintained steady growth in the volume of various financial market bond business, and recorded spot trading volume of nearly RMB2.9 trillion, representing a year-on-year increase of 70%.

During the Reporting Period, the market ranking of the Bank's treasury bonds and policy financial bonds business was further improved. In the second quarter of 2024, our treasury bond spot trading volume ranked No. 6 among banking financial institutions. In the first half of 2024, the Bank ranked No. 17 in the underwriting syndicate of China Development Bank; ranked No. 29 in the underwriting syndicate of Agricultural Development Bank of China; ranked No. 8 in the Export-Import Bank of China Underwriting Group, representing an improvement of 19 places, 30 places and 13 places as compared to the same period of the previous year, respectively, and underwrote the Export-Import Bank of China Green Financial Bonds of RMB300 million. The Bank continued to strengthen financial support for key areas such as the rural areas, agriculture and farmers, rural revitalization, green industry development, and urban infrastructure construction through interest rate debt undertaking and distribution, helping open up the credit transmission mechanism.

Interbank business

During the Reporting Period, apart from the prevention and control of financial risks, the Bank promoted the transformation of asset allocation to a "light capital and light asset" approach, reduced the scale of nonstandard asset business, increased the proportion of standardized and low risk weight assets, and continued to promote the development of interbank credit investment and financing business. The Bank continuously expanded the interbank liabilities business channels, enhanced overall online presence, optimized business processes, and improved service efficiency. The Bank enhanced cost control, further reduced the interest payment rate, returned to the origin of interbank business, and supported the real economy.

During the Reporting Period, the Bank constantly explored and promoted the integrated operating system for interbank customers. It continued to improve its product portfolio, steadily promoted transformation through sales and increased overall contribution from customers, and enhanced cooperation with peers. During the Reporting Period, the Bank achieved a coverage rate of 43.4% of target territorial interbank customers, and 34.81% penetration rate of diversified products. Meanwhile, the second phase of the Bank's financial interbank customer marketing platform was put into operation, and the KYP work for interbank customers proceeded steadily. We benchmarked against advanced peers and standardized the marketing behaviors of our account managers through the platform, so as to enhance our customer management capabilities.

Interbank credit

During the Reporting Period, the Bank was granted sufficient credit limits by domestic and foreign banks with a wide range of products to fulfill the requirements for stable development of all its businesses. As of the end of the Reporting Period, more than 1,300 banking institutions provided credit to the Bank in total, with an aggregate amount of RMB1.6 trillion.

Agency business

During the Reporting Period, the Bank achieved breakthroughs with its agency funds transaction business, accelerated the building of a team of specialists in the agency business, and continuously enhanced the professionalism of its branches by organizing online training for specialized products, offline business training, quarterly work analysis meetings, and lectures on typical business cases. The Bank conducted customer surveys and researches, explored the needs of customers, and focused on serving customers in the Tianjin area. The Bank's head office and branches collaborated in marketing and provided customized foreign exchange hedging products and services to enterprises and customers, strengthened collaboration across lines, developed new products for agency fund transactions and facilitated the collaborative implementation of agency products, deposit products and transaction banking products, revised the management system of the agency fund transaction business, optimized the business process, standardized the operation of the business, improved the transaction experience of customers, and reduced the operational risks, promoted the construction of the agency fund transaction system, enhanced the efficiency and systematic level of the processing of the agency fund transaction business.

(IV) Online Financial Business

During the Reporting Period, adhering to the aspiration of "Finance Benefits People", with the goal of satisfying people's aspirations for a better life, the Bank focused on digital and smart finance, and continued to promote online user operations and portal pipeline construction, accelerating the upgrading of integrated services and business transformation and development through technology and data empowerment.

Upgrading mobile banking to create new digital service dynamics

In the first half of 2024, the Bank's mobile banking development focused on the strategic positioning of an account-oriented bank, a wealth management bank and an ecosystem-based bank, and was steadily transformed from functional construction to customer management and successfully upgraded to version 6.3, promoting the continuous increase in the number of monthly active customers on the mobile side and the turnover of wealth products through the establishment of the event-type marketing system and the digitalization of the overall management. Focusing on product innovation and interactive experience, the Bank comprehensively upgraded its retail product systems including "Boyin E-account", "Boyin E-finance" and "Boyin E-payment", streamlining the operation process and expanding the user experience; the Bank also strengthened security authentication measures, cumulatively operated over 440 risk strategy models online, calculated and identified abnormal behaviors of customer operations, assisted in the prevention of telecommunication network fraud while providing payment convenience for elderly customers, continued to cultivate our brand of "Bo Lan Hui (渤海惠)" life rights services through in-depth cooperation with China UnionPay, and actively expanded the scenario services for the people's livelihood, so as to provide customers with a smarter experience in financial and life services.

Reconstructing portal pipelines, opening up a new experience of intelligent services

In May 2024, the Bank completed the restructuring of its portal system and realized a comprehensive upgrade. In terms of website structure, the whole website page adopted a split-screen layout, card-type zoning, and a multidimensional navigation system to create a smooth and simple experience. In terms of products and services, through digital empowerment and collaboration of resources, a variety of financial services and products of the Bank were presented on the website, providing one-click access to product information. In terms of digital intelligence, upgrades were made to the intelligent search function, allowing users to quickly locate relevant content by entering keywords and efficiently obtain financial information. At the same time, the accessibility mode was launched to enhance the inclusiveness of the website and the multiple terminal adaptation improved its user-friendliness.

Speeding up private traffic operation, deepening a new model of scenario-based services

In terms of ecosystem management, the Bank continued to focus on developing the scenario to serve the education sector, using the smart campus as an entry point to serve high-quality education industry customers, while actively exploring the stored value consumption model, with projects covering green travel, government and enterprise canteens, community properties and other multi-business scenarios, and leveraging outlets, communities and shopping districts to launch marketing activities, attracting both online and offline traffics, thus creating the ecosystem which catered to a full range of services to customers.

(V) Information Technology Construction

During the Reporting Period, adhering to the fundamental purpose of serving the real economy, the Bank was firmly committed to its mission, with focuses on its main duties and responsibilities, while ensuring integrity and innovation. The Bank regarded digital transformation as one of the key driving forces to achieve high-quality development of finance, and through cloud computing, artificial intelligence, blockchain and big data technologies, enhanced the innovation-driven support capability of digital technology and data elements, and strengthened our autonomy and control of key core technologies. As a result, the Bank further deepened and refined the “five priorities”, explored new business development results through “digital finance” empowerment, and pushed forward the Bank’s new endeavor towards high-quality development.

During the Reporting Period, the Bank continued to enhance its team of technology talents and optimize its highly efficient technology talent support system. As of the end of the Reporting Period, the Bank had 1,521 technology personnel, accounting for 11.2% of its contract employees. Guided by our “Talent Pool Construction” project, the Bank focused on the enhancement of independent R&D capability, stimulating the innovation vitality of technology talents, accelerating the cultivation of digital talents, actively driving technological innovation with talent innovation, thereby providing strong talent support for promoting digital transformation.

During the Reporting Period, the Bank made every effort to promote high quality development in terms of information technology construction, with an investment in technology of RMB640 million. On the one hand, the Bank deepened the digital transformation process and accelerated the promotion of the new-generation distributed core system and counter channel system, while also made progress in the construction of key digital transformation projects such as the new-generation Integrated Funds Business Management System and the Data Lake-Warehouse Integrated System, deepening the development of digital finance and activating digital business dynamics. On the other hand, the Bank insisted on strengthening the leadership of technological innovation to enhance the quality and efficiency of financial services in key business areas: such as quickly launching “Haina Pool” for group customers, an innovative flagship product, continuing to promote the optimization and enhancement of the business of the self-built supply chain financial platform, and comprehensively constructing the wholesale business ecological scenarios; accelerating the optimization and upgrading of mobile banking, introducing investment insurance and wealth management products in the personal pension business, and improving the financial services system for the elderly with Bohai characteristics and actively exploring new ways in terms of digital customer service; continuously optimizing the agency fund trading system, building a quantitative trading system to achieve automatic bond market-making quotes and intelligent strategy trading, facilitating the development of professional and systematic operations in the financial market business. To consolidate and expand the advantages of the digital economy through digital innovation, the Bank actively constructed a new pattern of digital financial development, and steadily enhanced its capability and level of service to the real economy.

During the Reporting Period, the Bank continued to establish a comprehensive and proactive safety production operation system, and achieved the operation indicators of 99.9% overall system availability rate and 99.95% key system availability rate. Meanwhile, the Bank continued to consolidate the foundation of safety production operation system, accelerate the transformation of IT infrastructure, promote the construction of the third data center in the same city, and consolidate the same-city, multi-active resilience capability. Additionally, the Bank refined safe operation management, comprehensively strengthened daily monitoring and protection, and ensured the safe and stable information system operation.

(VI) Business Profile of Overseas Branch

The Hong Kong Branch of the Bank was established in 2020 and is the first overseas branch of the Bank. The Hong Kong Branch, as a licensed bank, operates a full range of commercial banking services. Presently, its scope of operations mainly involves wholesale banking and financial market business. The Hong Kong Branch is focusing on cross-border banking services and business development opportunities such as the “Belt and Road”, RMB internationalization and the Guangdong-Hong Kong-Macao Greater Bay Area, to enhance the Bank’s international business and provide one-stop services for domestic and foreign customers, including a wide range of wholesale banking services and products, such as integrated account management, cross-border RMB, deposits, treasury settlement and clearing, corporate financing business including but not limited to cross-border business, green financing, trade financing, bilateral loans, syndicated loans, collateral loans, guarantee business, etc. At the same time, it is involved in money market business, bond investments, certificate of deposit issuance, notes issuance and foreign exchange transactions, etc. At the end of the Reporting Period, the total assets of the Hong Kong Branch of the Bank were equivalent to HK\$12.7 billion.

(VII) Business Profile of Subsidiary

Established in September 2022 with a registered capital of RMB2 billion, CBHB Wealth Management Co., Ltd. (渤海理財有限責任公司) (“CBHB Wealth Management”) is a wholly-owned subsidiary of the Bank, and its scope of business include (i) public issuance of wealth management products to the non-specific public, investment and management of entrusted investor property, (ii) non-public issuance of wealth management products to qualified investors, investment and management of entrusted investor property (iii) wealth management consultancy and advisory services and (iv) other business as approved by the banking regulatory authority of the State Council. As of the end of the Reporting Period, CBHB Wealth Management had total assets of RMB2,440 million and net assets of RMB2,326 million. During the Reporting Period, it achieved operating income of RMB199 million and net profit of RMB108 million.

XI. COMPREHENSIVE RISK MANAGEMENT

(I) Comprehensive Risk Management Summary

During the Reporting Period, the Bank continued to improve its comprehensive risk management system, enhanced the forward-looking and effective risk management, practiced the risk management concept of “comprehensive, proactive, agile and effective (全面、主動、敏捷、到位)”, and promoted the implementation of various requirements of the Board of Directors and regulatory agencies. The Bank strengthened various types of risk management, strictly upheld compliance operation, continuously improved the effectiveness of risk management, and built a professional and refined risk management system to enhance digital risk management capabilities.

The Bank’s Board of Directors, the Risk Management and Green Finance Committee of the Board of Directors (and the Related Party Transactions Control Committee subordinated to it), the Audit and Consumer Rights Protection Committee of the Board of Directors, the Board of Supervisors, senior management and its Risk Control Committee, the Assets and Liabilities Management Committee, the Information Technology Committee, as well as the Risk Management Department, the Credit Review and Approval Department, the Asset Monitoring Department, the Asset Resolution Department, the Assets and Liabilities Management Department, the Internal Control and Compliance Department, the Legal Affairs Department and other functional operational risk departments, the General Office (Public Relations Department), the Office of the Board of Directors, the Audit Department and other departments of the head office, as well as the risk management functional departments of the subsidiary and branches constitute the main organizational structure of the Bank’s risk management.

The Board of Directors of the Bank takes the ultimate responsibility for comprehensive risk management. The Risk Management and Green Finance Committee is set up under the Board of Directors, which is responsible to the Board of Directors. The Board of Supervisors of the Bank is responsible for the supervision of comprehensive risk management and is responsible for supervising the performance of the Board of Directors and senior management in risk management and the rectification. The senior management assumes the responsibilities for implementing comprehensive risk management and implementing the resolutions of the Board of Directors.

The Bank has senior management personnel (the chief risk officer) in charge of risk management, who shall be responsible for leading the relevant departments of the risk management line to carry out work under the risk management framework of the Bank. The chief risk officer maintains independence and can directly report the overall risk management to the Board of Directors.

The Bank has established a risk prevention system consisting of three lines of defense against each main risk to which it is exposed. The first line of defense of risk management is formed by various business departments, branches and sub-branches, which are directly responsible for carrying out their risk management functions. The second line of defense is departments of risk management line, Assets and Liabilities Management Department, Internal Control and Compliance Department, the General Office (Public Relations Department) and the Office of the Board of Directors, which assume responsibilities for formulating policies and procedures, supervising and managing risk. The third line of defense of risk management is the Audit Department, which assumes audit responsibilities for the performance of the first and second lines of defense.

(II) Credit Risk

The Bank has adhered to a comprehensive, vertical and independent management model for credit risk. At the head office, the Risk Management Department, the Credit Review and Approval Department, the Asset Monitoring Department and the Asset Resolution Department are established. At the branches, there are risk directors who are responsible to the chief risk officer.

During the Reporting Period, as a response to constant changes in the internal and external operating conditions, the Bank focused on deepening innovation and transformation, strengthened risk identification and strategic orientation in key areas, key businesses and key customer groups, enhanced the ability to proactively manage risks and create value, and further improved credit risk management system. Our credit risk management technologies and means were further optimized. The management process was gradually digitalized. The credit approval quality and efficiency was further improved. Asset quality remained stable, while the overall credit risk was controllable.

The first was to consolidate asset quality. The Bank put greater efforts into the supervision and inspection of post-loan management, thereby realizing systematic management of post-loan supervision. The Bank tracked and analyzed the completion of monitoring reports of key customers, post-loan inspection reports and financial statement entry, thus further improving the level of post-loan management. We implemented list-based dynamic management, strengthened continuous tracking and special monitoring of key customers, strengthened off-site monitoring and on-site inspections in key areas, standardized operational behavior, and ensured that risk internal control requirements were met. In accordance with the principle of prudence, the ten-level asset quality classification management was implemented. As of the end of the Reporting Period, the non-performing loan ratio of the Bank was 1.81%. We fully implemented the new financial instrument-standards, followed the principles of prudence, timeliness, effectiveness and objectivity to make provision for impairment of financial assets included in the scope of impairment provision, and further increased the provision for impairment, to ensure that the Bank can strengthen its risk resistance ability under unfavorable environment of continuous slowdown in economic growth. As of the end of the Reporting Period, the Bank had a total balance of impairment provision for financial assets of RMB38,039 million, representing an increase of RMB1,933 million over the balance at the end of the previous year.

The second was to strengthen basic management. The Bank upgraded the unified comprehensive credit management. The Bank further enhanced the unified comprehensive credit management and control and digital system control that covers all branches and sub-branches, the whole credit granting process, all business types and all risk exposures. The Bank insisted on implementing comprehensive compliance management, thus effectively prevented multiple credit granting and over-credit granting. The Bank further adjusted and improved the unified comprehensive credit policy, and optimized and upgraded the credit risk management system, thereby realizing optimization of credit granting procedures and improving the efficiency of unified comprehensive credit granting. The Bank continuously improved the credit management, internalized the external regulations, enhanced the promotion of regulatory policies, and delivered risk appetite in a timely manner. The Bank enhanced the supervision and management over its branches so as to timely identify problems for risk alert. The Bank strengthened the establishment of its compliance operation, and rectified errors through self-inspection and rectification. The Bank reviewed typical cases and summarized the lessons of past experience. By continuously optimizing resources allocation, the Bank focused on improving professionalism and strengthening team building.

The third was to optimize the credit structure. The “China Bohai Bank 2024-2025 Credit Policy” was published, which specified the overall credit strategy of the whole bank, including credit policies in terms of industry, region, product and customer, proposed supporting measures to ensure the implementation of policies from multiple perspectives, strengthened the transmission of risk preference, and fully supported the development of front-line business. According to the current status and reserves of basic customers of the branches, the list of regional key customers and target customers was released so as to achieve precise and targeted business development.

The fourth was to improve the system model. The Bank continued to facilitate iterative upgrade of the decision support engine for real estate credit business, and realized the whole process application of pre-lending marketing decision-making assistance, during-lending risk decision-making and comprehensive evaluation, and after-lending regular automatic monitoring and analysis from three dimensions of customer, region and project. The Bank promoted the government solvency evaluation model through mobile-end inquiry function in Bohai on the Palm (掌上渤海). The number of users making enquiries increased to over 2,000, thus promoting the real-time application of the model in different business scenario, and greatly enhancing the support to front-line business. The Bank promoted the optimization and upgrading of the retail risk management cockpit, and improved the quality and efficiency of inputting real-time tracking and monitoring into credit approval and business marketing.

(III) Liquidity Risk

The Bank adopts a centralized approach with respect to its liquidity risk management and has established a sound governance structure, with clear duties for the Board of Directors, the senior management, special committees and relevant management departments. The Board of Directors assumes the ultimate responsibility for liquidity risk management, reviews the Bank’s acceptable liquidity risk appetites, management strategies, policies, and procedures, supervises the effective management and control of liquidity risk, and approves information disclosure contents, etc. The senior management authorizes its Assets and Liabilities Management Committee to implement specific management work under the liquidity management system and methods approved by the Board of Directors, timely understands and evaluates the liquidity risk level and management status, as well as reports to the Board of Directors. The Assets and Liabilities Management Department at the head office is responsible for leading the organization of liquidity risk management, formulating liquidity risk management strategies, policies and procedures, and conducting qualitative and quantitative analysis of liquidity risk and other specific management tasks. The departments of corporate banking, retail banking and financial market businesses, among others at the head office, and the subsidiary, the overseas branch, domestic branches and sub-branches engage in their business activities in compliance with the liquidity risk management policies, appetite, processes, limits and other requirements as set down by the Board of Directors and the senior management.

The Bank adheres to prudent liquidity risk management strategies, and clarifies the overall objective, management mode, and main policies and procedures of liquidity risk management. The overall objective of the Bank’s liquidity risk management is to reasonably arrange the asset and liability structure and future cash flows, to fulfill the fund payment needs of each business and to ensure compliance with liquidity regulatory indicators, and to reduce extra costs arising from liquidity as much as possible, including the opportunity cost of reserve funds, market financing premium, and loss on realization of assets. The Bank has established a tier-one liquidity reserve mainly consisting of cash and excess reserves, short-term interbank deposits, treasury bonds and policy bank bonds, a tier-two liquidity reserve mainly consisting of local government bonds and high-grade corporate bonds, and a tier-three liquidity reserve mainly consisting of other assets such as monetary funds and bond funds. The allocation of liquidity assets was constantly adjusted for addressing the mismatches between short-term and medium-to-long-term liquidity. In accordance with internal and external requirements and actual business development, through following liquidity risk management policies and procedures, such as cash flow estimate and calculation and analysis, liquidity risk limit management, financing management, daytime liquidity risk management, qualified high-quality liquid asset management, liquidity early warning management, stress tests, and emergency plans, and under the premise of ensuring liquidity safety, the Bank effectively balances the relationship among liquidity, safety and efficiency, so as to promote sustainable and healthy development of business.

Under the guidance of the liquidity risk management policies determined by the Board of Directors, the Bank implements effective identification, measurement, monitoring and control of liquidity risk. Based on cash flow gap analysis, the Bank realizes the liquidity risk management and control under normal circumstances with the help of intraday position management, maturity mismatch management, liquid asset portfolio management and financing strategy management. As for managing intraday positions, the Bank reasonably manages cash flows to balance liquidity and profitability, which is based on the principle of ensuring safety payment and on the integration management of local and foreign currencies. As for liquidity mismatch management, the Bank continuously optimized such active management methods as internal limit management, early warning indicators monitoring, and dynamic analogies of regulatory indicators, which not only achieves accurate measurement of static liquidity mismatch, but effectively manages and controls the future liquidity mismatch. As for liquid asset portfolio management and financing strategy management, the Bank timely monitors and optimizes its asset-liability structure, strengthens active liability management, enhances interbank customer relationship management, expands active liability channels, and promotes the steady growth of core liabilities. As for emergency management for liquidity risk, the Bank regularly conducts liquidity risk stress tests, carefully evaluates future liquidity needs, maintains sufficient high-quality liquid assets and continuously improves liquidity risk resistance capacity. At the same time, the Bank organizes liquidity crisis response exercises on a regular basis, continuously optimizes the liquidity emergency management system, evaluates the effectiveness of various emergency measures, and ensures the liquidity safety in an emergency environment. The liquidity stress test of mature cash flow gap covers the window periods of 7 days, 30 days and 90 days. During the Reporting Period, the Bank was able to meet the minimum lifetime requirement of not less than 30 days under various stress scenarios, and with the availability of sufficient quality liquid assets which were readily realizable at any time, it could meet the potential liquidity needs under stress conditions. The Bank had formulated the Liability Quality Management Measures of CHINA BOHAI BANK CO., LTD., which was reviewed and approved by the Board of Directors, regularly monitored the limits and indicators of debt quality management, established a comprehensive and systematic liability business management and risk control system, formulated and implemented measures to improve the quality of liabilities, prepared annual reports on the liability quality management, comprehensively improved the Bank's liability quality management level, and enhanced the efficiency and level of financial services to the real economy.

During the Reporting Period, the Bank's liquidity remained reasonably adequate with a stable and controllable liquidity risk level. There were no material liquidity risk events. All liquidity regulatory indicators met regulatory requirements, and major monitoring indicators operated smoothly. As of the end of the Reporting Period, the Group's liquidity ratio was 75.05%; the liquidity coverage ratio was 138.27%; the net stable funding ratio was 109.07%; the liquidity matching ratio (on a legal person basis) was 127.46%.

According to the requirements of the Measures for the Disclosure of Information on Net Stable Funding Ratio by Commercial Banks (《商業銀行淨穩定資金比例信息披露辦法》), the following table sets out the Group's net stable funding ratio indicator, available stable funding for the numerator item, and required stable funding for the denominator item at the end of June and March 2024:

(Unit: RMB'000)

	June 30, 2024	March 31, 2024
Net stable funding ratio (%)	109.07	102.63
Available stable funding (in RMB)	996,999,974.24	963,837,088.85
Required stable funding (in RMB)	914,096,186.70	939,173,457.86

The following table shows the Group's liquidity coverage ratio indicator:

(Unit: RMB'000)

	June 30, 2024	March 31, 2024
Liquidity coverage ratio (%)	138.27	136.35
Qualified high-quality liquid assets (in RMB)	161,670,713.27	190,719,470.10
Net cash outflow in the next 30 days (in RMB)	116,920,912.40	139,876,692.30

The following table shows the analysis of the Group's non-derivative assets and liabilities based on the relevant remaining maturity dates:

(Unit: RMB'000)

	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Indefinite	Total
Assets	167,066,120	122,363,143	138,855,716	399,235,461	485,279,146	288,098,149	144,386,269	1,745,284,004
Liabilities	280,688,422	160,045,822	264,870,385	573,187,749	335,452,619	1,224,225	12,532,768	1,628,001,990
Net liquidity	(113,622,302)	(37,682,679)	(126,014,669)	(173,952,288)	149,826,527	286,873,924	131,853,501	117,282,014

(IV) Market Risk (Including the Interest Rate Risk in the Banking Book)

The Bank, in strict compliance with relevant requirements such as the Guidance on Market Risk Management of Commercial Bank (《商業銀行市場風險管理指引》) and the Guidelines for the Management of Interest Rate Risk in the Banking Book of Commercial Banks (Revised) (《商業銀行銀行賬簿利率風險管理指引(修訂)》), implements an independent and comprehensive market risk (including interest rate risk in the banking book, similarly hereinafter) management mode. The Board of Directors of the Bank is responsible for reviewing and approving the market risk management strategies, policies and procedures, so as to define the acceptable market risk level of the Bank. The Assets and Liabilities Management Committee under the senior management is responsible for developing, regularly reviewing and overseeing the policies, procedures and workflows relating to market risk, and delineates market risk limits based on the risk appetite outlined by the Board of Directors. The Assets and Liabilities Management Department at the head office is responsible for leading the establishment of the market risk identification, measurement, monitoring, reporting and control mechanisms to ensure that the market risk borne by the Bank is controlled within the risk appetite set by the Board of Directors.

The Bank's market risk management is governed by a comprehensive, sound and prudent principle, and its overall goal is to control the market risk level within its tolerance, by organically combining the identification, measurement, monitoring and control of market risks with the Bank's major operational and management activities including strategic planning, business decision-making and financial budgeting.

The Bank has formulated the Market Risk Management Policy and Administrative Measures for the Classification of Banking Book and Trading Book on this basis, actively implemented relevant market risk (including interest rate risk in the banking book) regulatory requirements, and established a market risk management system covering all aspects of market risk identification, measurement, monitoring and control. The Bank uses gap analysis, duration analysis, foreign exchange exposure analysis and scenario analysis to identify and measure market risk, conducts regular stress tests, and monitors and controls risk through limit management.

In respect of the interest rate risk in the banking book, the Bank primarily applies measurement tools such as gap management, sensitivity analysis and duration analysis to manage it. The Bank constantly optimizes a net interest margin analysis system that combines dynamic and static conditions. On the basis of quantitative models and qualitative analysis, the Bank continuously reinforces the research and judgment of interest rate trends, so as to provide decision-making basis for tasks such as allocation of asset-liability structure. As for trading books, the Bank mainly measures, manages and controls through basis point value, value at risk (VAR), position limit, duration and stop-loss limits to ensure that the anticipated income of the trading books matches the trading exposure. In response to exchange rate risk, the Bank sets market risk limits, and effectively manages on-balance sheet foreign exchange risk exposure through derivative financial instruments, such as exchange rate swaps and exchange rate forwards, so as to keep the Bank's total foreign currency exposures to a low level. During the Reporting Period, in accordance with regulatory standards, the Bank's interest rate risk measurement indicator, namely the maximum economic value change under the framework of standardized measurement, accounted for 11.29% of tier 1 capital, and the cumulative foreign exchange exposure ratio within the scope of consolidation was 1.69%. Both the interest rate risk and the exchange rate risk were kept within the internal limits and controllable on the whole.

The market risk-weighted assets measurement uses the simplified standardized approach, and the market risk capital provision covers interest rate risk and specific risks in the trading books, as well as all exchange rate risks and commodity risks. As the trading position is relatively small, the market risk capital occupation is low. During the Reporting Period, there was no occurrence of significant and material market risk issues in the Bank.

The Group's interest rate sensitivity gap

The Group's on-balance sheet interest rate sensitivity gap is classified according to assets and liabilities on the statement of financial position at carrying amounts, by the earlier of the contractual re-pricing date or the maturity date as follows:

(Unit: RMB'000)

	Less than three months	Between three months and one year	Between one year and five years	More than five years	Non-interest bearing	Total
Total assets	493,178,722	698,520,352	359,598,929	96,934,249	99,763,488	1,747,995,740
Total liabilities	698,873,520	564,977,141	327,156,993	1,208,408	37,209,306	1,629,425,368
Total interest rate sensitivity gap	(205,694,798)	133,543,211	32,441,936	95,725,841	62,554,182	118,570,372

The Group's interest rate sensitivity

The following table sets forth the results of the Group's interest rate sensitivity analysis on profit before taxation and equity (without tax effect) with an assumption that all other variables held constant:

(Unit: RMB'000)

	(Decrease)/Increase on June 30, 2024
Change in profit before taxation	
Up 100 bps parallel shift in yield curves	(1,872,686)
Down 100 bps parallel shift in yield curves	1,872,686
Change in equity (without tax effect)	
Up 100 bps parallel shift in yield curves	(3,067,192)
Down 100 bps parallel shift in yield curves	3,067,192

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualized profit before taxation and shareholders' equity (without tax effect) would have been affected by repricing of the Group's assets and liabilities within the one-year period.

Due to possible inconsistencies between actual conditions and assumptions, the actual changes in the Group's profit before taxation and shareholders' equity (without tax effect) caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.

The Group's exchange rate risk exposure

The following table sets forth the distribution of the Group's foreign exchange rate risk exposure as at June 30, 2024:

(Unit: RMB'000)

	RMB	USD equivalent to RMB	Other currencies equivalent to RMB	Aggregate RMB
Total assets	1,639,102,320	91,283,821	17,609,599	1,747,995,740
Total liabilities	1,550,268,741	66,411,913	12,744,714	1,629,425,368
Net exposure amount of balance sheet	88,833,579	24,871,908	4,864,885	118,570,372

(V) Operational Risk

Operational risk is the risk of losses due to inadequate or flawed internal processes, staff and IT systems, and external events. It includes legal risk but excludes strategic risk and reputational risk.

During the Reporting Period, the Bank analyzed and studied the new regulatory requirements on operational risk management and, taking into account the actual situation, clarified the idea of optimizing the operational risk management system, formulated a work plan to optimize the operational risk management system, set up the system optimization leading group and the executing team, and planned to complete the optimization of the operational risk management system in two years, so as to meet the regulatory requirements and enhance the capability of operational risk management in a practical manner. According to the overall plan, in terms of system establishment, the Bank completed and officially published the revision on the statement of operational risk preferences and operational risk management policies. In terms of operational risk tool construction, the Bank carried out pilot projects on operational risk control and self-assessment and loss data collection in a timely manner. In terms of system construction, the Bank basically completed the analysis of the business requirements of the new operational risk management system in conjunction with the pilot tool construction.

During the Reporting Period, the Bank had no significant cases of operational risk.

(VI) Capital Management

The Bank implements a comprehensive capital management, including capital planning, capital allocation and evaluation, capital monitoring and early warning, internal capital adequacy assessment, capital replenishment and emergency measures, capital measurement and reporting, and information disclosure, etc. The capital management objectives of the Bank are to stabilize the capital base, enhance capital strength, promote bank value creation with economic capital as the core, achieve a beneficial balance among capital constraints, risk management, and shareholders' returns, and maintain a satisfactory level of capital adequacy, so as to effectively deal with the major risks and unexpected losses faced by the Bank and ensure the steady operation and sustainable and healthy development of the Bank. The Bank calculated, managed and disclosed capital adequacy ratio based on the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》) and other relevant regulatory rules.

As of the end of the Reporting Period, the Group's capital adequacy ratio at all levels met the minimum capital requirements, reserve capital requirement and countercyclical capital requirement of the National Financial Regulatory Administration. Capital adequacy ratio was 12.46%, representing an increase of 0.88 percentage point as compared to the end of the previous year. Tier 1 capital adequacy ratio was 10.03%, representing an increase of 0.02 percentage point as compared to the end of the previous year. Core tier 1 capital adequacy ratio was 8.27%, representing an increase of 0.10 percentage point as compared to the end of the previous year. Capital adequacy ratios at all levels experienced changes as compared with the end of last year, mainly due to: firstly, the Bank proactively increased profit retention proportion, thus creating effective endogenous capital replenishment at all levels. Secondly, the Bank continued to facilitate its work on exogenous capital replenishment, and successfully completed the issue of tier 2 capital bond of RMB14 billion, driving the significant growth in net tier 2 capital of the Bank as compared to the beginning of the year.

In order to achieve the capital management objectives, the Bank adopted the following management measures during the Reporting Period: formulating capital budgeting and capital planning based on development strategic objectives, risk appetite, financial budget and other factors, arranging the asset structure rationally under capital constraints, putting idle assets to good use, at the same time, improving the year-by-year rolling mechanism for mid- and long-term capital planning, and making a forward-looking layout for the Bank's mid- and long-term capital management work; proactively optimizing the asset allocation strategy and appraisal management system, enhancing the coordination and interaction between asset allocation and business development, and increasing flexibility of asset allocation; devising the light capital transformation strategy under the new regulations, and realizing "light capital" transformation by guiding business lines and operational institutions to explore core quality customers through promotion, training, system revision and other means; perfecting the internal capital adequacy assessment system, improving the comprehensive risk management framework, regularly carrying out internal capital adequacy assessment process, and formulating emergency plans in response to stressful situations; actively improving various capital replenishment work, continuing to explore capital instrument innovation, and gradually forming a long-term capital replenishment mechanism that mainly replenishes endogenous capital and supplemented by external capital.

(VII) Information Technology Risk

During the Reporting Period, the Bank continued to conduct various works on information technology risk management. Based on the information technology risk monitoring index in the previous year, in consideration of key concerns of regulators, the Bank completed the review and revision for key information technology risk monitoring index, thus further enhancing index suitability and sensitivity. The Bank commenced the 2024 special assessment on information technology risk. Fields subject to assessment are selected based on the index monitor situation in the past three years, and risk management in such fields was assessed, thus boosting the management capability in relevant information technology fields. Based on the current plan, the Bank facilitated the construction of business continuity system of relevant branches to meet the required standards, proposed comprehensive scenario drills for business continuity, and improved the effectiveness of drills. The Bank commenced the works on revision of special emergency responses proposals for information technology, proposals of information technology department and proposals of business operational department, thereby continuously enhancing the feasibility of proposals.

During the Reporting Period, the Bank did not encounter any material information technology risk events.

(VIII) Compliance Risk

Compliance risk status

Compliance risk refers to the risk of being subject to legal sanctions, regulatory penalties, significant financial loss and reputational loss as a result of failure to comply with laws, rules and norms.

The Bank's compliance risk management is composed of the Board of Directors, Board of Supervisors, the senior management, Risk Control Committee, Internal Control and Compliance Department, Audit Department, and various business lines and branches and sub-branches. Our Board of Directors is responsible for reviewing and approving our compliance risk management policies and assumes ultimate responsibility for the compliance of the operational and management activities with relevant applicable laws and regulations. Our senior management is responsible for formulating and implementing compliance risk management policies and organizing the implementation of compliance risk management. The Internal Control and Compliance Department assists our senior management in leading and promoting the daily management of the compliance risk across the bank. Each of the business lines is principally responsible for its compliance with the applicable laws and regulations and compliance risk management.

During the Reporting Period, the Bank deepened the compliance review with system review as the main body, proactively identified, assessed and controlled the compliance risks of new products, new businesses and major projects, strictly controlled the advance pass of compliance risks, and kept the bottom line of compliance; the Bank continuously paid attention to and tracked the introduction and changes of regulations, and implemented regulatory requirements into business management in a timely manner by making express and summary of regulations and internalizing the external regulations; the Bank carried out rules and regulations sorting and evaluation, and clarified system establishment, revision and repeal.

During the Reporting Period, the Bank had no significant cases of compliance risk.

Anti-money laundering management status

The Bank effectively conducted anti-money laundering, fully fulfilled its obligations for anti-money laundering, continuously improved the internal control and management mechanism for anti-money laundering, and actively carried out a variety of staff training and public education activities to enhance the quality and effectiveness of anti-money laundering.

During the Reporting Period, the Bank strengthened the internal control system and continuously updated the anti-money laundering system, and revised the internal systems on cross-border anti-money laundering management, report on large-value and suspicious transactions and publicity and training management. The Bank conducted on-site anti-money laundering inspections and visits, and inspected the fulfillment of core obligations in customer identification, large and suspicious transactions and high-risk customer management in certain selected branches, so as to identify issues for supervision and rectification. During the inspection, the Bank simultaneously launched a grass-roots research and provided guidance to solve the challenges and issues faced by the grass-roots level. The Bank continuously increased its efforts in the optimization and data governance of the anti-money laundering system, improved system functions, optimized the monitoring model, and carried out data governance of existing customers, so as to continuously enhance the technological capabilities and data quality of anti-money laundering management. The Bank adhered to the quarterly anti-money laundering training mechanism and conducted regular trainings for anti-money laundering personnel to strengthen their anti-money laundering capability. The Bank actively organized and carried out a variety of anti-money laundering and illegal fund-raising prevention campaigns to fulfill its social responsibility as a financial institution and strengthen public awareness of risk prevention.

During the Reporting Period, there was no occurrence of significant and material money laundering risk issues in the Bank.

(IX) Strategic Risk

Adhering to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank fully implemented the spirit of the 20th CPC National Congress, the spirit of the Central Financial Work Conference and the Central Economic Work Conference, and the spirit of the important speech made by General Secretary Xi Jinping during his visit to Tianjin. The Bank timely analyzed and judged the macroeconomic situation at home and abroad, further determined the strategic positioning and development direction. Adhering to the principle of "Putting Idle Assets to Good Use, Cultivating Growth and Improving Quality", the Bank deeply conducted the "Ten Special Tasks" and several second-tier subtasks to accelerate the implementation of the strategy. At the same time, based on the spirit of the Central Financial Work Conference and the latest requirements of the Tianjin Municipal Party Committee and Municipal Government on the "Ten Actions", the "Three Points on Quantity and Quality" and the "Three Upgrades", the Bank initiated the revision of the Fourth "Five-Year Plan", further enriched and improved the contents of the Fourth "Five-Year Plan" so as to get prepared for the next five-year plan.

(X) Reputational Risk

Reputational risk refers to the risk of forming negative evaluation of the Bank by stakeholders, public or media due to the Bank's behaviors, employees' behavior or external events, etc., which in turn damages the brand value, has an adverse effect on the normal operation, and even affects market stability and social stability. During the Reporting Period, the overall public opinion of the Bank was good, and no major reputation incident occurred.

During the Reporting Period, the Bank strictly implemented the supervisory requirements, continuously optimized the working mechanism and strengthened the whole process management, in order to actively improve the capability to manage reputational risk: it strengthened the process management of reputational risk, and continuously improved the immediacy and accuracy of dynamic public opinion monitoring; it continuously improved forward-looking management, adhered to the concept of prevention-oriented reputational risk management, increased efforts in public opinion investigation, warning and alerts, and brought forward the line of defense of reputational risk management; it strengthened the regular development of reputational risk management, effectively reinforced the managing accountability of the party at the source of the incident, strengthened the risk source prevention and control, and continuously improved the management quality and efficiency; it actively studied and determined the risks of public opinion and reported to the superior authorities in charge, and appropriately addressed various public opinion incidents; it strengthened the awareness towards reputational risk prevention throughout the Bank and enhanced the ability of the department causing the incident in response to public opinion emergencies by organizing bank-wide reputational risk inspections and drills related to public opinion incidents; focusing on the positive initiatives, special products, as well as quality services such as fee reductions and concessions, in respect of accomplishing the "five priorities" of finance, supporting Tianjin's "Ten Actions", promoting the collaborative development of Beijing-Tianjin-Hebei region, and assisting the integrated development of port, industry and city, it continuously enhanced its brand image and accumulated reputation capital through positive publicity.

(XI) Country Risk

The Bank incorporated country risk management into its comprehensive risk management system. The Board of Directors undertakes the ultimate responsibility for the effectiveness of monitoring country risks. The senior management is responsible for implementing the country risk management policies approved by the Board of Directors.

The Bank continued to strengthen its management on country risks, reviewed and revised the country risk policies in accordance with regulatory requirements. The Bank published the Country Risk Management Measures of CHINA BOHAI BANK CO., LTD. (2024 Edition), which improved the scope of country risk exposures and risk transfer standards, and specified working requirements such as the management structure, division of responsibilities, limits management, stress testing, and impairment provision. At the same time, the Bank published the Country Risk Rating and Limits Management Scheme of CHINA BOHAI BANK CO., LTD. for 2024, which re-examined the list of countries and regions participating in the Bank's country risk rating, determined the classification of country risk levels mainly based on long-term sovereign credit ratings, and determined the country risk limits program for 2024 by taking into account the development of the Bank's business and the implementation of the country risk limits for 2023. During the Reporting Period, the Bank had a low country risk level in terms of the final overseas claim involving the country or region where the debtor is located. There were no overseas claims involving countries with higher and high-level country risk, and the final balance of overseas claims met the Bank's country risk limits requirements. The overall country risks were controllable.

(XII) ESG Risk

The Bank incorporated ESG risks into the comprehensive risk management system, continuously improved ESG management-related systems, specified the organization and management structure, and established an ESG risk management system covering all business activities.

In terms of institutional regulations, the Bank complied with regulatory requirements such as the Guidelines on Comprehensive Risk Management for Banking Financial Institutions (《銀行業金融機構全面風險管理指引》) and the Guidelines on Green Finance for the Banking and Insurance Industries (《銀行業保險業綠色金融指引》), formulated the ESG Risk Management Policy of CHINA BOHAI BANK CO., LTD., and the Management Measures of ESG Risk of Credit Business of China Bohai Bank, which specified the ESG risk management requirements in business operations, carried out due diligence on the ESG risks of investment and financing business, and identified and controlled the environmental and social risks in business activities.

In terms of management structure, the Board of Directors of the Bank is ultimately responsible for ESG risk management, the Board of Supervisors supervises the fulfillment of ESG-related duties by the Board of Directors and the management, and the management supervises and guides ESG risk management in business operations and promotes the implementation of specific ESG management tasks. The Risk Management and Green Finance Committee, the Development Strategy and Inclusive Finance Committee, and the Audit and Consumer Rights Protection Committee under the Board of Directors of the Bank hold regular meetings to review ESG management-related issues, pay attention to the progress of ESG management-related tasks, and address important ESG management-related matters.

Taking comprehensive consideration of its business development needs under the goals of carbon peaking and carbon neutrality, the Bank fully supported the green finance business, implemented differentiated and dynamic ESG risk management policies, enhanced support for green transportation, energy conservation and emission reduction, ecological restoration, pollution prevention and other fields, incorporated ESG risk evaluation into the entire credit process, and promoted the implementation of the green financial transformation indicators under the Fourth "Five-Year Plan".

During the Reporting Period, the Bank actively fulfilled its environmental and social responsibilities, continuously built itself as a responsible bank, and disclosed the Social Responsibility Report (ESG Report) on a timely basis, and continuously improved ESG performance.

XII. OUTLOOK OF THE SECOND HALF OF 2024

(I) Economic, Financial and Banking Industry Outlook

Looking ahead to the second half of 2024, the global economy will sustain its recovery trend, but with weak momentum. The Federal Reserve may initiate rate cuts. The foundation of domestic economic recovery will be further reinforced. The Third Plenary Session of the 20th CPC Central Committee will follow the economic system reform to further deepen reforms and promote Chinese-style modernization.

In the second half of the year, the synergy between the monetary policy and the fiscal policy will be further strengthened. With accelerated fiscal spending, the growth rate of infrastructure investment is expected to increase, manufacturing investment is expected to maintain stable growth, and real estate investment is expected to stabilize. The increased leverage by the central government will also bring about an improvement in economic expectations and an upturn in nominal economic growth, which will promote a steady increase in the disposable income and a gradual rise in consumer confidence. Overall, for the banking industry, credit growth is expected to further decline, but at a slower rate.

In terms of interest rate margins, the interest rate adjustment and control mechanism will be further optimized, and the overall interest rate on new loans will sustain a downward trend. With the continuous promotion of urban investment bonds, the existing high-yield assets will mature, and the yield on new assets will be relatively low, demonstrating a persistent downward pressure on the yield on bank assets. At the same time, policy measures are expected to target at reducing the cost of deposits. In conclusion, in the second half of the year, the pressure on the narrowing of net interest margins in the banking sector may ease, and the net interest margins are expected to bottom out.

In terms of asset quality, although retail assets such as consumer loans and business loans are under pressure of the marginal increase in non-performing assets, corporate loans to infrastructure and manufacturing industries, which account for the majority of credit, are relatively stable. The stable and healthy development of the real estate market is supported by the state, and the corresponding risk exposure has been relatively adequate. The overall non-performing assets in the banking sector are expected to remain stable.

(II) Guiding Ideology and Major Measures for the Bank's Business Development in the Second Half of 2024

In the second half of 2024, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank will fully implement the spirit of the 20th CPC National Congress and the Third Plenary Session of the 20th CPC Central Committee, conscientiously implement the spirit of the Central Financial Work Conference and the Central Economic Work Conference, and thoroughly study and implement the spirit of the important speech made by General Secretary Xi Jinping during his visit to Tianjin. Moreover, the Bank will resolutely implement the decision-making and deployment of the CPC Central Committee and the State Council, and fully implement the requirements of the regulatory policies, in order to enhance political awareness and insist on a holistic mindset, as well as comply with the financial rules, utilize finance for the greater good, and seek financial reality. To strengthen its main responsibilities with the spirit of reform, the Bank will pay closer attention to overall coordination, highlighting key points, and actual performance and effectiveness, while continuously putting great efforts in model transition, structural adjustment, quality improvement and efficiency growth, striving to create a new situation of high-quality development of China Bohai Bank.

Major work measures: Firstly, the Bank will reinforce Party building. It will comprehensively strengthen the leadership of high-quality Party building, resolutely forge the political character with absolute loyalty, uphold the political mission of reform and development, strengthen the political commitment to strict implementation, and strictly abide by the political bottom line of strict discipline. Secondly, the Bank will improve the quality of implementing the "five priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance. It will comprehensively implement national strategies and plans, provide solid services to the real economy, further improve the top-level design of the "five priorities", strengthen the overall coordination and systematic implementation of policies, establish and improve professional departments, professional employees and professional mechanisms, and focus on supporting the development of new quality productive forces. Thirdly, the Bank will sustain stable and sound operations. It will focus on strengthening the customer base, improving product capabilities and refining liquidity management, and strive to accomplish the operation and management objectives and tasks for the year, so as to achieve efficiency enhancement on the basis of manageable risks and capital savings. Fourthly, the Bank will promote the construction of "five factories". It will facilitate factory-style construction in terms of customers, products, collection, talents, and branches, and strengthen digital, integrated and flexible management, thus developing itself into an integrated, professional and refined bank. Fifthly, the Bank will promote risk prevention and control to keep pace with the times. It will closely follow market trends, enhance industry awareness, strengthen comprehensive risk management, continue to prevent and resolve risks, and maintain stable asset quality. Sixthly, the Bank will further strengthen the internal control and compliance management. It will continue to improve the construction of the compliance system, enhance the operational risk management system, strengthen on-site inspection, reinforce precise accountability, and continuously stimulate the spirit of engagement in hard work and entrepreneurship. Seventhly, the Bank will promote lean and efficient basic management. It will deepen cost reduction and efficiency enhancement, strengthen technological empowerment, improve operational quality and efficiency, keep a close eye on production safety, prevent safety accidents, prevent and manage public opinion risks, and provide a solid guarantee for the high-quality development of the Bank.

Changes in Share Capital and Information on Shareholders

I. CHANGES IN ORDINARY SHARES

There was no change in the Bank's ordinary shares during the Reporting Period. The Bank's ordinary shares are as follows:

	December 31, 2023		Changes during the Reporting Period (shares)	June 30, 2024	
	Number (shares)	Proportion (%)		Number (shares)	Proportion (%)
Domestic Shares	11,561,445,000	65.09	–	11,561,445,000	65.09
H Shares	6,200,555,000	34.91	–	6,200,555,000	34.91
Total ordinary shares	17,762,000,000	100.00	–	17,762,000,000	100.00

Note: As of the end of the Reporting Period, the Bank had 79 Shareholders, including 11 holders of Domestic Shares and 68 holders of H Shares.

II. SHAREHOLDING OF TOP 10 SHAREHOLDERS OF ORDINARY SHARES

As of the end of the Reporting Period, shareholding of top 10 Shareholders of ordinary shares of the Bank was as follows:

Name of Shareholder	Nature of Shareholder	Changes during the Reporting Period (shares)	Number of shares held at the end of the Reporting Period (shares)	Shareholding percentage (%)	Class of shares
TEDA Investment Holding Co., Ltd. ⁽²⁾	State-owned legal person	–	3,612,500,000	20.34	Domestic Shares
HKSCC Nominees Limited ⁽³⁾	Overseas legal person	(141,500)	3,311,610,400	18.64	H Shares
Standard Chartered Bank (Hong Kong) Limited	Overseas legal person	–	2,888,555,000	16.26	H Shares
China Shipping Investment Co., Ltd.	State-owned legal person	–	1,975,315,000	11.12	Domestic Shares
State Development & Investment Corp., Ltd.	State-owned legal person	–	1,686,315,000	9.49	Domestic Shares
China Baowu Steel Group Corporation Limited	State-owned legal person	–	1,686,315,000	9.49	Domestic Shares
Oceanwide Industry Co., Ltd.	Domestic non-state-owned legal person	–	1,370,706,739	7.72	Domestic Shares
Tianjin Shanghui Investment Holding Company Limited	Domestic non-state-owned legal person	–	1,156,000,000	6.51	Domestic Shares
Shine Enterprise (Tianjin) Co., Ltd.	Domestic non-state-owned legal person	–	29,424,331	0.17	Domestic Shares
Tianjin Xianghe Enterprise Management Consulting Co., Ltd.	Domestic non-state-owned legal person	–	14,712,166	0.08	Domestic Shares
Tianjin Firstwood Co., Ltd.	Domestic non-state-owned legal person	–	14,712,166	0.08	Domestic Shares

Notes: (1) The above information is prepared based on the share registration as of June 30, 2024 of the Bank's Share Registrar.

(2) TEDA Investment Holding Co., Ltd. confirmed that, as of the end of the Reporting Period, in addition to the 3,612,500,000 Domestic Shares of the Bank directly held, Jinlian (Tianjin) Finance Lease Co., Ltd., one of its subsidiaries, also held 48,438,000 H Shares of the Bank through HKSCC Nominees Limited. As such, TEDA Investment Holding Co., Ltd. and its subsidiary held a total of 3,660,938,000 shares of the Bank, representing shareholding of 20.61%.

(3) The shares held by HKSCC Nominees Limited as agent are the total amount of shares in the Bank's H-share investors' accounts traded on the trading platform of HKSCC Nominees Limited.

III. INFORMATION OF SUBSTANTIAL SHAREHOLDERS UNDER THE INTERIM MEASURES FOR THE EQUITY MANAGEMENT OF COMMERCIAL BANKS

According to relevant requirements of the Interim Measures for the Equity Management of Commercial Banks (《商業銀行股權管理暫行辦法》), as of the end of the Reporting Period, the relevant information of substantial Shareholders of the Bank was as follows:

Name of Shareholder	Controlling shareholder	Actual controller	Pledged or frozen shares held in the Bank		Nominated Directors/ Supervisors
			Status	Number (shares)	
TEDA Investment Holding Co., Ltd.	Tianjin SASAC	Tianjin SASAC	Pledged	620,900,000	Nominated Director ⁽²⁾
Standard Chartered Bank (Hong Kong) Limited	Standard Chartered PLC	Standard Chartered PLC	–	–	Nominated Director
China Shipping Investment Co., Ltd.	COSCO SHIPPING Development Co., Ltd.	SASAC	–	–	Nominated Director
State Development & Investment Corp., Ltd.	SASAC	SASAC	–	–	Nominated Director
China Baowu Steel Group Corporation Limited	SASAC	SASAC	–	–	Nominated Director
Oceanwide Industry Co., Ltd.	China Oceanwide Holdings Group Co., Ltd.	LU Zhiqiang	Frozen	1,370,706,739	Nominated Director ⁽²⁾
Tianjin Shanghui Investment Holding Company Limited	–	–	–	–	Nominated Director

Notes: (1) During the Reporting Period, each substantial Shareholder of the Bank did not authorize any other person to or accept any other person's authorization to hold shares of the Bank, and there were no other ultimate beneficiaries. As of the end of the Reporting Period, except that TEDA Investment Holding Co., Ltd. and its subsidiary, Jinlian (Tianjin) Finance Lease Co., Ltd., held in total 3,660,938,000 shares of the Bank, there is no person acting in concert among other substantial Shareholders.

(2) As of the Reporting Date, Mr. QU Defu and Mr. ZHUANG Qifei were nominated by Shareholder TEDA Investment Holding Co., Ltd., and Mr. LUAN Xianzhou was nominated by Shareholder Oceanwide Industry Co., Ltd., the qualification of whom is subject to approval by the regulatory authority.

The Bank has treated its substantial Shareholders and their controlling shareholders, actual controllers, persons acting in concert, ultimate beneficiaries etc., totaling 3,305 enterprises as related parties of the Bank in management in light of their relationship with the Shareholders. For details on related party transactions, please refer to "Review Report and Interim Financial Report – Notes to the Unaudited Consolidated Financial Statements 'Related Party Transactions'" in this report.

IV. CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

During the Reporting Period, the Bank had no controlling shareholder or actual controller.

V. INTERESTS AND SHORT POSITIONS OWNED BY SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE BANK'S SHARES UNDER HONG KONG LAWS AND REGULATIONS

As of the end of the Reporting Period, to the knowledge of the Directors or chief executive of the Bank, as recorded in the register required to be kept under section 336 of the SFO, the following persons (other than the Directors, Supervisors and chief executive of the Bank) had or were deemed to have interests and short positions in the shares or underlying shares of the Bank which would be required to be disclosed to the Bank and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of interest	Class of shares	Long positions/ short positions	Number of shares directly or indirectly held (shares)	% of interest in the Bank	% of the relevant class of shares
TEDA Investment Holding Co., Ltd.	Beneficial owner	Domestic Shares	Long positions	3,612,500,000	20.34	31.25
	Interest in controlled corporation ⁽¹⁾	H Shares	Long positions	48,438,000	0.27	0.78
Standard Chartered PLC ⁽²⁾	Interest in controlled corporation	H Shares	Long positions	2,888,555,000	16.26	46.59
Standard Chartered Bank (Hong Kong) Limited	Beneficial owner	H Shares	Long positions	2,888,555,000	16.26	46.59
China COSCO Shipping Corporation Limited ⁽³⁾	Interest in controlled corporation	Domestic Shares	Long positions	1,975,315,000	11.12	17.09
China Shipping Group Company Limited ⁽³⁾	Interest in controlled corporation	Domestic Shares	Long positions	1,975,315,000	11.12	17.09
COSCO SHIPPING Development Co., Ltd. ⁽³⁾	Interest in controlled corporation	Domestic Shares	Long positions	1,975,315,000	11.12	17.09
China Shipping Investment Co., Ltd.	Beneficial owner	Domestic Shares	Long positions	1,975,315,000	11.12	17.09
State Development & Investment Corp., Ltd.	Beneficial owner	Domestic Shares	Long positions	1,686,315,000	9.49	14.59
China Baowu Steel Group Corporation Limited	Beneficial owner	Domestic Shares	Long positions	1,686,315,000	9.49	14.59
LU Zhiqiang ⁽⁴⁾	Interest in controlled corporation	Domestic Shares	Long positions	1,370,706,739	7.72	11.86
HUANG Qiongzi ⁽⁴⁾	Interest of spouse	Domestic Shares	Long positions	1,370,706,739	7.72	11.86
Tohigh Holdings Co., Ltd. ⁽⁴⁾	Interest in controlled corporation	Domestic Shares	Long positions	1,370,706,739	7.72	11.86
Oceanwide Group Co., Ltd. ⁽⁴⁾	Interest in controlled corporation	Domestic Shares	Long positions	1,370,706,739	7.72	11.86
China Oceanwide Holdings Group Co., Ltd. ⁽⁴⁾	Interest in controlled corporation	Domestic Shares	Long positions	1,370,706,739	7.72	11.86
Oceanwide Industry Co., Ltd.	Beneficial owner	Domestic Shares	Long positions	1,370,706,739	7.72	11.86
Tianjin Shanghui Investment Holding Company Limited	Beneficial owner	Domestic Shares	Long positions	1,156,000,000	6.51	10.00
Shandong Gold Financial Holdings Group (HongKong) Co., Limited	Beneficial owner	H Shares	Long positions	327,294,500	1.84	5.28
Yichang HEC Health Pharmaceutical Co., Ltd.	Beneficial owner	H Shares	Long positions	322,920,500	1.82	5.21

- Notes: (1) The interests are held by TEDA Investment Holding Co., Ltd. through its wholly-owned subsidiary Jinlian (Tianjin) Finance Lease Co., Ltd.
- (2) Standard Chartered Bank (Hong Kong) Limited is wholly owned by Standard Chartered PLC, and therefore Standard Chartered PLC is deemed to be interested in all the shares held by Standard Chartered Bank (Hong Kong) Limited for the purpose of the SFO.
- (3) China Shipping Investment Co., Ltd. is wholly owned by COSCO SHIPPING Development Co., Ltd., and in turn owned by China Shipping Group Company Limited as to approximately 39.28%. China Shipping Group Company Limited is wholly owned by China COSCO Shipping Corporation Limited. As such, each of China COSCO Shipping Corporation Limited, China Shipping Group Company Limited and COSCO SHIPPING Development Co., Ltd. is deemed to be interested in all the shares held by China Shipping Investment Co., Ltd. for the purpose of the SFO.
- (4) Oceanwide Industry Co., Ltd. is owned by China Oceanwide Holdings Group Co., Ltd. and Oceanwide Group Co., Ltd. as to 60% and 40%, respectively. China Oceanwide Holdings Group Co., Ltd. is owned by Oceanwide Group Co., Ltd. and Tohigh Holdings Co., Ltd. as to 98% and 2%, respectively. Oceanwide Group Co., Ltd. is wholly owned by Tohigh Holdings Co., Ltd. Tohigh Holdings Co., Ltd. is owned by Mr. LU Zhiqiang as to 77.14%. As such, each of Mr. LU Zhiqiang, Ms. HUANG Qiongzhi (spouse of Mr. LU Zhiqiang), Tohigh Holdings Co., Ltd., Oceanwide Group Co., Ltd. and China Oceanwide Holdings Group Co., Ltd. is deemed to be interested in all the shares held by Oceanwide Industry Co., Ltd. for the purpose of the SFO.

Save as disclosed above, the Bank is not aware of any other person (other than Directors, Supervisors and chief executive of the Bank) who has any interest or short position in its shares as at the end of the Reporting Period which will be required to be recorded in the register kept under section 336 of the SFO.

VI. ISSUANCE AND LISTING OF EQUITY SECURITIES

During the Reporting Period, the Bank had not issued any new shares.

VII. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE BANK

During the Reporting Period, the Bank and its subsidiary had no purchase, sale or redemption of any listed securities (including the sale of treasury shares) of the Bank. As at the end of the Reporting Period, the Bank did not hold any treasury shares of the Bank.

Directors, Supervisors, Members of Senior Management, Employees and Branches

I. DIRECTORS, SUPERVISORS AND MEMBERS OF SENIOR MANAGEMENT

As of the Reporting Date, the Directors, Supervisors and members of senior management of the Bank are as follows:

The Board of Directors of the Bank had thirteen Directors in total, including three executive Directors: Mr. WANG Jinhong (chairman), Mr. QU Hongzhi and Mr. DU Gang, five non-executive Directors: Mr. AU Siu Luen (vice chairman), Ms. YUAN Wei, Mr. DUAN Wenwu, Mr. HU Aimin and Mr. ZHANG Yunji, and five independent non-executive Directors: Mr. MAO Zhenhua, Mr. MU Binrui, Mr. TSE Yat Hong, Mr. ZHU Ning and Mr. SHUM Siu Hung Patrick.

The Board of Supervisors of the Bank had four Supervisors in total, including two employees' representative Supervisors: Mr. WANG Chunfeng and Mr. MA Shuming, and two external Supervisors: Mr. HUI Yung Chris and Ms. DU Huibin.

The senior management of the Bank had three members, including: Mr. QU Hongzhi, the president, and Mr. DU Gang (secretary to the Board of Directors) and Mr. XIE Kai, the vice presidents.

II. CHANGES IN DIRECTORS, SUPERVISORS AND MEMBERS OF SENIOR MANAGEMENT

In accordance with the requirement that "independent directors shall not hold office for over six years in total in a banking or insurance institution" under the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》), Mr. CHI Guotai resigned as an independent non-executive Director of the Bank, a member of the Nomination and Remuneration Committee of the Board of Directors, a member of the Risk Management and Green Finance Committee of the Board of Directors, and a member of the Related Party Transactions Control Committee of the Board of Directors, which became effective on May 30, 2024.

In accordance with the requirement that "independent directors shall not hold office for over six years in total in a banking or insurance institution" under the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》), Mr. MAO Zhenhua resigned as an independent non-executive Director of the Bank and the chairman of the Nomination and Remuneration Committee of the Board of Directors. As Mr. MU Binrui will serve as an independent non-executive Director of the Bank for six years in September 2024, he resigned as an independent non-executive Director of the Bank, the chairman of the Risk Management and Green Finance Committee of the Board of Directors, the chairman of the Related Party Transactions Control Committee of the Board of Directors and a member of the Audit and Consumer Rights Protection Committee of the Board of Directors. In addition, Mr. ZHU Ning resigned as an independent non-executive Director of the Bank, a member of the Nomination and Remuneration Committee of the Board of Directors, and a member of the Audit and Consumer Rights Protection Committee of the Board of Directors in order to devote more time to his other business commitments. As considered and approved by the Board of Directors on May 30, 2024, the resignation of the above personnel shall become effective from the date on which the successor independent non-executive Directors are elected by the shareholders' general meeting of the Bank and on the date such successor independent non-executive Directors obtain the qualification approval from the regulatory authority. During this period, Mr. MAO Zhenhua, Mr. MU Binrui and Mr. ZHU Ning will continue to perform their duties as independent non-executive Directors of the Bank and under relevant special committees of the Board.

On June 28, 2024, Ms. WANG Aijian, Mr. LIU Junmin, Mr. GAO Degao and Mr. LIU Lanbiao were elected as independent non-executive Directors of the Bank at the 2023 annual general meeting of the Bank, and their qualifications are subject to approval by the regulatory authorities.

Mr. ZHAO Zhihong's term of employment as a professional manager expired and he resigned as an executive Director of the Bank, a member of the Risk Management and Green Finance Committee of the Board of Directors, a member of the Related Party Transactions Control Committee of the Board of Directors, a vice president and the chief risk management officer due to his age, which became effective on July 19, 2024.

At the 22nd meeting of the fifth session of the Board of Supervisors of the Bank held on May 28, 2024, it was agreed that Mr. DIAO Qinyi would resign as an external Supervisor of the Bank and the chairman of the Supervision Committee of the Board of Supervisors with immediate effect.

At the 22nd meeting of the fifth session of the Board of Supervisors of the Bank held on May 28, 2024, it was agreed that Mr. QI Ershi would resign as an external Supervisor of the Bank and the chairman of the Nomination Committee of the Board of Supervisors, which shall become effective from the date on which a new external Supervisor is elected by the shareholders' general meeting of the Bank.

On June 28, 2024, Ms. DU Huibin was elected as an external Supervisor of the fifth session of the Board of Supervisors of the Bank at the 2023 annual general meeting of the Bank. Ms. DU Huibin has been appointed as an external Supervisor of the Bank and a member of the Nomination Committee of the Board of Supervisors, and her term of office will take effect immediately and end on the date of completion of the re-election of the fifth session of the Board of Supervisors of the Bank.

Mr. WANG Chunfeng resigned as the chairman of the Board of Supervisors of the Bank, a member of the Nomination Committee of the Board of Supervisors and an employees' representative Supervisor due to work adjustment. His resignation as the chairman of the Board of Supervisors became effective from July 19, 2024. His resignation as a member of the Nomination Committee of the Board of Supervisors and an employees' representative Supervisor shall become effective from the date when a new employees' representative Supervisor is elected to fill the vacancy at the Employee Representative Meeting of the Bank. Until then, Mr. WANG will continue to perform his relevant duties in accordance with the relevant laws and regulations and the Articles of Association of the Bank.

Mr. JIN Chao's term of employment as a professional manager expired and he resigned as a vice president of the Bank for personal reasons, which became effective on July 19, 2024.

At the 63rd meeting of the fifth session of the Board of Directors of the Bank held on August 28, 2024, Mr. QU Hongzhi was re-appointed as a professional manager to serve as the president of the Bank, and Mr. DU Gang and Mr. XIE Kai were re-appointed as professional managers to serve as vice presidents of the Bank.

III. CHANGES IN THE INFORMATION OF DIRECTORS, SUPERVISORS AND MEMBERS OF SENIOR MANAGEMENT

Mr. AU Siu Luen became the managing director of the office of the president, international of Standard Chartered Bank, and ceased to serve as the managing director of CEO office of Standard Chartered Bank (Hong Kong) Limited in Asia.

Mr. DUAN Wenwu served as the secretary of the party committee and chairman of the board of directors of SDIC Securities Co., Ltd.

Mr. TSE Yat Hong ceased to serve as an independent non-executive director of E-Star Commercial Management Company Limited.

Mr. WANG Chunfeng ceased to serve as a deputy secretary of the party committee of the Bank and the chairman of the board of supervisors of the Northern Finance Institute.

IV. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE BANK

As of the end of the Reporting Period, none of the Directors, Supervisors and chief executive of the Bank had any interests or short positions in the shares, underlying shares or debentures of the Bank or its associated corporations (as defined in Part XV of the SFO) which were required to be entered in the register kept by the Bank pursuant to section 352 of the SFO, or which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code.

V. STAFF

(I) Number and Structure of Employees

As of the end of the Reporting Period, the Group had 13,728 employees, including 6,414 male employees and 7,314 female employees. The age structure, educational background and professional post structure of the employees are as follows:

1. Age structure of employees

Age	Number of employees	Structure (%)
Aged 30 or below	3,189	23.23
Aged 31-35	3,438	25.04
Aged 36-40	3,385	24.66
Aged 41-45	1,888	13.75
Aged 46-50	933	6.80
Aged over 50	895	6.52
Total	13,728	100.00

2. Educational background of employees

Educational background/degree	Number of employees	Structure (%)
Postgraduate/Master's degree and above	4,007	29.19
Undergraduate/Bachelor's degree	9,509	69.27
College and lower	212	1.54
Total	13,728	100.00

3. Professional post structure of employees

Professional post	Number of employees	Structure (%)
Corporate banking	3,075	22.40
Retail banking	3,206	23.35
Financial markets	263	1.91
Online finance	96	0.70
Finance and assets & liabilities	310	2.26
Risk management	873	6.36
Audit, legal, internal control & compliance	410	2.99
Business operation	2,398	17.47
Information technology	1,521	11.08
Others	1,461	10.64
Subsidiary	115	0.84
Total	13,728	100.00

In addition to the employees with whom the Group has entered into labor contracts, as of the end of the Reporting Period, the Group also engaged 205 dispatched workers through third-party human resources agencies and they generally hold non-essential positions at the Group.

(II) Remuneration Policy for Employees

Under the guidance of the Bank's development strategy and business objectives, the Bank establishes a remuneration system based on the principles of strategy, value and performance, and also establishes and improves a sound incentive and restraint mechanism to enhance the efficiency of remuneration resource allocation. The Bank implements risk responsibilities, and strictly executes the deferred payment and recourse deduction system of performance remuneration for employees in positions that have a significant impact on risks.

The Bank's post-employment benefit plans are defined contribution plans. Defined contribution plans are post-employment benefit plans under which the Bank pays fixed contributions into a separate fund and will have no obligation to pay further contributions. During the Reporting Period, the Bank's post-employment benefits mainly include the social pension schemes, unemployment insurance and annuity plan. In particular, the pension schemes and unemployment insurance are calculated at the applicable rates based on the amounts stipulated by the government, while the annuity is contributed to the annuity plan in proportion to the employees' gross salaries in the prior year. The amounts based on the above calculations are recognized as liabilities in the accounting period in which the service has been rendered by the employees, with corresponding amounts charged to the profit or loss.

(III) Staff Training

During the Reporting Period, the Bank actively assumed its responsibility as a state-owned financial enterprise, fully implemented the new development concept, and focused on the ten key tasks. Regarding the "Full-scale Job Training" across the Bank as the main theme, the Bank established a "one body with two wings (一體兩翼)" training structure, and further promoted "Talent Pool Construction", aiming to achieve new results in promoting the high-quality development of the Bank.

During the Reporting Period, the Bank continued to optimize the structure of the training system, put greater efforts into the construction of training courses, and continuously enhanced the quality of training services. Focusing on transaction banking, the Bank conducted trainings on international clearing and trade finance, international sanctions, and panoramic view of foreign exchange policy. Focusing on financial markets and investment banking, the Bank conducted trainings on macroeconomic situation and analysis methods, credit risk analysis of urban investment, and innovation of structured financing products. Focusing on the effective prevention and mitigation of major economic and financial risks and recovery of distressed assets, the Bank conducted trainings on the comprehensive risk management system, post-credit management and risk warning, as well as recovery and disposal methods and strategies for distressed assets. Focusing on the people-centered issues, the Bank conducted trainings on consumer protection, customer relationship management, and complaint management techniques. Through various training campaigns under targeted project design, classified measures, quality control and efficient implementation, the Bank further enhanced the professionalism and competitiveness of its financial team, strengthened its mission and commitment, and contributed to the construction of our strong nation and the great task of national renaissance through high-quality financial development.

VI. BRANCHES

As of the end of the Reporting Period, the Bank has established outlets in 25 provinces, municipalities and autonomous regions, 5 sub-provincial cities and the Hong Kong Special Administrative Region, covering 65 key cities nationwide, and has established 35 tier-one branches (including 3 branches in Suzhou, Qingdao and Ningbo under direct management of the head office and 1 overseas branch), 34 tier-two branches, 286 sub-branches, and 17 small and micro community sub-branches. The total number of officially opened outlets reached 372.

Institution name	Number of employees	Address	Tier-two branches and sub-branches under jurisdiction	Number of employees in the institutions under jurisdiction
Head Office	2,838	218 Haihe East Road, Hedong District, Tianjin	–	–
Capital Operation Center	75	5F, Building 1, No. 28, Jianguomennei Avenue, Dongcheng District, Beijing	–	–
Tianjin Branch	392	8-15/F, Part 1/F, Part 2/F, China Bohai Bank Tower, 218 Haihe East Road, Hedong District, Tianjin	1/49	1,043
Tianjin Pilot Free Trade Zone Branch	26	No. 3 Building, Financial Center, No. 158 West 3rd Road, Tianjin Pilot Free Trade Zone (Airport Economic Area)	0/01	16
Beijing Branch	301	1F-3F, East Tower C, Chemsunny World Trade Center, 28 Fuxingmennei Street, Xicheng District, Beijing	1/24	392
Hangzhou Branch	191	Bohai Bank Building, No. 117 Tiyuchang Road, Xiacheng District, Hangzhou City, Zhejiang Province	3/15	310
Taiyuan Branch	185	No. 308, Changzhi Road, Xiaodian District, Taiyuan City, Shanxi Province	2/11	254
Chengdu Branch	186	No. 87, Jinrongcheng South Road, High-Tech Zone, Chengdu City, Sichuan Province	1/16	235
Jinan Branch	184	Building 3, Lushang Olympic City, 9777 Jingshi East Road, Jinan City, Shandong Province	4/14	331
Shanghai Branch	193	No. 155 Yincheng Road, China (Shanghai) Pilot Free Trade Zone	0/16	189
Shanghai Pilot Free Trade Zone Branch	104	2/F, No. 1229, 1/F, Units 01 and 02, No. 1239, 2/F, No. 1239, 15/F, No. 1239, Century Avenue, China (Shanghai) Pilot Free Trade Zone	0/01	10
Shenzhen Branch	193	1B01, 1B02, 1B03, 2B01, 14/F, 23/F, 24/F, 25/F and 26/F, Block B, Aerospace Science and Technology Plaza, No. 1288 Hyde 3rd Road, Yuehai Street, Nanshan District, Shenzhen City, Guangdong Province	0/12	171
Shenzhen Qianhai Branch	122	Block B, CNOOC Building (Shenzhen), No. 3168 Houhaibin Road, Nanshan District, Shenzhen City, Guangdong Province	–	–
Nanjing Branch	217	No. 213 Jiangdong Middle Road, Jianye District, Nanjing City, Jiangsu Province	6/10	370
Suzhou Branch	180	Jianwu Financial Center Building, No. 710 Zhongyuan Road, Suzhou Industrial Park, Jiangsu Province	0/04	83
Dalian Branch	167	Yifang Building, No. 9 Yan'an Road, Zhongshan District, Dalian City, Liaoning Province	1/08	161
Guangzhou Branch	207	Nanya Zhonghe Plaza, 57 Linjiang Avenue, Tianhe District, Guangzhou City, Guangdong Province	4/14	366
Changsha Branch	174	Jiasheng Business Plaza, No. 289 Laodong West Road, Changsha City, Hunan Province	3/13	223
Shijiazhuang Branch	197	18 Zhonghua South Street, Shijiazhuang City, Hebei Province	3/16	331

Institution name	Number of employees	Address	Tier-two branches and sub-branches under jurisdiction	Number of employees in the institutions under jurisdiction
Wuhan Branch	170	Pan Ocean International Centre, No. 185 Yunxia Road, No. 187 Yunxia Road, No. 249 Huaihai Road, Jiangnan District, Wuhan City, Hubei Province	2/22	261
Hohhot Branch	131	No. 85 Xinhua East Street, Xincheng District, Hohhot City, Inner Mongolia Autonomous Region	1/04	97
Fuzhou Branch	132	Huaban Building, No. 363 Jiangbin Middle Avenue, Taijiang District, Fuzhou City, Fujian Province	1/03	78
Hefei Branch	144	No. 269 Suixi Road, North First Ring, Hefei City, Anhui Province	0/05	70
Zhengzhou Branch	149	No. 88 Jinshui East Road, Zhengdong New District, Zhengzhou City, Henan Province	0/07	106
Xi'an Branch	161	1F-6F, Building 4, No. 31, Tangyan Road, High-Tech Zone, Xi'an City, Shaanxi Province	0/06	79
Changchun Branch	112	No. 2699 Xi'an Road, Lvyuan District, Changchun City, Jilin Province	0/02	23
Chongqing Branch	96	Building 2, Lifan Center, No. 6, Juxiyan Square, Jiangbei District, Chongqing	0/06	66
Shenyang Branch	102	No. 32 Yingbin Street, Shenhe District, Shenyang City, Liaoning Province	1/03	50
Xiamen Pilot Free Trade Zone Branch	91	Building A, Cross-strait Trade Center, No. 1-9 Yunan 4th Road, Xiamen Area of China (Fujian) Pilot Free Trade Zone (Bonded Area)	0/01	17
Haikou Branch	78	S5 Podium Building, Guorui City, No. 11 Guoxing Avenue, Meilan District, Haikou City, Hainan Province	0/01	16
Qingdao Branch	91	Office Building T8, Shangshi Center, 195 East Hong Kong Road, Laoshan District, Qingdao City, Shandong Province	0/04	51
Ningbo Branch	83	1F-3F, Emeke Building, No. 188 Dazha Road, Jiangbei District, Ningbo City, Zhejiang Province	0/02	25
Nanning Branch	86	1F-5F, Podium Building, King's International Merchant Center, 59 Jinhua Road, Qingxiu District, Nanning City, Guangxi Zhuang Autonomous Region	0/03	32
Nanchang Branch	94	Cuilin Building, 1266 Fenghe Middle Avenue, Honggutan New District, Nanchang City, Jiangxi Province	0/06	52
Guiyang Branch	69	No. 1, 1F and No. 1, half B1, Building 9, Business District, One Guiyang International Finance Center, Lincheng Road, Guanshanhu District, Guiyang City, Guizhou Province	0/02	23
Kunming Branch	77	No. 393, Rixin Middle Road, Xishan District, Kunming City, Yunnan Province	0/02	24
Hong Kong Branch	60	Suites 1201-1209 and 1215-1216, 12/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	–	–

Note: The information in the above table does not include the subsidiary.

Corporate Governance

I. OVERVIEW OF CORPORATE GOVERNANCE

The Bank has established a corporate governance structure consisting of the Shareholders' general meeting, the Board of Directors, the Board of Supervisors and the senior management. The Shareholders' general meeting is the supreme authority of the Bank. The Board of Directors undertakes final responsibility of operation and management of the Bank, accountable to the Shareholders' general meeting. The Board of Supervisors is the internal supervision body of the Bank, accountable to the Shareholders' general meeting. The senior management is responsible for the operation and management of the Bank, accountable to the Board of Directors. For the corporate governance structure of the Bank, please refer to "Organizational Structure Chart" described in this report. For information on the responsibilities of each corporate governance entity, please refer to the Articles of Association published on the websites of the HKEX and the Bank.

During the Reporting Period, all corporate governance entities of the Bank performed their respective duties and responsibilities, communicated with each other and governed harmoniously, which further improved the efficiency of discussion and level of decision-making.

During the Reporting Period, the Bank convened 2 general meetings, at which 15 proposals were considered and 11 reports were heard; 8 meetings of the Board of Directors, at which 46 proposals were considered and 12 reports were heard; 17 meetings of special committees under the Board of Directors (including: 6 meetings of the Risk Management and Green Finance Committee, 2 meetings of the Related Party Transactions Control Committee, 4 meetings of the Audit and Consumer Rights Protection Committee, 2 meetings of the Nomination and Remuneration Committee, and 3 meetings of the Development Strategy and Inclusive Finance Committee), at which 43 proposals were considered and 8 reports were heard; 2 meetings of the Board of Supervisors, at which 11 proposals were considered and 23 reports were heard; and 3 meetings of special committees under the Board of Supervisors (including: 2 meetings of the Nomination Committee and 1 meeting of the Supervision Committee), at which 3 proposals were considered and 10 reports were heard. At the above meetings, the corporate governance entities made careful decisions on major issues of the Bank, and considered and approved important matters involving the report of the Board of Directors, the report of the Board of Supervisors, the work report of the senior management, the report on comprehensive risk management, the report on liability quality management, the report on consolidation management, change of Directors, change of Supervisors, information disclosure and other matters, formulated the comprehensive risk management measures and the financial assets risk classification measures, and revised the country risk management measures, operational risk management policies and other basic systems.

II. INTRODUCTION TO THE GENERAL MEETING

During the Reporting Period, the Bank held 2 general meetings. The relevant information is as follows:

The Bank convened the 2024 first extraordinary general meeting in Tianjin on March 5, 2024. Shareholders or their proxies attending the general meeting represented a total of 13,244,442,978 ordinary shares with voting rights of the Bank. 12 Directors of the Bank attended the meeting, and the Supervisors and the secretary to the Board of Directors of the Bank were present at the meeting, where a resolution on the Special Authorization Plan for Financial Bonds, Tier 2 Capital Bonds and Undated Capital Bonds was considered and approved. The meeting also reviewed the 2022 Assessment Report on Qualification of Major Shareholders.

The Bank convened the 2023 annual general meeting in Tianjin on June 28, 2024. Shareholders or their proxies attending the general meeting represented a total of 13,275,413,028 ordinary shares with voting rights of the Bank. 12 Directors of the Bank attended the meeting, and the Supervisors and the secretary to the Board of Directors of the Bank were present at the meeting. 14 resolutions were considered and approved at the meeting and the matters considered included: the Report of the Board of Directors for 2023, the Report of the Board of Supervisors for 2023, the Report of Final Financial Accounts for 2023, the Profit Distribution Plan for 2023, the Financial Budget Report for 2024, the adjustments to the Investment Plan for 2023, the Investment Plan for 2024, the remuneration of Mr. LI Fuan for 2022, the election of Ms. WANG Aijian as an independent non-executive Director, the election of Mr. LIU Junmin as an independent non-executive Director, the election of Mr. GAO Degao as an independent non-executive Director, the election of Mr. LIU Lanbiao as an independent non-executive Director, the election of Ms. DU Huibin as an external Supervisor, and the re-appointment of external auditors for 2024. The meeting also reviewed 10 written reports, including the Reports on Resignation of Mr. ZHU Ning, Mr. MAO Zhenhua, Mr. MU Binrui, and Mr. CHI Guotai as independent non-executive Directors, the Reports on Resignation of Mr. DIAO Qinyi and Mr. QI Ershi as external Supervisors, the 2023 Special Report on Related Party Transactions, the 2023 Assessment Report on the Performance of Duties of the Board of Directors, Senior Management and their Members issued by the Board of Supervisors, the 2023 Report on Self-evaluation of the Board of Supervisors and Assessment of the Performance of Duties of Supervisors, and the Report of the Board of Supervisors on Independent Opinions on Related Matters in 2023.

The domestic legal advisor of the Bank witnessed the convening of the meetings and other related matters in accordance with the law, and believed that the meetings were in compliance with relevant laws and regulations, regulatory documents and the Articles of Association. For details of the meetings, please refer to the circular, notice and the poll results announcement of the relevant general meeting published on the websites of the HKEX and the Bank.

III. WORK OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Articles of Association stipulates that the independent non-executive Directors of the Bank shall represent at least one-third of the total members of the Board. As of the end of the Reporting Period, there were a total of 5 independent non-executive Directors sitting on the Board. The chairmen of the Risk Management and Green Finance Committee (and the Related Party Transactions Control Committee subordinated to it), the Audit and Consumer Rights Protection Committee, and the Nomination and Remuneration Committee under the Board of Directors were all independent non-executive Directors, and the independent non-executive Directors accounted for no less than one-third of the committee members. During the Reporting Period, the independent non-executive Directors of the Bank fulfilled their duties of integrity and diligence towards the Bank and all Shareholders, thought independently and deeply, expressed their independent opinions objectively and impartially, performed their duties independently under the principles of fairness, impartiality and openness, and paid close attention to the Bank's business development, operation and management by reviewing the Bank's meeting documents, information reports and other materials. They attended the Board meetings and special committee meetings on time, and conducted independent reviews and expressed professional opinions on matters under consideration. They paid attention to building their professional capacity and continuously improved their ability to perform duties. During the Reporting Period, the independent non-executive Directors expressed their independent opinions on the Bank's profit distribution, transfer of assets, major related party transactions, nomination and appointment of Directors, and re-appointment of external auditors.

IV. WORK OF EXTERNAL SUPERVISORS

According to the Articles of Association, the Bank has three external Supervisors. As of the end of the Reporting Period, the Board of Supervisors of the Bank had two external Supervisors, the number of which was not less than one-third of the total number of members of the Board of Supervisors. During the Reporting Period, the external Supervisors of the Bank strictly complied with the laws and regulations, regulatory requirements and the Articles of Association, performed their duties conscientiously and diligently, attended the meetings of the Board of Supervisors and special committees on time, actively attended general meetings, meetings of the Board of Directors and special committees, carefully reviewed proposals before meetings, actively spoke at the meetings, and promptly provided opinions to the Board of Directors and senior management. They continued to pay attention to the Bank's operation, management and risk status, and actively protected the legitimate rights and interests of minority Shareholders and other stakeholders. During the Reporting Period, they mainly conducted the following work: They attended all meetings of the Board of Supervisors held during the Reporting Period that they should attend, and complied with regulatory requirements on in-person attendance rate; observed Shareholders' general meetings during the Reporting Period, all on-site meetings of the Board of Directors and meetings of special committees under the Board of Directors; reviewed the off-site meeting materials of the meetings of the Board of Directors and its special committees by correspondence, and supervised the operation of the meetings, and the performance of duties by Directors during the meetings; continued to reinforce their supervisory role with a focus on the implementation of the opinions and recommendations relating to the disposal of distressed assets, comprehensive risk management, capital management and other key tasks. The external Supervisors, who served as the chairmen of the special committees of the Board of Supervisors of the Bank, presided over and convened three meetings for the special committees, and led the special committees to investigate in-depth the relevant matters within its scope of responsibilities and provided professional advice. They reviewed the minutes of the president's office meetings, monthly financial statements, consumer rights protection risk alerts and other materials to strengthen their daily supervision on performance.

V. INTERNAL CONTROL

The Bank has established a "four-in-one" internal control organization system consisting of process execution, functional management, second-line supervision and internal audit. The Bank adheres to the principle of "comprehensive, whole-process, and whole-workforce" in internal control management, compliance support, operational risk prevention, case prevention and control, anti-money laundering management, business continuity management, auditing and inspection and other aspects, to promote compliant and orderly management and steady development of all operations.

During the Reporting Period, the Bank continued to improve the long-term mechanism of internal control and compliance management, optimized the internal control and compliance management structure, and strengthened segment management; working closely towards every key task in the "Year of Building Internal Control and Compliance Capability", it provided guidance to the internal control and compliance teams of its branches to enhance their management capability and professionalism; it strengthened assessment and incentives to improve the accuracy and effectiveness of internal control and compliance management assessment; it strengthened case prevention management, established a grid-based employee management structure, and improved employee management efficiency; it carried out various forms of internal control compliance training to continuously improve employees' compliance awareness and cultivate a compliance culture; it improved the inspection mechanisms, strengthened inspection management, and coordinated on-site inspections across the Bank to realize the organic linkage of on-site inspection planning, execution and supervision; it strengthened rectification and supervision, reinforced accountability, and targeted on violations; it established an enterprise-level on-site inspection system and promoted its use throughout the Bank, continued to optimize the internal control compliance model, and continuously improved the intelligent level of internal control compliance management.

VI. INTERNAL AUDIT

The Bank has adopted a risk-based auditing model in internal audit. Based on the division of audit units and risk assessment of audit units, the Bank determines audit items according to regulatory requirements, key tasks of the whole bank, risk level and the principle of materiality, formulates annual plan for internal audit work, and actively performs the duties of audit and oversight on key businesses and major risk areas within its scope of responsibility. By tracking the rectification of audit findings, the Bank strives to promote the continuous improvement of the internal control and risk management system.

During the Reporting Period, the Bank carried out 18 special audits and 6 regular audits to tier-one branches in accordance with the plan for internal audit work approved by the Party Committee of the Bank and the Audit and Consumer Rights Protection Committee under the Board of Directors, the work arrangements of the Board of Supervisors and regulatory requirements, focusing on the Bank's central mission on the "Ten Special Tasks" for the year, and completed exit audits in a timely manner according to the Bank's actual situation. In response to the control weaknesses identified by internal audits, relevant departments or branches formulated remedial measures, and the audit department of the Bank has tracked the implementation of the remedial measures. The tracking results showed that, as of the end of the Reporting Period, the problems identified by internal audits of the Bank had been basically rectified before the deadline.

VII. SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Bank has adopted the Model Code as the code of conduct for the supervision of securities transactions by Directors and Supervisors of the Bank. Following specific inquiries with all Directors and Supervisors of the Bank, the Directors and Supervisors of the Bank confirmed that they have complied with the Model Code during the Reporting Period.

VIII. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the Reporting Period, the Bank did not amend the Articles of Association.

In 2022, in accordance with the Code of Corporate Governance of Banking and Insurance Institutions, the Provisional Measures for the Evaluation of Performance of Duties by Directors and Supervisors of Banking and Insurance Institutions, the Provisional Rules on Major Shareholders' Conduct of Banking and Insurance Institutions, the Administrative Measures for Related Party Transactions of Banking and Insurance Institutions and other relevant laws, regulations and regulatory documents, and based on the actual condition of the Bank, the Bank made amendments to the Articles of Association, which had been considered and approved at the 2021 annual general meeting, the first domestic shareholders' class meeting of 2022 and the first H shareholders' class meeting of 2022 and will become effective upon approval by the regulatory authority. For details, please refer to the relevant announcements and circulars published by the Bank on the websites of the HKEX and the Bank.

IX. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Bank has adopted the code provisions set out in Part 2 of Appendix C1 to the Listing Rules. Pursuant to code provision B.2.2, every director (including those appointed for a specific term) should be subject to retirement by rotation at least once every three years. The term of the fifth session of the Board of Directors of the Bank expired on December 15, 2022. Given that the re-election of the Board of Directors is still in preparation, the re-election of the Board of Directors has been postponed in order to maintain the continuity of the relevant work of the Bank. The Bank will publish announcements and circulars containing details of candidates for the new session of the Board of Directors as soon as practicable. Save and except for disclosed above, the Bank has complied with the code provisions set out in Part 2 of Appendix C1 to the Listing Rules during the Reporting Period. The Bank has also complied with certain recommended best practices set out in the Code.

Important Events

I. MATERIAL LITIGATIONS AND ARBITRATIONS

As of the end of the Reporting Period, the Bank as the plaintiff or claimant was involved in a total of 98 litigations with the amount in dispute of over RMB30 million each, most of which were routine litigations and settlements initiated by the Bank, and no provisions would be made.

As of the end of the Reporting Period, the Bank as the defendant or respondent was involved in a total of 3 litigations with the amount in dispute of over RMB10 million each. Among them, 1 case was withdrawn by the plaintiff, and the remaining 2 cases had not yet entered the substantive trial stage. Currently, no provisions will be made.

As of the end of the Reporting Period, the Bank as the third party has involved in a total of 4 litigations with the amount in dispute of over RMB10 million each. Among them, 1 case has completed the first-instance judgment, and the Bank does not need to bear any responsibility. The remaining 3 cases were pending for judgment. Currently, no provisions will be made.

According to the above, the Bank considers that the above-mentioned litigations and arbitrations will not have any material impact on our operating activities and financial position.

In 2021, the Bank had a dispute with individual corporate customers over the business of bank acceptance bills pledged by certificates of deposit and reported the case to the security authorities. In 2022, the Bank filed a civil lawsuit with the People's Court in this regard. As of the Reporting Date, the case was in the judicial process. The outcome of the case is subject to the judgment of the court, and the Bank is of the view that the financial impact of the above dispute cannot be reliably estimated.

II. INCREASE OR REDUCTION IN THE REGISTERED CAPITAL, BUSINESS MERGER, SIGNIFICANT ACQUISITION AND DISPOSAL OF ASSETS

During the Reporting Period, there was no change in the registered capital of the Bank, no business merger and no material acquisition and disposal of assets.

III. IMPLEMENTATION OF EQUITY INCENTIVE PLANS

During the Reporting Period, the Bank did not implement any equity incentive plans.

IV. MATERIAL RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the Reporting Period, all related party transactions of the Bank were conducted in accordance with relevant laws and regulations as well as relevant provisions of domestic and overseas regulatory authorities and the Bank's rules for related party transactions. These transactions were conducted in adherence to the general business principles, and based on conditions which were not superior to those granted to an independent third party, and their terms were fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The related party transactions of the Bank were mainly the credit business with the members of the Shareholders' group. Please refer to "Review Report and Interim Financial Report – Notes to the Unaudited Consolidated Financial Statements: 'Related Party Transactions'" in this report.

(I) Related Party Transactions Relating to Daily Operation

According to the Administrative Measures for Related Party Transactions of Banking and Insurance Institutions, the material related party transactions of the Bank were credit-granting related party transactions. All related party transactions were conducted in accordance with relevant laws and regulations, external regulatory requirements and the Bank's review procedures. During the Reporting Period, the Board of Directors of the Bank approved one resolution on material related party transactions, which was the related party transactions on credit business of Hwabao WP Fund Management Co., Ltd. (華寶基金管理有限公司) considered and approved at the 58th meeting of the fifth session of the Board of Directors.

As of the end of the Reporting Period, the Bank's net credit amount granted to all related parties were RMB24.556 billion according to the standards of the National Financial Regulatory Administration. Specifically, the net credit amount granted to TEDA Investment Holding Co., Ltd. and its related parties was RMB14.234 billion, that granted to China Shipping Investment Co., Ltd. and its related parties was RMB741 million, that granted to State Development & Investment Corp., Ltd. and its related parties was RMB418 million, that granted to China Baowu Steel Group Corporation Limited and its related parties amounted to RMB753 million, and that granted to Oceanwide Industry Co., Ltd. and its related parties was RMB7.887 billion, and that granted to other related parties reached RMB523 million.

According to the standards of Hong Kong Stock Exchange, the Bank's net credit amount granted to all connected persons amounted to RMB14.975 billion. Specifically, the Bank extended RMB14.234 billion of net credits to TEDA Investment Holding Co., Ltd. and its connected persons, RMB741 million to China Shipping Investment Co., Ltd. and its connected persons, and RMB30,000 to other connected persons. The abovementioned transactions are transactions conducted by the Bank with its connected persons in the ordinary course of business on general commercial terms or better terms for the Bank, which are fully exempted in accordance with Chapter 14A of the Listing Rules.

Non-credit transactions between the Bank and related parties, such as deposits, service, leasing, agency sales, custody, and other daily related party transactions, are subject to general commercial terms and conditions no superior to those granted to independent third parties. The above-mentioned transactions are connected transactions meeting the full exemption or the minimum exemption level under Chapter 14A of the Listing Rules.

(II) Related Party Transactions Involving Disposal and Acquisition of Assets or Equity

During the Reporting Period, the Bank was not engaged in any related party transactions involving disposal and acquisition of assets or equity.

(III) Related Party Transactions in Joint External Investment

During the Reporting Period, the Bank was not engaged in any related party transactions in joint external investment.

V. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) Material Custody, Contracting or Leasing Matters

During the Reporting Period, the Bank had no material custody, contracting or leasing matters which were required to be disclosed.

(II) Material Guarantees

During the Reporting Period, save as normal operation activities, the Bank had no material guarantee matters which were required to be disclosed.

(III) Other Material Contracts

During the Reporting Period, except for those within the scope of ordinary operations, the Bank had no other material contract matters which were required to be disclosed.

VI. SIGNIFICANT INVESTMENT AND MAJOR INVESTMENT PLAN

During the Reporting Period, the Bank had no significant external equity investment or major external equity investment plans.

VII. PENALTIES IMPOSED ON THE BANK AND ITS DIRECTORS, SUPERVISORS AND MEMBERS OF SENIOR MANAGEMENT

During the Reporting Period, the Bank was not subject to any investigation due to suspected crimes according to law, or any criminal penalty. The Bank has disclosed the information through its website and other public channels in respect of the administrative penalties imposed by the regulatory authorities on the Bank and its tier-one branches during the Reporting Period. Except for those disclosed, the Bank was not subject to any investigation or administrative penalty by CSRC due to suspected violations of laws and regulations, or any major administrative penalty by other competent authorities that has a significant impact on the operation and management of the Bank. During the Reporting Period, none of the Directors, Supervisors and members of the senior management of the Bank was subject to any coercive measures due to suspected crimes according to law, any criminal penalty, any investigation or administrative penalty by CSRC and other competent authorities due to suspected violations of laws and regulations in their performance of duties in the Bank, any confinement measures by disciplinary inspection authorities due to suspected serious violations of discipline, law or duty crimes which affect their performance of duties, or any coercive measures by other competent authorities due to suspected violations of laws and regulations which affect their performance of duties in the Bank. During the Reporting Period, neither the Bank nor any of its Directors, Supervisors or members of the senior management was subject to any administrative and regulatory measures and disciplinary actions taken by the CSRC, other competent authorities or stock exchanges.

VIII. OTHER MATERIAL EVENTS

The Bank issued 10-year tier 2 capital bonds with a face value of RMB14 billion on April 18, 2024, with a fixed coupon rate of 2.77% per annum and a conditional issuer redemption option at the end of the fifth year; and issued three-year green financial bonds with a face value of RMB5 billion on June 24, 2024, with a fixed coupon rate of 2.05% per annum.

For details of other material events during the Reporting Period, please refer to the announcements issued by the Bank on the website of HKEX and the Bank's website.

IX. SUBSEQUENT EVENTS

As considered and approved by the Board of Directors of the Bank on July 19, 2024, the Bank intended to complete the public tender process for the assets to be transferred in batches and the entering into of the relevant Asset Transfer Agreement within the Mandate Validity Period (i.e. one year from the date of the approval by the Shareholders' general meeting). The aforesaid proposal is subject to approval at the general meeting. Please refer to the Bank's announcement dated July 19, 2024 for details.

X. REVIEW OF INTERIM RESULTS

The Bank's external auditor Deloitte Touche Tohmatsu has reviewed the interim financial report prepared by the Bank in accordance with IFRS and the disclosure requirements of the Listing Rules. Meanwhile, the Audit and Consumer Rights Protection Committee under the Board of the Bank has reviewed and approved the Bank's results and financial report for the six months ended June 30, 2024.

XI. PUBLICATION OF THE INTERIM REPORT

The English and Chinese versions of the interim report prepared by the Bank pursuant to the IFRS and the Listing Rules are available on the website of the HKEX and the Bank's website.

Review Report and Interim Financial Report

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Report on Review of Consolidated Financial Statements

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF CHINA BOHAI BANK CO., LTD.
(A joint stock company incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the consolidated financial statements of CHINA BOHAI BANK CO., LTD. (the "Bank") and its subsidiary (collectively the "Group") set out on pages 70 to 159, which comprise the consolidated statement of financial position as of 30 June 2024 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of the interim financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), issued by the International Accounting Standards Board. The directors of the Bank are responsible for the preparation and presentation of these consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the International Auditing and Assurance Standards Board. A review of these consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

28 August 2024

Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

(In RMB thousands, unless otherwise stated)

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Interest income	3	28,157,865	30,561,468
Interest expense	3	(20,077,707)	(21,233,741)
Net interest income	3	8,080,158	9,327,727
Fee and commission income	4	2,254,523	2,305,676
Fee and commission expense	4	(558,603)	(540,510)
Net fee and commission income	4	1,695,920	1,765,166
Net trading income	5	388,431	501,268
Net gains on financial investments	6	2,963,902	1,453,143
Other operating income	7	16,530	35,218
Operating income		13,144,941	13,082,522
Operating expenses	8	(5,018,272)	(5,360,226)
Impairment losses on assets	9	(4,012,307)	(3,063,714)
Profit before taxation		4,114,362	4,658,582
Income tax expense	10	(417,253)	(559,754)
Profit for the period		3,697,109	4,098,828

The accompanying notes form part of these consolidated financial statements.

Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30 June 2024
(In RMB thousands, unless otherwise stated)

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Profit for the period		3,697,109	4,098,828
Other comprehensive income for the period, net of income tax:			
Item that will not be reclassified to profit or loss:			
Changes in fair value of equity instruments designated as at fair value through other comprehensive income		–	148,729
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		521,742	172,672
Credit losses of debt instruments measured at fair value through other comprehensive income		16,958	(139,266)
Exchange difference on translation of financial statements of foreign operation		(68,138)	(9,618)
Other comprehensive income for the period, net of income tax		470,562	172,517
Total comprehensive income for the period		4,167,671	4,271,345
Profit for the period attributable to:			
Equity holders of the parent company		3,697,109	4,098,828
Non-controlling interests		–	–
Total comprehensive income for the period attributable to:			
Equity holders of the parent company		4,167,671	4,271,345
Non-controlling interests		–	–
Earnings per share			
– Basic and diluted (RMB Yuan)	11	0.21	0.23

The accompanying notes form part of these consolidated financial statements.

Unaudited Consolidated Statement of Financial Position

As at 30 June 2024

(In RMB thousands, unless otherwise stated)

	Notes	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Assets			
Cash and balances with the central bank	12	76,082,193	103,494,179
Deposits with banks and other financial institutions	13	19,604,097	20,938,491
Placements with banks and other financial institutions	14	9,931,053	12,353,608
Derivative financial assets	15	2,711,736	1,551,181
Financial assets purchased under resale agreements	16	16,213,376	6,532,553
Loans and advances to customers	17	935,947,091	920,394,849
Financial investments:	18		
– Financial investments measured at fair value through profit or loss	18	183,325,271	161,057,566
– Financial investments measured at fair value through other comprehensive income	18	127,911,816	117,150,761
– Financial investments measured at amortised cost	18	340,511,700	354,928,465
Interest in associate	20	–	–
Property and equipment	21	3,432,311	3,586,673
Deferred tax assets	22	14,642,128	14,759,051
Right-of-use assets	23	3,762,625	3,886,770
Other assets	24	13,920,343	12,099,689
Total assets		1,747,995,740	1,732,733,836
Liabilities and equity			
Liabilities			
Borrowings from the central bank	25	133,383,949	133,787,964
Deposits from banks and other financial institutions	26	169,028,557	158,762,222
Placements from banks and other financial institutions	27	35,065,124	34,920,012
Derivative financial liabilities	15	1,423,378	990,612
Financial assets sold under repurchase agreements	28	54,133,162	66,634,253
Deposits from customers	29	952,834,686	934,593,879
Income tax payable		131,957	849,131
Debt securities issued	30	267,162,889	267,923,368
Lease liabilities	31	3,860,855	4,115,588
Other liabilities	32	12,400,811	15,754,106
Total liabilities		1,629,425,368	1,618,331,135

The accompanying notes form part of these consolidated financial statements.

Unaudited Consolidated Statement of Financial Position

As at 30 June 2024

(In RMB thousands, unless otherwise stated)

	Notes	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Equity			
Equity attributable to equity holders of the parent company			
Share capital	33	17,762,000	17,762,000
Other equity instruments	34	19,961,604	19,961,604
Capital reserve	35	10,732,077	10,732,077
Surplus reserve	35	7,828,688	7,828,688
General reserve	35	20,679,291	20,678,511
Other reserves	35	(2,247,527)	(2,718,089)
Retained earnings	36	43,854,239	40,157,910
Sub-total		118,570,372	114,402,701
Non-controlling interests		-	-
Total equity		118,570,372	114,402,701
Total equity and liabilities		1,747,995,740	1,732,733,836

Wang Jinhong
*Legal Representative
Chairman of the Board
of Directors*

Qu Hongzhi
*President
Executive Director*

Du Gang
*The person in
charge of
accounting affairs*

Zhang Hui
*The person in
charge of accounting
department*

(Company stamp)

The accompanying notes form part of these consolidated financial statements.

Unaudited Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

(In RMB thousands, unless otherwise stated)

	Note	Attributable to equity holders of the parent company							Sub-total	Non-controlling interests	Total
		Share Capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves	Retained earnings			
Balance at 1 January 2024		17,762,000	19,961,604	10,732,077	7,828,688	20,678,511	(2,718,089)	40,157,910	114,402,701	-	114,402,701
Changes in equity for the period:											
Net profit for the period		-	-	-	-	-	-	3,697,109	3,697,109	-	3,697,109
Other comprehensive income		-	-	-	-	-	470,562	-	470,562	-	470,562
Total comprehensive income		-	-	-	-	-	470,562	3,697,109	4,167,671	-	4,167,671
Appropriation of profit											
- Appropriation to general reserve	35	-	-	-	-	780	-	(780)	-	-	-
Balance at 30 June 2024 (Unaudited)		17,762,000	19,961,604	10,732,077	7,828,688	20,679,291	(2,247,527)	43,854,239	118,570,372	-	118,570,372

	Note	Attributable to equity holders of the parent company							Sub-total	Non-controlling interests	Total
		Share Capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves	Retained earnings			
Balance at 1 January 2023		17,762,000	19,961,604	10,732,077	7,342,356	20,245,453	(3,038,853)	36,946,397	109,951,034	-	109,951,034
Changes in equity for the period:											
Net profit for the period		-	-	-	-	-	-	4,098,828	4,098,828	-	4,098,828
Other comprehensive income		-	-	-	-	-	172,517	-	172,517	-	172,517
Total comprehensive income		-	-	-	-	-	172,517	4,098,828	4,271,345	-	4,271,345
Appropriation of profit											
- Appropriation to general reserve	35	-	-	-	-	46,011	-	(46,011)	-	-	-
Balance at 30 June 2023 (Unaudited)		17,762,000	19,961,604	10,732,077	7,342,356	20,291,464	(2,866,336)	40,999,214	114,222,379	-	114,222,379

The accompanying notes form part of these consolidated financial statements.

Unaudited Consolidated Statement of Changes in Equity
For the six months ended 30 June 2024
(In RMB thousands, unless otherwise stated)

	Notes	Attributable to equity holders of the parent company							Sub-total	Non-controlling interests	Total
		Share Capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves	Retained earnings			
Balance at 1 January 2023		17,762,000	19,961,604	10,732,077	7,342,356	20,245,453	(3,038,853)	36,946,397	109,951,034	-	109,951,034
Changes in equity for the year:											
Net profit for the year		-	-	-	-	-	-	5,080,903	5,080,903	-	5,080,903
Other comprehensive income		-	-	-	-	-	320,764	-	320,764	-	320,764
Total comprehensive income		-	-	-	-	-	320,764	5,080,903	5,401,667	-	5,401,667
Appropriation of profit											
- Appropriation to surplus reserve	35	-	-	-	486,332	-	-	(486,332)	-	-	-
- Appropriation to general reserve	35	-	-	-	-	433,058	-	(433,058)	-	-	-
- Dividend distribution to other equity instruments holders	36	-	-	-	-	-	-	(950,000)	(950,000)	-	(950,000)
Balance at 31 December 2023 (Audited)		17,762,000	19,961,604	10,732,077	7,828,688	20,678,511	(2,718,089)	40,157,910	114,402,701	-	114,402,701

The accompanying notes form part of these consolidated financial statements.

Unaudited Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Cash flows from operating activities		
Profit before taxation	4,114,362	4,658,582
<i>Adjustments for:</i>		
Impairment losses on assets	4,012,307	3,063,714
Depreciation and amortisation	880,850	858,178
Net gains on financial investments	(2,963,902)	(1,453,143)
Interest expense on debts securities issued	3,566,472	3,599,145
Net trading income	(275,556)	(501,268)
Interest income on financial investments	(6,577,414)	(6,616,298)
Interest expense on lease liabilities	75,704	82,199
Net gains on disposal of property and equipment and other long-term assets	(6,583)	(107)
	2,826,240	3,691,002
<i>Changes in operating assets</i>		
Net decrease in balances with the central bank	5,872,934	704,772
Net decrease in deposits with banks and other financial institutions with original maturity over three months	200,046	49,999
Net decrease in placements with banks and other financial institutions with original maturity over three months	4,889,736	2,747,422
Net (increase)/decrease in loans and advances to customers	(17,320,569)	347,528
Net increase in financial assets held for trading	(13,241,597)	(12,346,779)
Net increase in other operating assets	(917,763)	(444,476)
	(20,517,213)	(8,941,534)
<i>Changes in operating liabilities</i>		
Net (decrease)/increase in borrowings from the central bank	(551,000)	15,957,000
Net increase/(decrease) in deposits from banks and other financial institutions	10,072,145	(23,430,066)
Net increase/(decrease) in placements from banks and other financial institutions	111,671	(223,826)
Net decrease in financial assets sold under repurchase agreements	(12,500,934)	(22,815,285)
Net increase in deposits from customers	19,459,559	58,879,086
Net (decrease)/increase in other operating liabilities	(6,609,118)	249,155
	9,982,323	28,616,064
Net cash flows from operating activities before income tax payment	(7,708,650)	23,365,532
Income tax paid	(1,197,520)	(2,123,380)
Net cash flows (used in)/generated from operating activities	(8,906,170)	21,242,152

The accompanying notes form part of these consolidated financial statements.

Unaudited Consolidated Statement of Cash Flows
For the six months ended 30 June 2024
(In RMB thousands, unless otherwise stated)

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Cash flows from investing activities			
Proceeds from sale and redemption of financial investments		320,534,869	232,793,443
Proceeds received from investment activities		8,219,396	8,123,256
Proceeds from disposal of property and equipment		1,904	143
Purchases of investments		(325,046,458)	(246,922,558)
Purchases of property and equipment, intangible assets and other long-term assets		(187,304)	(182,101)
Net cash flows generated from/(used in) investing activities		3,522,407	(6,187,817)
Cash flows from financing activities			
Proceeds from issuance of debt securities		213,314,851	209,939,409
Repayment of debt securities		(212,716,225)	(213,084,883)
Interest paid on debt securities		(4,925,576)	(4,487,465)
Repayment of lease liabilities		(608,602)	(641,936)
Net cash flows used in financing activities		(4,935,552)	(8,274,875)
Effect of foreign exchange rate changes on cash and cash equivalents		(73,574)	406,645
Net (decrease)/increase in cash and cash equivalents	40(a)	(10,392,889)	7,186,105
Cash and cash equivalents as at 1 January		67,382,604	63,085,206
Cash and cash equivalents as at 30 June	40(b)	56,989,715	70,271,311
Net cash flows from operating activities include:			
Interest received (excluding interest income on financial investments)		21,688,414	23,723,024
Interest paid (excluding interest expense on debt securities issued)		(15,666,941)	(20,178,759)

The accompanying notes form part of these consolidated financial statements.

Notes to the Unaudited Consolidated Financial Statements

For the six months ended 30 June 2024

(In RMB thousands, unless otherwise stated)

1. Background information

CHINA BOHAI BANK CO., LTD. (the “Bank”) is a national joint-stock commercial bank established in Tianjin on 30 December 2005.

The Bank has been approved by the former China Banking and Insurance Regulatory Commission (the “CBIRC”) to hold financial business permit (No. B0017H112000001) and the Market Supervision Administration of Hedong District, Tianjin for the business license (No. 911200007109339563).

On 16 July 2020, the Bank’s H shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited with the stock code 9668.

The Bank’s operation commenced on 16 February 2006. As at 30 June 2024, the Bank has established 35 tier-one branches, 34 tier-two branches and 286 sub-branches. The total number of outlets reached 372, including 17 small and micro community sub-branches.

The principal activities of the Bank include absorbing public deposits; offering short-term, medium term and long-term loans; arranging settlement of domestic and international accounts; handling accept and discount of bill; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds and proprietary trading bonds issued by financial institutions and government; inter-bank borrowing and lending; trading of foreign currencies on its own and on behalf of its customers; selling and purchasing foreign exchange, bank card business; letters of credit and financial guarantees; acting as agent on inward and outward payments; acting as an insurance agent, safe-deposit facilities, derivative trading, securities investment custody, insurance fund custody, selling securities investment fund and other business approved by the banking regulatory institutions of the State Council.

According to the “Approval from the China Banking and Insurance Regulatory Commission on the Opening of CBHB Wealth Management Co., Ltd. (渤海理財有限責任公司)”, the Bank established its wholly owned subsidiary CBHB Wealth Management Co., Ltd. with a registered capital of RMB2 billion on 6 September 2022. The approved business scope of CBHB Wealth Management Co., Ltd. includes public issuance of financial products and provision of investment and management of entrusted investor property to the non-specific public, non-public issuance of wealth management products and provision of investment and management of entrusted investor property to qualified investors, consultancy and advisory services and other business as approved by the banking regulatory institutions of the State Council. The Bank and its subsidiary are collectively referred to as the “Group”.

Notes to the Unaudited Consolidated Financial Statements
For the six months ended 30 June 2024
(In RMB thousands, unless otherwise stated)

2. Basis of preparation and accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The interim consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”), and should be read in conjunction with the audited annual consolidated financial statements for the year ended 31 December 2023.

The consolidated financial statements are unaudited, but have been reviewed by Deloitte Touche Tohmatsu in accordance with International Standard on Review Engagements 2410, *“Review of Interim Financial Information Performed by the Independent Auditor of the Entity”* issued by the International Auditing and Assurance Standards Board.

Accounting judgements and estimates

The preparation of the consolidated financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2023. Actual results may differ from these estimates.

Significant accounting policies

In the current period, the Group has applied, for the first time, the follow amendments to IFRSs (including IASs and its amendments) issued by the IASB.

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The adoption of the amendments has no material impact on the financial position and the financial performance of the Group.

The Group has not applied any new standard, amendment or interpretation that is not yet effective for the current accounting period.

Other than the application of the amendments to IFRSs (including IASs and its amendments) mentioned above, the accounting policies and methods of computation used in the consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

Notes to the Unaudited Consolidated Financial Statements

For the six months ended 30 June 2024

(In RMB thousands, unless otherwise stated)

3. Net interest income

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Interest income arising from		
Balances with the central bank	490,570	524,423
Deposits with banks and other financial institutions	165,957	146,433
Placements with banks and other financial institutions	327,363	477,992
Loans and advances to customers		
– Corporate loans and advances	13,630,957	12,397,633
– Personal loans	6,097,399	9,551,365
– Discounted bills	617,683	592,755
Financial assets held under resale agreements	250,522	254,569
Financial investments	6,577,414	6,616,298
Sub-total	28,157,865	30,561,468
Interest expense arising from		
Borrowings from the central bank	(1,682,108)	(1,766,594)
Deposits from banks and other financial institutions	(2,405,577)	(2,637,715)
Placements from banks and other financial institutions	(884,907)	(589,700)
Deposits from customers	(11,158,743)	(12,304,689)
Financial assets sold under repurchase agreements	(379,900)	(335,898)
Debt securities issued	(3,566,472)	(3,599,145)
Sub-total	(20,077,707)	(21,233,741)
Net interest income	8,080,158	9,327,727

4. Net fee and commission income

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Fee and commission income		
Agency services	1,106,619	1,061,631
Settlement and clearing business	487,889	567,086
Credit commitments and loan services	354,562	367,658
Custodian services	154,178	151,704
Consulting services	74,213	94,112
Bank card business	54,339	41,961
Others	22,723	21,524
Sub-total	2,254,523	2,305,676
Fee and commission expense	(558,603)	(540,510)
Net fee and commission income	1,695,920	1,765,166

Notes to the Unaudited Consolidated Financial Statements
For the six months ended 30 June 2024
(In RMB thousands, unless otherwise stated)

5. Net trading income

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Net gains/(losses) from derivative instruments	725,936	(507,966)
Exchange (losses)/gains	(642,573)	750,388
Net losses from trading of precious metals	(530,516)	(278,925)
Net gains from debt securities at fair value through profit or loss	670,064	408,106
Net gains from loans and advances at fair value through profit or loss	248,288	192,776
Net losses from equity investment	(82,768)	(63,111)
Total	388,431	501,268

6. Net gains on financial investments

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Net gains from financial investments measured at fair value through profit or loss	2,162,588	1,229,814
Net gains on disposal of financial investments measured at fair value through other comprehensive income	508,957	196,672
Net gains on disposal of financial investments measured at amortised cost	292,357	26,657
Total	2,963,902	1,453,143

7. Other operating income

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Government grants	407	20,803
Rental income	5,809	5,946
Others	10,314	8,469
Total	16,530	35,218

Notes to the Unaudited Consolidated Financial Statements

For the six months ended 30 June 2024

(In RMB thousands, unless otherwise stated)

8. Operating expenses

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Staff costs		
– Salaries, bonuses and allowances	1,824,347	2,087,887
– Social insurance and annuity	544,792	508,961
– Housing allowances	306,168	277,700
– Staff welfare	115,859	136,320
– Employee education expenses and labour union expenses	54,723	64,831
– Others	54,485	127,193
Sub-total	2,900,374	3,202,892
Depreciation and amortisation	880,850	858,178
Taxes and surcharges	217,555	224,515
Interest expense on lease liabilities	75,704	82,199
Other general and administrative expenses	943,789	992,442
Total	5,018,272	5,360,226

Expenses relating to short-term leases and leases of low-value assets were RMB32 million and RMB15 million for the six months ended 30 June 2024 and 2023, respectively.

9. Impairment losses on assets

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Deposits with banks and other financial institutions	725	1,395
Placements with banks and other financial institutions	3,334	(33,111)
Financial assets held under resale agreements	(1,677)	3,053
Loans and advances to customers	3,102,069	1,588,826
Financial investments	135,700	1,251,258
Credit commitments	59,965	(107,040)
Others	712,191	359,333
Total	4,012,307	3,063,714

Notes to the Unaudited Consolidated Financial Statements
For the six months ended 30 June 2024
(In RMB thousands, unless otherwise stated)

10. Income tax expense

(a) Income tax expense:

	Note	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Current tax		480,346	1,555,628
Deferred tax	22(b)	(63,093)	(995,874)
Total		417,253	559,754

(b) Reconciliations between income tax expense and accounting profit are as follows:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit before taxation	4,114,362	4,658,582
People's Republic of China ("PRC") statutory income tax rate	25%	25%
Tax at the PRC statutory income tax rate	1,028,591	1,164,646
Effects of non-deductible expenses	60,682	72,331
Effects of non-taxable income (i)	(552,177)	(597,787)
Effects of others	(119,843)	(79,436)
Income tax expense	417,253	559,754

- (i) The non-taxable income mainly represents the interest income arising from the PRC government bonds, municipal debts, and dividend income from funds.

11. Basic and diluted earnings per share

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit for the period attributable to ordinary equity holders of the parent company	3,697,109	4,098,828
Weighted average number of ordinary shares in issue (in thousands)	17,762,000	17,762,000
Basic and diluted earnings per share (in RMB Yuan)	0.21	0.23

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the reporting period.

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(In RMB thousands, unless otherwise stated)

12. Cash and balances with the central bank

	Notes	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Cash on hand		778,266	362,503
Deposits with the central bank			
– Statutory deposit reserves	(a)	57,282,864	63,163,765
– Surplus deposit reserves	(b)	17,776,732	39,725,030
– Fiscal deposits and other		218,001	210,034
Sub-total		75,277,597	103,098,829
Interests accrued		26,330	32,847
Total		76,082,193	103,494,179

- (a) The Bank places statutory deposit reserves with the People's Bank of China ("PBoC") in accordance with the relevant regulations. As at the end of the reporting period, the statutory deposit reserve ratios applicable to the Group were as follows:

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Reserve ratio for RMB deposits	6.50%	7.00%
Reserve ratio for foreign currency deposits	4.00%	4.00%

The statutory deposit reserves are not available for the Group's daily business.

- (b) The surplus deposit reserves with the PBoC include funds for the purpose of clearing settlement.

Notes to the Unaudited Consolidated Financial Statements
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13. Deposits with banks and other financial institutions Analysed by type and location of counterparty

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Deposits in mainland China		
– Banks	12,179,760	12,770,164
Sub-total	12,179,760	12,770,164
Deposits outside mainland China		
– Banks	7,447,445	8,189,899
Sub-total	7,447,445	8,189,899
Interests accrued	4,539	5,372
Less: Allowances for impairment losses	(27,647)	(26,944)
Total	19,604,097	20,938,491

As of 30 June 2024 and 31 December 2023, the carrying amounts of deposits with interbank and other financial institutions were all in Stage 1.

14. Placements with banks and other financial institutions Analysed by type and location of counterparty

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Placements in mainland China		
– Banks	1,878,996	–
– Other financial institutions	5,330,000	12,190,000
Sub-total	7,208,996	12,190,000
Placements outside mainland China		
– Banks	2,685,900	–
Sub-total	2,685,900	–
Interests accrued	112,498	236,648
Less: Allowances for impairment losses	(76,341)	(73,040)
Total	9,931,053	12,353,608

As of June 30, 2024 and December 31, 2023, apart from RMB200 million categorised in Stage 3, the remaining carrying amounts were all in Stage 1.

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15. Derivative financial instruments

A derivative is a financial instrument, the value of which changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other similar variables. Derivative financial instruments used by the Group mainly include forwards, swaps and option contracts.

The notional amount of a derivative represents the amount of an underlying asset upon which the value of the derivative is based. It indicates the volume of business transacted by the Group but does not reflect the risk.

The notional amount and fair value of unexpired derivative financial instruments held by the Group are set out in the following tables:

	30 June 2024 (Unaudited)		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate swaps	79,206,487	22,688	(3,533)
Exchange rate swaps	255,519,962	1,207,956	(753,587)
Exchange rate forwards	41,183,981	759,117	(663,319)
Precious metal swaps	5,000,658	714,509	–
Option contracts	3,214,187	7,466	(2,939)
Total	384,125,275	2,711,736	(1,423,378)

	31 December 2023 (Audited)		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate swaps	248,318,596	14,753	(4,386)
Exchange rate swaps	79,142,406	726,267	(501,555)
Exchange rate forwards	43,718,277	578,565	(473,145)
Precious metal derivatives	4,845,954	218,193	–
Option contracts	1,132,332	13,403	(11,526)
Total	377,157,565	1,551,181	(990,612)

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(In RMB thousands, unless otherwise stated)

16. Financial assets held under resale agreements

(a) Analysed by type and location of counterparty

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Financial assets held under resale agreements in mainland China		
– Banks	2,799,970	1,500,000
– Other financial institutions	13,412,910	5,035,008
Sub-total	16,212,880	6,535,008
Interests accrued	2,611	1,337
Less: Allowances for impairment losses	(2,115)	(3,792)
Total	16,213,376	6,532,553

(b) Analysed by asset types

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Bonds	16,212,880	6,535,008
Interests accrued	2,611	1,337
Less: Allowances for impairment losses	(2,115)	(3,792)
Total	16,213,376	6,532,553

As of June 30, 2024 and December 31, 2023, the carrying amounts were all in Stage 1.

Notes to the Unaudited Consolidated Financial Statements

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17. Loans and advances to customers**(a) Analysed by nature**

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Loans and advances to customers measured at amortised cost:		
Corporate loans and advances	613,703,111	560,250,481
Personal loans		
– Residential and commercial housing loans	153,420,919	159,565,607
– Personal consumer loans	40,956,569	75,937,149
– Personal business loans	30,387,899	37,240,631
Sub-total	224,765,387	272,743,387
Interests accrued	13,851,892	12,350,216
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(25,756,914)	(24,599,802)
Sub-total	826,563,476	820,744,282
Loans and advances to customers measured at fair value through other comprehensive income:		
Corporate loans and advances	644,705	90,367
Discounted bills	86,420,361	93,160,915
Loans and advances to customers measured at fair value through profit or loss:		
Corporate loans and advances	22,318,549	6,399,285
Net loans and advances to customers	935,947,091	920,394,849

As at 30 June 2024, the Group's allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income was RMB1,350 million (31 December 2023: RMB1,387 million), refer to Note 17(f).

Notes to the Unaudited Consolidated Financial Statements
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(In RMB thousands, unless otherwise stated)

17. Loans and advances to customers *(Continued)*

(b) Loans and advances to customers (excluding interests accrued) analysed by industry sector

	At 30 June 2024 (Unaudited)		
	Amount	Percentage	Loans and advances secured by collaterals
Lease and business services	238,773,667	25.19%	57,629,979
Manufacturing	91,278,529	9.63%	35,919,629
Real estate	87,877,441	9.27%	62,325,538
Water conservancy, environment and public facilities management	71,484,425	7.54%	6,848,042
Wholesale and retail	48,558,861	5.12%	12,788,325
Construction	29,166,482	3.08%	11,909,580
Transportations and communications, storage and post	14,053,171	1.48%	4,035,503
Production and supply of electricity, heat, gas and water	12,341,706	1.30%	671,910
Financial services	11,616,444	1.23%	1,629,219
Mining	7,649,296	0.81%	578,076
Information transmission, software and information technology services	7,196,088	0.76%	619,984
Agriculture, forestry, animal husbandry and fishery	4,175,262	0.44%	1,457,679
Scientific research and technical services	4,143,772	0.44%	185,045
Others	8,351,221	0.88%	3,654,640
Sub-total of corporate loans and advances	636,666,365	67.17%	200,253,149
Personal loans	224,765,387	23.71%	171,971,991
Discounted bills	86,420,361	9.12%	86,420,361
Gross loans and advances to customers	947,852,113	100.00%	458,645,501

Notes to the Unaudited Consolidated Financial Statements

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(In RMB thousands, unless otherwise stated)

17. Loans and advances to customers *(Continued)***(b) Loans and advances to customers (excluding interests accrued) analysed by industry sector** *(Continued)*

	At 31 December 2023 (Audited)		
	Amount	Percentage	Loans and advances secured by collaterals
Lease and business services	212,756,214	22.81%	46,942,048
Manufacturing	85,434,345	9.16%	41,691,007
Real estate	88,361,622	9.47%	61,460,520
Water conservancy, environment and public facilities management	59,722,557	6.40%	6,067,049
Wholesale and retail	38,121,599	4.09%	11,829,485
Construction	25,489,080	2.73%	11,245,081
Transportations and communications, storage and post	10,911,221	1.17%	3,686,501
Production and supply of electricity, heat, gas and water	10,633,994	1.14%	740,855
Financial services	9,551,052	1.02%	3,203,750
Mining	7,488,413	0.80%	520,650
Information transmission, software and information technology services	4,376,658	0.47%	642,623
Agriculture, forestry, animal husbandry and fishery	3,734,751	0.40%	956,089
Scientific research and technical services	2,532,378	0.27%	197,138
Others	7,626,249	0.84%	2,865,670
Sub-total of corporate loans and advances	566,740,133	60.77%	192,048,466
Personal loans	272,743,387	29.24%	179,325,313
Discounted bills	93,160,915	9.99%	93,160,915
Gross loans and advances to customers	932,644,435	100.00%	464,534,694

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17. Loans and advances to customers *(Continued)*

(c) Analysed by geographical sector (excluding interests accrued)

At 30 June 2024 (Unaudited)			
	Amount	Percentage	Loans and advances secured by collaterals
Northern and Northeastern China	411,826,395	43.45%	204,005,253
Eastern China	243,851,509	25.73%	99,109,197
Central and Southern China	206,753,279	21.81%	114,723,784
Western China	85,420,930	9.01%	40,807,267
Gross loans and advances to customers	947,852,113	100.00%	458,645,501

At 31 December 2023 (Audited)			
	Amount	Percentage	Loans and advances secured by collaterals
Northern and Northeast China	431,885,105	46.31%	207,904,141
Eastern China	217,892,309	23.36%	98,384,941
Central and Southern China	205,393,575	22.02%	118,399,337
Western China	77,473,446	8.31%	39,846,275
Gross loans and advances to customers	932,644,435	100.00%	464,534,694

The geographical areas are categorised as follows:

Northern and Northeastern China includes Head Office, Beijing Branch, Tianjin Branch, Tianjin Pilot Free Trade Zone Branch, Dalian Branch, Hohhot Branch, Taiyuan Branch, Shijiazhuang Branch, Changchun Branch and Shenyang Branch.

Eastern China includes Nanjing Branch, Hangzhou Branch, Jinan Branch, Shanghai Branch, Shanghai Pilot Free Trade Zone Branch, Hefei Branch, Suzhou Branch, Qingdao Branch, Ningbo Branch and Nanchang Branch.

Central and Southern China includes Guangzhou Branch, Shenzhen Branch, Shenzhen Qianhai Branch, Hong Kong Branch, Changsha Branch, Wuhan Branch, Fuzhou Branch, Zhengzhou Branch, Xiamen Pilot Free Trade Zone Branch, Haikou Branch and Nanning Branch.

Western China includes Chengdu Branch, Xi'an Branch, Chongqing Branch, Guiyang Branch and Kunming Branch.

Notes to the Unaudited Consolidated Financial Statements

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(In RMB thousands, unless otherwise stated)

17. Loans and advances to customers *(Continued)***(d) Analysed by type of collateral (excluding interests accrued)**

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Unsecured loans	179,280,059	176,176,636
Guaranteed loans	309,926,553	291,933,105
Collateralised loans	284,260,746	287,431,539
Pledged loans	174,384,755	177,103,155
Gross loans and advances to customers	947,852,113	932,644,435

(e) Overdue loans analysed by overdue period (excluding interests accrued)

	At 30 June 2024 (Unaudited)				
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	Total
Unsecured loans	1,154,563	2,749,300	1,331,098	323,733	5,558,694
Guaranteed loans	2,872,915	1,264,714	1,510,600	418,354	6,066,583
Collateralised loans	5,541,208	2,856,240	2,712,816	1,060,404	12,170,668
Pledged loans	38,378	1,765,740	337,736	19,605	2,161,459
Total	9,607,064	8,635,994	5,892,250	1,822,096	25,957,404
As a percentage of gross loans and advances to customers	1.01%	0.92%	0.62%	0.19%	2.74%

	At 31 December 2023 (Audited)				
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	Total
Unsecured loans	2,793,094	2,443,061	1,097,366	290,053	6,623,574
Guaranteed loans	4,267,500	1,047,927	2,511,038	683,995	8,510,460
Collateralised loans	4,210,238	1,866,499	3,876,410	930,793	10,883,940
Pledged loans	1,786,568	97,639	265,731	719,410	2,869,348
Total	13,057,400	5,455,126	7,750,545	2,624,251	28,887,322
As a percentage of gross loans and advances to customers	1.40%	0.59%	0.83%	0.28%	3.10%

Overdue loans represent loans, of which the whole or part of the principal or interest were overdue for one day or more.

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17. Loans and advances to customers *(Continued)*

(f) Movements of allowances for impairment losses

(i) Movements of allowance for impairment losses of loans and advances to customers measured at amortised cost:

	Six months ended 30 June 2024 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	5,647,264	7,041,337	11,911,201	24,599,802
Transfer:				
– to Stage 1	–	–	–	–
– to Stage 2	(62,792)	76,781	(13,989)	–
– to Stage 3	(235,911)	(3,384,007)	3,619,918	–
Charge/(reversal) for the period	447,417	(283,237)	2,974,786	3,138,966
Transfer out	–	–	(965,776)	(965,776)
Recoveries	–	–	874,912	874,912
Write-offs	–	–	(1,890,494)	(1,890,494)
Exchange rate changes and other	(500)	–	4	(496)
Balance at 30 June	5,795,478	3,450,874	16,510,562	25,756,914

	Year ended 31 December 2023 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	6,876,826	7,063,246	9,891,713	23,831,785
Transfer:				
– to Stage 1	11,324	(11,324)	–	–
– to Stage 2	(821,156)	833,874	(12,718)	–
– to Stage 3	(41,057)	(4,493,832)	4,534,889	–
(Reversal)/charge for the year	(383,488)	3,649,373	3,678,144	6,944,029
Recoveries	–	–	622,009	622,009
Write-offs	–	–	(6,803,049)	(6,803,049)
Exchange rate changes and other	4,815	–	213	5,028
Balance at 31 December	5,647,264	7,041,337	11,911,201	24,599,802

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17. Loans and advances to customers *(Continued)***(f) Movements of allowances for impairment losses** *(Continued)***(ii) Movements of allowance for impairment of loans and advances to customers measured at fair value through other comprehensive income:**

	Six months ended 30 June 2024 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	18,847	–	1,367,990	1,386,837
Charge/(reversal) for the period	10,717	–	(47,614)	(36,897)
Balance at 30 June	29,564	–	1,320,376	1,349,940

	Year ended 31 December 2023 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	67,791	–	1,470,341	1,538,132
Transfer:				
– to Stage 3	(94)	–	94	–
Reversal for the year	(48,850)	–	(102,445)	(151,295)
Balance at 31 December	18,847	–	1,367,990	1,386,837

Allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income is recognised in other comprehensive income without decreasing the carrying amount of loans and advances to customers presented in the consolidated statement of financial position as the carrying amount is at fair value, and impairment loss or reversal is recognised in the profit or loss.

18. Financial investments

	Notes	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Financial investments measured at fair value through profit or loss	(a)	183,325,271	161,057,566
Financial investments measured at fair value through other comprehensive income	(b)	127,911,816	117,150,761
Financial investments measured at amortised cost	(c)	340,511,700	354,928,465
Total		651,748,787	633,136,792

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18. Financial investments *(Continued)*

(a) Financial investments measured at fair value through profit or loss

Financial investments held for trading:

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Debt securities – Unlisted (i)		
– Government and central bank	6,332,576	5,214,874
– Policy banks	6,795,095	7,247,937
– Banks and other financial institutions	500,955	–
– Corporates	19,753,713	11,386,929
Sub-total	33,382,339	23,849,740
Certificates of interbank deposit – Unlisted	7,286,090	2,785,896
Total financial investments held for trading	40,668,429	26,635,636

Other financial investments measured at fair value through profit or loss:

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Investment funds – Unlisted	59,173,254	54,704,396
Equity investments		
– Listed outside Hong Kong	467,555	448,210
– Unlisted	4,217,037	3,573,305
Trust plans and asset management plans – Unlisted	78,798,996	75,696,019
Total other financial investments measured at fair value through profit or loss	142,656,842	134,421,930
Total financial investments measured at fair value through profit or loss	183,325,271	161,057,566

Note:

- (i) As at 30 June 2024 and 31 December 2023, certain financial investments measured at fair value through profit or loss were pledged for borrowings from the central bank and repurchase agreements (Note 46(e)).

Notes to the Unaudited Consolidated Financial Statements

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18. Financial investments *(Continued)***(b) Financial investments measured at fair value through other comprehensive income**

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Debt securities – Unlisted (i)		
– Government	48,655,875	43,615,076
– Policy banks	42,187,744	40,705,250
– Banks and other financial institutions	8,361,980	11,291,502
– Corporates	25,316,185	15,585,820
Interests accrued	1,018,731	949,850
Sub-total	125,540,515	112,147,498
Certificates of interbank deposit – Unlisted	2,161,968	1,726,226
Interests accrued	9,333	14,299
Sub-total	2,171,301	1,740,525
Equity investments – Unlisted (ii)	200,000	3,262,738
Total	127,911,816	117,150,761

Notes:

- (i) As at 30 June 2024 and 31 December 2023, certain financial investments measured at fair value through other comprehensive income were pledged for borrowings from the central bank and repurchase agreements (Note 46(e)).
- (ii) Dividends income from such equity investments during six months ended 30 June 2024 and the year ended 31 December 2023 were RMB0 and RMB35 million, respectively, which were included in the profit or loss.

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18. Financial investments *(Continued)*

(b) Financial investments measured at fair value through other comprehensive income *(Continued)*

Movements of allowance for impairment losses of financial investments measured at fair value through other comprehensive income are as follows:

	Six months ended 30 June 2024 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	148,805	–	10,000	158,805
Charge for the period	59,390	–	–	59,390
Exchange rate changes and other	–	–	–	–
Balance at 30 June	208,195	–	10,000	218,195

	Year ended 31 December 2023 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	122,651	–	10,000	132,651
Charge for the year	26,166	–	–	26,166
Exchange rate changes and other	(12)	–	–	(12)
Balance at 31 December	148,805	–	10,000	158,805

Allowances for impairment on financial investments measured at fair value through other comprehensive income is recognised in other comprehensive income without decreasing the carrying amount of financial investments presented in the consolidated statement of financial position as the carrying amount is at fair value, and impairment loss or reversal is recognised in the profit or loss.

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18. Financial investments *(Continued)***(c) Financial investments measured at amortised cost**

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Debt securities – Unlisted (i)		
– Government and central bank	94,892,464	111,121,973
– Policy banks	84,321,448	76,429,913
– Banks and other financial institutions	8,759,998	8,536,702
– Corporates	60,045,753	54,248,456
Interests accrued	3,130,239	3,366,113
Sub-total	251,149,902	253,703,157
Certificates of interbank deposit – Unlisted	208,011	142,242
Interests accrued	–	907
Sub-total	208,011	143,149
Trust plans and asset management plans – Unlisted	96,557,177	108,146,981
Interests accrued	1,388,143	1,651,777
Sub-total	97,945,320	109,798,758
Less: Allowances for impairment losses	(8,791,533)	(8,716,599)
Total	340,511,700	354,928,465

Note:

- (i) As at 30 June 2024 and 31 December 2023, certain financial investments measured at amortised cost were pledged for borrowings from the central bank and repurchase agreements (Note 46(e)).

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18. Financial investments *(Continued)*

(c) Financial investments measured at amortised cost *(Continued)*

Movements of allowance for impairment losses of financial investments measured at amortised cost are as follows:

	Six months ended 30 June 2024 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	772,484	727,652	7,216,463	8,716,599
Transfer:				
– to Stage 1	–	–	–	–
– to Stage 2	–	–	–	–
– to Stage 3	(4,125)	–	4,125	–
Charge/(reversal) for the period	212,450	(20,404)	(115,736)	76,310
Exchange rate changes and other	(1,376)	–	–	(1,376)
Balance at 30 June	979,433	707,248	7,104,852	8,791,533

	Year ended 31 December 2023 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	928,829	3,117,392	6,019,605	10,065,826
Transfer:				
– to Stage 1	50,710	–	(50,710)	–
– to Stage 2	(145,282)	145,282	–	–
– to Stage 3	–	(2,403,561)	2,403,561	–
(Reversal)/charge for the year	(68,620)	(131,461)	317,743	117,662
Transfer out	–	–	(1,473,736)	(1,473,736)
Exchange rate changes and other	6,847	–	–	6,847
Balance at 31 December	772,484	727,652	7,216,463	8,716,599

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19. Investment in subsidiary

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
CBHB Wealth Management Co., Ltd.	2,000,000	2,000,000

Details of the subsidiary are as follows:

Name	Date of incorporation/ establishment	Place of incorporation/ operation	Legal form	Paid-in capital	Percentage of equity interest/ voting rights	Business scope
CBHB Wealth Management Co., Ltd	6 September 2022	Tianjin, China	Limited liability company	RMB2 billion	100%	Wealth management

20. Interest in associate

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Investment in associate	–	–

The Group invested in Hawtai Motor Finance Co., Ltd. (“Hawtai”) in 2015, and the proportion of equity interest in the investment and the proportion of voting rights are both 10%. The Group accounts for its investment in Hawtai under the equity method. As at 30 June 2024 and 31 December 2023, accumulated losses of Hawtai assumed by the Group in proportion to equity interest in the investment exceeded the Group’s share of the equity interest, and as the Group has no obligation to assume additional losses, the carrying amount of the Group’s investment in the associate was reduced to RMB0.

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21. Property and equipment

	Premises	Leasehold improvements	Operating equipment	Motor vehicles	Construction in progress	Total
Cost						
As at 1 January 2023	3,875,984	1,054,345	1,955,266	87,087	562,760	7,535,442
Additions	–	186,143	235,169	1,622	6,033	428,967
Disposals	–	(15,105)	(121,174)	(1,637)	–	(137,916)
Foreign currency translation differences	–	301	451	15	–	767
As at 31 December 2023 (Audited)	3,875,984	1,225,684	2,069,712	87,087	568,793	7,827,260
As at 1 January 2024	3,875,984	1,225,684	2,069,712	87,087	568,793	7,827,260
Additions	199,090	34,698	101,241	2,186	23,122	360,337
Disposals	–	(13,385)	(37,682)	(7,375)	(224,940)	(283,382)
Foreign currency translation differences	–	–	56	2	–	58
As at 30 June 2024 (Unaudited)	4,075,074	1,246,997	2,133,327	81,900	366,975	7,904,273
Accumulated depreciation						
As at 1 January 2023	(1,541,880)	(830,957)	(1,351,932)	(70,206)	–	(3,794,975)
Charge for the year	(185,892)	(154,919)	(234,005)	(4,695)	–	(579,511)
Disposals	–	15,071	118,377	1,082	–	134,530
Foreign currency translation differences	–	(301)	(316)	(14)	–	(631)
As at 31 December 2023 (Audited)	(1,727,772)	(971,106)	(1,467,876)	(73,833)	–	(4,240,587)
As at 1 January 2024	(1,727,772)	(971,106)	(1,467,876)	(73,833)	–	(4,240,587)
Charge for the period	(94,034)	(82,024)	(110,131)	(1,934)	–	(288,123)
Disposals	–	13,384	36,709	6,701	–	56,794
Foreign currency translation differences	–	–	(44)	(2)	–	(46)
As at 30 June 2024 (Unaudited)	(1,821,806)	(1,039,746)	(1,541,342)	(69,068)	–	(4,471,962)
Net book value						
As at 31 December 2023 (Audited)	2,148,212	254,578	601,836	13,254	568,793	3,586,673
As at 30 June 2024 (Unaudited)	2,253,268	207,251	591,985	12,832	366,975	3,432,311

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22. Deferred tax assets

(a) Analysed by nature

	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets				
– Allowance for impairment losses	51,997,631	12,999,408	50,416,549	12,604,137
– Fair value changes	6,727,656	1,681,914	6,367,496	1,591,874
– Accrued salary cost	4,504,075	1,126,019	4,605,800	1,151,450
– Provisions	431,222	107,806	377,997	94,499
– Others	5,448,305	1,362,076	5,108,093	1,277,024
	69,108,889	17,277,223	66,875,935	16,718,984
Deferred tax liabilities				
– Fair value changes	(6,308,078)	(1,577,020)	(3,484,058)	(871,015)
– Others	(4,232,300)	(1,058,075)	(4,355,675)	(1,088,918)
	(10,540,378)	(2,635,095)	(7,839,733)	(1,959,933)
Net balance	58,568,511	14,642,128	59,036,202	14,759,051

(b) Movements of deferred tax

	Allowance for impairment losses	Net losses/ (gains) on fair value changes	Others	Net balance of deferred tax assets
As at 1 January 2023	10,766,639	972,323	1,366,249	13,105,211
Recognised in profit or loss	1,805,945	(113,446)	67,806	1,760,305
Recognised in other comprehensive income	31,553	(138,018)	–	(106,465)
As at 31 December 2023 (Audited)	12,604,137	720,859	1,434,055	14,759,051
Recognised in profit or loss	400,807	(441,485)	103,771	63,093
Recognised in other comprehensive income	(5,536)	(174,480)	–	(180,016)
As at 30 June 2024 (Unaudited)	12,999,408	104,894	1,537,826	14,642,128

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23. Right-of-use assets

	Premises	Others	Total
Cost			
As at 1 January 2023	7,069,042	14,835	7,083,877
Additions	918,570	321	918,891
Disposals	(641,077)	(1,605)	(642,682)
Foreign currency translation difference	2,299	14	2,313
As at 31 December 2023 (Audited)	7,348,834	13,565	7,362,399
As at 1 January 2024	7,348,834	13,565	7,362,399
Additions	605,843	81	605,924
Disposals	(520,973)	(139)	(521,112)
Foreign currency translation difference	277	1	278
As at 30 June 2024 (Unaudited)	7,433,981	13,508	7,447,489
Accumulated depreciation			
As at 1 January 2023	(3,053,031)	(5,957)	(3,058,988)
Charge for the year	(1,053,472)	(2,276)	(1,055,748)
Disposals	639,442	854	640,296
Foreign currency translation difference	(1,187)	(2)	(1,189)
As at 31 December 2023 (Audited)	(3,468,248)	(7,381)	(3,475,629)
As at 1 January 2024	(3,468,248)	(7,381)	(3,475,629)
Charge for the period	(535,650)	(825)	(536,475)
Disposals	327,318	138	327,456
Foreign currency translation difference	(216)	-	(216)
As at 30 June 2024 (Unaudited)	(3,676,796)	(8,068)	(3,684,864)
Net book value			
As at 31 December 2023 (Audited)	3,880,586	6,184	3,886,770
As at 30 June 2024 (Unaudited)	3,757,185	5,440	3,762,625

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24. Other assets

	Notes	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Settlement receivable		6,075,699	4,656,690
Interest receivable	(a)	3,613,291	3,327,508
Guarantee deposits		739,517	951,635
Fees and commission receivable		411,112	321,011
Land use rights		377,898	385,261
Prepayments		210,512	194,162
Intangible assets		280,448	291,186
Others		3,632,441	2,776,355
Sub-total		15,340,918	12,903,808
Less: Allowances for impairment losses	(b)	(1,420,575)	(804,119)
Total		13,920,343	12,099,689

(a) Interest receivable

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Interest receivable arising from:		
Loans and advances to customers	446,701	953,664
Financial investments	3,166,590	2,373,844
Total	3,613,291	3,327,508

As at 30 June 2024 and 31 December 2023, interest receivable only includes interest that has been due but not yet received for the relevant financial instruments. Interest on financial instruments based on the effective interest method has been reflected in the balance of the corresponding financial instruments.

(b) Movements of allowance for impairment losses of other assets are as follows:

	Six months ended 30 June 2024 (Unaudited)	Year ended 31 December 2023 (Audited)
As at 1 January	804,119	73,646
Charge for the period/year	712,191	2,318,893
Write-offs and transfer out for the period/year	(95,735)	(1,588,420)
As at 30 June/31 December	1,420,575	804,119

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25. Borrowings from the central bank

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Medium-term Lending Facility	129,300,000	129,300,000
Re-lending	2,167,000	2,718,000
Interests accrued	1,916,949	1,769,964
Total	133,383,949	133,787,964

26. Deposits from banks and other financial institutions Analysed by type of and location of counterparty

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Deposits in mainland China		
– Banks	111,408,170	109,927,652
– Other financial institutions	53,910,107	46,179,514
Sub-total	165,318,277	156,107,166
Deposits outside mainland China		
– Other financial institutions	2,331,815	1,470,781
Sub-total	2,331,815	1,470,781
Interests accrued	1,378,465	1,184,275
Total	169,028,557	158,762,222

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27. Placements from banks and other financial institutions Analysed by type and location of counterparty

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Placements in mainland China		
– Banks	23,746,876	18,790,215
Sub-total	23,746,876	18,790,215
Placements outside mainland China		
– Banks	10,670,088	15,515,078
Sub-total	10,670,088	15,515,078
Interests accrued	648,160	614,719
Total	35,065,124	34,920,012

28. Financial assets sold under repurchase agreements (a) Analysed by type and location of counterparty

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Placements in mainland China		
– Banks	54,110,594	66,611,528
Sub-total	54,110,594	66,611,528
Interests accrued	22,568	22,725
Total	54,133,162	66,634,253

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28. Financial assets sold under repurchase agreements *(Continued)*

(b) Analysed by type of collateral held

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Bonds	32,548,260	64,711,540
Acceptance	21,562,334	1,899,988
Sub-total	54,110,594	66,611,528
Interests accrued	22,568	22,725
Total	54,133,162	66,634,253

29. Deposits from customers

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Demand deposits		
– Corporate customers	184,534,801	219,169,451
– Individual customers	35,415,281	33,061,936
Sub-total	219,950,082	252,231,387
Time deposits		
– Corporate customers	409,740,956	346,997,589
– Individual customers	174,904,043	167,940,207
Sub-total	584,644,999	514,937,796
Pledged deposits		
– Acceptances	58,898,651	80,707,395
– Letters of credit and guarantees	39,692,075	32,807,576
– Letters of guarantees	2,734,964	2,343,512
– Others	28,449,263	31,914,101
Sub-total	129,774,953	147,772,584
Fiscal deposits	153,792	174,755
Inward and outward remittances	97,713	45,456
Interests accrued	18,213,147	19,431,901
Total	952,834,686	934,593,879

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30. Debt securities issued

	Notes	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Certificates of interbank deposit issued	(a)	189,432,696	182,696,167
Financial bonds issued	(b)	49,984,832	69,974,686
Tier 2 capital debts issued	(c)	22,988,469	8,990,975
Certificates of deposit issued	(d)	1,708,521	2,534,670
Medium term notes issued	(e)	2,137,429	2,132,192
Sub-total		266,251,947	266,328,690
Interests accrued		910,942	1,594,678
Total		267,162,889	267,923,368

Notes:

(a) Certificates of interbank deposit issued

For the six months ended 30 June 2024, the Bank issued a number of certificates of interbank deposit with total nominal amount of RMB196,530 million for a duration between 1 to 12 months. The effective interest rates ranged from 1.85% to 2.52% per annum. For the year ended 31 December 2023, the Bank issued a number of certificates of interbank deposit with total nominal amount of RMB369,070 million for a duration between 1 to 12 months. The effective interest rates ranged from 2.03% to 2.85% per annum. The carrying amount of these certificates of interbank deposit that remained outstanding as at 30 June 2024 was RMB189,433 million.

(b) Financial bonds issued

- (i) On 24 June 2024, the Bank issued three-year financial bonds with face value of RMB5,000 million. The coupon rate is 2.05% per annum. As at 30 June 2024, the carrying amount of the financial bonds was RMB5,000 million.
- (ii) On 25 July 2023 the Bank issued three-year financial bonds with face value of RMB10,000 million. The coupon rate is 2.72% per annum. As at 30 June 2024, the carrying amount of the financial bonds was RMB9,997 million.
- (iii) On 12 May 2023, the Bank issued three-year financial bonds with face value of RMB10,000 million. The coupon rate is 2.88% per annum. As at 30 June 2024, the carrying amount of the financial bonds was RMB9,997 million.
- (iv) On 1 December 2022, the Bank issued three-year financial bonds with face value of RMB15,000 million. The coupon rate is 2.95% per annum. As at 30 June 2024, the carrying amount of the financial bonds was RMB14,994 million.
- (v) On 22 February 2022, the Bank issued three-year financial bonds with face value of RMB10,000 million. The coupon rate is 2.95% per annum. As at 30 June 2024, the carrying amount of the financial bonds was RMB9,997 million.

(c) Tier 2 capital debts issued

- (i) On 18 April 2024, the Bank issued ten-year fixed-rate tier 2 capital debts with face value of RMB14,000 million. The coupon rate is 2.77% per annum. According to the issuance terms, the Bank has the option to redeem all of the debts at face value on the last day of the fifth year. As at 30 June 2024, the carrying amount of the tier 2 capital debts was RMB13,998 million.
- (ii) On 15 January 2021, the Bank issued ten-year fixed-rate tier 2 capital debts with face value of RMB9,000 million. The coupon rate is 4.40% per annum. According to the issuance terms, the Bank has the option to redeem all of the debts at face value on the last day of the fifth year. As at 30 June 2024, the carrying amount of the tier 2 capital debts was RMB8,990 million.

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30. Debt securities issued *(Continued)*

(d) Certificates of deposit issued

For the six months ended 30 June 2024, the Bank issued a number of certificates of deposit with total face value of 571 million RMB equivalent for a duration between 1 to 12 months. The effective interest rates ranged from 3.00% to 5.80% per annum. For the year ended 31 December 2023, the Bank issued a number of certificates of deposit with total face value of 4,843 million RMB equivalent for a duration between 1 to 12 months. The effective interest rates ranged from 2.80% to 6.32% per annum. The carrying amount of these certificates of deposit that remained outstanding as at 30 June 2024 was 1,709 million RMB equivalent.

(e) Medium term notes issued

On 3 November 2021, the Hong Kong Branch of the Bank issued three-year fixed-rate medium term notes with face value of USD300 million. The coupon rate is 1.50% per annum. As at 30 June 2024, the carrying amount of the medium term notes was 2,137 million RMB equivalent.

As at 30 June 2024 and 31 December 2023, there were no defaults of principal and interest or other breaches with respect to these debt securities. None of the above debt securities were secured.

31. Lease liabilities

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Less than one year (inclusive)	1,007,372	1,082,489
One to two years (inclusive)	805,882	853,174
Two to three years (inclusive)	663,581	701,097
Three to five years (inclusive)	950,939	998,086
More than five years	829,950	919,754
Undiscounted lease liabilities	4,257,724	4,554,600
Ending balance of lease liabilities	3,860,855	4,115,588

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32. Other liabilities

	Notes	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Accrued staff cost	(a)	4,792,069	4,800,836
Payment and collection clearance accounts		1,018,270	3,975,578
Settlement and clearing payable		3,062,063	3,947,952
Other taxes payable		776,319	857,298
Provisions	(b)	438,637	379,158
Contract liabilities	(c)	458,809	270,294
Others		1,854,644	1,522,990
Total		12,400,811	15,754,106

(a) Accrued staff cost

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Salary, bonuses and allowances payable	4,329,943	4,366,142
Pension and annuity payable	47,290	18,325
Other social insurance payable	10,831	6,718
Housing fund payable	13,222	5,883
Others	390,783	403,768
Total	4,792,069	4,800,836

(b) Provisions

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Provision for credit commitment losses	395,914	336,027
Expected litigation losses	42,244	42,244
Others	479	887
Total	438,637	379,158

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32. Other liabilities *(Continued)*

(b) Provisions *(Continued)*

Movements of provisions for credit commitment losses are as follows:

	Six months ended 30 June 2024 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2024	333,398	851	1,778	336,027
Charge/(reversal) for the period	60,319	(358)	4	59,965
Exchange rate changes and other	(78)	–	–	(78)
As at 30 June 2024	393,639	493	1,782	395,914

	Year ended 31 December 2023 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023	433,343	759	707	434,809
(Reversal)/charge for the year	(101,735)	92	1,071	(100,572)
Exchange rate changes and other	1,790	–	–	1,790
As at 31 December 2023	333,398	851	1,778	336,027

(c) Contract liabilities

As at 30 June 2024 and 31 December 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts are approximately RMB459 million and RMB270 million, respectively. These amounts represent income expected to be recognised in the future from agency, custody, guarantee and acceptance services. The Group will recognise the expected income in future as the services are provided.

33. Share capital

Issued share capital

Share capital of the Bank as at 30 June 2024 and 31 December 2023 represented share capital of the Bank, which is fully paid.

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Fully paid shares issued at par value of RMB1.00 each	17,762,000	17,762,000

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34. Other equity instruments

Undated capital bonds

(a) Outstanding undated capital bonds at 30 June 2024

Financial instrument outstanding	Issue date Status	Accounting classification	Initial interest rate	Issue price	Shares (million shares)	In RMB (Unaudited)	Maturity date	Conversion conditions	Conversion Status
Undated capital bonds	11 September 2019	Equity instruments	4.75%	RMB100/Share	200	20,000,000	None	None	None
Total						20,000,000			
Less: Issue expenses						(38,396)			
Carrying amount						19,961,604			

(b) Main clauses

Main clauses on the issue size, term, coupon rate, conditional redemption rights of the issuer, order of liquidation, interest payment, resale and write-down/write-off clauses remain the same as those disclosed in the annual consolidated financial statements for the year ended 31 December 2023.

35. Reserves

(a) Capital reserve

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Share premium	10,732,077	10,732,077

(b) Surplus reserve

Pursuant to the Company Law of the PRC and the Articles of the Bank, the Group is required to appropriate 10% of its net profit determined in accordance with the Accounting Standards for Business Enterprises and other relevant regulations to the statutory surplus reserve until the balance reaches 50% of its registered capital.

(c) General reserve

Pursuant to the "Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20)" issued by the Ministry of Finance, the Bank is required to set aside a general reserve through profit appropriation on an annual basis. General reserve should not be lower than 1.5% of the ending balance of the Bank's gross risk-bearing assets. The balance of general reserve at 30 June 2024 is approximately RMB20,632 million.

Pursuant to the "Measures for the Administration of Wealth Management Subsidiary Companies of Commercial Banks", the Bank's subsidiary shall appropriate risk reserve based on 10% of the management fee income of wealth management products, until the balance reaches 1% of the ending balance of wealth management products. For the six months ended 30 June 2024, the Bank's wealth management subsidiary appropriated risk reserve amounted to approximately RMB0.78 million, and the balance at 30 June 2024 is approximately RMB47 million.

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35. Reserves *(Continued)*
(d) Other reserves

	Six months ended 30 June 2024 (Unaudited)	Year ended 31 December 2023 (Audited)
Item that will not be reclassified to profit or loss: <i>Changes in fair value of equity instruments designated as at fair value through other comprehensive income</i>		
As at 1 January	(3,023,146)	(3,171,875)
Changes in fair value recognised in other comprehensive income	–	198,305
Less: Income tax effect	–	(49,576)
As at 30 June/31 December	(3,023,146)	(3,023,146)
Items that may be reclassified subsequently to profit or loss: <i>Changes in fair value of debt instruments measured at fair value through other comprehensive income</i>		
As at 1 January	(838,052)	(1,105,322)
Changes in fair value recognised in other comprehensive income	770,422	290,139
Transfer to profit or loss upon disposal	(74,200)	65,573
Less: Income tax effect	(174,480)	(88,442)
As at 30 June/31 December	(316,310)	(838,052)
<i>Credit losses of debt instruments measured at fair value through other comprehensive income</i>		
As at 1 January	1,159,522	1,253,110
Impairment losses recognised in other comprehensive income	22,494	(125,141)
Less: Income tax effect	(5,536)	31,553
As at 30 June/31 December	1,176,480	1,159,522
Total investment revaluation reserve	(2,162,976)	(2,701,676)
Foreign currency translation reserve	(84,551)	(16,413)
Total	(2,247,527)	(2,718,089)

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36. Appropriation of profits**Dividend on ordinary shares**

In accordance with the resolution at the Bank's Annual General Meeting on 28 June 2024, the Bank did not distribute dividends to ordinary shareholders for the year ended 31 December 2023.

In accordance with the resolution at the Bank's Annual General Meeting on 18 May 2023, the Bank did not distribute dividends to ordinary shareholders for the year ended 31 December 2022.

Interests for undated capital bonds

The Bank declared and distributed the interest on the Undated Capital Bonds for year 2022 amounting to RMB950 million on 16 September 2023.

37. Interests in unconsolidated structured entities**(a) Structured entities sponsored by third party institutions in which the Group holds an interest:**

The Group holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Such structured entities include wealth management products issued by financial institutions, investment management products managed under trust schemes or by securities firms, and investment funds. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These vehicles are financed through the issue of units to investors.

The following table sets out an analysis of the carrying amounts of interests held by the Group in unconsolidated structured entities, as well as an analysis of the line items in the statement of financial position in which relevant assets are recognised as at 30 June 2024 and 31 December 2023:

	At 30 June 2024 (Unaudited)				
	Financial investments measured at fair value through profit or loss	Financial investments measured at fair value through other comprehensive income	Financial investments measured at amortised cost	Carrying amount	Maximum exposure
Trust plans and asset management plans	78,798,996	–	89,733,892	168,532,888	168,532,888
Funds	58,741,561	–	–	58,741,561	58,741,561
Total	137,540,557	–	89,733,892	227,274,449	227,274,449

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37. Interests in unconsolidated structured entities *(Continued)*

(a) Structured entities sponsored by third party institutions in which the Group holds an interest: *(Continued)*

	At 31 December 2023 (Audited)				
	Financial investments measured at fair value through profit or loss	Financial investments measured at fair value through other comprehensive income	Financial investments measured at amortised cost	Carrying amount	Maximum exposure
Trust plans and asset management plans	75,696,019	–	101,623,074	177,319,093	177,319,093
Equity investments	–	3,062,738	–	3,062,738	3,062,738
Funds	54,302,874	–	–	54,302,874	54,302,874
Total	129,998,893	3,062,738	101,623,074	234,684,705	234,684,705

(b) Structured entities sponsored by the Group in which the Group does not consolidate but holds an interest in:

The types of unconsolidated structured entities sponsored by the Group include non-principal guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of wealth management products to investors. Interest held by the Group includes fees charged by providing management services.

For the six months ended 30 June 2024 and 2023, the amount of fee and commission income received from the abovementioned structured entities by the Group amounted to RMB685 million and RMB779 million, respectively.

As at 30 June 2024 and 31 December 2023, the amount of assets held by the unconsolidated non-principal guaranteed wealth management products, which are sponsored by the Group, were RMB167,701 million and RMB150,050 million, respectively.

(c) Unconsolidated structure entities sponsored by the Group during the period which the Group does not have an interest in as at 30 June:

The aggregated amount of the non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January 2024 but matured before 30 June 2024 was RMB2,561 million (the aggregated amount of the non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January 2023 but matured before 30 June 2023 was RMB2,935 million).

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38. Transferred financial assets

The Group enters into transactions in the normal course of business whereby it transfers recognised financial assets to third parties or structured entities. In some cases, these transfers may give rise to full or partial de-recognition of the financial assets concerned. In other cases where the transferred assets do not qualify for de-recognition as the Group retains substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets.

The Group enters into transactions by which it transfers loans to structured entities which issue trust units to investors. The Group assesses among other factors, whether or not to derecognise the transferred assets by evaluating the extent to which it retains the risks and rewards of the assets and whether it has relinquished control over these assets.

For the six months ended 30 June 2024, the Group has transferred loans and advances to customers with principal amount of RMB4,105 million to independent third parties at a consideration of RMB3,967 million, and these financial assets were all qualified for full de-recognition. For the year ended 31 December 2023, the Group did not transfer any financial assets.

39. Capital management

The Group implements a comprehensive capital management framework, covering the management of the regulated capital, economic capital and accounting capital, encompassing the capital compliance management, capital planning, capital allocation and capital evaluation.

In setting its capital adequacy objective, the Group considers regulatory requirements, external rating objective and its own risk preference, so as to protect the interest of its customers and creditors, maximise the value of shareholders and meet all regulatory requirements on capital management.

Since January 1, 2024, the Group has measured capital adequacy ratios in accordance with the relevant regulatory rules in the Administrative Measures on the Capital of Commercial Banks promulgated by the National Financial Regulatory Administration. In calculating its capital adequacy ratios, the Group considers all its domestic and overseas branches and financial institution subsidiary (excluding insurance company).

The on-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, taking into account any eligible collaterals or guarantees. Similar treatment is adopted for off-balance sheet exposure, with adjustments made to reflect the more contingent nature of any potential losses. The credit risk weighted assets of counterparties in over-the-counter derivative transactions are the sum of default risk weighted assets of counterparties and credit-adjusted risk-weighted assets. Market risk-weighted assets are calculated using the simplified standardised approach. Operational risk-weighted assets are calculated using standardised approach.

The National Financial Regulatory Administration requires commercial banks to meet the capital targets at all levels set out in the Administrative Measures on the Capital of Commercial Banks. For non-systemically important banks, the core Tier 1 capital adequacy ratio shall not be less than 7.5%, Tier 1 capital adequacy ratio shall not be less than 8.5%, and capital adequacy ratio shall not be less than 10.5%. During the reporting period, the Group has complied with the capital requirements of the regulatory authorities.

The Group calculated its capital adequacy ratio as at 30 June 2024 in accordance with the Administrative Measures on the Capital of Commercial Banks promulgated by the National Financial Regulatory Administration, and the capital adequacy ratio as at 31 December 2023 in accordance with the Administrative Measures on the Capital of Commercial Banks (Provisional) and other relevant regulations promulgated by the former China Banking Regulatory Commission ("former CBRC"). The capital adequacy ratios and related components of the Group are computed based on the Group's statutory financial statements prepared in accordance with China Accounting Standards.

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39. Capital management *(Continued)*

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Core tier 1 capital		
– Share capital	17,762,000	17,762,000
– Qualifying portion of capital reserve	10,752,077	10,752,077
– Surplus reserve	7,828,688	7,828,688
– General reserve	20,679,291	20,678,511
– Retained earnings	43,834,239	40,137,910
– Other reserves	(2,247,527)	(2,718,089)
Core tier 1 capital	98,608,768	94,441,097
Core tier 1 capital deductions	(5,089,744)	(5,635,246)
Net core tier 1 capital	93,519,024	88,805,851
Other tier 1 capital	19,961,604	19,961,604
Net tier 1 capital	113,480,628	108,767,455
Tier 2 capital		
– Instruments issued and share premium	22,988,469	8,990,975
– Surplus provision for loan impairment	4,485,100	8,060,309
Tier 2 capital deductions	–	–
Net tier 2 capital	27,473,569	17,051,284
Net capital base	140,954,197	125,818,739
Total risk weighted assets	1,131,321,209	1,086,646,888
Core tier 1 capital adequacy ratio	8.27%	8.17%
Tier 1 capital adequacy ratio	10.03%	10.01%
Capital adequacy ratio	12.46%	11.58%

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40. Cash and cash equivalents

(a) Net changes in cash and cash equivalents

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Cash and cash equivalents as at 30 June	56,989,715	70,271,311
Less: Cash and cash equivalents as at 1 January	(67,382,604)	(63,085,206)
Net (decrease)/increase in cash and cash equivalents	(10,392,889)	7,186,105

(b) Cash and cash equivalents

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Cash on hand	778,266	362,503
Deposits with central bank other than restricted deposits	17,776,732	39,725,030
Deposits with banks and other financial institutions with original maturity of three months or less	19,627,205	20,760,063
Placements with banks and other financial institutions with original maturity of three months or less	2,594,632	–
Financial assets held under resale agreements with original maturity of three months or less	16,212,880	6,535,008
Total	56,989,715	67,382,604

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41. Related parties

Related parties of the Bank

(a) The Bank's major shareholders

Major shareholders include shareholders of the Bank with direct or indirect 5% or above shareholding, or with the right to appoint a director in the Bank.

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
TEDA Investment Holding Co., Ltd. (天津泰達投資控股有限公司)	20.34%	20.34%
Standard Chartered Bank (Hong Kong) Limited (渣打銀行(香港)有限公司)	16.26%	16.26%
China Shipping Investment Co., Ltd. (中海集團投資有限公司)	11.12%	11.12%
State Development & Investment Corp., Ltd. (國家開發投資集團有限公司)	9.49%	9.49%
China Baowu Steel Group Corporation Limited (中國寶武鋼鐵集團有限公司)	9.49%	9.49%
Oceanwide Industry Co., Ltd. (泛海實業股份有限公司)	7.72%	7.72%
Tianjin Shanghui Investment Holding Company Limited (天津商匯投資(控股)有限公司)	6.51%	6.51%

(b) Subsidiary of the Bank

The detailed information of the Bank's subsidiary is set out in Note 19.

(c) Associate of the Bank

The detailed information of the Bank's associate is set out in Note 20.

(d) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the board of directors, the board of supervisors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 41(a) or their controlling shareholders.

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41. Related parties *(Continued)*

Related party transactions

(a) Pricing policy

Transactions between the Group and related parties are conducted in the normal course of its business and under normal commercial terms. The pricing policies are no more favourable than those offered to independent third parties.

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

(i) Transactions between the Group and major shareholders of the Bank:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Transactions during the period		
Interest income	90,248	110,881
Fee and commission income	–	900
Interest expense	6	15
Operating expenses	13,123	12,776
	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Balances at end of the period/year		
Deposits with banks and other financial institutions	304,016	217,406
Loans and advances to customers	3,398,932	3,416,489
Deposits from customers	1,498	51,371
Lease liabilities	24,388	35,271

(ii) Transactions between the Bank and subsidiary:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Transactions during the period		
Interest expense	1,945	21,475
Fee and commission expense	10	138,035
	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Balances at end of the period/year		
Deposits from banks and other financial institutions	62,861	240,453

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41. Related parties *(Continued)*

Related party transactions *(Continued)*

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

(iii) Transactions between the Group and associate:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Transactions during the period		
Interest expense	895	17
	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Balances at end of the period/year		
Deposits from banks and other financial institutions	155,242	4,347

(iv) Transactions between the Group and other related parties:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Transactions during the period		
Interest income	341,726	374,479
Fee and commission income	23,876	38,010
Net gains on financial investments	161	229
Interest expense	179,328	289,095
Operating expenses	34,283	32,035
	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Balances at end of the period/year		
Deposits with banks and other financial institutions	4,017,361	7,263,694
Derivative financial assets	404	398
Loans and advances to customers	15,170,093	15,608,271
Financial investments	2,950,686	2,798,470
Deposits from banks and other financial institutions	6,837,405	7,705,275
Derivative financial liabilities	1,640	2,577
Deposits from customers	7,282,242	5,348,933
Debt securities issued	117,895	1,002,823
Lease liabilities	57,621	178,583
Off-balance sheet items		
Derivative financial instruments-notional amount	440,000	440,000
Bank acceptances	1,073,684	430,848
Letters of guarantees	46,096	48,211
Letters of credit	657,750	952,761

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41. Related parties *(Continued)*

Related party transactions *(Continued)*

(c) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Bank, directly or indirectly, including members of the board of directors, the supervisory board and executive officers.

(i) Transactions between the Group and key management personnel

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Transactions during the period		
Interest income	1	1
Interest expense	4	24
	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Balances at end of the period/year		
Loans and advances to customers	32	26
Deposits from customers	4,084	4,533

(ii) Key management personnel compensation

The aggregate compensation of key management personnel is listed as follows:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Key management personnel compensation	6,199	5,645

As compared with the same period last year, the increase is attributable to prior years' deferred performance compensation for executive directors that were granted in current period.

(d) Loans and advances to directors, supervisors and officers

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
	Aggregate amount of relevant loans outstanding at the end of the period/year	32
Maximum aggregate amount of relevant loans outstanding during the period/year	32	26

There were no amounts due but unpaid as at 30 June 2024 and 31 December 2023.

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42. Segment reporting

(a) Operating segment

The Group divides its business into different operating segment based on business lines for management purposes. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group defines reporting segments based on the following operating segments:

Corporate banking

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. These products and services include corporate loans and advances, trade financing, deposit taking activities, agency services, wealth management services, consulting and advisory services, remittance and settlement services and guarantee services.

Retail banking

This segment represents the provision of a range of financial products and services to retail customers. These products and services include personal loans, deposit taking activities, personal wealth management services and remittance services.

Financial market

This segment covers the Group's financial market business operations. The financial market business enters into inter-bank money market transactions, repurchases transactions, investments in inter-bank products, and bond investments and trading. The financial market business segment also covers management of the Group's overall liquidity position, including the issuance of debts.

Others

These represent assets, liabilities, income and expenses which cannot directly attributable or cannot be allocated to a segment on a reasonable basis.

Measurement of segment assets and liabilities and of segment income, expenses and results is based on the Group's accounting policies.

Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense earned from third parties are referred to as "external net interest income/expense". Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "internal net interest income/expense".

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Intra-group balances and intra-group transactions are eliminated by segment income, expenses, assets and liabilities as part of the consolidation process. Segment capital expenditure is the total cost incurred for the six months ended 30 June 2024 and 2023 to acquire property and equipment, intangible assets and other long-term assets.

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42. Segment reporting *(Continued)*

(a) Operating segment *(Continued)*

	Six months ended 30 June 2024 (Unaudited)				
	Corporate banking	Retail banking	Financial market	Others	Total
Operating income					
External net interest income/ (expense)	6,996,578	3,412,736	(2,329,156)	–	8,080,158
Internal net interest (expense)/ income	(1,116,988)	(478,046)	1,595,034	–	–
Net interest income/(expense)	5,879,590	2,934,690	(734,122)	–	8,080,158
Net fee and commission income/ (expense)	1,188,089	(246,302)	751,032	3,101	1,695,920
Net trading income/(losses)	607,713	–	(219,282)	–	388,431
Net gains on financial investments	351,980	292	2,611,630	–	2,963,902
Other operating income	2,847	5	5,059	8,619	16,530
Operating income	8,030,219	2,688,685	2,414,317	11,720	13,144,941
Operating expenses	(2,471,812)	(2,057,143)	(415,303)	(74,014)	(5,018,272)
Impairment losses on assets	(1,821,250)	(1,979,886)	(211,171)	–	(4,012,307)
Profit/(loss) before taxation	3,737,157	(1,348,344)	1,787,843	(62,294)	4,114,362
Other segment information					
– Depreciation and amortisation	434,810	374,346	70,449	1,245	880,850
– Capital expenditure	63,334	69,019	10,400	20,655	163,408
	At 30 June 2024 (Unaudited)				
	Corporate banking	Retail banking	Financial market	Others	Total
Segment assets	954,869,615	238,527,536	513,750,799	26,205,662	1,733,353,612
Deferred tax assets					14,642,128
Total assets					1,747,995,740
Segment liabilities	792,237,367	221,773,036	610,840,569	4,574,396	1,629,425,368
Total liabilities					1,629,425,368
Credit commitments	320,996,045	13,994,990	–	–	334,991,035

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42. Segment reporting *(Continued)*

(a) Operating segment *(Continued)*

	Six months ended 30 June 2023 (Unaudited)				
	Corporate banking	Retail banking	Financial market	Others	Total
Operating income					
External net interest income/ (expense)	3,894,784	6,752,986	(1,320,043)	–	9,327,727
Internal net interest income/ (expense)	1,555,522	(1,914,983)	359,461	–	–
Net interest income/(expense)	5,450,306	4,838,003	(960,582)	–	9,327,727
Net fee and commission income/ (expense)	1,260,762	(183,020)	683,951	3,473	1,765,166
Net trading income	424,499	1,474	75,295	–	501,268
Net gains on financial investments	31,749	403	1,420,991	–	1,453,143
Other operating income	10,013	1	–	25,204	35,218
Operating income	7,177,329	4,656,861	1,219,655	28,677	13,082,522
Operating expenses	(2,551,909)	(2,345,653)	(366,052)	(96,612)	(5,360,226)
Impairment losses on assets	(1,034,096)	(1,008,867)	(1,020,751)	–	(3,063,714)
Profit/(loss) before taxation	3,591,324	1,302,341	(167,148)	(67,935)	4,658,582
Other segment information					
– Depreciation and amortisation	332,852	358,145	40,139	127,042	858,178
– Capital expenditure	69,222	74,482	9,706	26,421	179,831
	At 31 December 2023 (Unaudited)				
	Corporate banking	Retail banking	Financial market	Others	Total
Segment assets	884,361,628	295,048,477	510,797,411	27,767,269	1,717,974,785
Deferred tax assets					14,759,051
Total assets					1,732,733,836
Segment liabilities	804,533,067	212,658,624	592,651,573	8,487,871	1,618,331,135
Total liabilities					1,618,331,135
Credit commitments	310,045,628	17,788,260	–	–	327,833,888

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42. Segment reporting *(Continued)*

(b) Geographical segment

Geographically, the Group mainly conducts its business in the four regions listed below in mainland China, refer to Note 17(c).

	Six months ended 30 June 2024 (Unaudited)					
	Northern and Northeastern China	Eastern China	Central and Southern China	Western China	Elimination	Total
Operating income						
External net interest income	3,236,310	2,435,766	1,460,624	947,458	-	8,080,158
Internal net interest income/ (expense)	706,708	(662,380)	233,202	(277,530)	-	-
Net interest income	3,943,018	1,773,386	1,693,826	669,928	-	8,080,158
Net fee and commission income	1,035,755	296,878	228,472	134,815	-	1,695,920
Net trading income	110,334	165,420	105,893	6,784	-	388,431
Net gains on financial investments	2,962,725	-	1,177	-	-	2,963,902
Other operating income/ (expense)	9,316	6,938	(624)	900	-	16,530
Operating income	8,061,148	2,242,622	2,028,744	812,427	-	13,144,941
Operating expenses	(2,908,709)	(938,052)	(852,608)	(318,903)	-	(5,018,272)
Impairment (losses)/reversals on assets	(2,693,333)	(489,657)	(857,181)	27,864	-	(4,012,307)
Profit before taxation	2,459,106	814,913	318,955	521,388	-	4,114,362
Other segment information						
- Depreciation and amortisation	431,213	183,960	200,464	65,213	-	880,850
- Capital expenditure	112,768	7,761	39,298	3,581	-	163,408
	At 30 June 2024 (Unaudited)					
	Northern and Northeastern China	Eastern China	Central and Southern China	Western China	Elimination	Total
Segment assets	1,285,179,748	307,445,007	277,253,249	89,389,812	(225,914,204)	1,733,353,612
Deferred tax assets						14,642,128
Total assets						1,747,995,740
Segment liabilities	1,182,540,841	306,673,604	277,243,505	88,881,622	(225,914,204)	1,629,425,368
Total liabilities						1,629,425,368
Credit commitments	100,557,804	107,300,717	100,184,544	26,947,970	-	334,991,035

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42. Segment reporting (Continued)

(b) Geographical segment (Continued)

	Six months ended 30 June 2023 (Unaudited)					
	Northern and Northeastern China	Eastern China	Central and Southern China	Western China	Elimination	Total
Operating income						
External net interest income	4,200,712	1,925,989	2,126,629	1,074,397	–	9,327,727
Internal net interest income/ (expense)	161,403	158,637	9,762	(329,802)	–	–
Net interest income	4,362,115	2,084,626	2,136,391	744,595	–	9,327,727
Net fee and commission income	1,018,538	338,956	300,047	107,625	–	1,765,166
Net trading income	325,860	104,993	57,150	13,265	–	501,268
Net gains on financial investments	1,453,143	–	–	–	–	1,453,143
Other operating income	9,508	4,351	21,259	100	–	35,218
Operating income	7,169,164	2,532,926	2,514,847	865,585	–	13,082,522
Operating expenses	(2,957,616)	(1,047,332)	(1,029,900)	(325,378)	–	(5,360,226)
Impairment (losses)/reversals on assets	(2,806,327)	419,119	(664,216)	(12,290)	–	(3,063,714)
Profit before taxation	1,405,221	1,904,713	820,731	527,917	–	4,658,582
Other segment information						
– Depreciation and amortisation	403,957	191,061	196,270	66,890	–	858,178
– Capital expenditure	100,705	48,149	21,084	9,893	–	179,831
	At 31 December 2023 (Unaudited)					
	Northern and Northeastern China	Eastern China	Central and Southern China	Western China	Elimination	Total
Segment assets	1,313,871,106	290,301,112	274,845,198	84,126,869	(245,169,500)	1,717,974,785
Deferred tax assets						14,759,051
Total assets						1,732,733,836
Segment liabilities	1,217,467,599	288,394,303	273,901,166	83,737,567	(245,169,500)	1,618,331,135
Total liabilities						1,618,331,135
Credit commitments	111,697,094	95,095,249	95,704,992	25,336,553	–	327,833,888

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43. Financial risk management

The Group has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk and operational risk.

The Group develops and continually improves risk management policies, limit system, control procedures and information system based on the latest changes in regulatory policies, market environment and business development to analyse, identify, monitor and report various risks.

This note presents information about the Group's exposure to each of the above risks and their sources, and the Group's objectives, policies and procedures for measuring and managing these risks.

Risk management system

The Board of Directors of the Bank has the ultimate responsibility for comprehensive risk management. The Risk Management and Green Finance Committee of the Group is set up under and reports to the Board of Directors. The Board of Supervisors of the Bank is responsible for the supervision of comprehensive risk management and the performance of the Board of Directors and senior management in risk management and the related rectification. The senior management shall assume the responsibilities for implementing comprehensive risk management and the resolutions of the Board of Directors.

The Group has established a risk prevention system consisting of three lines of defense against each type of key risk to which it is exposed. The first line of defense is formed by various business departments at the head office, branches, and sub-branches of the Group, which are directly responsible for the prevention of various types of risks. The second line of defense involves risk management functions of business departments, Assets and Liabilities Management Department, Internal Control and Compliance Departments, Office (Public Relations Department) and Board of Directors Office that take the lead in formulating the requisite policies and procedures, and supervising bank-wide risk management measures. The third line of defense is the Audit department which is responsible for conducting independent audit on the effectiveness of the first two lines of defense.

(a) Credit risk

Credit risk is one of the most important risks facing the business operations of the Group. The Group may be exposed to significant risks when all counterparties are concentrated in a single industry or region. This is mainly because concentration risk arises if the counterparties are subject to the same impact of the economic development of the region or industry in which they operate.

The Board of Directors of the Bank takes the ultimate responsibility for credit risk management and may authorise the Risk Management and Green Finance Committee to execute some of its functions. The Group continues to improve the credit risk management system, credit risk management policies and tools, and the management process is gradually online and digital. The efficiency of credit approval is further improved, providing strategic support for the business development of the Group.

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(In RMB thousands, unless otherwise stated)

43. Financial risk management *(Continued)*

(a) Credit risk *(Continued)*

Measurement of credit risk

Loans and advances to customers and off-balance sheet credit commitments

The Risk Management Department, Credit Review Department, Credit Monitoring Department and Asset Resolution Department are jointly responsible for management of credit risks in various credit exposures, and the credit risk management of financial investments. For corporate credit business, the Group has established a customer credit rating model system and a debt rating model system. Through customer credit rating evaluation, the Group understands the credit risk of each customer and determines the probability of default. Through debt rating, the Group makes clear the loss given default of each credit business, which can be used as a reference for credit managers to balance risks and benefits. With respect to retail credit business, the Group measures credit risk of loans and customers by closely studying the ecological platform of retail market segments and continuously improving credit scoring models, data mining and risk analysis of the historical performance of the borrowers, so as to gradually improve the effectiveness and efficiency of credit access, asset management, asset classification and impairment provisioning.

Deposits and placements with banks and other financial institutions and reverse repurchase agreements

The Group adopts a comprehensive underwriting process in relation to approving credit limits for financial institution counterparties engaging in interbank placements, deposits and securities under repurchase and resale agreements. The Group assesses the credit risk of these counterparties by adopting a quantitative and qualitative approach which collectively evaluates their internal credit rating, customer classification, size, management capabilities, industry standing, business prospects, external environment, regulatory indicators, past cooperation with the Group and financial standing and performance etc.

Debt investments and derivative financial instruments

Before making investment in bonds issued by financial institutions or corporates or before any dealing in financial derivatives with clients, the Group conducts credit assessment on the issuers and the potential clients for dealing in derivative financial instruments (excluding customers who pay full margin). The Group is also appropriately using external credit rating in assessing risk.

The credit risks in derivatives engaged by the Group are mitigated mainly through margin deposits, government bonds, pledge of time deposit certificates recognised by the Bank and credit facilities from the Bank.

Prior to approval, the Asset and Liability Management Department assesses the potential future exposure ratio for future settlement of foreign exchange on behalf of customers which is guaranteed by margin. The Credit Monitoring Department is responsible for reviewing the specific business in accordance with the business administrative measures.

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(In RMB thousands, unless otherwise stated)

43. Financial risk management *(Continued)*

(a) Credit risk *(Continued)*

Credit risk limit management

Loans and advances to customers and off-balance sheet credit commitments

The Group grants credit line to customers in accordance with the approved amount. Meanwhile, the Group reviews the approved conditions for the credit line and monitors the use of the credit limit. The Group has strict controls to prevent the use of credit in excess of the approved amounts or conditions. Where clients provide collateral, credit limits shall be frozen or adjusted in a timely manner in response to the change in value of the collateral in order to meet the approved conditions for the credit lines.

Deposits and placements with banks and other financial institutions and reverse repurchase agreements

The Group activates the credit line for financial institution counterparties based on the credit approval and monitors the deposits and placements with banks and other financial institutions and reverse repurchase agreements quotas based on the relevant information such as the credit approval and risk exposure.

Debt securities and derivative trading

The Group activates the credit line for financial institutions based on the credit approval and monitors the debt and trading quotas of interbank and non-interbank customers based on the relevant information such as the credit approval and risk exposure.

Credit risk mitigation measures

Collateral

The credit policies of the Group provide specific requirements on the acceptable collaterals and pledges and set different rates for different collaterals and pledges based on their nature and extent of realisation. The Group sets out specific requirements for the qualifications of professional appraisal agencies. In addition, through credit risk management system, the Group implements strict management on the collaterals and pledges and their ownership certificates to prevent the occurrence of operational risks.

The acceptable collaterals include financial collateral, real estate properties, accounts receivable and other collaterals, mainly consisting of cash and cash equivalent, stock, state-owned construction land use right, residential real estate, commercial real estate and accounts receivable.

If the decrease in value or quantity of collateral makes it insufficient for the actual value of the collateral to meet collateral rate, the Group shall freeze the underlying credit program amounts, require the client to provide additional collateral or security deposit or reduce the corresponding credit lines.

Risk mitigation

In order to raise the Bank's operating capabilities and further improve its risk resistance, the Bank is actively coordinating and arranging the disposal of certain assets. On 19 July 2024, the Board of Directors passed the "Proposed Mandate in Relation to the Potential Very Substantial Disposal Through Public Tender". It is expected that the Bank shall, within the validity of the authorisation period, strive to complete by the end of December 2024, the public tender procedures and the signing of the agreement regarding the transfer of the debt assets. In order to better reflect the asset quality of the Bank, these transfer assets are not included in the credit quality analysis.

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43. Financial risk management *(Continued)*

(a) Credit risk *(Continued)*

Credit risk mitigation measures (Continued)

Master netting arrangements

The Group and its counterparties enter into master netting arrangements for derivative transactions to reduce credit risk. Master netting arrangements may not lead to the offsetting between assets and liabilities on the statement of financial position, because the transactions are usually settled on a gross basis. However, the credit risk associated with the contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts are terminated and settled on a net basis.

The derivatives are mainly settled in accordance with the provisions of the International Swaps and Derivatives Association and the features of the products, using, in principle, the method that involves the lowest settlement risk.

Credit commitments

The main objective of credit commitments is to ensure that clients obtain the funds they need. The Group makes irrevocable guarantee when it issues letters of guarantee, letters of credit and acceptance bill, i.e., the Group shall make payments on behalf of client if the client cannot meet its repayment obligations to a third party, and the Group assumes the same credit risks as those of a loan, review should be done in strict compliance with the Group's relevant requirements in conducting such business.

The Group defines margin deposits as one of the risk mitigations and receives certain margin deposits when conducting relevant credit extension business, with the exception of certain creditworthy customers, to reduce the credit risk involved in providing this service. The margin deposits are collected at a certain percentage of the committed amount based on the credibility of the customers.

Impairment and provisioning policies

(1) Stages of risks in financial instruments

The financial assets are categorised by the Group into the following stages to manage its financial assets' credit risk:

Stage 1: Financial assets have not experienced a significant increase in credit risk since initial recognition and impairment is recognised on the basis of 12 months expected credit losses.

Stage 2: Financial assets have experienced a significant increase in credit risk since initial recognition and impairment is recognised on the basis of lifetime expected credit losses.

Stage 3: Financial assets that are in default and considered credit-impaired is recognised on the basis of lifetime expected credit losses.

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For the six months ended 30 June 2024

(In RMB thousands, unless otherwise stated)

43. Financial risk management *(Continued)*

(a) Credit risk *(Continued)*

Credit risk mitigation measures (Continued)

Impairment and provisioning policies *(Continued)*

(2) *Significant increase in credit risk*

The Group evaluates whether the credit risk of related financial instruments has increased significantly since initial recognition at least on each date of statement of financial position. The Group makes full use of all reasonable and supportable information, including forward-looking information, to reflect the significant changes in its credit risk when it conducts the classification of losses of financial instruments. Criteria include regulatory and operating environment, internal and external credit ratings, solvency, ability to continue as a going concern, covenants of loan contract, and repayment activities etc. Based on a single financial instrument or group of financial instruments with similar credit risk characteristics, the Group compares the risk of default of financial instruments on the date of statement of financial position with that at the end of previous period to determine the change in default risk during the expected duration of financial instruments. The Group judges whether the credit risk of a financial instrument has increased significantly since initial recognition from the risk classification, risk overdue days, internal and external ratings, probability of default, and market price etc.

(3) *Definition of "default" and "credit-impaired assets"*

When a financial asset is impaired, the Group identifies the financial asset as a default. Generally, if the financial asset is overdue for more than 90 days, it is considered as a default.

At each date of the statement of financial position, the Group assesses whether financial assets carried at amortised cost and debt instruments at fair value through other comprehensive income are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable information:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter into bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties of the borrower or issuer;
- purchase or source a financial asset at significant discount, which reflects that the financial asset is credit-impaired; or
- overdue more than 90 days.

The above criteria apply to all financial assets of the Group and they are consistent with the definition of "default" adopted by the internal management of credit risk.

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43. Financial risk management *(Continued)*

(a) Credit risk *(Continued)*

Credit risk mitigation measures (Continued)

Impairment and provisioning policies *(Continued)*

(4) Measurement of expected credit losses ("ECL")

The Group adopts ECL model to measure provision for loss of financial assets based on the stages categorised above.

The ECL is the result of the discounted product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The definitions of these terms are as follows:

- PD refers to the likelihood that a borrower will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the loan;
- EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan;
- LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. LGD varies according to different types of counterparties, methods and priority of recovering debts, and the availability of collaterals or other credit support.

The Group determines the ECL by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future years. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). For the purpose of calculating the lifetime ECL, the Group calculates the ECL of each period, and the results of calculation are then discounted to the date of statement of financial position and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate rate.

The lifetime PD is deduced from 12-month probability of default using the maturity model. The maturity model describes the development trend of the defaults of the asset portfolio over its lifetime. The model is developed based on historical observational data and applicable to all assets in the same portfolio with the same credit rating. The above method is supported by empirical analysis.

The 12-month EAD and lifetime EAD are determined based on expected repayment arrangements, which are different according to different types of products.

In respect of the financial assets with instalment repayments and bullet repayment, the Group determines 12-month or lifetime EAD according to the repayment schedule agreed in the contract, and makes adjustment based on prediction of overlimit repayment and prepayments/refinancing made by the borrower.

As to the off-balance sheet credit commitments, the parameter of EAD is calculated using the current exposure method and obtained from multiplying the nominal amount of the off-balance sheet items on the date of statement of financial position by the credit conversion factor.

The Group determines the 12-month LGD and lifetime LGD based on the factors that affect post-default recovery. LGD for different product types are different.

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For the six months ended 30 June 2024

(In RMB thousands, unless otherwise stated)

43. Financial risk management *(Continued)*

(a) Credit risk *(Continued)*

Credit risk mitigation measures (Continued)

Impairment and provisioning policies *(Continued)*

(4) *Measurement of expected credit losses ("ECL") (Continued)*

As to financial assets classified as guarantees, the Group determines the LGD according to the types of collaterals and their expected value, the discount in a forced sale, the timing of recovery and the estimated cost for recovery.

As to credit-based financial assets, the Group usually determines LGD at the product level as the difference in recoverable amounts from different borrowers is limited.

Forward-looking economic information should be considered when determining the 12-month and lifetime PD, EAD and LGD.

The Group quarterly monitors and reviews assumptions relating to the calculation of expected credit losses, including the changes in PD and the value of collaterals under different duration.

Forward-looking information included in the ECL model is as follows:

The calculation of ECL involves forward-looking information. After the historical analysis, the Group identifies the key economic indicators relating to ECL, such as gross domestic product (GDP), consumer price index (CPI), purchasing managers' index (PMI) and broad money (M2). The Group carries out regression analysis to determine the relationship between these economic indicators with PD and LGD, so as to ascertain the impact of historical changes in these indicators on PD and LGD. The Group forecasts these economic indicators at least annually and provides the best estimates of the economic conditions for the coming year.

The important macroeconomic assumptions used by the Group in various macroeconomic scenarios include M2, CPI, GDP, PMI, second-hand housing price index in 70 large and medium-sized cities, etc.

The Group establishes measurement models to identify the three risk weights, i.e. optimistic, neutral and pessimistic. During the six months ended 30 June 2024, the Group's optimistic scenario weight is 20%, neutral scenario weight is 60% and pessimistic scenario weight is 20%. The Group measures allowance for credit losses for the first stage based on the weighted average of the credit losses in these three scenarios in the next 12 months; and measures allowance for credit losses for the second and third stages based on the weighted average of credit losses in these three scenarios within the lifetime.

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43. Financial risk management *(Continued)*

(a) Credit risk *(Continued)*

(i) *Maximum credit risk exposure*

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Credit risk exposures relating to on-balance sheet items:		
Balances with the central bank	75,303,927	103,131,676
Deposits with banks and other financial institutions	19,604,097	20,938,491
Placements with banks and other financial institutions	9,931,053	12,353,608
Derivative financial assets	2,711,736	1,551,181
Financial assets held under resale agreements	16,213,376	6,532,553
Loans and advances to customers	935,947,091	920,394,849
Financial investments		
– Financial investments measured at fair value through profit or loss	178,640,679	157,036,051
– Financial investments measured at fair value through other comprehensive income	127,711,816	113,888,023
– Financial investments measured at amortised cost	340,511,700	354,928,465
Other assets	6,127,255	6,538,129
Sub-total	1,712,702,730	1,697,293,026
Credit commitments	334,991,035	327,833,888
Total	2,047,693,765	2,025,126,914

(ii) *Financial assets (including loans, advances, and financial investments) analysed by credit quality*

	At 30 June 2024 (Unaudited)							
	Carrying amount				Allowance for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Loans and advances to customers	767,598,288	32,829,360	14,914,455	815,342,103	(5,795,478)	(3,450,874)	(9,953,723)	(19,200,075)
Financial investments	301,296,290	8,364,876	32,884,772	342,545,938	(979,433)	(707,248)	(6,271,867)	(7,958,548)
Financial assets measured at fair value through other comprehensive income	212,145,673	-	1,603,145	213,748,818	(237,759)	-	(1,330,376)	(1,568,135)
Credit commitments	334,978,780	8,692	3,563	334,991,035	(393,639)	(493)	(1,782)	(395,914)

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(In RMB thousands, unless otherwise stated)

43. Financial risk management *(Continued)***(a) Credit risk** *(Continued)**(ii) Financial assets (including loans, advances, and financial investments) analysed by credit quality (Continued)*

	At 31 December 2023 (Audited)							
	Carrying amount				Allowance for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Loans and advances to customers	759,594,693	34,986,923	12,268,724	806,850,340	(5,647,264)	(5,206,582)	(7,590,312)	(18,444,158)
Financial investments	315,623,843	8,291,900	30,865,504	354,781,247	(772,484)	(727,652)	(7,216,463)	(8,716,599)
Financial assets at fair value through other comprehensive income	206,161,632	-	13,524	206,175,156	(167,652)	-	(1,377,990)	(1,545,642)
Credit commitments	327,813,698	16,634	3,556	327,833,888	(333,398)	(851)	(1,778)	(336,027)

As at 30 June 2024 and at 31 December 2023, the fair value of collaterals held against loans and advances that are overdue but not credit-impaired and assessed for lifetime expected credit losses amounted to RMB3,512 million and RMB5,268 million, respectively. The fair value of collaterals held against loans and advances that are credit-impaired and assessed for lifetime expected credit losses amounted to RMB10,424 million and RMB10,831 million, respectively. The collaterals mainly include land, buildings, machinery and equipment, etc. The fair value of collaterals was estimated by the Group based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

(iii) Restructured loans and advances to customers

Restructured loans refer to those loans that the financial conditions of the relevant borrowers deteriorate, or that borrowers are not capable of repaying and therefore certain clauses on the loan contract are amended. As at 30 June 2024 and at 31 December 2023, the Group's restructured loans amounted to RMB1,271 million and RMB960 million, respectively.

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43. Financial risk management *(Continued)*

(a) Credit risk *(Continued)*

(iv) Credit rating

The Group adopts a credit rating approach in managing the credit risk of the debt securities and certificates of interbank deposit portfolio. Debt securities and certificates of interbank deposit are rated with reference to major rating agencies where the issuers of the securities are located. The carrying amounts of debt securities investments (excluding interests accrued) analysed by the rating agency designations as at 30 June 2024 and at 31 December 2023 are as follows:

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Neither overdue nor impaired		
<i>Ratings</i>		
– AAA	356,432,294	337,282,252
– AA- to AA+	44,632,219	42,978,556
Sub-total	401,064,513	380,260,808
Unrated	14,515,342	9,777,988
Total	415,579,855	390,038,796

(b) Market risk (including the interest rate risk in the banking book)

Market risk refers to the risk of losses to the Group's on-balance sheet and off-balance sheet activities arising from unfavorable changes in market prices, mainly including interest rates and exchange rates, commodity risk and equity risks. The interest rate risk in the banking book refers to the risk of losses on the economic value and the overall income of the banking book resulted from unfavorable changes in interest rate levels and the maturity structure. The Group is exposed to market risks in its trading book and banking book. Financial instruments and commodity position recorded in the trading book are those held by the Group for the purpose of trading or hedging risks in other items of trading book and which can be traded freely. The assets and liabilities of long-term positions held for the purpose of managing the liquidity of the Group, regulatory reserve or profit maximisation are included in the banking book. Generally, the assets and liabilities recorded in the banking book are mainly held-to-maturity.

The Board of Directors is responsible for approving market risk management strategies (including interest rate risks in the banking book, similarly hereinafter), policies and procedures, determining the level of market risk tolerance, urging senior management to undertake necessary measures to identify, measure, monitor and control market risk, obtaining periodic reports associated with the nature and level of market risk, monitoring and evaluating the comprehensiveness, effectiveness of market risk management, and performance of senior management under market risk management. The Group's senior management has set up the Asset and Liability Management Committee which is in charge of formulating, reviewing and supervising market risk policy and procedure, and process execution. The committee sets market risk limit according to the Board's risk appetite.

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For the six months ended 30 June 2024

(In RMB thousands, unless otherwise stated)

43. Financial risk management *(Continued)*

(b) Market risk (including the interest rate risk in the banking book)

(Continued)

The Group sets up the market risk management team under the Asset and Liability Management Department. The team is independent of the trading department, and responsible for leading the market risk identification, measurement, monitoring and control, ensuring that the market risk of the Group is in compliance with the requirements of internal limits and external supervision according to the Group's market risk management policies and procedures.

Trading book market risk

Limits management

In order to control trading book market risk, the Group sets Value-at-Risk limits, Basis Point Value limits and stop loss limits.

Stress testing

Stress testing is used to assess the loss sustainability under extreme adverse conditions when significant market changes take place, including the extreme fluctuations of market risk elements, such as interest rates and exchange rates, unexpected political or economic events, or a combination of the above situations. The market risk of the Group goes through stress testing on a regular basis.

Assessment of fair value

Assessment of the fair value of financial instruments is based on the quantitative analysis of the financial products that takes into consideration the specific characteristics of the financial products, market situation of trading strategy, risk factors and the quality and qualification of counterparties. The Group assesses the fair value of its financial instruments on a regular basis.

Interest rate risk of banking book

Interest rate risk of the banking book is measured and managed mainly through gap management, sensitivity analysis and duration analysis to ensure the interest rate risk of the banking book is controlled within the Bank's risk appetite.

The Group calculates the interest rate sensitivity gap based on repricing cash flow of the interest-earning assets and interest-bearing liabilities, and conducts scenario analysis, to assess the impact on the Group due to changes in interest rates. The impact on the market value of assets or liabilities of one basis point movement in interest rate is assessed through calculation of Basis Point Value.

Interest rate risk of the Group's banking book goes through stress testing on a regular basis. In such stress testing, base interest rate and market rate are treated as prime factors, and other factors such as political and economic contingency or several contingencies occurring at the same time are included.

Interest rate risk

The Group operates its business predominantly in mainland China under the interest rate scheme regulated by the PBoC.

The Group manages its interest rate risks through gap analysis, duration analysis and sensitivity analysis of its assets and liabilities. The Group set limits to the gap, duration and interest rate sensitivity, and monitors regularly to ensure that the exposures are within the Group's limit.

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43. Financial risk management *(Continued)*

(b) Market risk (including the interest rate risk in the banking book) *(Continued)*

Interest rate risk (Continued)

- (i) The table below summarises the Group's exposures to interest rate risks. It presents the Group's on-balance sheet assets and liabilities at carrying amounts, by the earlier of the contractual re-pricing date or the maturity date.

	At 30 June 2024 (Unaudited)					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and balances with the central bank	76,082,193	2,463,738	73,618,455	-	-	-
Deposits with banks and other financial institutions	19,604,097	4,539	19,599,558	-	-	-
Placements with banks and other financial institutions	9,931,053	112,498	5,601,472	4,217,083	-	-
Derivative financial assets	2,711,736	2,711,736	-	-	-	-
Financial assets held under resale agreements	16,213,376	2,611	16,210,765	-	-	-
Loans and advances to customers <i>(Note (a))</i>	935,947,091	13,851,892	206,451,912	591,950,969	109,992,732	13,699,586
Financial investments <i>(Note (b))</i>	651,748,787	44,859,067	171,696,560	102,352,300	249,606,197	83,234,663
Others	35,757,407	35,757,407	-	-	-	-
Total assets	1,747,995,740	99,763,488	493,178,722	698,520,352	359,598,929	96,934,249
Liabilities						
Borrowings from the central bank	133,383,949	1,916,949	41,273,000	90,194,000	-	-
Deposits from banks and other financial institutions	169,028,557	1,378,465	93,827,029	73,823,063	-	-
Placements from banks and other financial institutions	35,065,124	648,160	19,726,941	14,690,023	-	-
Derivative financial liabilities	1,423,378	1,423,378	-	-	-	-
Financial assets sold under repurchase agreements	54,133,162	22,568	53,630,775	479,819	-	-
Deposits from customers	952,834,686	18,376,076	404,399,954	267,538,514	261,982,142	538,000
Debt securities issued	267,162,889	910,942	85,733,388	117,542,646	62,975,913	-
Others	16,393,623	12,532,768	282,433	709,076	2,198,938	670,408
Total liabilities	1,629,425,368	37,209,306	698,873,520	564,977,141	327,156,993	1,208,408
Asset-liability gap	118,570,372	62,554,182	(205,694,798)	133,543,211	32,441,936	95,725,841

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(In RMB thousands, unless otherwise stated)

43. Financial risk management *(Continued)***(b) Market risk (including the interest rate risk in the banking book)**
*(Continued)***Interest rate risk** *(Continued)*

- (i) The table below summarises the Group's exposures to interest rate risks. It presents the Group's on-balance sheet assets and liabilities at carrying amounts, by the earlier of the contractual re-pricing date or the maturity date *(Continued)*

	At 31 December 2023 (Audited)					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and balances with the central bank	103,494,179	395,350	103,098,829	-	-	-
Deposits with banks and other financial institutions	20,938,491	5,372	20,933,119	-	-	-
Placements with banks and other financial institutions	12,353,608	236,648	6,482,333	5,634,627	-	-
Derivative financial assets	1,551,181	1,551,181	-	-	-	-
Financial assets held under resale agreements	6,532,553	1,337	6,531,216	-	-	-
Loans and advances to customers <i>(Note (a))</i>	920,394,849	12,350,216	435,271,170	332,900,018	126,735,034	13,138,411
Financial investments <i>(Note (b))</i>	633,136,792	47,268,063	152,655,270	86,187,696	288,718,119	58,307,644
Others	34,332,183	34,332,183	-	-	-	-
Total assets	1,732,733,836	96,140,350	724,971,937	424,722,341	415,453,153	71,446,055
Liabilities						
Borrowings from the central bank	133,787,964	1,769,964	50,662,000	81,356,000	-	-
Deposits from banks and other financial institutions	158,762,222	1,184,275	79,878,884	77,699,063	-	-
Placements from banks and other financial institutions	34,920,012	614,719	11,308,915	21,981,879	1,014,499	-
Derivative financial liabilities	990,612	990,612	-	-	-	-
Financial assets sold under repurchase agreements	66,634,253	22,725	65,982,834	628,694	-	-
Deposits from customers	934,593,879	19,477,362	436,835,191	227,027,687	250,587,639	666,000
Debt securities issued	267,923,368	1,594,678	95,572,763	116,784,488	53,971,439	-
Others	20,718,825	16,603,237	337,044	728,372	2,316,260	733,912
Total liabilities	1,618,331,135	42,257,572	740,577,631	526,206,183	307,889,837	1,399,912
Asset-liability gap	114,402,701	53,882,778	(15,605,694)	(101,483,842)	107,563,316	70,046,143

Notes:

- (a) As at 30 June 2024 and 31 December 2023, for loans and advances to customers, the category "Less than three months" includes overdue amounts (net of allowance for impairment losses) of RMB13,005 million and RMB15,904 million, respectively.
- (b) Financial investments include financial investments measured at fair value through profit or loss, financial investments measured at fair value through other comprehensive income and financial investments measured at amortised cost.

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43. Financial risk management *(Continued)*

(b) Market risk (including the interest rate risk in the banking book)

(Continued)

Interest rate risk *(Continued)*

(ii) Interest rate sensitivity analysis

The Group uses sensitivity analysis to measure the potential impact of changes in interest rate on the Group's profit before tax and equity (without tax effect). The following table sets forth the results of the Group's interest rate sensitivity analysis on profit before tax and equity (without tax effect) with an assumption that all other variables are held constant.

	At 30 June 2024 (Unaudited) (Decrease)/ Increase	At 31 December 2023 (Audited) (Decrease)/ Increase
Change in profit before tax		
Up 100 bps parallel shift in yield curves	(1,872,686)	(1,781,161)
Down 100 bps parallel shift in yield curves	1,872,686	1,781,161

	At 30 June 2024 (Unaudited) (Decrease)/ Increase	At 31 December 2023 (Audited) (Decrease)/ Increase
Change in equity (without tax effect)		
Up 100 bps parallel shift in yield curves	(3,067,192)	(2,910,658)
Down 100 bps parallel shift in yield curves	3,067,192	2,910,658

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualised profit before tax and equity (without tax effect) would have been affected by repricing of the Group's assets and liabilities within the one-year period.

Due to possible inconsistencies between the actual situation and assumptions, the actual changes in the Group's profit before tax and equity (without tax effect) caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.

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43. Financial risk management *(Continued)*

(b) Market risk (including the interest rate risk in the banking book)

(Continued)

Foreign currency risk

Foreign exchange risk refers to the risk of losses arising from the negative changes in the rate of exchange. The Group conducts the majority of its business in RMB, with certain foreign transactions in United States dollars ("USD"), Hong Kong dollars ("HKD") and, to a much lesser extent, other currencies.

The Group's principle in controlling foreign exchange risk is to match its assets and liabilities by currency and to maintain foreign exchange risk within established limits. The Group has set foreign exchange risk limits which are consistent with the guidelines established by the Asset and Liability Management Committee of the Group and are in accordance with the relevant regulatory requirements and reflect management's assessment of current circumstances. The Group also manages its sources and uses of foreign currencies to minimise potential mismatches.

The Group monitors its foreign exchange risk by mainly using foreign exchange exposure analysis, scenario analysis and stress testing to measure and analyse the foreign exchange risk. Besides, the Group monitors and controls the foreign exchange risk through the limit management. The Asset and Liability Management Department's market risk team performs independent monitoring, reporting, and management for the entire Group's foreign exchange risk. Meanwhile, the Group manages the on-balance sheet foreign exchange risk exposures through derivative financial instruments such as foreign exchange swaps and foreign exchange forwards and keeps the Group's total exposures of on-balance sheet and off-balance sheet to a low level. Therefore, the foreign exchange exposure at the end of the period is not sensitive to exchange rate fluctuations, and the potential impact on the Group's net profit and shareholders' equity is not significant.

The following table summarises the Group's exchange risk of assets and liabilities at reporting date. Included in the table are the carrying value of assets and liabilities, and the off-balance sheet credit commitments in RMB equivalent, categorised by the original currency.

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43. Financial risk management *(Continued)*

(b) Market risk (including the interest rate risk in the banking book)

(Continued)

Foreign currency risk *(Continued)*

The Group's currency exposures as at 30 June 2024 and 31 December 2023 are as follows:

	At 30 June 2024 (Unaudited)			
	RMB	USD (In RMB equivalent)	Others (In RMB equivalent)	Total (In RMB equivalent)
Assets				
Cash and balances with the central bank	73,919,050	2,027,186	135,957	76,082,193
Deposits with banks and other financial institutions	10,589,441	8,073,301	941,355	19,604,097
Placements with banks and other financial institutions	6,079,846	1,505,841	2,345,366	9,931,053
Derivative financial assets	2,711,128	–	608	2,711,736
Financial assets held under resale agreements	16,213,376	–	–	16,213,376
Loans and advances to customers	889,957,497	39,311,633	6,677,961	935,947,091
Financial investments <i>(Note (i))</i>	608,303,422	39,944,648	3,500,717	651,748,787
Others	31,328,560	421,212	4,007,635	35,757,407
Total assets	1,639,102,320	91,283,821	17,609,599	1,747,995,740
Liabilities				
Borrowings from the central bank	133,383,949	–	–	133,383,949
Deposits from banks and other financial institutions	162,531,511	5,336,634	1,160,412	169,028,557
Placements from banks and other financial institutions	9,050,850	19,761,246	6,253,028	35,065,124
Derivative financial liabilities	1,404,364	–	19,014	1,423,378
Financial assets sold under repurchase agreements	54,133,162	–	–	54,133,162
Deposits from customers	909,991,904	37,637,911	5,204,871	952,834,686
Debt securities issued	264,407,362	2,755,527	–	267,162,889
Others	15,365,639	920,595	107,389	16,393,623
Total liabilities	1,550,268,741	66,411,913	12,744,714	1,629,425,368
Net position	88,833,579	24,871,908	4,864,885	118,570,372
Credit commitments	314,953,645	18,681,422	1,355,968	334,991,035

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43. Financial risk management *(Continued)*

(b) Market risk (including the interest rate risk in the banking book)

(Continued)

Foreign currency risk *(Continued)*

The Group's currency exposures as at 30 June 2024 and 31 December 2023 are as follows: *(Continued)*

	At 31 December 2023 (Audited)			
	RMB	USD (In RMB equivalent)	Others (In RMB equivalent)	Total (In RMB equivalent)
Assets				
Cash and balances with the central bank	100,279,850	1,596,658	1,617,671	103,494,179
Deposits with banks and other financial institutions	10,067,289	9,809,904	1,061,298	20,938,491
Placements with banks and other financial institutions	12,353,608	–	–	12,353,608
Derivative financial assets	1,545,023	–	6,158	1,551,181
Financial assets held under resale agreements	6,532,553	–	–	6,532,553
Loans and advances to customers	868,500,425	45,022,098	6,872,326	920,394,849
Financial investments <i>(Note (i))</i>	590,805,816	38,445,447	3,885,529	633,136,792
Others	29,284,639	146,819	4,900,725	34,332,183
Total assets	1,619,369,203	95,020,926	18,343,707	1,732,733,836
Liabilities				
Borrowings from the central bank	133,787,964	–	–	133,787,964
Deposits from banks and other financial institutions	154,081,335	3,905,520	775,367	158,762,222
Placements from banks and other financial institutions	3,147,188	24,808,071	6,964,753	34,920,012
Derivative financial liabilities	989,487	–	1,125	990,612
Financial assets sold under repurchase agreements	66,634,253	–	–	66,634,253
Deposits from customers	895,002,140	37,196,762	2,394,977	934,593,879
Debt securities issued	264,536,738	3,386,630	–	267,923,368
Others	17,656,513	1,001,747	2,060,565	20,718,825
Total liabilities	1,535,835,618	70,298,730	12,196,787	1,618,331,135
Net position	83,533,585	24,722,196	6,146,920	114,402,701
Credit commitments	309,997,319	15,168,149	2,668,420	327,833,888

- (i) Financial investments include financial investments measured at fair value through profit or loss, financial investments measured at fair value through other comprehensive income, financial investments measured at amortised cost.

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(In RMB thousands, unless otherwise stated)

43. Financial risk management *(Continued)*

(c) Liquidity risk

The Group adopts a centralised approach with respect to its liquidity risk management, in which the head office centrally manages overall liquidity risk across the Group under the policies and guidance set by the Board of Directors. Liquidity risk is managed at three levels from the Board of Directors to senior management and down to individual departments, so that all level of the Group are involved in the liquidity risk management. The Asset and Liability Management Department is the lead department in managing the liquidity risk, and is responsible for formulating liquidity risk management strategies, policies and procedures, and identifying, measuring, monitoring and controlling liquidity risk, and ensuring the Group's overall liquidity risk is controlled within the Group's risk tolerance based on cash flow gap analysis, with the help of intraday position management, early-warning indicators and limit control, among other means and methods, and by conducting stress testing and crisis response exercises, strengthening market forecast and implementing dynamic liquidity risk management when appropriate. The Group reviews the above practices and means and methods at least once a year. The Group has established and continuously improved a comprehensive and systematic liability business management and risk control system to continuously improve the efficiency and level of financial services to the real economy. The Corporate Banking Department, Retail Banking Department and Financial Market Department, among others at the head office, and the branches engage in their business activities in compliance with the liquidity risk management policies, risk appetite, processes, limits and other requirements as set down by the Board of Directors and senior management.

In addition to effectively managing intraday positions, the Group manages cash flows, balancing liquidity and profitability and ensuring safety payment of the Group and implementing integration management of local and foreign currency. For medium- and long-term liquidity risk management, the Group strengthens management measures on regulatory ratios and internal limit, and timely monitors early warning indicators, implements initiative supplementing of liabilities, stabilises the source of capital and improves future maturity structure of assets and liabilities. Regulatory indicators including liquidity proportion, liquidity coverage ratio, net stable funding ratio and liquidity matching rate are set to guide business development. Internal limits, primarily on treasury loans, debt securities pledged as security and asset-liability maturity gap, are monitored to manage and adjust mismatches between the duration of assets and liabilities. Enforcing the establishment and analysis of customer behavior models, leveraging liquidity management models that use prudent assumptions on the Group's cash inflows and outflows from its assets and liabilities, and by monitoring, analysing and managing its compliance with regulatory indicators and internal limits, the Group has been able to maintain a sound liquidity position.

In order to cope with its potential impact arising from fluctuation of capital market and changes of macroeconomic environment, the Group conducts stress tests for liquidity risk on a quarterly basis, including the test of cash flow gaps in the future 7 days, 30 days and 90 days and implementation of shortest lifetime management of the Group by introducing the internal and external factors to test the Group's tolerance of liquidity risks under different stress scenarios through simulation of decline in the price of marketable securities and outflow of deposits. Also, in consideration of its business size, complexity, level of risk and organisational structure, the Group has emergency plans in place and explicit internal division of duties and emergency procedures to ensure its liquidity under a crisis situation.

The Group formulates investment guidelines and regularly assesses and adjusts its investment strategies for debt securities in light of actual risk management needs, clearly defines the ceiling for collateral bonds through internal limits. This ensures the availability of sufficient quality liquid assets which are readily realisable, and structurally ensures the potential liquidity needs of the Group are well taken care of. The Group focuses on the adjustment and optimisation of asset structure, establishes a portfolio of liquidity reserve assets, and implements asset planning management, and pay attention to the stable return of funds when business is due. In addition, the Group continues to expand its various funding channels, actively strengthens the degree of participation in the issuance of financial bonds, inter-bank customer relationship management and open market operations of the PBoC, expands interbank credit, builds up emergency fund reserves, attempts to expand the Group's medium- and long-term stable sources of liabilities, so as to improve the Group's financing ability under high liquidity pressure.

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43. Financial risk management *(Continued)***(c) Liquidity risk** *(Continued)***Maturity analysis**

The following tables provide an analysis of non-derivative assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at 30 June 2024 and 31 December 2023:

	At 30 June 2024 (Unaudited)							Total
	Indefinite Note (i)	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and balances with the central bank	57,500,865	18,581,328	-	-	-	-	-	76,082,193
Deposits from banks and other financial institutions	-	19,604,097	-	-	-	-	-	19,604,097
Placements from banks and other financial institutions	140,000	-	4,150,477	1,361,887	4,278,689	-	-	9,931,053
Financial assets held under resale agreements	-	-	16,213,376	-	-	-	-	16,213,376
Loans and advances to customers	30,511,080	6,134,390	76,994,348	94,695,854	291,790,482	230,899,759	204,921,178	935,947,091
Financial investments <i>(Note (iii))</i>	26,559,248	116,663,974	25,004,942	42,797,975	103,166,290	254,379,387	83,176,971	651,748,787
Others	29,675,076	6,082,331	-	-	-	-	-	35,757,407
Total assets	144,386,269	167,066,120	122,363,143	138,855,716	399,235,461	485,279,146	288,098,149	1,745,284,004
Liabilities								
Borrowings from the central bank	-	-	84,214	42,023,974	91,275,761	-	-	133,383,949
Deposits from banks and other financial institutions	-	51,634,956	18,319,909	24,196,059	74,877,633	-	-	169,028,557
Placements from banks and other financial institutions	-	200,021	11,570,995	8,243,874	15,050,234	-	-	35,065,124
Financial assets sold under repurchase agreements	-	-	37,118,209	16,534,742	480,211	-	-	54,133,162
Deposits from customers	-	228,853,445	73,019,177	107,789,233	273,136,124	269,482,891	553,816	952,834,686
Debt securities issued	-	-	19,755,387	65,978,002	117,658,710	63,770,790	-	267,162,889
Others	12,532,768	-	177,931	104,501	709,076	2,198,938	670,409	16,393,623
Total liabilities	12,532,768	280,688,422	160,045,822	264,870,385	573,187,749	335,452,619	1,224,225	1,628,001,990
Net position	131,853,501	(113,622,302)	(37,682,679)	(126,014,669)	(173,952,288)	149,826,527	286,873,924	117,282,014

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43. Financial risk management *(Continued)*

(c) Liquidity risk *(Continued)*

Maturity analysis (Continued)

The following tables provide an analysis of non-derivative assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at 30 June 2024 and 31 December 2023: *(Continued)*

	At 31 December 2023 (Audited)							Total
	Indefinite Note (i)	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and balances with the central bank	63,373,799	40,120,380	-	-	-	-	-	103,494,179
Deposit with banks and other financial institutions	-	20,738,491	-	200,000	-	-	-	20,938,491
Placements with banks and other financial institutions	140,000	-	2,235,300	4,195,405	5,782,903	-	-	12,353,608
Financial assets held under resale agreements	-	-	6,532,553	-	-	-	-	6,532,553
Loans and advances to customers	28,937,405	7,488,374	109,568,892	94,609,323	230,051,932	245,650,366	204,088,557	920,394,849
Financial investments <i>(Note (iii))</i>	24,796,351	31,707,447	68,081,384	28,720,906	107,807,306	300,106,168	71,917,230	633,136,792
Others	29,675,493	4,656,690	-	-	-	-	-	34,332,183
Total assets	146,923,048	104,711,382	186,418,129	127,725,634	343,642,141	545,756,534	276,005,787	1,731,182,655
Liabilities								
Borrowings from the central bank	-	-	20,534,723	31,373,494	81,879,747	-	-	133,787,964
Deposits from banks and other financial institutions	-	38,428,688	9,471,720	32,469,960	78,391,854	-	-	158,762,222
Placements from banks and other financial institutions	-	-	5,285,750	6,323,625	22,289,266	1,021,371	-	34,920,012
Financial assets sold under repurchase agreements	-	-	64,931,118	1,073,873	629,262	-	-	66,634,253
Deposits from customers	-	253,687,499	92,899,008	95,250,583	232,349,494	259,724,377	682,918	934,593,879
Debt securities issued	-	-	27,267,591	68,311,386	117,414,077	54,930,314	-	267,923,368
Others	16,603,237	-	1,415	335,629	728,372	2,316,260	733,912	20,718,825
Total liabilities	16,603,237	292,116,187	220,391,325	235,138,550	533,682,072	317,992,322	1,416,830	1,617,340,523
Net position	130,319,811	(187,404,805)	(33,973,196)	(107,412,916)	(190,039,931)	227,764,212	274,588,957	113,842,132

Notes:

- (i) Indefinite amount of cash and balances with the central bank represents the statutory deposit reserves and fiscal deposits with the central bank. Indefinite amount of loans and advances to customers includes all the impaired loans and advances, as well as those overdue more than one month. Loans and advances to customers with no impairment but overdue within one month are classified in the category of repayable on demand. Indefinite amount of financial investments represents impaired investments or those overdue more than one month. Equity investments are listed in the category of indefinite.
- (ii) Financial investments include financial investments measured at fair value through profit or loss, financial investments measured at fair value through other comprehensive income and financial investments measured at amortised cost.

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(In RMB thousands, unless otherwise stated)

43. Financial risk management *(Continued)*

(c) Liquidity risk *(Continued)*

Analysis on contractual undiscounted cash flows of non-derivative financial liabilities

The following tables provide an analysis of the contractual undiscounted cash flows of non-derivative financial liabilities of the Group at 30 June 2024 and 31 December 2023:

	At 30 June 2024 (Unaudited)								
	Carrying amount	Contractual undiscounted cash flows	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Non-derivative financial liabilities									
Borrowings from the central bank	133,383,949	134,799,477	-	-	84,302	42,230,674	92,484,501	-	-
Deposits from banks and other financial institutions	169,028,557	169,987,789	-	51,635,111	18,331,512	24,305,993	75,715,173	-	-
Placements from banks and other financial institutions	35,065,124	35,442,298	-	200,031	11,584,175	8,317,516	15,340,576	-	-
Financial assets sold under repurchase agreements	54,133,162	55,788,976	-	-	38,740,355	16,565,762	482,859	-	-
Deposits from customers	952,834,686	964,676,919	-	228,853,445	73,049,629	107,993,598	275,477,715	278,596,109	706,423
Debt securities issued	267,162,889	277,417,997	-	-	19,779,020	66,237,841	119,067,787	72,333,349	-
Other financial liabilities	15,496,177	15,893,046	11,635,322	-	177,939	104,777	725,337	2,419,721	829,950
Total non-derivative financial liabilities	1,627,104,544	1,654,006,502	11,635,322	280,688,587	161,746,932	265,756,161	579,293,948	353,349,179	1,536,373
Credit commitments	334,991,035	334,991,035	-	82,652,048	39,367,321	71,936,870	124,098,029	16,936,138	629

	At 31 December 2023 (Audited)								
	Carrying amount	Contractual undiscounted cash flow	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Non-derivative financial liabilities									
Borrowings from the central bank	133,787,964	135,496,332	-	-	20,559,167	31,513,676	83,423,489	-	-
Deposits from banks and other financial institutions	158,762,222	160,484,484	-	38,428,688	9,484,380	32,620,620	79,950,796	-	-
Placements from banks and other financial institutions	34,920,012	35,714,495	-	-	5,302,279	6,368,358	22,994,035	1,049,823	-
Financial assets sold under repurchase agreements	66,634,253	67,488,797	-	-	65,778,063	1,077,630	633,104	-	-
Deposits from customers	934,593,879	948,634,672	-	253,687,499	92,950,882	95,528,188	235,143,434	270,439,008	885,661
Debt securities issued	267,923,368	275,181,748	-	-	27,312,630	68,615,205	118,879,392	60,374,521	-
Other financial liabilities	20,069,373	20,508,385	15,953,785	-	1,415	336,545	744,529	2,552,357	919,754
Total non-derivative financial liabilities	1,616,691,071	1,643,508,913	15,953,785	292,116,187	221,388,816	236,060,222	541,768,779	334,415,709	1,805,415
Credit commitments	327,833,888	327,833,888	-	20,322,293	52,489,815	72,256,766	167,712,210	15,052,175	629

This analysis of the non-derivative financial liabilities by contractual undiscounted cash flows might diverge from actual results.

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43. Financial risk management *(Continued)*

(c) Liquidity risk *(Continued)*

Analysis on contractual undiscounted cash flows of derivative financial instruments

The Group's derivative financial instruments that will be settled on a net basis include interest rate swaps and precious metal swaps. The Group's derivative financial instruments that will be settled on a gross basis are exchange rate derivatives.

The following table analyses the contractual undiscounted cash flows of the Group's financial derivatives that will be settled on net amounts and gross amounts basis. The amounts disclosed are the contractual undiscounted cash flows.

	At 30 June 2024 (Unaudited)				
	Within one month	One month to three months	Three months to one year	One year to five years	Total
Derivative financial instruments settled on net basis					
Interest rate swaps	–	249	15,825	3,081	19,155
Precious metal swaps	184,946	63,893	465,670	–	714,509
Derivative financial instruments settled on gross basis					
Exchange rate swaps					
– Cash inflow	36,952,545	38,749,101	33,873,037	2,962,229	112,536,912
– Cash outflow	(36,824,868)	(38,796,793)	(33,740,696)	(2,733,340)	(112,095,697)
Exchange rate forwards					
– Cash inflow	4,248,592	3,599,289	31,989,638	498,629	40,336,148
– Cash outflow	(4,245,453)	(3,593,354)	(31,903,971)	(493,025)	(40,235,803)
Foreign exchange option contracts					
– Cash inflow	1,620,042	213,121	1,411,271	–	3,244,434
– Cash outflow	(1,618,992)	(214,544)	(1,392,098)	–	(3,225,634)

	At 31 December 2023 (Audited)				
	Within one month	One month to three months	Three months to one year	One year to five years	Total
Derivative financial instruments settled on net basis					
Interest rate swaps	380	7,175	907	1,905	10,367
Precious metal swaps	–	108,711	109,482	–	218,193
Interest rate option contracts	–	–	18	–	18
Derivative financial instruments settled on gross basis					
Exchange rate swaps					
– Cash inflow	32,395,814	22,004,892	28,250,283	1,356,741	84,007,730
– Cash outflow	(32,195,520)	(22,034,506)	(28,439,457)	(1,299,605)	(83,969,088)
Exchange rate forwards					
– Cash inflow	1,938,088	816,524	19,144,994	20,597,991	42,497,597
– Cash outflow	(1,937,002)	(814,855)	(19,110,456)	(20,536,211)	(42,398,524)
Foreign exchange option contracts					
– Cash inflow	–	556,566	–	–	556,566
– Cash outflow	–	(556,566)	–	–	(556,566)

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43. Financial risk management *(Continued)*

(d) Operational risk

Operational risk is the risk of losses due to inadequate or flawed internal processes, staff and IT systems, and external events. It includes legal risk but excludes strategic risk and reputational risk.

During the reporting period, the Group analyses the latest requirements on operational risk management, determines and plans the operational risk management improvement approach; revises operational risk appetite and risk management policies and clarifies the lines of duty and management requests for three lines of defense on operational risk management; kick starts the pilot run on the operational risk management evaluation and collection of historical loss data, and makes progress on the development of the three operational risk management tools; begins the revamp of the operational risk management system and completes the business needs analysis of the new operational risk management system; organised the business continuity system of branches to meet standards.

44. Fair value

(a) Methods and assumptions for measurement of fair value

The Group adopts the following methods and assumptions when estimating fair values:

(i) Debt securities, certificates of interbank deposit, investment funds and equity investments

The fair values of debt securities, certificates of interbank deposit, investment funds and equity investments that are traded in an active market are based on their quoted market prices in an active market at the end of reporting period. If quoted market prices are not available, then fair values are estimated on the basis of pricing models, such as discounted cash flow model.

(ii) Other non-derivative financial assets

Fair values are estimated as the present value of the future cash flows. The discount rates are based on the market interest rates adjusted for market liquidity and credit spreads at the end of reporting period.

(iii) Debt securities issued and other non-derivative financial liabilities

Fair values of debt securities issued are based on their quoted market prices at the end of reporting period, or the present value of estimated future cash flows. The fair values of other non-derivative financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates adjusted for market liquidity and credit spreads at the end of reporting period.

(iv) Derivatives

Derivatives valued using a valuation technique with market observable inputs are mainly interest rate swaps, foreign exchange forwards, swaps and options, etc. The most frequently applied valuation techniques include discounted cash flow model and the Garman Kohlhagen model extended from Black Scholes model. The models incorporate various inputs including foreign exchange spot and forward rates, foreign exchange rate volatility, interest rate yield curves, etc.

Notes to the Unaudited Consolidated Financial Statements
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44. Fair value *(Continued)*

(b) Fair value measurement

(i) *Financial assets*

The Group's financial assets mainly consist of cash, balances with the central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, derivative financial assets, reverse repurchase agreements, loans and advances to customers, and investments.

Balances with the central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions and reverse repurchase agreements are mostly priced at market interest rates and due within one year. Accordingly, the carrying amounts approximate the fair values.

Loans and advances to customers are mostly priced at floating rates close to the Loan Prime Rate. Accordingly, the carrying amounts approximate the fair values.

Derivative financial assets, financial investments measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss are stated at fair value. Financial investments measured at amortised cost are the reasonable approximations of their fair values because they are short-term in nature, repriced at current market rates frequently or provided with adequate impairment allowances.

(ii) *Financial liabilities*

The Group's financial liabilities mainly include deposits from banks and other financial institutions, placements from banks and other financial institutions, derivative financial liabilities, repurchase agreements, deposits from customers and debt securities issued.

Derivative financial liabilities are stated at fair value. The fair value of debt securities issued is presented in Note 44(c). The carrying amounts of other financial liabilities approximate their fair value.

Notes to the Unaudited Consolidated Financial Statements

For the six months ended 30 June 2024

(In RMB thousands, unless otherwise stated)

44. Fair value *(Continued)*

(c) Fair value hierarchy

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 – Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3: Fair value measured using significant unobservable inputs.

If there is a reliable market quote for a financial instrument that is measured at fair value, the fair value of which is based on quoted market prices. When quoted prices on open market are not available, the Group determines the fair value of financial instruments by using appropriate valuation model, enquiry or by reference to the valuation results of third-party appraisal firm. The Group selects appropriate models based on the risk characteristics, liquidity, counterparty risk and pricing basis of specific financial instruments or trading strategies to ensure that their fair value are truly and effectively reflected. The Group selects the quoted prices or refers to the valuation results of third-party appraisal firm for evaluation of the fair value of a financial instrument, and when referring to the valuation results of third-party appraisal firm, the authority, independence and professionalism of the valuer should be assessed.

Notes to the Unaudited Consolidated Financial Statements
For the six months ended 30 June 2024
(In RMB thousands, unless otherwise stated)

44. Fair value *(Continued)*

(c) Fair value hierarchy *(Continued)*

	At 30 June 2024 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Assets				
Derivative financial assets	–	2,711,736	–	2,711,736
Loans and advances to customers measured at fair value through profit or loss				
– Corporate loans and advances	–	22,318,549	–	22,318,549
Loans and advances to customers measured at fair value through other comprehensive income				
– Corporate loans and advances	–	644,705	–	644,705
– Discounted bills	–	86,420,361	–	86,420,361
Financial investments measured at fair value through profit or loss				
– Bonds	–	32,666,720	715,619	33,382,339
– Certificates of interbank deposit	–	7,286,090	–	7,286,090
– Investment funds	–	59,173,254	–	59,173,254
– Trust plans and asset management plans	–	66,058,278	12,740,718	78,798,996
– Equity investments	467,555	850,096	3,366,941	4,684,592
Financial investments measured at fair value through other comprehensive income				
– Debt securities (excluding interests accrued)	–	122,919,187	1,602,597	124,521,784
– Certificates of interbank deposits (excluding interests accrued)	–	2,161,968	–	2,161,968
– Equity investments	–	–	200,000	200,000
Total	467,555	403,210,944	18,625,875	422,304,374
Liabilities				
Derivative financial liabilities	–	(1,423,378)	–	(1,423,378)
Total	–	(1,423,378)	–	(1,423,378)
Not measured at fair value				
Liabilities				
Debt securities issued	–	(266,159,040)	–	(266,159,040)
Total	–	(266,159,040)	–	(266,159,040)

Notes to the Unaudited Consolidated Financial Statements

For the six months ended 30 June 2024

(In RMB thousands, unless otherwise stated)

44. Fair value *(Continued)*

(c) Fair value hierarchy *(Continued)*

	At 31 December 2023 (Audited)			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Assets				
Derivative financial assets	–	1,551,181	–	1,551,181
Loans and advances to customers measured at fair value through profit or loss				
– Corporate loans and advances	–	6,399,285	–	6,399,285
Loans and advances to customers measured at fair value through other comprehensive income				
– Corporate loans and advances	–	90,367	–	90,367
– Discounted bills	–	93,160,915	–	93,160,915
Financial investments measured at fair value through profit or loss				
– Bonds	–	23,134,121	715,619	23,849,740
– Certificates of interbank deposits	–	2,785,896	–	2,785,896
– Investment funds	–	54,704,396	–	54,704,396
– Trust plans and asset management plans	–	62,632,641	13,063,378	75,696,019
– Equity investments	448,210	206,365	3,366,940	4,021,515
Financial investments measured at fair value through other comprehensive income				
– Bonds (excluding interests accrued)	–	111,197,648	–	111,197,648
– Certificates of interbank deposits (excluding interests accrued)	–	1,726,226	–	1,726,226
– Equity investments	–	–	3,262,738	3,262,738
Total	448,210	357,589,041	20,408,675	378,445,926
Liabilities				
Derivative financial liabilities	–	(990,612)	–	(990,612)
Total	–	(990,612)	–	(990,612)
Not measured at fair value				
Liabilities				
Debt securities issued	–	(265,333,857)	–	(265,333,857)
Total	–	(265,333,857)	–	(265,333,857)

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(In RMB thousands, unless otherwise stated)

44. Fair value *(Continued)*

(c) Fair value hierarchy *(Continued)*

The movement during the six months ended 30 June 2024 (unaudited) in the balance of Level 3 fair value measurements is as follows:

	1 January 2024	Transfer into/ (out of) Level 3	Total gain or losses of the period		Additions/ Issues	Sales/ Settlements	30 June 2024	Unrealised gains or losses for the period included in profit or loss for assets held at the end of the period
			Recorded in profit or loss	Recorded in other comprehensive income				
Assets								
Financial assets measured at fair value through profit or loss								
– Debt securities	715,619	-	-	-	-	-	715,619	-
– Trust plans and asset management plans	13,063,378	-	(445,865)	-	123,205	-	12,740,718	(445,865)
– Equity investments	3,366,940	-	1	-	-	-	3,366,941	1
Sub-total	17,145,937	-	(445,864)	-	123,205	-	16,823,278	(445,864)
Financial assets measured at fair value through other comprehensive income								
– Bonds	-	1,602,597	-	-	-	-	1,602,597	-
– Equity investments	3,262,738	(3,062,738)	-	-	-	-	200,000	-
Total	20,408,675	(1,460,141)	(445,864)	-	123,205	-	18,625,875	(445,864)

Notes to the Unaudited Consolidated Financial Statements

For the six months ended 30 June 2024

(In RMB thousands, unless otherwise stated)

44. Fair value *(Continued)*

(c) Fair value hierarchy *(Continued)*

The movement during the year ended 31 December 2023 (audited) in the balance of Level 3 fair value measurements is as follows:

	1 January 2023	Transfer into/ (out of) Level 3	Total gain or losses of the year		Additions/ Issues	Sales/ Settlements	31 December 2023	Unrealised gains or losses for the year included in profit or loss for assets held at the end of the year
			Recorded in profit or loss	Recorded in other comprehensive income				
Assets								
Financial assets measured at fair value through profit or loss								
– Debt securities	567,229	148,390	–	–	–	–	715,619	–
– Trust plans and asset management plans	7,522,873	–	(403,801)	–	5,956,213	(11,907)	13,063,378	(403,801)
– Equity investments	3,299,887	–	15	–	67,038	–	3,366,940	15
Sub-total	11,389,989	148,390	(403,786)	–	6,023,251	(11,907)	17,145,937	(403,786)
Financial assets measured at fair value through other comprehensive income								
– Equity investments	200,000	2,864,433	–	198,305	–	–	3,262,738	–
Total	11,589,989	3,012,823	(403,786)	198,305	6,023,251	(11,907)	20,408,675	(403,786)

The Group's financial instruments measured at the Level 3 fair value adopt the discounted cash flow approach and net asset value approach as the valuation techniques, and the unobservable inputs used are the risk-adjusted discount rate, cash flows and net assets, liquidity discount respectively. For the six months ended 30 June 2024 and for the year ended 31 December 2023, there were no significant change in the valuation techniques.

As a result of reclassification of certain financial instruments, changes in valuation methodologies, or when significant inputs used in their fair value measurements, which were previously unobservable became observable, the Group reclassified these financial instruments into or out of Level 3 and liabilities measured at fair value at the end of the reporting period.

Notes to the Unaudited Consolidated Financial Statements

For the six months ended 30 June 2024

(In RMB thousands, unless otherwise stated)

45. Entrusted lending business

The Group provides entrusted lending business services to customers. All entrusted loans are funded by entrusted funds from these customers. The Group does not take any credit risk in relation to these transactions. The Group acts as an agent to hold and manage these assets and liabilities at the direction of the entrustor and receives fee income for the services provided. The entrusted assets are not assets of the Group and therefore not recognised in the statement of financial position. Surplus funding is accounted for as deposits from customers.

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Entrusted loans	26,248,394	25,528,949
Entrusted funds	26,248,394	25,528,949

46. Commitments and contingencies

(a) Credit commitments

The Group's credit commitments take the form of approved loans with signed contracts, credit card commitments, bank acceptances, letters of credit and financial guarantees.

The contractual amounts of loans commitments and credit card commitments represent the amounts should the contracts be fully drawn upon. The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Bank acceptances comprise of undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Irrevocable loan commitments		
– Original contractual maturity within one year	86,537	455,150
– Original contractual maturity of or over one year	93,443	7,705
Credit card overdraft commitments	13,994,990	17,788,260
Sub-total	14,174,970	18,251,115
Bank acceptances	178,788,811	180,909,356
Letters of credit	104,606,459	100,511,802
Letters of guarantees	35,209,783	28,145,053
Credit risk guarantee	2,211,012	16,562
Total	334,991,035	327,833,888

The Group may be exposed to credit risk in all the above credit businesses. Management periodically assesses credit risk and makes provision for any probable losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows. As at 30 June 2024 and 31 December 2023, provisions for credit commitments were RMB396 million and RMB336 million.

Notes to the Unaudited Consolidated Financial Statements

For the six months ended 30 June 2024

(In RMB thousands, unless otherwise stated)

46. Commitments and contingencies *(Continued)*

(b) Credit risk-weighted amount for credit commitments

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Credit risk-weighted amounts	99,198,610	68,502,384

The credit risk-weighted amount of credit commitments at 30 June 2024 is calculated in accordance with the Administrative Measures on the Capital of Commercial Banks promulgated by the National Financial Regulatory Administration. The credit risk-weighted amount of credit commitments at 31 December 2023 represents the amount calculated with reference to the guidelines issued by the former CBRC.

(c) Capital commitments

As at 30 June 2024 and 31 December 2023, the Group's authorised capital commitments are as follows:

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Contracted but not paid for	370,141	539,983
Authorised but not contracted for	27,212	92,697
Total	397,353	632,680

(d) Outstanding litigations and disputes

As at 30 June 2024 and 31 December 2023, the Group had certain outstanding litigations and claims arising from its normal business operations. Based on the court process and the opinion of the external legal counsels, the reserve balance for litigation losses amounted to RMB42 million. After consulting with external professional legal counsels, the management believes that the final outcome of such legal proceedings and claims will not have a material impact on the financial position or operating results of the Group.

During the year ended 31 December 2021, the Group had a dispute with individual corporate customer over the business of bank acceptance bills pledged by certificates of deposit. The Group had reported the case to the police authorities and filed a civil lawsuit in the People's Court in 2022. As of the approval date of the Group's financial statements, the above civil and criminal case are still in the judicial process. The outcome of the case is subject to the judgement of the court, and the Group is of the view that the financial impact of the above dispute cannot be reliably estimated. As a result, no relevant accrued liabilities were recognised as at 30 June 2024 and 31 December 2023.

Notes to the Unaudited Consolidated Financial Statements
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46. Commitments and contingencies *(Continued)*

(e) Pledged assets

Assets pledged as collateral

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Financial investments	168,622,313	201,520,769
Discounted bills	21,562,334	1,899,988
Total	190,184,647	203,420,757

Certain assets are pledged as collateral under repurchase agreements and borrowings from the central bank.

As at 30 June 2024 and 31 December 2023, the Group did not hold any discounted bills under resale agreements. As at 30 June 2024 and 31 December 2023, the Group did not have any pledged assets that were sold or repledged but is obliged to return upon due.

47. Subsequent events

On 19 July 2024, the Board of Directors of the Bank approved the "Proposed Mandate in Relation to the Potential Very Substantial Disposal Through Public Tender". The Bank shall, within the validity of the authorisation period, strive to complete by the end of December 2024, the public tender procedures and the signing of the agreement regarding the transfer of the debt assets.

Unaudited Supplementary Information to the Consolidated Financial Statements

For the six months ended 30 June 2024
(In RMB thousands, unless otherwise stated)

In accordance with the Listing Rules and Banking (Disclosure) Rules, the Group discloses the unaudited supplementary financial information as follows:

1. Liquidity coverage ratio and leverage ratio

(a) Liquidity coverage ratio and leverage ratio

	At 30 June 2024	Average for the six months ended 30 June 2024
Liquidity coverage ratio (RMB and foreign currency)	138.27%	137.31%

	At 31 December 2023	Average for the year ended 31 December 2023
Liquidity coverage ratio (RMB and foreign currency)	113.60%	118.67%

Pursuant to the Administrative Measures on the Liquidity Risk Management of Commercial Banks, the liquidity coverage ratio of commercial banks shall be over 100%.

(b) Leverage Ratio

	At 30 June 2024	At 31 December 2023
Leverage Ratio	5.57%	5.48%

In accordance with the Capital Management Measures for Commercial Banks, which was promulgated by the State Financial Regulatory Administration of China and became effective on January 1, 2024, the leverage ratio of commercial banks shall not be lower than 4%.

Unaudited Supplementary Information to the Consolidated Financial Statements
For the six months ended 30 June 2024
(In RMB thousands, unless otherwise stated)

1. Liquidity coverage ratio and leverage ratio *(Continued)*

(c) Net Stable Funding Ratio

	At 30 June 2024	At 31 December 2023
Available stable funding	996,999,974	942,723,127
Required stable funding	914,096,187	933,067,515
Net Stable Funding Ratio	109.07%	101.03%

Pursuant to the Administrative Measures on the Liquidity Risk Management of Commercial Banks, a minimum net stable funding ratio of 100% is required.

The above liquidity coverage ratio, leverage ratio and net stable funding ratio are calculated in accordance with the formula promulgated by the former CBRC and based on the financial information prepared in accordance with China Accounting Standards.

2. Currency concentrations

	At 30 June 2024			Total
	US Dollars (In RMB equivalent)	HK Dollars (In RMB equivalent)	Others (In RMB equivalent)	
Spot assets	91,283,821	2,830,141	14,779,458	108,893,420
Spot liabilities	(66,411,913)	(1,775,576)	(10,969,138)	(79,156,627)
Net position	24,871,908	1,054,565	3,810,320	29,736,793

	At 31 December 2023			Total
	US Dollars (In RMB equivalent)	HK Dollars (In RMB equivalent)	Others (In RMB equivalent)	
Spot assets	95,020,926	5,085,455	13,258,252	113,364,633
Spot liabilities	(70,298,730)	(3,676,029)	(8,520,758)	(82,495,517)
Net position	24,722,196	1,409,426	4,737,494	30,869,116

Unaudited Supplementary Information to the Consolidated Financial Statements

For the six months ended 30 June 2024

(In RMB thousands, unless otherwise stated)

3. International claims

The Group is principally engaged in business operations within mainland China and regards all claims on third parties outside mainland China as international claims.

International claims include loans and advances to customers, deposits with the central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions and financial investments.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose Head Office is located in another country.

	At 30 June 2024		
	Banks	Non-bank financial institutions	Total
Asia Pacific (excluding North and South America)	5,941,568	24,096,792	30,038,360
Europe	1,804,696	494,946	2,299,642
North and South America	4,558,370	427,771	4,986,141
Others	142,446	–	142,446
Total	12,447,080	25,019,509	37,466,589

	At 31 December 2023		
	Banks	Non-bank financial institutions	Total
Asia Pacific (excluding North and South America)	3,468,014	34,643,546	38,111,560
Europe	1,218,289	90,695	1,308,984
North and South America	6,644,088	794,058	7,438,146
Others	106,682	–	106,682
Total	11,437,073	35,528,299	46,965,372

Unaudited Supplementary Information to the Consolidated Financial Statements
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4. Gross amount of overdue loans and advances

	At 30 June 2024	At 31 December 2023
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– between 3 and 6 months (inclusive)	1,948,401	2,755,065
– between 6 months and 1 year (inclusive)	6,687,593	2,700,061
– between 1 year and 3 years (inclusive)	5,892,250	7,750,545
– over 3 years	1,822,096	2,624,251
Total	16,350,340	15,829,922
As a percentage of total gross loans and advances		
– between 3 and 6 months (inclusive)	0.21%	0.30%
– between 6 months and 1 year (inclusive)	0.71%	0.29%
– between 1 year and 3 years (inclusive)	0.62%	0.83%
– over 3 years	0.19%	0.28%
Total	1.73%	1.70%

Organizational Structure Chart

As of the Reporting Date, the principal organizational and management structure of the Bank are as follows:

