



HARBIN BANK CO., LTD.

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

Stock Code: 6138

2024 INTERIM REPORT



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Harbin Bank Co., Ltd.
Interim Report 2024

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The Company holds the Finance Permit No. B0306H223010001 approved by the National Financial Regulatory Administration (the former China Banking and Insurance Regulatory Commission) and has obtained the Business License (Unified Social Credit Code: 912301001275921118) approved by the Market Supervision and Administration Bureau of Harbin. The Company is not an authorised institution within the meaning of the Hong Kong Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry on banking/deposit-taking business in Hong Kong.

Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Articles of Association”	the articles of association of Harbin Bank Co., Ltd.
“Board” or “Board of Directors”	the board of directors of the Company
“Board of Supervisors”	the board of supervisors of the Company
“CBIRC”/“CBRC”	the China Banking and Insurance Regulatory Commission (before 18 May 2023)/China Banking Regulatory Commission (before 17 March 2018)
“China” or “PRC”	the People’s Republic of China
“Company”	Harbin Bank Co., Ltd. (哈爾濱銀行股份有限公司), a joint stock company incorporated in the PRC on 25 July 1997 with limited liability in accordance with PRC laws
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) of a nominal value of RMB1.00 each in the share capital of the Company, which is/are subscribed for or credited as paid in RMB
“Group” or “Bank”	the Company and all of its subsidiaries and branches
“H Share(s)”	overseas-listed foreign invested ordinary share(s) of a nominal value of RMB1.00 each in the share capital of the Company, which is/are listed on the Hong Kong Stock Exchange and subscribed and traded in Hong Kong dollars
“Harbin Economic Development”	Harbin Economic Development and Investment Company
“HBCF”	Harbin Bank Consumer Finance Co., Ltd.
“HB Leasing”	Harbin Bank Financial Leasing Co., Ltd.
“Heilongjiang Financial Holdings”	Heilongjiang Financial Holdings Group Co., Ltd.
“LPR”	Loan Prime Rate

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	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 to the Hong Kong Listing Rules
“PBOC” or “Central Bank”	the People’s Bank of China
“Reporting Period”	the six months period ended 30 June 2024
“NFRA”	the National Financial Regulatory Administration
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Supervisor(s)”	the supervisor(s) of the Company
“Latest Practicable Date”	26 August 2024, being the latest practicable date for the purpose of ascertaining certain information of this report

Unless otherwise stated, all figures in this report are approximates, and any figure, amount or information expressed in hundred, thousand, ten thousand, million, a hundred million, billion or similar expressions, as well as percentage are rounded to certain decimal places or the whole number. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

This report is originally prepared in Chinese and an English translation is attached. In case of any discrepancies between the Chinese version and English translation, the former shall prevail.

Company Profile

Basic Information

Legal Chinese Name:

哈爾濱銀行股份有限公司(Abbreviation: 哈爾濱銀行)

English Name:

HARBIN BANK CO., LTD. (Abbreviation: HARBIN BANK)

Legal Representative:

Deng Xinquan

Authorised Representatives for the Hong Kong Stock Exchange:

Deng Xinquan and Ngai Wai Fung

Board Secretary:

Wu Siliang

Joint Company Secretaries:

Wu Siliang and Ngai Wai Fung

Registered Address:

No. 888 Shangjiang Street, Daoli District, Harbin, PRC

Principal Place of Business in Hong Kong:

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Place Where this Report is Available:

No. 888 Shangjiang Street, Daoli District, Harbin, PRC

Place of Listing, Stock Name and Stock Code:

The Stock Exchange of Hong Kong Limited,
HARBIN BANK and 6138

Corporate Unified Social Credit Code:

912301001275921118

Finance Permit Institution Number:

B0306H223010001

Date of Initial Registration:

25 July 1997

Initial Registration Authority:

Market Supervision and Administration Bureau of Harbin,
Heilongjiang Province, PRC

Legal Adviser as to Laws of China:

Beijing Jun He Law Offices

Legal Adviser as to Laws of Hong Kong, China:

Jun He Law Offices

Auditors:

Overseas auditor: BDO Limited

Domestic auditor: BDO China SHU LUN PAN Certified
Public Accountants LLP

Hong Kong H Share Registrar and Transfer Office:

Computershare Hong Kong Investor Services Limited

Company Profile

The Company, headquartered in Harbin, was granted its finance permit to carry on financial business by the PBOC in February 1997, and obtained its corporate business license on 25 July 1997. At present, the Company has established 17 branches in Tianjin, Chongqing, Dalian, Shenyang, Chengdu, Harbin, Daqing, etc. and 30 village and township banks in 14 provinces and municipalities, including Beijing, Guangdong, Jiangsu, Jilin and Heilongjiang, etc. The Company, as a controlling shareholder, has promoted the establishment of each of HB Leasing, the first financial leasing company in Northeastern China, and HBCF, the first consumer finance company in Heilongjiang Province. As at 30 June 2024, the Group had 384 business outlets with branches and sub-branches across seven regions in China.

As at 30 June 2024, the Bank had total assets of RMB882,837.8 million, total loans and advances to customers of RMB352,237.3 million and total customers deposits of RMB671,300.7 million.

As at 30 June 2024, the Bank ranked 183rd in “Top 1000 World Banks 2024” published by The Banker in the United Kingdom; ranked 282nd in “2024 Brand Finance Global 500” published by Brand Finance (a famous brand valuation consulting firm in the United Kingdom), and 41st in “2023 China Banking Top 100 (2023年中國銀行業100強)” published by China Banking Association. The Bank was awarded the “21st China Financial and Economic Outlook: Leading Bank in Digital Transformation, Pioneer Bank in Social Responsibility” by Hexun.com, and the “6th ‘Iron Horse’ – Best Small and Medium Bank for Rural Revitalisation (第六屆「鐵馬」—最佳鄉村振興中小銀行)” by Modern Bankers. The Bank was also successfully shortlisted in the list of “1+N” new model demonstration organisations of national bank outlets, and was awarded the honorary title of “Demonstration Institutions for Innovative Characteristic Services at Bank Outlets”.

Company Profile

Major Subsidiaries

The details of major subsidiaries of the Company as at 30 June 2024 are as follows:

Company Name	Place of incorporation/ registration and operations place in the PRC	Nominal value of issued share/ paid-up capital RMB million	Percentage of ownership/voting rights directly owned by the Company %	Amount invested by the Company RMB million
Huining Huishi Village and Township Bank Co., Ltd.	Huining, Gansu	30	100.00	30
Beijing Huairou Rongxing Village and Township Bank Co., Ltd.	Huairou, Beijing	200	85.00	207.6
Yushu Rongxing Village and Township Bank Co., Ltd.	Yushu, Jilin	30	100.00	30
Shenzhen Bao'an Rongxing Village and Township Bank Co., Ltd.	Bao'an, Shenzhen	220	70.00	140
Chongqing Dadukou Rongxing Village and Township Bank Co., Ltd.	Dadukou, Chongqing	180	83.33	174.4
Suining Anju Rongxing Village and Township Bank Co., Ltd.	Suining, Sichuan	80	75.00	60
Huachuan Rongxing Village and Township Bank Co., Ltd.	Huachuan, Heilongjiang	344.7	99.63	343.4
Baiquan Rongxing Village and Township Bank Co., Ltd.	Baiquan, Heilongjiang	269	100.00	269
Yanshi Rongxing Village and Township Bank Co., Ltd.	Luoyang, Henan	90	100.00	90
Leping Rongxing Village and Township Bank Co., Ltd.	Leping, Jiangxi	294	100.00	294
Jiangsu Rudong Rongxing Village and Township Bank Co., Ltd.	Rudong, Jiangsu	106	80.00	80
Honghu Rongxing Village and Township Bank Co., Ltd.	Honghu, Hubei	30	100.00	30
Zhuzhou Rongxing Village and Township Bank Co., Ltd.	Zhuzhou, Hunan	55	80.00	40
Chongqing Wulong Rongxing Village and Township Bank Co., Ltd.	Wulong, Chongqing	50	70.00	35
Xin'an Rongxing Village and Township Bank Co., Ltd.	Xin'an, Henan	33.3	90.09	30
Anyi Rongxing Village and Township Bank Co., Ltd.	Anyi, Jiangxi	60	100.00	30

Company Name	Place of incorporation/ registration and operations place in the PRC	Nominal value of issued share/ paid-up capital RMB million	Percentage of ownership/voting rights directly owned by the Company %	Amount invested by the Company RMB million
Yingcheng Rongxing Village and Township Bank Co., Ltd.	Yingcheng, Hubei	142	100.00	132
Leiyang Rongxing Village and Township Bank Co., Ltd.	Leiyang, Hunan	160	100.00	160
Hainan Baoting Rongxing Village and Township Bank Co., Ltd.	Baoting, Hainan	30	96.67	29
Chongqing Shapingba Rongxing Village and Township Bank Co., Ltd.	Shapingba, Chongqing	100	80.00	80
Hejian Ronghui Village and Township Bank Co., Ltd.	Hejian, Hebei	50	100.00	50
Chongqing Youyang Rongxing Village and Township Bank Co., Ltd.	Youyang, Chongqing	60	100.00	60
Harbin Bank Financial Leasing Co., Ltd.	Harbin, Heilongjiang	2,000	80.00	1,600
Harbin Bank Consumer Finance Co., Ltd.	Harbin, Heilongjiang	1,500	53.00	795
Ning'an Rongxing Village and Township Bank Co., Ltd.	Ning'an, Heilongjiang	30	100.00	30
Huanan Rongxing Village and Township Bank Co., Ltd.	Huanan, Heilongjiang	30	100.00	30
Nehe Rongxing Village and Township Bank Co., Ltd.	Nehe, Heilongjiang	50	80.00	40
Pingliang Kongtong Rongxing Village and Township Bank Co., Ltd.	Pingliang, Gansu	50	90.00	45
Tianshui Maiji Rongxing Village and Township Bank Co., Ltd.	Tianshui, Gansu	50	98.00	49
Zhongjiang Rongxing Village and Township Bank Co., Ltd.	Zhongjiang, Sichuan	50	70.00	35
Langzhong Rongxing Village and Township Bank Co., Ltd.	Langzhong, Sichuan	50	90.00	45
Chengdu Qingbaijiang Rongxing Village and Township Bank Co., Ltd.	Chengdu, Sichuan	100	70.00	70

Summary of Accounting Data and Financial Indicators

The unaudited financial information contained herein is prepared under the International Financial Reporting Standards on a consolidated basis. Unless otherwise stated, such information is the data of the Group denominated in RMB.

	For the six months ended 30 June			For the year ended 31 December
	2024	2023	2024 vs 2023	2023
(In RMB million, except percentages)				
Results of operations			Rate of change	
Net interest income	4,978.7	4,421.1	12.61%	9,549.0
Net fee and commission income	207.6	356.3	-41.73%	645.3
Operating income	7,198.7	6,655.0	8.17%	13,241.7
Operating expenses	(2,101.4)	(2,269.2)	-7.39%	(5,826.5)
Credit impairment losses	(4,363.4)	(3,885.9)	12.29%	(6,957.9)
Profit before tax	733.9	499.9	46.81%	457.3
Net profit	845.9	700.4	20.77%	888.1
Net profit attributable to shareholders of the Company	763.1	588.7	29.62%	740.0
For each share (RMB)			Rate of change	
Net assets per share attributable to shareholders of the Company ⁽¹⁾	4.63	4.55	1.76%	4.54
Earnings per share ⁽²⁾	0.03	0.02	50.00%	0.02
Profitability indicators			Change	
Return on average total assets ⁽³⁾	0.20%	0.19%	increased by 0.01 percentage point	0.12%
Return on average equity ⁽⁴⁾	1.50%	0.82%	increased by 0.68 percentage point	0.35%
Net interest spread ⁽⁵⁾	1.45%	1.47%	decreased by 0.02 percentage point	1.56%
Net interest margin ⁽⁶⁾	1.36%	1.36%	–	1.43%
Net fee and commission income to operating income ratio	2.88%	5.35%	decreased by 2.47 percentage points	4.87%
Cost-to-income ratio ⁽⁷⁾	27.27%	32.24%	decreased by 4.97 percentage points	42.01%

Summary of Accounting Data and Financial Indicators

	As of 30 June	As of 31 December	30 June 2024 vs. 31 December 2023
	2024	2023	31 December 2023
(In RMB million, except percentages)			
Capital adequacy indicators⁽⁸⁾			Change
Core tier 1 capital adequacy ratio	8.63%	8.69%	decreased by 0.06 percentage point
Tier 1 capital adequacy ratio	12.34%	12.48%	decreased by 0.14 percentage point
Capital adequacy ratio	13.48%	13.71%	decreased by 0.23 percentage point
Total equity to total assets	7.36%	7.86%	decreased by 0.50 percentage point
Assets quality indicators			Change
NPL ratio ⁽⁹⁾	2.87%	2.87%	–
Impairment coverage ratio ⁽¹⁰⁾	198.62%	197.38%	increased by 1.24 percentage points
Impairment losses on loans ⁽¹¹⁾	5.71%	5.66%	increased by 0.05 percentage point
Other indicators			Change
Loan-deposit ratio	52.47%	50.30%	increased by 2.17 percentage points
Scale indicators			Rate of change
Total assets	882,837.8	813,328.7	8.55%
Of which: total loans and advances to customers	352,237.3	323,182.7	8.99%
Total liabilities	817,875.5	749,440.5	9.13%
Of which: total due to customers	671,300.7	642,505.6	4.48%
Share capital	10,995.6	10,995.6	–
Equity attributable to shareholders of the Company	62,595.6	61,604.3	1.61%
Non-controlling interests	2,366.7	2,283.9	3.63%
Total equity	64,962.3	63,888.2	1.68%

Summary of Accounting Data and Financial Indicators

Notes:

- (1) The equity attributable to shareholders of the Company divided by the share capital at the end of the period, after deducting other equity instruments at the end of the Reporting Period.
- (2) The net profit attributable to ordinary shareholders of the Company during the Reporting Period divided by the share capital at the end of the Reporting Period.
- (3) The percentage of net profit during the Reporting Period to the average balance of the total assets at the beginning and the end of the Reporting Period.
- (4) The percentage of net profit attributable to ordinary shareholders of the Company during the Reporting Period to the average balance of total equity attributable to ordinary shareholders of the Company at the beginning and the end of the Reporting Period.
- (5) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities, calculated based on the daily average of the interest-earning assets and interest-bearing liabilities.
- (6) Calculated by dividing net interest income by balance of interest-earning assets, calculated based on the daily average of the interest-earning assets.
- (7) Calculated with the operating cost after deducting tax and surcharges and divided by the operating income.
- (8) Calculated in accordance with the Measures for the Administration of Capital of Commercial Banks issued in 2023 since 1 January 2024, and calculated in accordance with the Measures for the Administration of Capital of Commercial Banks (for Trial Implementation) in terms of data of 31 December 2023.
- (9) Calculated with the total NPLs divided by the total loans to customers.
- (10) Calculated with the allowance for impairment loss on loans divided by the total NPLs.
- (11) Calculated with the allowance for impairment loss on loans divided by the total loans to customers.

Management Discussion and Analysis

I. Past Economy and Environment and Operation Overview

(I) Past Economy and Environment

In the first half of 2024, under the firm leadership of the Central Committee of the Communist Party of China headed by President Xi Jinping, regional departments, by conscientiously implementing the strategies and decisions of the Central Committee of the Communist Party of China and the State Council, adhered to seeking improvement in stability, promoting stability with progress, and establishing the new before abolishing the old, and efficiently implemented various macro policies. The overall national economy performed in a stable manner and achieved improvement, such as, the stable growth of production, continuous recovery of demand, overall stability in employment and prices, continuous growth in residents' income and surging growth of new drives, thus achieving new progress in high-quality development. In the first half of 2024, the gross domestic product (GDP) amounted to RMB61.68 trillion, representing a year-on-year increase of 5.0%. On an industrial structure basis, the growth rates of primary, secondary and tertiary industries were 3.5%, 5.8% and 4.6%, respectively. At the end of June 2024, the balance of M2 amounted to RMB305.02 trillion, representing a year-on-year increase of 6.2%; the balance of M1 amounted to RMB66.06 trillion, representing a year-on-year decrease of 5%, and the balance of M0 amounted to RMB11.77 trillion, representing a year-on-year increase of 11.7%. The balance of RMB loans amounted to RMB250.85 trillion, representing a year-on-year increase of 8.8%, the balance of RMB deposits amounted to RMB295.72 trillion, representing a year-on-year increase of 6.1%, and social financing scale amounted to RMB395.11 trillion, representing a year-on-year increase of 8.1%. In the first half of 2024, the new RMB loans amounted to RMB13.27 trillion; and new RMB deposits amounted to RMB11.46 trillion.

In the first half of 2024, Heilongjiang Province earnestly studied and implemented the important speeches and instructions of General Secretary Xi Jinping during his inspection in Heilongjiang Province. The province resolutely carried out the decisions and deployments of the Party Central Committee and the State Council and diligently implemented the work requirements of the Heilongjiang Provincial Party Committee and the Provincial Government. Adhering to the general keynote of seeking progress while maintaining stability, the province fully, accurately and comprehensively applied the new development philosophy, actively served and integrated into the new development pattern, and focused on the central task of economic construction and the primary task of high-quality development. As a result, the economy of Heilongjiang Province maintained overall stability. In the first half of 2024, the regional gross domestic product (RGDP) of Heilongjiang Province reached RMB663.62 billion, representing a year-on-year increase of 1.5%. Specifically, the added value of the primary industry was RMB46.79 billion, representing a year-on-year increase of 2.6%; the added value of the secondary industry was RMB208.43 billion, representing a year-on-year decrease of 4.0%; and the added value of the tertiary industry was RMB408.40 billion, representing a year-on-year increase of 3.9%. Fixed asset investment in Heilongjiang Province grew by 3.6% year-on-year. Investment in the primary and secondary industries increased by 132.5% and 2.3%, respectively, while investment in the tertiary industry decreased by 8.3%. In terms of sectors, infrastructure investment rose by 10.9% year-on-year, and investment in high-tech industries increased by 4.9%. The total retail sales of consumer goods amounted to RMB266.21 billion, up 1.5% year-on-year. The per capita disposable income of urban and rural residents increased by 5.1% and 6.8%, respectively.

Management Discussion and Analysis

(II) Operation Overview

In the first half of 2024, under the strong leadership of the Bank's Party Committee and the Board, the supervision of the Board of Supervisors and the Discipline Inspection and Supervision Group to the Bank and the care and guidance of Party committees and governments at provincial and municipal levels, the PBOC and regulatory authorities, as guided by President Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Bank comprehensively and thoroughly followed General Secretary Xi Jinping's important instructions during his inspection in Heilongjiang Province, and spirits of the 20th CPC National Congress, the First and Second Plenary Session of the 20th Central Committee of CPC and the Central Financial Work Conference and the Central Economic Work Conference. With an aim to accelerate the construction of becoming a strong financial country, the Bank diligently implemented the national economic and financial policies, with promoting high-quality financial development as the theme and deepening the supply-side structural reform of finance as the main line, in a bid to accelerate reform, innovation and development, and risk prevention and mitigation and make achievements in three tasks, including serving the real economy, preventing and controlling financial risks and deepening financial reform, thus showing a stable improvement in "scale, quality, structure and efficiency" in the operation performance.

Steady growth in business scale

As at 30 June 2024, the total assets of the Group amounted to RMB882,837.8 million, representing an increase of RMB69,509.1 million or 8.5% as compared to the end of last year; total loans and advances to customers of the Group amounted to RMB352,237.3 million, representing an increase of RMB29,054.6 million or 9.0% as compared to the end of last year; and total due to customers of the Group amounted to RMB671,300.7 million, representing an increase of RMB28,795.1 million or 4.5% as compared to the end of last year.

Steady improvement in operating benefit

The Group recorded a net profit of RMB845.9 million in the first half of 2024, representing a year-on-year increase of RMB145.5 million or 20.8%; and a net profit attributable to shareholders of the parent company amounted to RMB763.1 million, representing a year-on-year increase of RMB174.4 million or 29.6%. The return on average total assets of the Group was 0.20%, representing a year-on-year increase of 0.01 percentage point, and the return on average equity of the Group was 1.50%, representing a year-on-year increase of 0.68 percentage point.

Stable loan quality

As at 30 June 2024, the balance of the Bank's non-performing loans was RMB10,118.7 million, and the non-performing loan ratio was 2.87%, same as the end of last year. Impairment coverage ratio was 198.62%, representing an increase of 1.24 percentage points as compared to the end of last year; and impairment losses on loans was 5.71%, representing an increase of 0.05 percentage point as compared to the end of last year, showing that the Bank's capability to risk resistance basically remained stable.

Compliance with applicable laws and regulations

The Bank has been, throughout its operation, in compliance with applicable laws and regulations, including the Commercial Bank Law of the People's Republic of China, the Company Law of the People's Republic of China, the Hong Kong Listing Rules and other laws and regulations. During the Reporting Period, there was no material violation of the laws and regulations by the Bank.

(III) Analysis of Key Issues

1. *Net interest margin*

In the first half of 2024, the Bank's net interest spread was 1.45%, representing a decrease of 0.02 percentage point as compared to the same period of last year, and its net interest margin was 1.36%, remaining the same as compared to the same period of last year. The Bank continued to fulfill various national policy requirements, played full role in serving the real economy, deepened the implementation of "Five Major Articles (五篇大文章)", actively adapted to the downward trend of Loan Prime Rate (LPR), lowered the finance costs for the real economy, strengthened efforts of financial service security and credit investment and supported the high-quality development of local economies. By actively addressing adverse impact on return of assets brought by insufficient effective demand for credit in relation to the real economy, high-yielding assets business becoming due, downward trend and reset of interest rate of the market, the Bank continued to improve debt products and service system, consolidated customer base, expanded source of low-cost deposits, enhanced management and control of long-term deposits with high cost, made various downward adjustment of interest rate of customer's deposits and gradually optimized terms and cost structure of debts while keeping the stable increase in deposit scale. Beneficial to the optimization of debt cost, downward pressure of net interest margin was relatively relieved and net interest margin remained basically the same as compared to the same period of last year.

Looking forward to the second half of 2024, the external environment still remains uncertain, domestic effective demand is still under recovery, interest rate of market remains low, the competition in the interbank market is getting more intense, and the net interest spread and net interest margin are expected to remain under pressure. To this end, on the basis of supporting the development of the real economy, the Bank will further strengthen the active management of assets and liabilities. In line with the market environment, the Bank will also optimize the asset portfolio and credit structure, consolidate the customer base and expand the debt source through multiple channels, so as to gradually create a liquid and profitable asset portfolio as well as a diversified, stable, and cost-intensive financing structure, thereby ensuring that the net interest spread and net interest margin remain basically stable.

2. *Asset quality in key areas*

As at 30 June 2024, the balance of the Bank's non-performing loans was RMB10,118.7 million, and the non-performing loan ratio was 2.87%, remaining the same as compared to the end of last year. Impairment coverage ratio was 198.62%, representing an increase of 1.24 percentage points as compared to the end of last year; and impairment losses on loans was 5.71%, representing an increase of 0.05 percentage point as compared to the end of last year, showing that the Bank's capability to risk resistance basically remained stable.

Management Discussion and Analysis

During the Reporting Period, the Bank, according to the direction of national industrial policy support and characteristics of development of regional economy, increased supporting level of loans to the regional real economy and increased loans to manufacturing industry, regional featured industries with competitive advantages, high-tech industry, green finance, inclusive finance and other related key areas. The Bank has closely monitored changes of internal and external situations, continuously optimized risk access standards and political requirements, established a risk control system of preliminary risk control, and strictly controlled additional default risks; increased efforts for mitigation of existing risks, disposed non-performing assets through comprehensive measures, including cash collection, suit collection, write-off of bad debts, promoted steadily the adjustment of structures of assets and business and maintained a generally stable asset quality.

3. *Capital management*

During the Reporting Period, the Bank fulfilled and implemented the requirements of its capital management plans, continuously strengthened its fundamental capital management capability, and further enhanced the role of capital in leading and restraining its business development. The Bank placed its capital in business areas with lower capital occupancy and higher yields in accordance with the Measures for the Administration of Capital of Commercial Banks. During the Reporting Period, the Bank has met the regulatory requirement for the capital adequacy ratios as required by the NFRA.

As at 30 June 2024, the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio of the Bank were 8.63%, 12.34% and 13.48%, respectively, representing a decrease of 0.06 percentage point, 0.14 percentage point and 0.23 percentage point, respectively, as compared to the end of last year. The decrease in the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio was mainly due to an increase in risk-weighted assets. As at the end of the Reporting Period, risk-weighted assets of the Bank amounted to RMB588,831.7 million, representing an increase of RMB12,763.6 million, or 2.2% as compared to the end of last year. Looking forward to the second half of 2024, the Bank will continue to strengthen its capital management by: (1) continuing its differentiated competition strategy with characteristic development path to further enhance internal capital generation capability; (2) actively responding to changes in current situations and strengthening its active management of capital, continuously optimising its business structure and raising awareness of intensive capital use; and (3) establishing multi-layer and multi-channel mechanisms for capital replenishment to ensure that the capital adequacy level satisfies the regulatory requirements on an on-going basis.

4. *Investment in debt instruments issued by financial institutions*

Pursuant to the requirements of the Notice on Regulating the Interbank Business of Financial Institutions (Yin Fa [2014] No. 127), the Bank consistently performed rigid review on risk and compliance with respect to use of capital. The Bank accurately measured risks, and set aside capital and made provisions accordingly based on the principle of “substance over formality” and the nature of the underlying assets. Following loan provision requirements, the Bank progressively raised the coverage ratio for investment in debt instruments issued by financial institutions to a relatively higher level in a steady, prudent and dynamic manner based on the expected credit loss model measurement. As at 30 June 2024, the total amount of the Bank’s investment in debt instruments issued by financial institutions was RMB141.4879 billion, representing a decrease of 5.5% as compared to the end of last year. As at 30 June 2024, the balance of provision of the Bank’s investment in debt instruments issued by financial institutions amounted to RMB7.3297 billion, representing an increase of RMB671.4 million as compared to the end of last year, and the coverage ratio was 5.18%, representing an increase of 0.74 percentage point as compared to the end of last year.

5. *Net stable funding ratio*

As at 30 June 2024, the net stable funding ratio of the Bank was 131.22%, which was in compliance with the net stable funding ratio of commercial banks required by the Measures for the Liquidity Risk Management of Commercial Banks (Order No. 3 [2018], CBIRC) (“in compliance with the regulatory standards”). The available stable funding (upon translation) was RMB593.306 billion, and the required stable funding (upon translation) was RMB452.131 billion.

The following table sets out the net stable funding ratio of the Bank as at the dates indicated.

Item	As at 30 June 2024	As at 31 March 2024	As at 31 December 2023
	(In RMB100 million, except percentages)		
Net stable funding ratio	131.22%	127.67%	130.60%
Available stable funding	5,933.06	5,879.40	5,707.84
Required stable funding	4,521.31	4,605.30	4,370.64

Management Discussion and Analysis

II. Analysis on Income Statement

	For the six months ended 30 June			
	2024	2023	Change in amount	Rate of change
	(In RMB million, except percentages)			
Interest income	15,204.6	14,343.4	861.2	6.0%
Interest expense	(10,225.9)	(9,922.3)	(303.6)	3.1%
Net interest income	4,978.7	4,421.1	557.6	12.6%
Fee and commission income	300.5	441.3	(140.8)	-31.9%
Fee and commission expense	(92.9)	(85.0)	(7.9)	9.3%
Net fee and commission income	207.6	356.3	(148.7)	-41.7%
Net trading income or loss	1,310.4	1,622.4	(312.0)	-19.2%
Net gains or losses on financial investments	665.4	165.6	499.8	301.8%
Net other operating income or loss	36.6	89.6	(53.0)	-59.2%
Operating income	7,198.7	6,655.0	543.7	8.2%
Operating expenses	(2,101.4)	(2,269.2)	167.8	-7.4%
Credit impairment losses	(4,363.4)	(3,885.9)	(477.5)	12.3%
Operating profit	733.9	499.9	234.0	46.8%
Profit before tax	733.9	499.9	234.0	46.8%
Income tax credit	112.0	200.5	(88.5)	-44.1%
Net profit	845.9	700.4	145.5	20.8%

In the first half of 2024, the Bank recorded a profit before tax of RMB733.9 million, representing a year-on-year increase of 46.8%; and a net profit of RMB845.9 million, representing a year-on-year increase of 20.8%.

(I) Net Interest Income

In the first half of 2024, the Bank recorded a net interest income of RMB4,978.7 million, representing a year-on-year increase of RMB557.6 million or 12.6%. The following tables set forth the average balance of the Bank's interest-earning assets and interest-bearing liabilities, interest income and expense from these assets and liabilities, and the average yield ratio of these interest-earning assets and the average cost ratio of these interest-bearing liabilities for the periods indicated.

	For the six months ended 30 June					
	2024			2023		
	Average balance ⁽⁶⁾	Interest income	Average yield ratio	Average balance ⁽⁶⁾	Interest income	Average yield ratio
	(In RMB million, except percentages)					
Interest-earning assets						
Loans and advances to customers	333,145.0	8,268.4	4.99%	291,755.2	8,210.7	5.68%
Investments in debt securities ⁽¹⁾	277,743.1	5,037.2	3.65%	222,619.5	4,414.8	4.00%
Cash and balances with Central Bank	49,527.5	350.5	1.42%	51,883.6	357.2	1.39%
Due from banks and other financial institutions ⁽²⁾	47,985.4	674.4	2.83%	69,483.7	767.6	2.23%
Financial lease receivables	26,006.8	874.1	6.76%	20,765.0	593.1	5.76%
Total interest-earning assets	734,407.8	15,204.6	4.16%	656,507.0	14,343.4	4.41%

Management Discussion and Analysis

	For the six months ended 30 June					
	2024			2023		
	Average balance ⁽⁶⁾	Interest expense	Average cost ratio	Average balance ⁽⁶⁾	Interest expense	Average cost ratio
	(In RMB million, except percentages)					
Interest-bearing liabilities						
Due to customers	662,023.3	8,882.5	2.70%	610,277.2	8,803.6	2.91%
Due to banks ⁽³⁾	68,663.2	980.6	2.87%	42,920.6	741.7	3.48%
Debt securities issued and others	24,971.0	320.0	2.58%	25,757.5	362.9	2.84%
Due to Central Bank	4,456.6	42.8	1.93%	1,443.4	14.1	1.97%
Total interest-bearing liabilities	760,114.1	10,225.9	2.71%	680,398.7	9,922.3	2.94%
Net interest income		4,978.7			4,421.1	
Net interest spread⁽⁴⁾			1.45%			1.47%
Net interest margin⁽⁵⁾			1.36%			1.36%

Notes:

- (1) Include financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost.
- (2) Include due from banks and other financial institutions and financial assets held under reverse repurchase agreements.
- (3) Include due to banks, financial assets sold under repurchase agreements and borrowings from banks and other financial institutions.
- (4) Calculated as the difference between the average yield ratio of total interest-earning assets and the average cost ratio of total interest-bearing liabilities, based on the daily average of the interest-earning assets and interest-bearing liabilities.
- (5) Calculated by dividing net interest income by the balance of interest-earning assets, based on the daily average of the interest-earning assets.
- (6) Calculated as the average of the Bank's daily balances.

The following table sets out the changes in the Bank's interest income and interest expense attributable to changes in volumes and interest rates for the periods indicated. Changes in volumes are measured by changes in the average balances of the Bank's interest-earning assets and interest-bearing liabilities, while changes in interest rates are measured by changes in the average interest rates of the Bank's interest-earning assets and interest-bearing liabilities. The combined effects of changes in volumes and interest rates are included in changes in interest.

Management Discussion and Analysis

	For the six months ended 30 June		
	2024 vs. 2023		
	Increase/(decrease) Volume ⁽¹⁾	Interest rate ⁽²⁾	Net increase/ (decrease) ⁽³⁾
	(In RMB million)		
Interest-earning assets			
Loans and advances to customers	1,164.8	(1,107.1)	57.7
Investments in debt securities	1,093.2	(470.8)	622.4
Cash and balances with Central Bank	(16.2)	9.5	(6.7)
Due from banks and other financial institutions	(237.5)	144.3	(93.2)
Financial lease receivables	149.7	131.3	281.0
Change in interest income	2,154.0	(1,292.8)	861.2
Interest-bearing liabilities			
Due to customers	746.5	(667.6)	78.9
Due to banks	444.9	(206.0)	238.9
Debt securities issued and others	(11.1)	(31.8)	(42.9)
Due to Central Bank	29.4	(0.7)	28.7
Change in interest expense	1,209.7	(906.1)	303.6

Notes:

- (1) Represents the average balance for the Reporting Period minus the average balance for the previous period, multiplied by the average yield/cost ratio for such previous period.
- (2) Represents the average yield/cost ratio for the Reporting Period minus the average yield/cost ratio for the previous period, multiplied by the average balance for the Reporting Period.
- (3) Represents the interest income/expense for the Reporting Period minus the interest income/expense for the previous period.

(II) Interest Income

In the first half of 2024, the Bank realised an interest income of RMB15,204.6 million, representing a year-on-year increase of RMB861.2 million or 6.0%. The increase in interest income was primarily due to an increase in the average balance of total interest-earning assets to RMB734,407.8 million in the first half of 2024 from RMB656,507.0 million for the same period of last year.

Management Discussion and Analysis

1. Interest income from loans and advances to customers

In the first half of 2024, the Bank's interest income from loans and advances to customers was RMB8,268.4 million, representing a year-on-year increase of RMB57.7 million or 0.7%, primarily due to the Bank's credit size increased as compared with the same period of last year, mainly resulting from the Bank's proactive role in serving the real sector by adapting to downward trend of Loan Prime Rate (LPR) to lower the finance costs of entities and enhancing the financial services and credit investment.

The following table sets out the average balance, interest income and average yield ratio for each component of the Bank's loans and advances to customers for the periods indicated.

	For the six months ended 30 June					
	2024			2023		
	Average balance	Interest income	Average yield ratio	Average balance	Interest income	Average yield ratio
	(In RMB million, except percentages)					
Corporate loans	193,406.7	4,420.7	4.60%	162,426.2	4,157.6	5.16%
Personal loans	114,816.4	3,675.7	6.44%	117,800.7	3,960.1	6.78%
Discounted bills	24,921.9	172.0	1.39%	11,528.3	93.0	1.63%
Total loans and advances to customers	333,145.0	8,268.4	4.99%	291,755.2	8,210.7	5.68%

2. Interest income from investments in debt securities

In the first half of 2024, the Bank's interest income from investments in debt securities was RMB5,037.2 million, representing a year-on-year increase of RMB622.4 million or 14.1%, primarily due to the Bank's efforts in adjusting the investment portfolio of debt securities timely to improve the value of capital contributions and optimise asset structure, contributing to a year-on-year increase of RMB55,123.6 million in the average balance of investments in debt securities.

3. Interest income from cash and balances with Central Bank

In the first half of 2024, the Bank's interest income from cash and balances with Central Bank was RMB350.5 million, representing a year-on-year decrease of RMB6.7 million or 1.9%, primarily due to a decrease of RMB2,356.1 million in the average balance of cash and balances with Central Bank as compared to the same period of last year.

4. Interest income from amounts due from banks and other financial institutions

In the first half of 2024, the Bank's interest income from amounts due from banks and other financial institutions was RMB674.4 million, representing a year-on-year decrease of RMB93.2 million or 12.1%, primarily due to a year-on-year decrease of RMB21,498.3 million in the average balance as the Bank adjusted the asset allocation structure, whereby funds were prioritized to support credit asset investment.

5. Interest income from financial lease receivables

In the first half of 2024, the Bank's interest income from financial lease receivables was RMB874.1 million, representing a year-on-year increase of RMB281.0 million, primarily due to a year-on-year increase of RMB5,241.8 million in the average balance of financial lease receivables and an increase of 1.00 percentage point in the average yield ratio as compared to the same period of last year.

(III) Interest Expense

In the first half of 2024, the Bank's interest expense was RMB10,225.9 million, representing a year-on-year increase of RMB303.6 million or 3.1%, primarily due to an increase in the average balance of total interest-bearing liabilities from RMB680,398.7 million for the same period of last year to RMB760,114.1 million in the first half of 2024.

1. Interest expense on due to customers

In the first half of 2024, the Bank's interest expense on due to customers was RMB8,882.5 million, representing a year-on-year increase of RMB78.9 million or 0.9%, primarily due to a year-on-year increase of RMB51,746.1 million in the average balance of due to customers owing to the Bank's continuous improvements in debt product, services system and customer base, as well as expansion in sources of deposits.

Management Discussion and Analysis

	For the six months ended 30 June					
	2024			2023		
	Average balance	Interest expense	Average cost ratio	Average balance	Interest expense	Average cost ratio
	(In RMB million, except percentages)					
Corporate deposits						
Demand	81,950.2	528.4	1.30%	87,389.7	862.5	1.99%
Time	118,536.5	1,775.9	3.01%	109,870.0	1,784.9	3.28%
Subtotal	200,486.7	2,304.3	2.31%	197,259.7	2,647.4	2.71%
Personal deposits						
Demand	43,307.7	44.3	0.21%	46,136.4	67.6	0.30%
Time	418,228.9	6,533.9	3.14%	366,881.1	6,088.6	3.35%
Subtotal	461,536.6	6,578.2	2.87%	413,017.5	6,156.2	3.01%
Total deposits from customers	662,023.3	8,882.5	2.70%	610,277.2	8,803.6	2.91%

2. Interest expense on due to banks

In the first half of 2024, the Bank's interest expense on due to banks was RMB980.6 million, representing a year-on-year increase of RMB238.9 million or 32.2%, primarily due to an increase in the average balance of due to banks from RMB42,920.6 million for the same period of last year to RMB68,663.2 million in the first half of 2024 owing to the Bank's adjustments in liability structure based on market and liquidity conditions.

3. Interest expense on debt securities issued and others

In the first half of 2024, the Bank's interest expense on debt securities issued and others was RMB320.0 million, representing a year-on-year decrease of RMB42.9 million or 11.8%, primarily due to the downward trend of the price of market capital, which resulted in a decrease of 0.26 percentage point in the cost ratio of debt securities issued as compared to the same period of last year.

(IV) Net Interest Spread and Net Interest Margin

In the first half of 2024, the Bank's net interest spread decreased from 1.47% for the same period of last year to 1.45%, and the net interest margin was 1.36%, remaining the same as compared with the same period of last year. For the analysis of the reasons for the change in net interest spread and net interest margin, please refer to I. (III) Analysis of Key Issues.

(V) Non-interest Income

1. Net fee and commission income

In the first half of 2024, the Bank's net fee and commission income was RMB207.6 million, representing a year-on-year decrease of RMB148.7 million or 41.7%, primarily due to a decrease in the Bank's agency and custodian fee.

	For the six months ended 30 June			
	2024	2023	Change in amount	Rate of change
	(In RMB million, except percentages)			
Fee and commission income	300.5	441.3	(140.8)	-31.9%
Advisory and consultancy fee	35.1	74.9	(39.8)	-53.1%
Settlement fee	48.8	28.7	20.1	70.0%
Agency and custodian fee	109.6	203.7	(94.1)	-46.2%
Of which: non-principal protected wealth management agency fee	68.6	167.1	(98.5)	-58.9%
Bank card fee	102.2	114.2	(12.0)	-10.5%
Others	4.8	19.8	(15.0)	-75.8%
Fee and commission expense	(92.9)	(85.0)	(7.9)	9.3%
Net fee and commission income	207.6	356.3	(148.7)	-41.7%

In the first half of 2024, the Bank's advisory and consultancy fee income was RMB35.1 million, representing a year-on-year decrease of RMB39.8 million or 53.1%, primarily due to changes in the volume of the advisory and consultancy business.

Management Discussion and Analysis

In the first half of 2024, the Bank's settlement fee income was RMB48.8 million, representing a year-on-year increase of RMB20.1 million or 70.0%, primarily due to changes in the volume of the settlement business.

In the first half of 2024, the Bank's agency and custodian fee income was RMB109.6 million, representing a year-on-year decrease of RMB94.1 million or 46.2%, primarily due to a decrease in the income from fees on wealth management businesses.

In the first half of 2024, the Bank's bank card fee income was RMB102.2 million, representing a year-on-year decrease of RMB12.0 million or 10.5%.

In the first half of 2024, the Bank's other fee and commission income was RMB4.8 million, representing a year-on-year decrease of RMB15.0 million or 75.8%.

2. Net trading income or loss

In the first half of 2024, the Bank's net trading income was RMB1,310.4 million, representing a year-on-year decrease of RMB312.0 million or 19.2%, primarily due to a decrease in gains and losses arising from the purchase and sale of, and changes in the fair value of financial assets at fair value through profit or loss.

3. Net gains or losses on financial investments

In the first half of 2024, the Bank's net gains on financial investments were RMB665.4 million, representing a year-on-year increase of RMB499.8 million or 301.8%, primarily due to an increase in the net gains on disposal of financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income.

4. Net other operating income or loss

In the first half of 2024, the Bank's net other operating income was RMB36.6 million, representing a year-on-year decrease of RMB53.0 million or 59.2%.

(VI) Operating Expenses

In the first half of 2024, the Bank's operating expenses were RMB2,101.4 million, representing a year-on-year decrease of RMB167.8 million or 7.4%.

	For the six months ended 30 June			
	2024	2023	Change in amount	Rate of change
(In RMB million, except percentages)				
Staff costs	880.7	916.9	(36.2)	-3.9%
Tax and surcharges	138.3	123.5	14.8	12.0%
Depreciation and amortisation	363.6	391.3	(27.7)	-7.1%
Others	718.8	837.5	(118.7)	-14.2%
Total operating expenses	2,101.4	2,269.2	(167.8)	-7.4%

The decrease in operating expenses as compared to the same period of last year was mainly due to the fact that the Bank continued to promote strict economy, cost reduction and efficiency enhancement, strengthened the refined management of expenses, suppressed unnecessary expenses and reduced asset investment.

The following table shows the major components of staff costs of the Bank for the periods indicated.

	For the six months ended 30 June			
	2024	2023	Change in amount	Rate of change
(In RMB million, except percentages)				
Staff costs				
Salaries, bonuses and allowances	526.3	582.8	(56.5)	-9.7%
Social insurance	219.3	206.8	12.5	6.0%
Housing fund	83.4	78.7	4.7	6.0%
Staff benefits	38.5	37.0	1.5	4.1%
Labor union expenditure and education costs	10.8	10.2	0.6	5.9%
Early retirement benefits	2.4	1.4	1.0	71.4%
Total	880.7	916.9	(36.2)	-3.9%

Management Discussion and Analysis

In the first half of 2024, the Bank's staff costs were RMB880.7 million, representing a year-on-year decrease of RMB36.2 million or 3.9%.

In the first half of 2024, the Bank's tax and surcharges were RMB138.3 million, representing a year-on-year increase of RMB14.8 million or 12.0%.

In the first half of 2024, the Bank's depreciation and amortization were RMB363.6 million, representing a year-on-year decrease of RMB27.7 million or 7.1%.

In the first half of 2024, the Bank's other operating expenses were RMB718.8 million, representing a year-on-year decrease of RMB118.7 million or 14.2%.

(VII) Credit impairment losses

In the first half of 2024, the Bank's credit impairment losses were RMB4,363.4 million, representing a year-on-year increase of RMB477.5 million or 12.3%.

	For the six months ended 30 June			
	2024	2023	Change in amount	Rate of change
	(In RMB million, except percentages)			
Impairment losses on loans and advances to customers at amortised cost	3,470.8	2,711.8	759.0	28.0%
Impairment losses on financial assets at amortised cost	674.9	1,075.5	(400.6)	-37.2%
Impairment losses on financial lease receivables	178.3	(7.8)	186.1	2,385.9%
Others	39.4	106.4	(67.0)	-63.0%
Total	4,363.4	3,885.9	477.5	12.3%

(VIII) Income Tax Credit

In the first half of 2024, the Bank's income tax expenses were RMB-112.0 million, representing a year-on-year increase of RMB88.5 million or 44.1%.

	For the six months ended 30 June			
	2024	2023	Change in amount	Rate of change
(In RMB million, except percentages)				
Current income tax expenses	527.9	428.0	99.9	23.3%
Deferred income tax expenses	(639.9)	(628.5)	(11.4)	-1.8%
Effective income tax expenses	(112.0)	(200.5)	88.5	44.1%

III. Analysis of Key Items of Financial Position

(I) Assets

As at 30 June 2024, the Bank's total assets increased by RMB69,509.1 million or 8.5% to RMB882,837.8 million as compared to the end of last year.

	As at 30 June 2024		As at 31 December 2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Loans and advances to customers, net	336,347.3	38.1%	308,438.9	37.9%
Net investment in securities and other financial assets	362,283.7	41.0%	344,959.1	42.4%
Cash and balances with the Central Bank	100,206.9	11.4%	63,873.4	7.9%
Due from banks and other financial institutions	36,251.1	4.1%	31,866.2	3.9%
Reverse repurchase agreements	–	–	19,946.4	2.5%
Other assets	47,748.8	5.4%	44,244.7	5.4%
Total assets⁽¹⁾	882,837.8	100.0%	813,328.7	100.0%

Note:

(1) Of which, accrued interest is accounted in each of the interest-generating assets items but not in other discussions and analysis.

Management Discussion and Analysis

1 · Loans and advances to customers

As at 30 June 2024, the Bank's total loans and advances to customers increased by RMB29.0546 billion to RMB352.2373 billion, representing an increase of 9.0% as compared to the end of last year.

The following table sets out a breakdown of the Bank's loans by business lines as at the dates indicated.

	As at 30 June 2024		As at 31 December 2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Corporate loans	201,786.0	57.3%	184,005.1	56.9%
Personal loans	116,164.2	33.0%	118,550.6	36.7%
Discounted bills	34,287.1	9.7%	20,627.0	6.4%
Total loans and advances to customers	352,237.3	100.0%	323,182.7	100.0%

(1) Corporate loans

As at 30 June 2024, the Bank's corporate loans increased by RMB17,780.9 million to RMB201.7860 billion, representing an increase of 9.7% as compared to the end of last year, mainly attributable to the Bank's increased support for its loan customers as the Bank continued to support the development of the real economy.

The following table sets out a breakdown of the Bank's corporate loans by customer type as at the dates indicated.

	As at 30 June 2024		As at 31 December 2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Loans to small enterprises ⁽¹⁾	87,284.6	43.3%	79,315.9	43.1%
Other corporate loans excluding loans to small enterprises	114,501.4	56.7%	104,689.2	56.9%
Total corporate loans	201,786.0	100.0%	184,005.1	100.0%

Note:

- (1) Loans to small enterprises include corporate loans to small enterprises and micro enterprises as defined in the SME Classification Standards. According to the SME Classification Standards, there are different classification standards for different industries. For example, industrial enterprises having more than 20 but less than 1,000 employees and generating more than RMB3 million in operating income in a year are classified as small enterprises, while enterprises having more than 5 but less than 200 employees and generating more than RMB10 million in operating income in a year in the wholesale industry are also classified as small enterprises. Industrial enterprises having less than 20 employees or generating less than RMB3 million in operating income in a year are classified as micro enterprises, while enterprises having less than 5 employees or generating less than RMB10 million in operating income in a year in the wholesale industry are also classified as micro enterprises.

As at 30 June 2024, the Bank's loans to small enterprises increased by RMB7.9687 billion to RMB87.2846 billion, representing an increase of 10.0% as compared to the end of last year. As at 30 June 2024 and 31 December 2023, the Bank's loans to small enterprises accounted for 43.3% and 43.1% of the Bank's total corporate loans, respectively.

(2) Personal loans

As at 30 June 2024, the Bank's personal loans decreased by RMB2.3864 billion to RMB116.1642 billion, representing a decrease of 2.0% as compared to the end of last year, mainly attributable to a decrease in personal consumption loans by RMB2.9939 billion or 3.7% as compared to the end of last year.

The following table sets out a breakdown of the Bank's personal loans by product type as at the dates indicated.

	As at 30 June 2024		As at 31 December 2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Loans to small enterprise owners	23,220.2	20.0%	23,320.9	19.6%
Personal consumption loans	77,937.9	67.1%	80,931.8	68.3%
Loans to farmers	15,006.1	12.9%	14,297.9	12.1%
Total personal loans	116,164.2	100.0%	118,550.6	100.0%

As at 30 June 2024, personal consumption loans and loans to small enterprise owners decreased by 3.7% and 0.4% as compared to the end of last year, respectively, and loans to farmers increased by 5.0% as compared to the end of last year.

2. Investment in securities and other financial assets

As at 30 June 2024, the total amount of the Bank's investment in securities and other financial assets was RMB364.3775 billion, representing an increase of RMB16.9326 billion or 4.9% as compared to the end of last year. The increase in such assets in the first half of 2024 was mainly due to the fact that the Bank improved its capital utilization and continuously expanding channels of capital utilization under the premise of ensuring stable and sufficient liquidity.

Management Discussion and Analysis

The following table sets out the components of the Bank's investment in securities and other financial assets as at the dates indicated.

	As at 30 June 2024		As at 31 December 2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Financial assets measured at fair value through profit or loss	84,979.5	23.4%	85,711.3	24.7%
Financial assets measured at amortised cost	202,005.9	55.4%	175,576.3	50.5%
Financial assets measured at fair value through other comprehensive income	77,392.1	21.2%	86,157.3	24.8%
Total investment in securities and other financial assets	364,377.5	100.0%	347,444.9	100.0%

The following table sets out the distribution of the Bank's investment in securities and other financial assets divided by debt investments and equity investment as at the dates indicated.

	As at 30 June 2024		As at 31 December 2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Debt investments:				
Bond investments	217,504.8	59.7%	192,121.1	55.3%
Debt instruments issued by financial institutions ⁽¹⁾	141,487.9	38.8%	149,801.1	43.1%
Subtotal	358,992.7	98.5%	341,922.2	98.4%
Equity investment	5,384.8	1.5%	5,522.7	1.6%
Total investment in securities and other financial assets	364,377.5	100.0%	347,444.9	100.0%

Note:

(1) Includes fund trust scheme, funds and asset management plans.

As at 30 June 2024, the Bank's total investment in debt instruments issued by financial institutions was RMB141.4879 billion, representing a decrease of RMB8.3132 billion or 5.5% as compared to the end of last year. The investments of this class as a percentage of total investment in securities and other financial assets decreased from 43.1% as at 31 December 2023 to 38.8% as at 30 June 2024.

Management Discussion and Analysis

	As at 30 June 2024		As at 31 December 2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Government bonds	141,922.0	65.3%	103,018.2	53.6%
Bonds issued by financial institutions	10,098.1	4.6%	9,556.3	5.0%
Corporate bonds	47,118.8	21.7%	52,948.6	27.6%
Bonds issued by policy banks	18,365.9	8.4%	26,598.0	13.8%
Total bond investments	217,504.8	100.0%	192,121.1	100.0%

3. Other components of the Bank's assets

Other components of the Bank's assets primarily consist of (i) cash and balances with the Central Bank, (ii) due from banks and other financial institutions.

As at 30 June 2024, the Bank's total cash and balances with the Central Bank increased by RMB36.3357 billion to RMB100.1869 billion, representing an increase of 56.9% as compared to the end of last year.

As at 30 June 2024, the Bank's due from banks and other financial institutions increased by RMB4.2949 billion to RMB35.8907 billion, representing an increase of 13.6% as compared to the end of last year, mainly because the Bank adjusted the proportion of such assets based on its capital and changes in liquidity in the market.

(II) Liabilities

As at 30 June 2024, the Bank's total liabilities were RMB817,875.5 million, representing an increase of RMB68,435.0 million or 9.1% as compared to the end of last year.

	As at 30 June 2024		As at 31 December 2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Due to customers	688,512.7	84.1%	656,988.7	87.7%
Due to banks ⁽¹⁾	58,974.6	7.2%	46,651.8	6.2%
Repurchase agreements	32,894.7	4.0%	10,668.4	1.4%
Debt securities issued	25,200.2	3.1%	23,726.3	3.2%
Due to Central Bank	5,324.8	0.7%	3,410.7	0.4%
Other liabilities ⁽²⁾	6,968.5	0.9%	7,994.6	1.1%
Total liabilities⁽³⁾	817,875.5	100.0%	749,440.5	100.0%

Notes:

- (1) Due to banks also includes borrowings from banks and other financial institutions.
- (2) Other liabilities primarily consist of derivative financial liabilities, income tax payable and other tax payable, items in the process of clearance and settlement as well as staff salary payable.
- (3) Of which, interest payable is accounted in each of the interest-bearing liabilities items but not in other discussions and analysis.

Management Discussion and Analysis

1. Due to customers

As at 30 June 2024, the Bank's total due to customers was RMB671.3007 billion, representing an increase of RMB28.7951 billion or 4.5% as compared to the end of last year.

	As at 30 June 2024		As at 31 December 2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Corporate deposits				
Demand deposits	72,125.4	10.8%	81,370.1	12.6%
Time deposits	127,701.7	19.0%	116,021.5	18.1%
Subtotal	199,827.1	29.8%	197,391.6	30.7%
Personal deposits				
Demand deposits	45,042.1	6.7%	44,899.4	7.0%
Time deposits	426,431.5	63.5%	400,214.6	62.3%
Subtotal	471,473.6	70.2%	445,114.0	69.3%
Total due to customers	671,300.7	100.0%	642,505.6	100.0%

2. Due to banks

As at 30 June 2024, the Bank's due to banks balance was RMB58.4074 billion, representing an increase of RMB12.1336 billion or 26.2% as compared to the end of last year.

3. Repurchase agreement

As at 30 June 2024, the Bank's repurchase agreement was RMB32.8876 billion, representing an increase of RMB22.2232 billion or 208.4% as compared to the end of last year.

4. Debt securities issued

As at 30 June 2024, the Bank's debt securities issued were RMB25.2002 billion, representing an increase of RMB1.4739 billion or 6.2% as compared to the end of last year.

(III) Shareholders' Equity

As at 30 June 2024, the Bank's total shareholders' equity increased by RMB1,074.1 million to RMB64,962.3 million, representing an increase of 1.7% as compared to the end of last year. As at 30 June 2024, total equity attributable to shareholders of the parent company increased by RMB991.3 million to RMB62,595.6 million, representing an increase of 1.6% as compared to the end of last year.

	As at 30 June 2024		As at 31 December 2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Share capital	10,995.6	16.9%	10,995.6	17.2%
Other equity instruments	11,699.0	18.0%	11,699.0	18.3%
Reserves	21,676.0	33.4%	20,149.2	31.5%
Undistributed profits	18,225.0	28.1%	18,760.5	29.4%
Equity attributable to shareholders of the parent company	62,595.6	96.4%	61,604.3	96.4%
Non-controlling interests	2,366.7	3.6%	2,283.9	3.6%
Total equity	64,962.3	100.0%	63,888.2	100.0%

Management Discussion and Analysis

IV. Off-balance Sheet Commitments

The following table sets out the contract value of the Bank's off-balance sheet commitments as of the dates indicated.

	As at 30 June 2024	As at 31 December 2023
		(In RMB million)
Credit commitments:		
Bank bills acceptance	7,992.5	6,431.9
Issued letters of guarantee	471.9	522.6
Issued letters of credit	3,086.4	3,647.6
Credit limit of credit card	21,492.1	20,501.6
Subtotal	33,042.9	31,103.7
Capital expenditure commitments	254.9	16.8
Treasury bond redemption commitments	367.0	602.0
Total	33,664.8	31,722.5

In addition, as at 30 June 2024, there was no significant outstanding legal proceedings against the Group (as defendant or third-party defendant) with a subject amount of over RMB10 million for each dispute (As at 31 December 2023: Nil). As at 30 June 2024, the estimated liability of RMB17.0 million (As at 31 December 2023: RMB17.0 million) has been recognized in the balance sheet based on the best estimate. Details of off-balance sheet commitment contracts are disclosed in "Commitments and Contingent Liabilities" in the notes to financial statements of this report.

V. Analysis of Loan Quality

During the Reporting Period, the external situation remained complicated and challenging, and the geopolitical conflicts were hard to end, presenting a still high level of uncertainty and volatility. Despite the facts that China's economy as a whole has entered into a stage of stabilization and recovery and the market demand gradually rebounds, the operating entities are still in a lack of virility with the repayment ability of SMEs and individuals under continuous pressure. Challenges still exist for banks in asset quality control. Adhering to the principle of stability and seeking improvement in stability, closely focusing on the work goal of "Enhancing Development Quality", and with the general idea of "risk management driving business development and escorting business development", the Bank continuously enhanced its credit risk management and asset quality control prospectively, such as strengthening potential risk management of customers and pre-management before expiration of existing business to strictly control new delinquencies, establishing a key account consultation mechanism, a new overdue warning mechanism and an overdue asset supervision mechanism to prevent overdue assets from migrating to the lower grades, as well as other measures to improve risk control quality and efficiency. Besides, the Bank explored diversified ways of handling non-performing assets and thereby to enhance the capability of activating non-performing assets and achieving market-oriented disposal. As at 30 June 2024, the non-performing loan ratio was 2.87%, which remained the same as the end of last year. The impairment coverage ratio was 198.62%, representing an increase of 1.24 percentage points as compared to the end of last year. The impairment losses on loans ratio was 5.71%, representing an increase of 0.05 percentage point as compared to the end of last year, the ability of risk loss resilience basically remained stable.

(I) Distribution of Loans by Five-category Loan Classification

The following table sets out the Bank's loans and advances to customers in each category of the Bank's five-category loan classification as of the dates indicated.

	As at 30 June 2024		As at 31 December 2023	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Pass	319,765.4	90.9%	293,933.4	90.9%
Special mention	22,353.2	6.3%	19,989.7	6.2%
Substandard	1,582.3	0.4%	1,315.3	0.4%
Doubtful	1,473.3	0.4%	2,003.6	0.6%
Loss	7,063.1	2.0%	5,940.7	1.9%
Total loans and advances to customers	352,237.3	100.0%	323,182.7	100.0%
Non-performing loans amount and non-performing loan ratio⁽¹⁾	10,118.7	2.87%	9,259.6	2.87%

Note:

(1) Non-performing loan ratio is calculated by dividing non-performing loans by total loans and advances to customers.

According to the five-category loan classification system, the Bank classified its non-performing loans into substandard, doubtful and loss categories.

Management Discussion and Analysis

(II) The Distribution of Loans and Non-performing Loans by Business Lines

The following table sets out the Bank's loans and non-performing loans by business lines as of the dates indicated.

	As at 30 June 2024			As at 31 December 2023		
	Loan amount	Non-performing loans amount	Non-performing loan ratio	Loan amount	Non-performing loans amount	Non-performing loan ratio
(In RMB million, except percentages)						
Corporate loans						
Loans to small enterprises	87,284.6	2,666.4	3.05%	79,315.9	2,407.7	3.04%
Other corporate loans excluding loans to small enterprises	114,501.4	2,220.3	1.94%	104,689.2	2,197.9	2.10%
Subtotal	201,786.0	4,886.7	2.42%	184,005.1	4,605.6	2.50%
Personal loans						
Loans to small enterprises	23,220.2	1,214.2	5.23%	23,320.9	1,206.0	5.17%
Personal consumption loans	77,937.9	3,826.3	4.91%	80,931.8	3,187.4	3.94%
Loans to farmers	15,006.1	191.5	1.28%	14,297.9	260.6	1.82%
Subtotal	116,164.2	5,232.0	4.50%	118,550.6	4,654.0	3.93%
Discounted bills	34,287.1	–	–	20,627.0	–	–
Total	352,237.3	10,118.7	2.87%	323,182.7	9,259.6	2.87%

During the Reporting Period, the Bank strictly controlled the credit risk of new businesses and continued to optimise risk access standards and policy requirements for industries, regions, customer structures and products in order to keep flexibility in achieving progress. It focused on the collection and disposal of major projects, paid close attention to source prevention and control and full-process management, advanced at both the collective and specific levels, and strengthened the management accountability for problematic loans and non-performing loans. For corporate customers, the Bank actively adjusted the business structure, increased support for key local industries and key projects, and strengthened financial support for private, small and micro enterprises. For real estate, government and other key sectors, the Bank continued to track and analyze the external situation, adjust business guidance and access rules in a timely manner, and make dynamic adjustments to policies. As of 30 June 2024, the balance of corporate loans of the Bank amounted to RMB201,786.0 million, representing an increase of RMB17,780.9 million as compared to the end of last year. The NPL ratio of corporate loans decreased by 0.08 percentage point to 2.42% as compared to the end of last year. For retail customers, the Bank focused on acquiring valuable customers, optimized customer and asset structures, established a normalized monitoring post-supervision, intelligent post-loan management and elaborative overdue supervision system, and actively removed problematic customers through continuously refining the indicators featuring with default and early warning. As a local bank based in Heilongjiang Province, The Bank continued to implement the national strategy of comprehensively promoting rural revitalization, improved the level of financial services for farmers, promoted the cultivation of new agricultural business entities and large-scale land management, facilitated the development of agricultural modernization, thereby boosting the economic development of counties and the prosperity of the rural financial market in Heilongjiang Province. As of 30 June 2024, the balance of loans to farmers amounted to RMB15,006.1 million, representing an increase of RMB708.2 million as compared to the end of last year; the NPL ratio of loans to farmers was 1.28%, representing a decrease of 0.54 percentage point as compared to the end of last year.

(III) Distribution of Loans and Non-performing Loans Classified by Industry

The following table sets out the distribution of the Bank's loans and non-performing loans by industry as of the dates indicated.

	As at 30 June 2024				As at 31 December 2023			
	Loan amount	% of total	NPLs amount	NPL ratio	Loan amount	% of total	NPLs amount	NPL ratio
(In RMB million, except percentages)								
Agriculture, forestry, husbandry and fishery	1,298.6	0.4%	130.0	10.01%	1,449.6	0.4%	134.6	9.29%
Mining	470.4	0.1%	–	–	193.1	0.1%	–	–
Manufacturing	11,131.7	3.2%	1,126.2	10.12%	9,334.1	2.9%	1,178.8	12.63%
Production and supply of electricity, heating, gas and water	11,497.7	3.3%	120.1	1.04%	10,137.1	3.1%	58.8	0.58%
Construction	12,738.8	3.6%	458.6	3.60%	11,463.1	3.5%	455.6	3.97%
Wholesale and retail	37,368.4	10.6%	1,544.1	4.13%	32,517.4	10.1%	1,383.9	4.26%
Transportation, storage and postal services	2,824.0	0.8%	37.7	1.33%	2,728.6	0.8%	23.9	0.88%
Accommodations and catering	3,108.9	0.9%	84.5	2.72%	3,180.2	1.0%	130.9	4.12%
Information transmission, software and information technology services	426.5	0.1%	43.1	10.11%	332.7	0.1%	20.0	6.01%
Finance	1.0	0.0%	1.0	100.00%	1.9	0.0%	1.9	100.00%
Real estate	28,687.9	8.1%	556.3	1.94%	29,650.3	9.2%	481.2	1.62%
Leasing and commercial services	80,072.2	22.7%	649.5	0.81%	72,548.4	22.4%	615.5	0.85%
Scientific research and technological services	661.6	0.2%	37.1	5.61%	532.5	0.2%	37.1	6.97%

Management Discussion and Analysis

	As at 30 June 2024				As at 31 December 2023			
	Loan amount	% of total	NPLs amount	NPL ratio	Loan amount	% of total	NPLs amount	NPL ratio
	(In RMB million, except percentages)							
Water conservation, environment and public utility management	10,122.1	3.0%	70.8	0.70%	8,714.4	2.7%	45.5	0.52%
Residential, repair and other services	330.6	0.1%	0.2	0.06%	164.1	0.1%	10.4	6.34%
Education	127.5	0.0%	23.7	18.59%	128.4	0.0%	23.7	18.46%
Health and social work	467.0	0.1%	3.8	0.81%	376.0	0.1%	3.8	1.01%
Culture, sports and entertainment	451.1	0.1%	–	–	553.2	0.2%	–	–
Total corporate loans	201,786.0	57.3%	4,886.7	2.42%	184,005.1	56.9%	4,605.6	2.50%
Total personal loans	116,164.2	33.0%	5,232.0	4.50%	118,550.6	36.7%	4,654.0	3.93%
Discounted bills	34,287.1	9.7%	–	–	20,627.0	6.4%	–	–
Total	352,237.3	100.0%	10,118.7	2.87%	323,182.7	100.0%	9,259.6	2.87%

During the Reporting Period, the Bank, according to the direction of national industrial policy support and regional economic development characteristics, increased the credit support for key areas and projects such as the transformation of the manufacturing industry, green credit, the ice and snow economy, specialized and new enterprises and inclusive finance, and proactively implemented the Five Major Articles (五篇大文章) in order to provide strong financial support for the high-quality development of regional economies. The Bank's non-performing loans concentrated in the wholesale and retail industry and the manufacturing industry, with non-performing loans of RMB1,544.1 million and RMB1,126.2 million as at 30 June 2024, respectively. The Bank has always followed its microcredit strategy and implemented policies on inclusive finance as most of its customers are MSMEs, whereas the wholesale and retail industry and the manufacturing industry account for a relatively large proportion of MSMEs customers. Factors such as the slow growth of the macro economy have exerted a certain pressure on the operation and development of the MSMEs customers, which are susceptible to the economic situation, therefore, a certain period of time is needed for enterprises to restore normal cash flow.

(IV) Distribution of Loans and Non-performing Loans by Geographical Region

The following table sets out the distribution of the Bank's loans and non-performing loans by geographical region as of the dates indicated.

	As at 30 June 2024				As at 31 December 2023			
	Loan amount	% of total	NPLs amount	NPL ratio	Loan amount	% of total	NPLs amount	NPL ratio
	(In RMB million, except percentages)							
Heilongjiang region	200,711.0	56.9%	4,486.7	2.24%	181,370.1	56.1%	4,158.2	2.29%
Other regions in								
Northeastern China	41,759.7	11.9%	1,714.0	4.10%	39,742.9	12.3%	1,574.8	3.96%
Southwestern China	68,268.3	19.4%	2,333.8	3.42%	66,114.3	20.5%	1,609.2	2.43%
Other regions	41,498.3	11.8%	1,584.2	3.82%	35,955.4	11.1%	1,917.4	5.33%
Total	352,237.3	100.0%	10,118.7	2.87%	323,182.7	100.0%	9,259.6	2.87%

During the Reporting Period, the Bank implemented the national strategy of coordinated regional development, taking it as its responsibility to revitalize the economy of Heilongjiang Province through accelerating its return to its original aspiration and focusing on its major responsibilities and businesses. Centered on the key industries and projects in Heilongjiang Province and Harbin City, the Group comprehensively increased its support for the real economy. It continued to support the transformation and upgrading of the manufacturing industry in Heilongjiang Province, with a focus on increasing medium and long-term loans to the manufacturing industry. Meanwhile, it cooperated with local governments to increase support for infrastructure construction projects. By actively promoting the implementation of policies such as the key projects in Heilongjiang Province and the list of key industrial projects in Harbin City, it strengthened financial support for private enterprises and small and micro enterprises. As of 30 June 2024, the balance of loans in Heilongjiang region amounted to RMB200,711.0 million, representing an increase of RMB19,340.9 million as compared to the end of last year.

Management Discussion and Analysis

(V) The Distribution of Loans and Non-performing Loans by Collateral

The following table sets out the distribution of the Bank's loans and non-performing loans by collateral as of the dates indicated.

	As at 30 June 2024				As at 31 December 2023			
	Loan amount	% of total	NPLs amount	NPL ratio	Loan amount	% of total	NPLs amount	NPL ratio
	(In RMB million, except percentages)							
Unsecured loans	139,969.8	39.7%	3,745.7	2.68%	117,153.3	36.2%	2,972.4	2.54%
Guaranteed loans	98,929.4	28.1%	1,606.8	1.62%	91,416.0	28.3%	1,710.4	1.87%
Collateralised loans	94,402.9	26.8%	4,711.1	4.99%	97,337.7	30.2%	4,521.3	4.64%
Pledged loans	18,935.2	5.4%	55.1	0.29%	17,275.7	5.3%	55.5	0.32%
Total	352,237.3	100.0%	10,118.7	2.87%	323,182.7	100.0%	9,259.6	2.87%

During the Reporting Period, from the perspective of the Bank's overall loan structure, collateralised loans and pledged loans continued to account for a large part to 32.2% to ensure the controllability of the ultimate risks on loans; meanwhile as a proactive response to regulatory policies, the Group granted more inclusive loans to small and micro enterprises and loans related to maintaining stable business and employment, supported the real economy, and strongly supported the development of private sector and small and medium-sized enterprises, expanding unsecured loans and guaranteed loans.

(VI) Concentration of Borrowers

As of 30 June 2024, the Bank was in compliance with the lending limit of 10% of the Bank's net capital to any single borrower. The following table sets out, as at 30 June 2024, the Bank's 10 largest single borrowers (excluding group borrowers) in terms of loan balance.

		As at 30 June 2024		
Industry		Loan balance	% of total loans	% of net capital
(In RMB million, except percentages)				
1	L-Leasing and commercial services	6,900.0	1.95%	8.69%
2	L-Leasing and commercial services	6,150.0	1.75%	7.75%
3	L-Leasing and commercial services	5,445.6	1.55%	6.86%
4	K-Real estate	3,128.2	0.89%	3.94%
5	L-Leasing and commercial services	2,946.6	0.84%	3.71%
6	K-Real estate	2,537.2	0.72%	3.20%
7	K-Real estate	2,351.5	0.67%	2.96%
8	N-Water conservation, environment and public utility management	2,339.7	0.66%	2.95%
9	F-Wholesale and retail	2,258.8	0.64%	2.85%
10	L-Leasing and commercial services	2,080.0	0.59%	2.61%
Total		36,137.6	10.26%	45.52%

Management Discussion and Analysis

(VII) Overdue Loans and Advances to Customers

The following table sets out, as of the dates indicated, the distribution of the Bank's loans and advances to customers by maturity.

	As at 30 June 2024		As at 31 December 2023	
	Amount	% of total	Amount	% of total
	(In RMB million, except percentages)			
Current loans and advances	304,316.2	86.4%	275,398.7	85.2%
Loans and advances past due: ⁽¹⁾				
For 1 to 90 days	15,014.4	4.3%	17,475.3	5.4%
For 91 days to 1 year	5,306.5	1.5%	4,051.1	1.3%
For 1 year and above	27,600.2	7.8%	26,257.6	8.1%
Subtotal	47,921.1	13.6%	47,784.0	14.8%
Total loans and advances to customers	352,237.3	100.0%	323,182.7	100.0%

Note:

(1) Loans to customers with specific repayment date are classified as overdue when the principal or interest becomes overdue.

During the Reporting Period, the Bank has always adhered to the principle of “asset quality is our lifeline”, prevented and controlled operating risks, reasonably guided credit resources, enhanced the quality and efficiency of financial services, continuously strengthened asset quality management, constantly optimized risk prevention and control measures, made preliminary risk control by developing the concept of pre-management featuring forward look and proactiveness, and made “controlling new delinquencies” a key task for the whole Bank to effectively curb the deterioration of asset quality at source. Meanwhile, the Bank intensified the collection and disposal efforts by taking various measures by classification, formulating differentiated collection and disposal plans based on the actual business conditions, and making every effort to reduce non-performing assets by comprehensive use of collection in cash and by litigation, bad debt write-off and other means, so as to drive its all-round, high-quality development.

(VIII) Movements of Allowance for Impairment Losses on Loans

Pursuant to the requirements of IFRS 9, the Bank made use of “expected credit loss model” for the measurement of impairment of underlying financial assets. The Bank adhered to the prudence principle and made provision for impairment losses on loans in full amount. As at 30 June 2024, the allowance for impairment losses on loans amounted to RMB20,097.5 million, which increased by RMB1,821.0 million as compared to the end of last year. The allowance for impairment losses on loans ratio was 5.71%, representing an increase of 0.05 percentage point as compared to the end of last year. Risk resilience remained stable.

Movements in allowance for impairment losses on loans are as follows:

Item	As at 30 June 2024	As at 31 December 2023
		(In RMB million)
Balance at the beginning of the period	18,276.5	14,920.0
Exchange difference	0.0	(0.1)
Charged during the period	3,470.8	5,737.6
Accreted interest on impaired loans	(287.6)	(513.0)
Write-offs and transferred	(1,657.5)	(2,313.1)
Recoveries of loans and advances previously written off	295.3	445.1
Balance at the end of the period	20,097.5	18,276.5

Management Discussion and Analysis

VI. Segment Report

(I) Geographical Segment Report

The description of the geographical areas of the Bank is as follows:

Heilongjiang region:	Head Office, branches in Harbin, Shuangyashan, Jixi, Hegang, Suihua, Daqing, Qitaihe, Mudanjiang, Jiamusi, Qiqihar, Yichun and Nongken, as well as HB Leasing, HBCF and village and township banks operating within Heilongjiang province;
Other regions in Northeastern China:	Branches in Dalian and Shenyang, as well as village and township banks operating in Northeastern China excluding the ones in Heilongjiang province;
Southwestern China:	Branches in Chengdu and Chongqing, as well as village and township banks operating in Southwest region mainly in Sichuan and Chongqing;
Other regions:	Branch in Tianjin as well as village and township banks operating in regions other than those listed above.

The table below sets out certain key financial indicators of the Bank's head office and branches in each of the geographical regions for the periods indicated.

	Mainland China				Total
	Heilongjiang region	Other regions in Northeastern China	Southwestern China	Other regions	
	(In RMB million)				
For six months ended					
30 June 2024					
Operating income	5,270.4	19.5	1,334.6	574.2	7,198.7
Operating expenses	(1,541.1)	(143.6)	(224.3)	(192.4)	(2,101.4)
Credit impairment losses	(2,714.6)	(243.0)	(562.5)	(843.3)	(4,363.4)
Operating profit	1,014.7	(367.1)	547.8	(461.5)	733.9
As at 30 June 2024					
Segment assets	681,086.2	58,276.5	86,549.0	56,926.1	882,837.8
Segment liabilities	619,926.0	58,507.9	84,126.8	55,314.8	817,875.5

Management Discussion and Analysis

	Mainland China				Total
	Heilongjiang region	Other regions in		Other regions	
		Northeastern China	Southwestern China		
					(In RMB million)
For six months ended					
30 June 2023					
Operating income	5,093.3	82.7	1,086.9	392.1	6,655.0
Operating expenses	(1,715.5)	(150.3)	(202.5)	(200.9)	(2,269.2)
Credit impairment losses	(3,657.7)	(116.2)	28.9	(140.9)	(3,885.9)
Operating profit	(279.9)	(183.8)	913.3	50.3	499.9
As at 30 June 2023					
Segment assets	636,855.3	41,267.4	68,854.9	40,242.7	787,220.3
Segment liabilities	596,010.3	36,718.5	53,158.6	37,383.5	723,270.9

The table below sets out the Bank's operating income by geographical regions and their proportion to the Bank's total operating income for the periods indicated.

	For six months ended 30 June			
	2024		2023	
	Amount	% of total	Amount	% of total
	(In RMB million, except percentages)			
Heilongjiang region	5,270.4	73.2%	5,093.3	76.5%
Other regions in Northeastern China	19.5	0.3%	82.7	1.3%
Southwestern China	1,334.6	18.5%	1,086.9	16.3%
Other regions	574.2	8.0%	392.1	5.9%
Total operating income	7,198.7	100.0%	6,655.0	100.0%

Management Discussion and Analysis

(II) Business Segment Report

The table below sets out the Bank's total operating income by business segment for the periods indicated.

	For the six months ended 30 June			
	2024		2023	
	Amount	% of total	Amount	% of total
	(In RMB million, except percentages)			
Corporate finance business	2,722.9	37.8%	2,176.1	32.7%
Retail finance business	3,641.8	50.6%	3,512.7	52.8%
Financial institutions business	839.0	11.7%	979.7	14.7%
Other businesses	(5.0)	-0.1%	(13.5)	-0.2%
Total operating income	7,198.7	100.0%	6,655.0	100.0%

VII. Capital Adequacy Ratio and Leverage Ratio

(I) Capital Adequacy Ratio

The Group continued to optimise its business structure and strengthened capital management. As at 30 June 2024, the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio of the Bank were 8.63%, 12.34% and 13.48% respectively, which were in line with the regulatory requirements provided in the Measures for the Administration of Capital of Commercial Banks. Due to an increase in risk-weighted assets, the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio decreased by 0.06 percentage point, 0.14 percentage point and 0.23 percentage point respectively as compared to the end of last year.

Management Discussion and Analysis

In accordance with the Measures for the Administration of Capital of Commercial Banks and the Measures for the Administration of Capital of Commercial Banks (for Trial Implementation), the capital adequacy ratio of the Bank as at 30 June 2024 and 31 December 2023 was calculated respectively as follows:

	As at 30 June 2024	As at 31 December 2023
(In RMB million, except percentages)		
Core capital	52,029.0	50,987.7
Core tier 1 capital deductible items:		
Full deductible items	(1,201.2)	(912.2)
Net core tier 1 capital	50,827.8	50,075.5
Net other tier 1 capital	21,849.8	21,843.4
Net tier 1 capital	72,677.6	71,918.9
Net tier 2 capital	6,707.7	7,057.0
Net capital	79,385.3	78,975.9
Total credit risk-weighted assets	564,728.7	548,258.0
Total market risk-weighted assets	3,336.2	4,646.9
Total operational risk-weighted assets	20,766.8	23,163.2
Total risk-weighted assets	588,831.7	576,068.1
Core tier 1 capital adequacy ratio	8.63%	8.69%
Tier 1 capital adequacy ratio	12.34%	12.48%
Capital adequacy ratio	13.48%	13.71%

(II) Leverage Ratio

In accordance with the Measures for the Administration of Capital of Commercial Banks and the Administrative Measures on the Leverage Ratio of Commercial Banks (revised), the leverage ratio of the Bank as at 30 June 2024 and 31 December 2023 was calculated respectively as follows:

	As at 30 June 2024	As at 31 December 2023
(In RMB million, except percentages)		
Net tier 1 capital	72,677.6	71,918.9
Adjusted on – and off-balance sheet assets	898,539.3	851,826.4
Leverage ratio	8.09%	8.44%

Management Discussion and Analysis

VIII. Business Operation

The principal businesses of the Company comprise the provision of banking services such as deposit, loan, payment and settlement, as well as other approved businesses.

(I) Retail Finance Business

The retail finance business of the Bank is positioned as a focus of the Bank's strategic transformation. While gradually improving the wealth management system to serve the demand of customers and their families for wealth planning, the Bank strengthened eco-scenario construction to meet customers' needs for diversified investment and balanced asset allocation, and achieved breakthroughs in brand building and customer market positioning. As a municipal bank and a local bank, the Bank fully leveraged its geographic advantages to actively implement the "One Matter" service for residents through social security cards. The Bank focused on enhancing the consumer application scenarios associated with social security cards around the everyday needs of the public, including food, housing, transportation, tourism, shopping, and entertainment. This initiative aims to invigorate the application of financial functions and continuously improve the public's awareness and satisfaction with social security cards. Centered on digital inclusive finance, the Bank further strengthened customer relationship management with digitalisation, accelerated "online + offline" channel synergy and digital marketing transformation to provide powerful support for the transformation of comprehensive retail business from monolithic to integrated. The Bank had built a closed loop from retail finance business to customer service to deepen its image as a warm and connotational retail service brand and promote the sustainable and high-quality development of its retail finance business.

During the Reporting Period, the retail finance business of the Bank recorded an operating income of RMB3,641.8 million, accounting for 50.6% of the operating income of the Bank.

Retail customers

The Bank is rooted in the business philosophy of "customer interest first", focusing on professional development and brand creation through service. The Bank has established a comprehensive inclusive finance activity system that integrates "in-branch, community, and online" initiatives. Additionally, The Bank is deepening the "Little Wealth Manager" (理财小行家) program to effectively reach elderly customers, community members, and children, thereby enhancing the quality and effectiveness of our retail financial services. As at 30 June 2024, the Company had 14.7738 million retail deposit customers, representing an increase of 126.2 thousand as compared to the beginning of the year. The number of customers with personal financial assets (in RMB and other currencies) over RMB50,000 amounted to 1,327.2 thousand, representing an increase of 72.6 thousand or 5.79% as compared to the beginning of the year.

Retail deposits

The Company provides demand and time deposits service for retail customers, which are mostly denominated in RMB with only a small portion being denominated in foreign currencies, in accordance with statutory interest rates and interest rate floating range.

The Company provides demand and time deposits service to retail customers, which are mostly denominated in RMB with only a small portion being denominated in foreign currencies, in accordance with national and industry regulatory policies. As at 30 June 2024, the total retail deposits of the Company (in RMB and other currencies) amounted to RMB471,473.6 million, representing an increase of RMB26,359.6 million or 5.9% as compared to the end of last year. In the first half of 2024, the average balance of retail deposits (in RMB and other currencies) amounted to RMB461,536.6 million, representing an increase of RMB48,519.1 million or 11.7% as compared to the same period of last year. According to the statistics provided by the Heilongjiang branch of the PBOC, the balance of retail deposits of the Harbin branch of the Company ranked first in the regional market in terms of the increase in retail deposits with a market share of 19.3% as at the end of the Reporting Period.

Retail loans

During the Reporting Period, with a focus on “wholesale”, “scene”, “online” and “big data”, the Bank accelerated the business transformation in respect of its retail credit business. Its personal consumption loan business focused on local special customer groups, deepened the linkage and cooperation with scenario merchants and strengthened the development of consumption scenarios to meet consumers’ specific demand for financial and living services. In addition, the Bank continued to upgrade and improve its products and established an online product system to realize the stable development of business. The Bank also strengthened the talent training and team culture building, and consolidated the foundation of retail asset account manager team. By enhancing the utilization of fintech, the Bank improved its capability of intelligent and refined management, so as to build a comprehensive retail credit service system.

As at 30 June 2024, the balance of the Bank’s personal loans reached RMB116,164.2 million, representing a decrease of 2.0% as compared to the end of last year, and accounted for 33.0% of the Bank’s total loans to customers, among which the balance of loans to small enterprise owners, personal consumption loans and loans to farmers amounted to RMB23,220.2 million, RMB77,937.9 million and RMB15,006.1 million, respectively, and accounted for 20.0%, 67.1% and 12.9%, respectively, of the Bank’s total personal loans.

Bank cards

In the first half of 2024, the Bank continued to improve its debit card products and services, actively promoted social security card financial function application, enhanced service effectiveness of social security card and launched several full discount activities of social security card in consumption scenarios, such as public transport, subway, refuelling, food, accommodation, supermarkets and movies. Meanwhile, the Bank carried out exclusive salon activities for social security card holders, to instruct holders use their cards in an active and safe manner. During the Reporting Period, the Bank provided the third generation social security card issuance and replacement services to 1,388 thousand residents.

As of 30 June 2024, the total number of issued credit cards reached 18,172.1 thousand, of which 75.6 thousand were newly issued during the Reporting Period.

Management Discussion and Analysis

Wealth management business

The wealth management business of the Company focused on enhancing the value of customers' family wealth management. By always adhering to satisfying customers' diversified financial investment needs and improving customer experience, the Bank integrated online and offline channel resources to build an excellent financial services brand of Clove Wealth. It made efforts to improve the strategic cooperation structure with leading companies to expand its strategic cooperation continually, while also improved its wealth management product system and upgraded the online financial product market. Focusing on the financial scenarios such as healthcare for the elderly, children, education and issuing for others, the Bank dedicates itself to providing professional, convenient and high-quality wealth management service to customers.

During the Reporting Period, the Company realised total sales of personal wealth management products, such as wealth management, fund and insurance, of RMB31,520 million.

(II) Corporate Finance Business

In the first half of 2024, the Bank's corporate finance business closely focused on the keynote of "pursuing progress and improvement while ensuring stability" with "returning to the basics, focusing on key areas, optimising the structure and reshaping the foundation" as its main goal. The Bank actively implemented the service philosophy of "being customer-oriented", supported the development of the local real economy, and created a comprehensive financial service system for customers throughout their lifetimes, forming an integrated and comprehensive financial service pattern with "quick response to customer needs, service plans with collaborated design, and coordinated advancement of financial services".

During the Reporting Period, the corporate finance business of the Bank recorded a profit before tax amount of RMB94.5 million, accounting for 12.9% of the profit before tax of the Bank; an operating income amount of RMB2,722.9 million, representing an increase of RMB546.8 million as compared to the same period of last year and accounting for 37.8% of the operating income of the Bank.

Corporate customers

By leveraging the Bank's strengths in cross-regional operation layout and outlet resource, closely following the direction of the national strategy and focusing on marketing service system for the three key customer segments, namely institutional customers, settlement customers and credit customer, the Bank continuously strengthened customer base construction and adhered to "integration of customer operation, customer management and customer service". Besides, the Bank fully tapped into a serial of products through information sharing, product mix, cross-selling, business interconnection, and developed comprehensive financial service solutions covering full cycle of customer groups, realising precision marketing to core customers and comprehensive financial service management. The Bank focused on its local roots and concentrated its financial resources to give priority to supporting the high quality development of Heilongjiang Province. The Bank continued to deepen its strategic cooperation with provincial and municipal enterprise groups, enhanced cooperation with customer groups and core customer groups in key regions and industries. The Bank has continued to strengthen its customer base by intensifying customer visits and increasing its business reserves. At the same time, the Bank adhered to the four-pronged institutional customer service model of "channel building, qualification development, technical support and team service" and strengthened communication and coordination with government agencies. Relying on digital means to explore diversified service modes, the Bank was fully engaged in institutional business marketing and empowered customer value creation, and further strengthened corporate client base, striving to support the efficient development of Heilongjiang's economy in all aspects. As at 30 June 2024, the Company had 89,000 corporate customers.

Corporate deposits

During the Reporting Period, the Bank continued to intensify its efforts in marketing corporate deposits, proactively carried out green deposit marketing, further consolidated and optimized its deposit structure with steadily increasing the scale of corporate deposits and continuously conducted cost-effectiveness and efficiency. By fully leveraging local advantages, the Bank expanded the layout of institutional business, continuously strengthened “bank-government” strategic cooperation model, provided comprehensive and integrated financial services through deep cooperation in multi-dimensions, such as settlement, financing and system building, improved its regional expansion service capabilities for institutional customers, and realised the multi-level coverage of institutional business qualifications at provincial, city and county levels, so as to increase the scale of institutions’ deposits through various initiatives. The Bank, focusing on high-quality state-owned enterprises, central enterprises, group customers at provincial and city levels, local leading enterprises, listed companies and other key customer groups, spared no efforts to conduct marketing, so as to extend and expand the upstream and downstream marketing chain, further consolidate its customer foundation and expand deposit sources through multiple channels. The Bank continuously improved scenario marketing system construction to meet customers’ customized and personalized payment and settlement demands, so as to further enhance customers’ satisfaction and sense of belonging. As at 30 June 2024, the total corporate deposits of the Bank amounted to RMB199,827.1 million. The stability of deposits was further enhanced.

Corporate loans

During the Reporting Period, centered on the finance, the fundamental of the Bank, the Bank took meeting the requirements of the real economy as the starting point and the ultimate goal of high-quality development. Leveraging the advantage of the distribution of the Bank’s operating institutions and keeping abreast with national key strategic development and deployment, including “the Chengdu-Chongqing Economic Circle” and “Beijing-Tianjin-Hebei Integration”, the Bank provided financial support to the development of the real economy focusing on “Three Bases, One Barrier, One Highland (三基地、一屏障、一高地)”, “4567” modern industry system and “Five Major Articles (五篇大文章)”. Through enhanced industrial research, the Bank increased credit investment for key sectors, such as Fintech, green finance, inclusive finance, pension finance, and digital finance; fully supported the manufacturing’s transformation and upgrading by focusing on increasing medium-and long-term loans for manufacturing and exploring high-quality enterprises with high added value and core position in the industrial chain; increased credit investment for energy sectors by fully utilizing development potential of new energy on the basis of ensuring the safety of traditional energy; concentrated advantageous resources to support the development of modern agriculture of the Heilongjiang Province by leveraging linkage between agricultural and industrial chains and incorporating industrial chain finance into the integrated production and operation mode of “leading enterprises + bases + farmers”; concentrated and increased financing support for infrastructure construction projects, particularly for those in areas relating to people’s livelihoods such as electricity, heat supply and transportation; quickly responded to working requirements of the financing coordination mechanism of real estate enterprises to support the steady and sound development of the real estate market; strengthened financial cooperation among peers and proactively promoted the development of the syndicate business, so as to improve financial services; and continuously increased visits to customers and actively organized various forms of banking-enterprise communication, to focus on strengthening financial support for private enterprises and small and micro enterprises. As at 30 June 2024, the total corporate loans of the Company amounted to RMB201,786.0 million, representing an increase of 9.7% as compared to the beginning of the year and accounting for 57.3% of total loans.

Management Discussion and Analysis

Intermediary services

During the Reporting Period, the Bank continued to strengthen its management of intermediary business. Taking into account the market environment, policy guidance and the diverse financial service needs of customers, the Bank developed integrated service solutions. Also, the Bank actively promoted the development of its syndicate, bank acceptances and bond underwriting businesses. The Bank continuously strengthened the construction of corporate payment and settlement product systems and platforms, and constantly improved treasury management platforms function in financial scenarios such as finance, housing construction, bidding, trade and financing, and capital supervision. The Bank strove to build a comprehensive financial service system integrating payment, settlement, corporate property management and value-added service, strengthened technology empowerment, and continuously improved its customer service capabilities.

During the Reporting Period, the corporate finance business services of the Bank recorded a non-interest income amount of RMB35.3 million.

Global Transaction Banking

During the Reporting Period, the Bank continuously deeply engaged in integration of scenario ecology and deep financial support and deeply engaged in key industrial chains and up-and-down stream supply chains, so as to research and develop innovative products to establish its brand of global transaction banking. By focusing on the “transaction +” ecology of scenario-based finance and accelerating the establishment of systems to enhance the level of digital intelligence, the Bank continuously constructed a system of global transaction banking products with multiple levels, modes and products, and strived to build its ecology and characteristics in segments. During the Reporting Period, the Bank’s first digital supply chain finance business succeeded and the investment in inclusive credit business was driven by batch core enterprises. The Bank launched the system of pledge and financing business of grain’s stock right, promoting the credit business mode with cooperation of the Bank, grain warehouse companies and guarantee companies. The Bank researched and developed the online business system for the corporate account overdraft product, launched “college and university scenario” financial service scheme and organized to carry out industrial chain and medical institution scenario marketing. The Bank completed the upgrade and renovation of the institutional customization system, comprising housing construction provident fund, monitoring systems for pre-sale properties transaction funds and budget integration. By leveraging cross-sector linkage function of global transaction banking business, the Bank coordinated sectors such as company, cross-border, retail and internet finance to promote expansion and marketing of business and implementation of projects of the Bank. The Bank improved its product lines of global transaction banking, striving to establish brands of global transaction banking, such as Trading and Financing Connect (貿融通), Finance and Capital Connect (財資通), Chain Financing Connect (鏈融通) and e-Financing Connect (e融通). As at 30 June 2024, the “online banknote instant discounting” business under e-Financing Connect has accumulated RMB4,182 million in discounting, with a balance of RMB4,133 million, representing an increase of RMB3,968 million as compared to the beginning of the year.

(III) Financial Market Business

Regarding financial market business qualifications, the Company is a Class A settlement member of the national interbank bond market, a member of the underwriting syndicate of financial bonds of China Development Bank, a member of the underwriting syndicates of local government bonds of Heilongjiang Province, Sichuan Province, Liaoning Province, Tianjin municipality and Chongqing municipality, a member of the SHIBOR quoting syndicate of National Interbank Funding Center, and a member of the underwriting syndicate of debt financing instruments of non-financial enterprises. The Bank has business qualification of derivative transactions. During the Reporting Period, financial market businesses of the Bank recorded an income of RMB7,022.0 million.

Bond Investments and Transactions

During the Reporting Period, due to the global economic downturn and changes in monetary policies of the Central Bank, the interbank bond market presented a general downward trend under volatile. Amid the complex environment, the Bank accurately predicted the market trend at different stages, timely made profits from trading bonds, and optimized its bond portfolio simultaneously. During the Reporting Period, the Bank realized an interest income of RMB3,941.5 million, and realized an income of the deviation of the pricing of RMB652.3 million.

During the Reporting Period, the Bank actively participated in various businesses in the interbank bond market and was awarded by the National Interbank Funding Center as the Monthly Innovative Business Active Institution for a number of times.

Financial Interbank Business

During the Reporting Period, based on the guidance of regulatory policies, market development and its requirements for capital use, the Bank actively cooperated with non-bank financial institutions such as fund companies, state-owned large-scale assets management companies, consumer finance companies and financial leasing companies and continuously increased investments in funds and interbank loans to strongly support the financing needs of real enterprises and residents' consumption. As at 30 June 2024, the balance of the Bank's investments in funds amounted to RMB39,795.6 million and the balance of due from banks amounted to RMB35,890.7 million. During the Reporting Period, the Bank realized an income from investments in fund of RMB1,006.8 million and an interest income from due from banks of RMB540.1 million.

Interbank Investment Business

During the Reporting Period, the Bank closely monitored the changes in the economic environment and market and closely followed the national policies and policy guidance and orientation of the regulatory authorities. The Bank increased efforts in supporting the real economy and continued to optimize customer and product structure based on the market condition, regulatory policy, the development strategy and annual plan of the Bank. The Bank continuously increased the investment in standardised products and rationally deployed asset allocation. As at 30 June 2024, excluding the fund investment, the balance of investment in debt instruments issued by financial institutions amounted to RMB101,692.3 million, thus effectively supporting the real economy development.

Management Discussion and Analysis

Wealth management business

The Company strived to provide stable investment returns for investors. With “stable products” as the major, during the Reporting Period, the Bank maintained the stable returns of “Wenshunanxin”, a closed product and “Wenlidibo”, a fixed-income open product, on top of which the Bank strived to enrich wealth management products of “large and fixed-income segment” and improved diligently certain flagship series of fixed-income products, including “Ri Tian Jin (日添金)”, “Zhiying (智赢)”, “Ruiying (睿赢)” and “Yueying (悦赢)”. Such gained good reputation and stable customers in regional markets. The Company continuously improved product system by continuously enrich and improve forms and functions of products. Currently, the Company has launched investment products including fixed-income, mixed, equity products, which satisfies investment needs of investor with different risk appetite. Meanwhile, the Company closely monitored the policy guidance of the regulatory authorities on the establishment of wealth management subsidiaries by small and medium-sized banks in order to fully prepare for the license application of wealth management subsidiary.

During the Reporting Period, the Company raised funds of RMB25,361 million in total through its wealth management products. As at the end of the Reporting Period, the balance of its wealth management products amounted to RMB33,486 million.

(IV) Key Featured Businesses

1. *Microcredit business*

During the Reporting Period, the Company adhered to its policy-led approach and focused on agricultural supporting and small enterprises supporting financial services. Taking the financial needs of inclusive customer groups as the starting point and the ultimate goal, the Company increased the inclination of policies and resources, upgraded its microcredit products and services, accelerated the digital transformation of inclusive financial services, and comprehensively constructed a long-term mechanism of lending, being willing to lend, available to lend, and being able to lend, aiming to enhance the coverage, accessibility and convenience of microcredit services. During the Reporting Period, the Company continued to improve its customer service, product innovation and risk control capabilities in microcredit business to effectively promote the high-quality development of microcredit business.

As at 30 June 2024, the balance of the Company’s microcredit loans reached RMB203,448.8 million, representing an increase of RMB5,582.3 million as compared to the end of last year, accounting for 57.8% of the Company’s total loans to customers.

The following table sets out the distribution of the balance of microcredit loans by product type as of the dates indicated.

	As at 30 June 2024		As at 31 December 2023	
	Amount	% of total	Amount	% of total
	(In RMB million, except percentages)			
Loans to small enterprises	87,284.6	42.9%	79,315.9	40.1%
Personal loans	116,164.2	57.1%	118,550.6	59.9%
Total of microcredit loans	203,448.8	100.0%	197,866.5	100.0%

Small and micro enterprise finance business

During the Reporting Period, the Company's inclusive finance business, upholding the politic-based and people-oriented principle of finance and oriented towards differentiated operation and bulk customer acquisition, comprehensively met the diverse financial needs of inclusive customers from various dimensions such as the full lifecycle patterns of small and micro customers and the characteristics of segmented customers. We launched the "One Bank, One Policy" Cup Design Competition for Specialized Service Solutions for Inclusive Financial Clients according to local conditions, actively visited small and micro clients in various regions and industries, and formulated specialized marketing service solutions for the grain and food industry chain clientele, the technology innovation clientele, and the green environmental protection clientele, etc., so as to continuously enhance the Company's advantages in professional financial services in the sub-segment areas. In addition, the Company has strengthened public-private linkages and relied on high-quality public customer resources to launch the expansion of inclusive small and micro businesses in bulk; continued to promote supply chain cooperation projects and formulate exclusive financial products to gradually build a supply chain industry financial service system; optimized business processes, simplified redundant links, and continued to enrich the functions of online quota measurement and self-service withdrawals of inclusive financial services for mobile customers, so as to continue to enhance the quality and efficiency of financial services for small and micro enterprises.

During the Reporting Period, the inclusive small and micro enterprise loans granted by the Company was RMB15.3 billion, representing a year-on-year growth of 12%, with the number of customers amounting to 204,700. The average price of loans of during the Reporting Period was 6.83%, representing a decrease of 0.48 percentage point as compared with that of the beginning of the year. The Company has continued to reduce the financing costs for small and micro enterprises.

During the Reporting Period, the Company paid constant attention to regulatory policies and regional economic changes, strengthened the prediction of risk trends, adjusted its response strategies in a timely manner, consolidated its regularized risk back-up supervision and standardized action management, accelerated the in-depth integration of fintech and digital technology with traditional financial services, strengthened the construction of its internal control system, refined its warning indicators, and continued to improve the proactive risk management mechanism of its small and micro finance business, so as to continuously improve the asset quality of its small and micro finance business.

As at 30 June 2024, the balance of the Company's loans to small enterprises amounted to RMB87,284.6 million, representing an increase of 10.0% as compared to the end of last year. The balance of NPLs for the small enterprises was RMB2,666.4 million and the NPL ratio was 3.05%.

Management Discussion and Analysis

Consumer finance business

During the Reporting Period, the Company continued to put the business philosophy of “Inclusive Finance and Shared Prosperity” into practice with the mission of “Making People’s Lives Better,” and the responsibility of “Creating Returns for Shareholders, Taking Responsibility for Employees, and Fulfilling Customers’ Dreams.” The Bank has been constantly establishing an all-rounded comprehensive consumer finance service (product) system, expanding the quality business scenarios, and enriching innovative products and services and actively improving loan-granting efficiency, reaching more customers, enhancing the quality and effectiveness of financial services and so on. Always focusing on strategic planning and accelerating the in-depth integration of digital technologies such as big data, cloud computing and AI and traditional financial services, the Company realised the integration of online and offline services. Through continuous development of service scenarios, as well as the research and development and application of cutting-edge technologies, the Bank improved the customer acquisition capabilities, risk control capabilities, and product operation capabilities of its consumer finance business, thereby broadening consumer financial service scenarios and customer coverage and improving the inclusiveness of consumer finance services. During the Reporting Period, the Company significantly improved its core competencies in consumer finance business in terms of digital risk control capabilities, refined operation capabilities, and intelligent management capabilities, further accelerating the process of digitalisation transformation.

As at 30 June 2024, the balance of the Bank’s personal consumption loans amounted to RMB77,937.9 million.

2. Cross-border financial business

During the Reporting Period, the Company continued to promote the three-step approach of “acquiring customers in bulk, integrating production and finance, and establishing institutions” in depth and in practice, achieving a steady increase in various indicators of cross-border financial business. The ecosystem of cross-border customers has been initially formed, including large and medium-sized domestic and overseas enterprises. The integration of industry and finance continued to be deepened, promoting the quality and efficiency of investment, and assisting the development of the real economy. In the first half of 2024, the asset investment of cross-border financial business was equivalent to RMB11.841 billion, and the balance of assets in the balance sheet was equivalent to RMB11,593 million, representing an increase of RMB6,442 million or 125% as compared to the end of last year. Meanwhile, the Company was successfully approved as a pilot project for the facilitation of foreign exchange earnings and expenses on trade in goods for quality enterprises, which strengthened its ability to serve the real economy and facilitated the commencement of trade foreign exchange business for quality enterprises.

During the Reporting Period, the Company launched a new-generation international settlement system, which supports more comprehensive operational model, more efficient business process and more refined management requirements. The system has enhanced the professional, intelligent and online operation of the Company's foreign exchange business system in all respects, providing efficient and safe technological support for the high-quality development of the Company's cross-border financial business.

During the Reporting Period, the Company continued to optimize the functions of cross-border online payment and settlement system and kept enriching the mainstream online payment and settlement channels for the "Belt and Road" countries, thus providing global and one-stop payment, collection and settlement solutions for cross-border e-commerce enterprises to "Go Global".

During the Reporting Period, the Company strived to build a foreign exchange compliance management system covering all aspects before, during and after events. It promptly researched and judged external economic situation and changes in regulatory policies by actively responding to the country's policy guidance. Meanwhile, the Company strengthened the effective communication with external regulatory authorities to continuously improve the construction of foreign exchange compliance management system. Under the development principles of compliance and cautiousness, the Company fully respected the law of market development and customer choice, and strictly abided by the International Law and laws and regulations related to cross-border finance, so as to carry out cross-border financial business in a safe and sound manner.

3. *Agriculture-benefiting finance business*

During the Reporting Period, the Company actively implemented the requirements of the tasks of promoting comprehensive rural revitalization by finance and accelerating the construction of a strong agricultural country and worked intensively in the field of agriculture-related financial services. Focusing on farmland construction, unique rural industry and other key areas, it strengthened service upgrading to effectively enhance farmers' sense of fulfillment and satisfaction, thereby playing a role in providing financial support for agricultural and rural modernization. As at the end of June 2024, the Company's balance of loans to farmers amounted to RMB15,006.1 million, representing an increase of RMB708.2 million as compared to the beginning of the year.

Management Discussion and Analysis

During the Reporting Period, the scale of the agriculture-benefiting finance business of the Company was effectively expanded with the loans for spring farming in the new cycle exceeding RMB12 billion. Results have been achieved in the optimization of the agriculture-benefiting structure with the investment of new agricultural subjects, as the main force of modern agriculture, accounting for more than 92% of the total. In the current cycle, the pricing of loans to farmers decreased by over 50 BP as compared to last year, which further lowered the finance cost of farmers for spring farming. The Company organized and carried out the marketing transformation action in respect of Harbin Bank's inclusive agriculture-related business across the organization, and optimized and formed the implementation plan for such action to ensure the chain development of agriculture-related loans for the whole industry. The Company continued to improve agriculture-related product system and launched Harbin Bank's exclusive service solutions for animal husbandry. The Company also kept optimizing online agricultural flash loans 5.0 version, and effectively improved the service level of "one branch, one policy", to efficiently satisfy the financing needs of various agriculture-related industries such as bulk grain, economic crops, understory economy, modern animal husbandry, and black soil protection. In addition, the Company further explored the cooperation and dovetailing with leading enterprises in agriculture-related industries, and continued to promote the landing of storage-benefiting financial business, in a bid to channel more liquidity to support the agriculture industry of Heilongjiang Province.

(V) Related Party Transactions as Defined by the NFRA

During the Reporting Period, the Bank identified related parties and related party transactions in accordance with the management requirements of the Administrative Measures for Related Party Transactions of Banking and Insurance Institutions (the "Measures") which was announced by the Order No.1 [2022] of the China Banking and Insurance Regulatory Commission and came into effect on 1 March 2022.

Significant related party transactions

Significant Related Party Transactions of Subsidiaries

1. HBCF

HBCF was established on 24 January 2017. Its registered place is No. 1, 12th Floor, Unit B, Building AB, No. 2586, Lijiang Road, Daoli District, Harbin. Its registered capital is RMB1.5 billion. It is a financial enterprise initiated and established by the Company as the controlling shareholder with the approval of the former CBRC.

The Company contributed RMB795 million to HBCF, accounting for 53% of the registered capital. Duxiaoman (Chongqing) Technology Co., Ltd. contributed RMB450 million to HBCF, accounting for 30% of the registered capital. Shanghai Site Fude Property Co., Ltd. contributed RMB95 million to HBCF, accounting for 6.33% of the registered capital. Suzhou Tongcheng Software Co., Ltd. contributed RMB75 million to HBCF, accounting for 5% of the registered capital. Beijing Bosheng Youshi Technology Development Co., Ltd contributed RMB50 million to HBCF, accounting for 3.33% of the registered capital. China Circle International Trade, Inc. contributed RMB25 million to HBCF, accounting for 1.67% of the registered capital. Heilongjiang Xinda Auction Co., Ltd. contributed RMB10 million to HBCF, accounting for 0.67% of the registered capital.

HBCF is a legal entity controlled or exercised significant influence by the Company, and is included in the management of related parties of the Company.

2. HB Leasing

HB Leasing was established on 11 June 2014. Its registered place is Room 211, No. 66 Shimao Avenue, Building 12, Sci-Tech Innovation and Entrepreneurship Square, Harbin Hightech Zone. Its registered capital is RMB2 billion. It is a financial enterprise engaged in financial leasing business initiated and established by the Company as the controlling shareholder with the approval of the former CBRC. It is also the first bank-based financial leasing company established in Northeast China.

The Company contributed RMB1,600 million to HB Leasing, accounting for 80% of the registered capital. Dongning Lizhi Building Decoration Engineering Co., Ltd. contributed RMB300 million to HB Leasing, accounting for 15% of the registered capital. Harbin Express Auto Sales Co., Ltd. contributed RMB100 million to HB Leasing, accounting for 5% of the registered capital.

HB Leasing is a legal entity controlled or exercised significant influence by the Company, and is included in the management of related parties of the Company.

3. The Company's significant related party transactions with HBCF

In the first half of 2024, the Company had a total of 25 related-party credit transactions with HBCF amounted to RMB6.3 billion with a balance of RMB6.55 billion, all of which were inter-bank loan transactions. As at the end of June 2024, the transactions balance of HBCF accounted for 9.37% of the Company's net capital at the end of the first quarter of 2024.

4. The Company's significant related party transactions with HB Leasing

In the first half of 2024, the Company had a total of 15 related-party credit transactions with HB Leasing amounted to RMB12.6 billion with a balance of RMB5.6 billion, all of which were inter-bank loan transactions. As at the end of June 2024, the balance of the credit transactions of HB Leasing accounted for 8.02% of the Company's net capital at the end of the first quarter of 2024.

Significant related party transactions between the Company and its subsidiaries were fairly priced, not favourable to unrelated parties, and did not involve any transfer of benefits.

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Ordinary Related Party Transactions

It is stipulated in the Article 57 of the Measures that, “The following related party transactions conducted by banking and insurance institutions may be exempted from consideration and disclosure in the manner of a related party transaction: A related party transaction with a related natural person of less than RMB500,000 or with a related legal person of less than RMB5,000,000 for a single transaction, and the cumulative amount after such transaction does not reach the conditions of significant related party transactions; subscription in cash by one party for stocks, company bonds or corporate bonds, convertible bonds or other derivatives publicly issued by the other party; demand deposit transactions; where the same natural person serves as an independent director of both a banking and insurance institution and other legal person(s) and there are no other circumstances that constitutes a related party, transactions between the legal person and such banking and insurance institution; transactions with the pricing set by the state; other circumstances approved by the CBIRC”. Therefore, except for the related party transactions exempted from disclosure as mentioned above, the Bank discloses ordinary related party transactions.

As at 30 June 2024, there were a total of 135 ordinary related party transactions that the Bank was required to disclose, with a total amount of RMB3.835 billion, mainly including credit transactions, services transactions, deposit transactions and other transactions with related parties. Among which, inter-bank credit transactions with related parties were all inter-bank transactions conducted between the Bank and its related party banks, which can be excluded from the scope of calculating the proportion of credit balances and the statistics of significant related party transactions according to the requirements under Clause 3 of the Article 16 of the Measures.

1. There were 9 related-party credit transactions conducted with an aggregate amount of RMB1.36 billion, including: one related-party credit transactions under guarantee business granted by the Company to its Shareholder, Heilongjiang University Student Startup Financing Guarantee Co., Ltd. (黑龍江省大學生創業融資擔保有限公司), a related party of Heilongjiang Financial Holdings in the first half of 2024, with an amount of RMB100 million, and one bond investment business with Longjiang Bank Corporation (龍江銀行股份有限公司), with an amount of RMB380 million. The Company had one related-party credit transactions under loans business with its Shareholder, Harbin Hatou Supply Chain Management Co., Ltd. (哈爾濱哈投供應鏈管理有限公司), a related party of Harbin Economic Development, with an amount of RMB10 million, 2 related-party credit transactions under loans business with Heilongjiang Suibao Thermolectric Co., Ltd. (黑龍江歲寶熱電有限公司), with an amount of RMB199 million, and one related-party credit transactions under bond investment business (medium term note) with Harbin Investment Group Corporation Limited (哈爾濱投資集團有限責任公司), with an amount of RMB420 million. The Company had 2 inter-bank credit transactions with subordinate village and township banks, with an aggregate amount of RMB250 million. The Company had one natural person loan transactions with insiders involved in the review and approval of core businesses, such as credit granting and asset transfer, and its related parties, with an aggregate amount of RMB1 million.

2. There were 3 related-party service transactions, with an aggregate amount of RMB54 million, all of which were related-party service transactions between the Company and HBCF.
3. There were 121 deposit transactions with related parties, with an aggregate amount of RMB2,231 million. Among them, 73 ordinary deposit related transactions were entered into with related natural persons (excluding current deposits, data collected from new accounts opened in the first half of 2024), with a total transaction amount of RMB59 million; 47 ordinary deposit related transactions were entered into with related inter-bank institutions, amounting to RMB2,120 million. Also, 1 corporate ordinary deposit related transactions was entered into with related parties of other legal persons, with a total transaction amount of RMB52 million.
4. There were 2 other transactions with related parties, with an aggregate amount of RMB190 million, representing the completion of the payment of capital increase of RMB110 million to Leiyang Rongxing Village and Township Bank by the Company; and 1 bond reverse repurchase transaction of inter-bank business with Heilongjiang Lindian Rural Commercial Bank Co., Ltd., with an aggregate amount of RMB80 million.

The ordinary related party transactions between the Company and related parties were fairly priced, not favored over non-related parties, and there were no transfer of benefits.

(VI) Information on Controlling Subsidiaries

1. *Village and township banks*

As at 30 June 2024, the Company had a controlling interest in 30 village and township banks and 45 village and township sub-branches, which were mainly located in the eastern, central and western regions of China. As at 30 June 2024, the total assets of the 30 village and township banks amounted to RMB28,069 million, of which the total loans amounted to RMB12,422 million, representing a decrease of 0.51% as compared to the end of last year; and the total deposits amounted to RMB22,814 million, representing an increase of 5.41% as compared to the end of last year.

2. *HB Leasing*

Since its establishment, HB Leasing has made some achievements in respect of asset scale, accumulated leased amount, business innovation model, etc., and initially maintained leading position in domestic leasing market to farmers. As at 30 June 2024, the total assets of HB Leasing amounted to RMB27,135 million. The accumulated leased amount during the Reporting Period amounted to RMB10,724 million.

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HB Leasing always strives to serve the real industry and the “Agriculture, Rural Areas and Farmers” and remains steadfast in its agricultural strategies. With “strategic focus, returning to the basics, outstanding characteristics and elevating values” as corporate goals and “pragmatic and efficient, innovative development, and inclusive and win-win” as business philosophy, HB Leasing anchors the five major areas of Fintech, green finance, inclusive finance, pension finance, and digital finance, continuously enhances the quality and efficiency of serving real economy, practices the concept of “One Harbin Bank (一個哈行)”, and constantly improves the capability of creating value. Based in Heilongjiang Province, HB Leasing aims to have strong presence across the nation by continuously optimizing regional layout, and strives to build a first-class banking and financial leasing company with different orientation, modern governance and distinct business.

3. *HBCF*

HBCF is a licensed consumer financial company approved by the former CBIRC, the 19th company nationwide and also the first to receive strategic investments from internet giants in China. It is also the second licensed consumer financial company in the country with the qualification of a high-tech enterprise. With the Company as its major founder, the registered capital of HBCF was RMB1.5 billion as of the end of the Reporting Period.

HBCF adheres to the development philosophy of “Inclusive Finance, Harmonious Co-enrichment”. Capitalising on the extensive experiences in product, customer and technology that the Bank has accumulated over a decade of in-depth operation in microcredit business, and leveraging shareholders’ resource advantages in leading financial technology and diverse business scenarios, HBCF gives full play to its advantages such as first-class core team, agile technological research and development, strong ability of risk control on self-development, excellent asset quality and rapid market response, and deeply engages with a focus on consumption scenarios. It mainly targets customers who are young and ambitious with consumption credit needs, relatively stable jobs, a certain extent of debt repayment ability and certain growth and development potential in the future, as well as small and micro owners, entrepreneurs of small business and new citizens with certain consumption capacity and profitability, whose short-term consumption credit needs are not related to housing and cars. HBCF is committed to building itself into a leading domestic consumer financial company with sound risk quality, good economic benefits and a high market reputation.

As at 30 June 2024, the total assets of HBCF amounted to RMB21,480 million, representing an increase of RMB106 million or 0.50% as compared to the end of last year; the balance of loans amounted to RMB20,474 million, representing an increase of RMB207 million or 1.02% as compared to the end of last year; and the operating income amounted to RMB690 million, representing a year-on-year increase of RMB103 million or 17.55%.

HBCF adheres to the development philosophy of “Inclusive Finance”. With deepening the application of financial data elements as the basis, it aims to support the structural reform on the supply side of finance and focuses on accelerating the digital transformation of financial institutions. By making targeted efforts in improving the scientific and technological governance system, consolidating the base of digital infrastructure, promoting technological innovation, activating digital business dynamics, strengthening innovative and prudent regulation, practicing digital inclusive finance and other aspects, HBCF accelerates the improvement of modern financial system that is suitable for digital economic development, so as to contribute financial strength for the construction of a new development pattern.

(VII) Distribution Channels

1. *Physical network*

As at 30 June 2024, the Company had a total of 309 branch outlets, including 17 branches, 290 subbranches, 1 branch-level financial service centre for small enterprises and 1 headquarter business department.

2. *Electronic banking*

The Bank has built up an electronic service system combining online means such as mobile phone banking, online banking, WeChat banking, phone banking and offline self-service terminals. E-channels have become the main business channels of the Bank.

(1) **Self-service banking**

The Bank has provided various convenient services to customers through self-service terminals, including deposit and withdrawal, account opening and transfer, account inquiry, passcode changing, wealth management and social security card issuance. As at 30 June 2024, the Bank had 1,131 self-service terminals, including 314 BCDMs, 100 ATMs, 254 smart cabinets, 220 non-cash super counters, 184 desktop card-making machines III for social security cards and 59 CRS III for social security cards.

(2) **Online banking**

The Bank continues to expand the functions of online banking. Currently, personal online banking provides customers with account services, transfer and remittance, membership management, loan management, investment and wealth management, credit card, special services and other functions, while corporate online banking provides customers with account management, transfer and remittance, issuing and paying for others, investment and wealth management, electronic commercial drafts, bill pools, treasury management and other functions. As at 30 June 2024, the Bank had 5,544.3 thousand e-membership customers, representing an increase of 7.70% as compared to the same period of last year.

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(3) Phone banking

The Bank provides 24-hour phone banking services, which include account inquiries, verbal report of card loss, operator inquiry and outgoing calls, to customers through the unified national customer service hotline 95537/4006095537. At the same time, the Bank has opened a special hotline for the elderly, who can choose self-service or manual service. If choosing manual service, the elderly can enjoy priority access to the special hotline for the elderly. In the first half of 2024, the remote banking customer service centre handled a total of 920 thousand calls, with a customers' satisfaction of 99.5%; online customer service channel served 17 thousand customers, with a response rate of 99.5%.

The Bank provides services including credit card consultancy, complaint and advice, card activation, reporting for loss and instalment through the unified national customer service hotline for credit card 4006695537. In the first half of 2024, the credit card customer service centre recorded a total of 704,100 business calls, representing a decrease of 6.06% as compared to the same period of last year.

(4) Mobile phone banking

The Bank continues to expand the functions of mobile phone banking. While providing customers with basic services such as account management, investment and wealth management, transfers and remittance, living payment and credit card etc., the Bank also focuses on featured businesses such as microfinance and agriculture-benefiting finance, and provides guidance and constructs relevant scenarios for mobile banking customers, so as to put people-benefit services into practice through people-benefit scenarios such as medical insurance zones and social security zones. Meanwhile, considering the actual use and application habits of the elderly and disabled customers, the Bank has launched a minimalist version of mobile phone banking to facilitate customers to use mobile phone banking more quickly and conveniently and improve their happiness. As at 30 June 2024, the Bank had 4,296.2 thousand active mobile banking users, representing an increase of 10.00% as compared to the same period of last year.

(5) WeChat banking

The Bank continues to upgrade the customer service and marketing capabilities of WeChat banking, and has launched a business hall mini program on WeChat platform, offering a variety of financial services including wealth management, deposits and loans. At the same time, it provides diversified value-added daily-life services such as online medical insurance payment, and provident fund inquiry and withdrawal. As at 30 June 2024, WeChat banking had 5,581.7 thousand followers, representing an increase of 19.42% as compared to the same period of last year.

(VIII) Information Technology

In the first half of the year, the Bank focused on the strategic development objective of the Group, adhered to the working principal of focusing on strategy, problem-solving, being truthful and pragmatic, and value enhancement, and accelerated the application and promotion of new technologies. During the Reporting Period, various key systems operated smoothly. Steady enhancement was achieved in technological management, technological support and technological service capabilities.

- 1. Strengthening the top-level design and promoting the digital transformation.** Taking advantage of the opportunity of building a “Digital Heilongjiang”, the Bank implemented the Group’s strategic development requirements, proactively seized new opportunities, cultivated new development drivers, and planned the digital transformation development strategy across the board. Driven by data, backed by technology, and oriented by goals and problems, the Bank adopted a way of pilot-first, summarizing experience, publicity and promotion, and making key breakthroughs, and focused on five directions, i.e. business operation, management, data and technology capacity building and risk control and prevention, to enhance its fintech services. The Bank also made more efforts to solve customer pain points, business development difficulties and work blockage points in the current work, deeply tapped the potential of data elements, and continued to optimize the management and service modes, in a bid to accelerate the construction of a new pattern of digital finance that adapts to the development of modern digital economy.
- 2. Consolidating the foundation and strengthening technological operational capacity.** Key operation and maintenance indicators, fault handling efficiency, production success rate and self-owned controllability rate were continuously improved. The availability rate of core business systems reached 100%, while the resolution rate of scientific and technological service support was 99.2%. An operation and maintenance guarantee mechanism for the first-, second- and third-line system has been established with the implementation of the standardized disposal process. The integrated monitoring and operation and maintenance systems were put into operation to display the monitoring and alarm priority relationship of each business system in real time and quickly locate faults, thereby enhancing scientific and technological support capabilities.
- 3. Continuously improving the science and technology governance system.** Planning, supervision, inspection and training of IT management system were promoted on an ongoing basis. The construction of IT system for the year 2024 mainly made reference to the regulatory audit issues, departmental key work, and combined with the IT governance work priorities, and planned to carry out key construction in the areas of IT risk management, information security, operation continuity management, and personnel management. In order to strengthen the foundation of internal control of IT, promote the establishment and implementation of internal control system, and solve the practical problems in operation and management from the root, a plan for the supervision and inspection of the implementation of important and sensitive systems of IT was formed, which identified more than 40 inspection points. Moreover, it is planned to carry out supervision and inspection on an ongoing basis in accordance with the plan. Training on systems was actively promoted, and training materials for 12 systems were developed. In the first half of the year, training on IT risks, operation continuity and data security was conducted for all Bank staff. Processes were sorted out for 29 systems, of which 14 systems attracted 22 flow charts, which facilitated the learning and implementation of the systems.

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- 4. Accelerating technology empowerment and improving the quality and efficiency of financial services.** With the increased investment of resources and support for key projects, the first half of the year saw the successful commissioning of a new generation of Harbin Bank's international clearing system, a number of business systems such as the central bank's internal (enterprise) rating and reporting system for village and township banks, and the system for direct contact between the village and township banks and enterprises. Among them, the new-generation international clearing system was more advanced as well as robust and efficient in terms of structural design, which enabled the Bank's international settlement business model to be more diversified, automated and intelligent, thereby providing customers with more efficient and convenient business services. In order to further strengthen the standardisation of infrastructure, the expansion and upgrade of the enterprise cloud platform was completed in the first half of the year, realising unified management and flexible allocation of resources for production, research and development, and disaster tolerance environments, and effectively safeguarding the resource requirements of the Group's business systems.

IX. Risk Exposure and Management

Adhering to the core philosophy of “creating value through risk management”, the Bank continued to focus on cultivating a risk culture of “compliance and stability” and coordinated and promoted the construction of a comprehensive risk management system that is commensurate with its development strategy, business scale, organisational structure and risk characteristics. In the course of daily risk management, the Bank established a chain-wide dynamic control system comprising prevention in advance, control during the process, and supervision and correction after the process, forming three lines of defence in risk management consisting of the risk management executive department, the risk management leadership department, and the internal audit department, each line of defence playing its own role, and jointly contributing to the achievement of the Bank's risk management objectives through the working mechanisms of risk assessment, inspection, rectification and accountability, performance assessment, and internal auditing, to ensure that risks are effectively prevented and mitigated.

During the Reporting Period, the Bank adhered to its risk appetite of “stability and prudence”, with a sound risk management system by focusing on the development of a risk culture, strengthening the key aspects of risk management, optimising the institutional management mechanism, improving the construction of system tools, and enhancing its ability to prevent and cope with various types of risks, so as to safeguard the sound and sustainable development of the Bank's various businesses.

(I) Credit Risk

Credit risk refers to the Bank's risk of economic losses caused by a debtor or a counter-party failing to fulfil his obligations under the contract, or credit quality changes affecting the value of the financial products. The Bank's credit risks exist mainly in loan portfolios, investment portfolios, guarantees, commitments and other on- and off-balance-sheet exposures. The Bank executes a unified risk appetite in credit risk management and controls risk within an acceptable range, in order to achieve a higher risk return and effectively identify, measure, monitor, and control credit risk.

During the Reporting Period, adhering to the principle of stability and seeking improvement in stability, closely focusing on the work goal of “Enhancing Development Quality”, and with the general idea of “risk management driving business development and escorting business development”, the Bank continuously enhanced its credit risk management. **Return to the basis of business and strengthen policy guidance.** Based on the requirement of local economic development and the guidance of regulatory policies, the Bank returned to the basic and local business while focusing on the main responsibility and business. With the goal of “taking root in black soil and gathering momentum for the economic development of Heilongjiang”, the Bank improved the quality and efficiency of financial services for the local economy and the real economy. The Bank continued to deepen the strategic cooperation between its local branches and state-owned and private enterprises groups, and actively participated in the construction of various key industries and major projects. The Bank closely monitored the macroeconomic situation and kept abreast of the changes in market environment and regulatory policies to improve its credit risk systems and policies. With the national strategies and cutting-edge technology in high-tech industry development as its guidance, the Bank actively contributed to the sectors of “new infrastructure and new urbanization initiatives and major projects”, five areas of scientific and technological finance, green finance, inclusive finance, pension finance and digital finance as well as “agriculture, rural areas and farmers”, increased policy guidance and financial assistance for the real economy especially small and micro enterprises, technological innovation, and green development, and implemented the strategic plan for inclusive finance and green finance. **Strengthen the active management of credit risk and improve the quality and efficiency of risk control.** The Bank continued to refine its internal evaluation systems to enhance the accuracy of risk trend judgments. Moreover, the Bank continued to improve the standardised, normalized and refined management of the collateral risk valuation system and actively strengthened risk control over weak links in the entire process of collateral management, effectively reducing the hidden dangers and losses of credit risk. The Bank has established a risk control model with forward risk management and control and set up a forward-looking and proactive pre-management philosophy by strengthening potential risk management for customers, enhancing the pre-management of existing business before expiration, and instituting a joint discussion mechanism for corporate customer risks, a mechanism for supervising the performance of duties and a new overdue early warning mechanism. As such, multiple measures have been taken to improve the quality and efficiency of risk control. **Strengthen unified credit granting system management and optimise the refined management level of credit risk.** The Bank adhered to its bottom lines in terms of compliance and customers, established a forward-looking and proactive credit risk management mechanism, proactively disseminated new policies, documents and information to branches to strengthen communication with branches, so as to collaborate in the pre-maturity management of the credit business. The Bank has fully implemented the parallel operation mechanism and auxiliary review mechanism to achieve forward risk management and control, which specifically gave priority to the first source of repayment from customers, and intervened in advance in the design of credit granting schemes for new customers, large-value customers and customers in key areas, thus guarding properly the risk gates of the new business. The Bank has strengthened the unified credit granting management of the Group to prevent the credit risk of Group customers and related customers to achieve comprehensive management and rigid control over the credit facilities granted to the Group’s customers. Strictly following national policies, regulatory guidance, and related systems inside and outside the Bank, it gave full play to the role of examination and approval in risk disclosure and risk control to effectively identify and control various risks. The Bank enhanced its internal control management and conducted examination and approving process regularly and further developed and upgraded templates to standardise the review process and unify risk appetite. The Bank continued to make use of the off-site appointment mechanism to achieve corrective

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actions and risk checks and balances, and formulated the Key Points for Review of Corporate Credit Granting Business to enhance the quality of review and approval as well as the quality of decision-making. **Increase the efforts to dispose of non-performing assets, identify all underlying risks.** The Bank continued to increase its efforts to collect and dispose of non-performing assets and enhance the quality and efficiency of non-performing asset collection and disposal, to identify all underlying risks and coordinate the collection and disposal of non-performing assets. In the first half of the year, based on its major responsibilities and businesses of “non-performing assets risk resolution” and the goal of “high-quality and physical collection and disposal”, the Bank focused on physical risk resolutions, strengthened the organisation and deployment of the collection efforts, implemented reforms and risk resolution measures, and accelerated the resolution of non-performing assets risks by adopting a comprehensive approach and exerting comprehensive efforts. The Bank has summarised the experience gained from the collection and disposal of non-performing assets in previous years to coordinate the planning of the annual collection work, deploy the annual collection and disposal targets and tasks, improve the work plan and supporting mechanism, specify the collection strategy, and plan the implementation path. The Bank strengthened its supervision on collection and stepped up its supervision and support to branches to promote key tasks, effectively responded to the difficulties and pressure in the collection and disposal of non-performing assets to ensure the orderly collection and disposal of nonperforming assets. The Bank intensified the collection and disposal efforts by improving internal control systems, tightening collection measures, optimising assessment mechanisms and establishing an external communication mechanism. The Bank innovated methods to collection and disposal so as to broaden the channels for the disposal of non-performing assets, improve disposal quality and efficiency and solidly promote the collection and disposal of non-performing assets.

(II) Liquidity Risk

Liquidity risk refers to the risk of commercial banks failing to acquire sufficient funds at reasonable cost in time in order to pay the due debt, fulfill other payment obligations or meet other capital requirements for normal operation.

Adhering to the working philosophy of “liquidity security as the lifeline”, the Bank pursued the principle of prudent liquidity management and adopted a steady liquidity management strategy, it coordinated the liquidity security and capital income to achieve the goal of shock resistance, risk prevention and balance maintenance. The Bank regularly analysed economic and financial situation, financial market trends and relevant policy orientations, paid close attention to specific situations or events that may cause liquidity risks, assessed their impact on the liquidity of the Bank in a prudent manner, and identified the potential source of liquidity risk. The Bank established a compliant, reasonable and effective liquidity risk management and control mechanism according to relevant regulatory requirements, so as to identify, measure, monitor and control the liquidity risks and manage the safety of its liquidity risk. The liquidity risk was measured by indicator analysis, scenario simulation, cash flow analysis, stress testing and other approaches. A limits management system and reporting system was built to continuously monitor the liquidity risks by taking liquidity risk appetite, operation, management level and changes in the external environment into account. Through formulating liquidity risk limits management policy and procedure, establishing mechanisms for setting and adjusting liquidity risk limits, and relevant reviewing and approving processes, the Bank continued to monitor the compliance with the liquidity risk limits, gave early warning in time, and timely took effective measures to control the liquidity risk when the limit is exceeded. It has established a standardized liquidity risk reporting system, which specifies the content, form, frequency and

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scope of reporting of various liquidity risk reports to ensure that the Board of Directors, senior management and other management personnel have a timely understanding of the level of liquidity risk and its management status. The Bank continued to optimize its liquidity management system, strengthened daily liquidity risk monitoring and early warning, and ensured bank-wide liquidity safety. It regularly counts and monitors the scale and structure of qualified high-quality current assets in bonds, and information on bonds that are readily realizable and can be used for collateralized repurchase financing. Therefore, in the normal operating environment or under stress, the Bank can have sufficient daytime liquidity positions and financing arrangements to meet the needs of asset allocation and liability repayment at maturity in a timely manner.

As at 30 June 2024, the liquidity coverage ratio of the Bank was 196.54%, which was in compliance with the liquidity coverage ratio of commercial banks required by the Measures for the Liquidity Risk Management of Commercial Banks (Order [2018] No. 3, CBIRC).

Item	As at 30 June 2024	As at 31 March 2024	As at 31 December 2023
	(In RMB100 million, except percentages)		
Liquidity coverage ratio (%)	196.54%	189.37%	244.75%
Qualified high-quality current assets	1,703.55	1,170.74	1,395.31
Net cash outflow in the next 30 days	866.79	618.22	570.09

(III) Market Risk

Market risk refers to the risk of loss on the Bank's on-and off-balance sheet businesses as a result of adverse changes in market prices (interest rates, exchange rates, stock and commodity prices). Currently, the market risks mainly faced by the Bank are interest rate risk and exchange rate risk.

The Bank was committed to establishing a market risk management system commensurate to the nature, scale and complexity of the Bank's business, and continuously improved the market risk management efficiency in light of new regulatory requirements and market dynamics. The Bank carried out thorough research on the measurement of market risk-weighted assets under the requirements of the New Capital Accord, refined the division standards and boundaries of account book, and implemented various management requirements of the New Capital Accord. In addition, the Bank improved the market risk management system, continuously sorted out regulations and established systems, so as to consolidate the foundation of market risk management. The Bank also diversified its measurement methods of market risks by conducting stress testing, sensitivity analysis, duration analysis and PVBP analysis to refine market risk measurement according to the actual conditions. Besides, it improved the market risk quota system, regularly assessed and optimised the setting up of market risk quota system to strengthen market risk research, judgment and early warning capabilities. During the Reporting Period, the Bank conducted daily monitoring and reporting of market risk in accordance with risk appetite determined by the Board and market risk limits.

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The Bank generally adopts a relatively prudent investment strategy with the investment of trading account mostly in RMB interest rate bonds, and continuously carries out market risk control in conjunction with the quota system and measurement methods such as stress testing and sensitivity analysis, so as to ensure that its overall interest rate risk level is within the acceptable scope. The Bank continued to improve the construction of the bank book interest rate risk management system, fully utilized measurement methods of risks and increased judgment on the trends of market interest rate. The Bank measured the changes in net interest income and economic value under the various types of interest rate scenarios through reasonable use of gap analysis, scenario simulation, stress testing and other methods, thereby reasonably measuring the Bank's book interest rate risk.

The Bank's exchange rate risk exists mainly in its foreign currency related trading and non-trading businesses, including foreign currency loans, foreign currency deposits, proprietary foreign exchange trading and foreign exchange settlement and sale on behalf of customers. The Bank proactively responds to changes in external environment and market fluctuations, and manages exchange rate risk primarily by measures such as limit management and risk hedging. During the Reporting Period, the Bank continued to conduct daily monitoring and reporting of exchange rate risk in accordance with risk appetite determined by the Board and market risk limits and continuously optimized the foreign exchange limit management system, set transaction limits, stop-loss limits and exposure limits to conduct foreign exchange risk management. It also used foreign exchange exposure analysis and other measurement methods and conducted market risk stress tests on a regular basis to reasonably measure exchange rate risk levels, continued to optimize the structure of monetary assets, effectively maintained the risk-benefit balance of the overall foreign exchange assets, and improved the effectiveness and pertinence of exchange rate risk management.

(IV) Operational Risk

During the Reporting Period, combined with the requirements of the "Double New Regulations", the Company reviewed the completeness and effectiveness in constructing the Bank's operational risk management system, promoted the establishment and improvement of supporting mechanisms and processes across the Bank, and optimized supporting tools and methods. The Company continued to consolidate the foundation of operational risk management, built up a solid line of defence for the idea of internal control and compliance, and strengthened the awareness of the bottom line of risk prevention and control, thereby effectively preventing the occurrence of operational risk events in high-risk areas. The Company identified abnormal behaviours among employees on a regular basis and actively applied intelligent systems to conduct off-site monitoring, which effectively strengthened the employee behaviour management. The Company also made active responses to the complex internal and external environment by constantly optimizing our information technology risk management system and continuously improving information security protection capability, thus effectively ensuring the safe and stable operation of the Bank's businesses.

(V) Information Technology Risk

Information technology risk refers to operational, legal, reputational and other risks caused by natural factors, human factors, technical loopholes and flawed management in the course of the Bank's usage of information technology.

During the Reporting Period, the Bank continued to strengthen the top-level design of information technology (IT) risk, optimize the organizational structure of IT risk management, and enhance the professional ability of IT risk management. In 2023, the Bank's IT regulatory rating was 2C, and its IT management capability ranked among the top 30 urban commercial banks in China and ranked first among corporate banks in the province. In order to ensure that the IT regulatory requirements were fully implemented, the Bank kept tracking the focuses of the IT regulatory ratings and continued to promote their implementation, sorted out the weaknesses of IT risk management, and formulated rectification plans and tracked the progress of rectification and implementation.

During the Reporting Period, the Bank continued to improve the construction of IT risk management indicators by evaluating the effectiveness of key IT risk indicators, reconstructing the technology risk indicator system in key areas, and supplementing the IT risk indicators in various fields. Through risk monitoring, the Bank could grasp the trend of IT risks dynamically, which provided a basis for evaluation and decision making for risk identification.

During the Reporting Period, the Bank continued to strengthen its business continuity management, and completed an intra-city disaster recovery switching drill for important service systems. The Bank also continued to supplement and improve network security monitoring means, and expand its full-time operation security capability. During its daily operation, the Bank continuously enriched and optimized the monitoring and warning rules, improved the security protection capability of network defense equipment, and timely dealt with the problems found on the monitoring platform, so as to ensure the safe and stable operation of business and systems.

During the Reporting Period, the Bank continued to strengthen the management level of IT outsourcing. With the goals of improving the quality of service provided by outsourcers and risk management efforts, and reducing the likelihood of outsourcing risks, the Bank strengthened the daily monitoring and management of major projects and important outsourcing, and initiated the digital transformation of the IT outsourcing management process to improve the management capability of technology outsourcing.

(VI) Compliance Risk Management

During the Reporting Period, the Company focused on a series of tasks of enhancing comprehensive governance of internal control and compliance, with aims to allow the internal control and compliance management having optimized system, improved processes, more precise measures and more notable results, and to facilitate the high-quality and steady development of the Company. **First**, being always committed to building a scientific, rigorous and clear institutional system, the Company focused on the special rectification of system implementation, organized and carried out system training, defect rectification, supervision and inspection, etc., strengthened the internalization of external regulations and the dissemination of the internal regulations, and effectively standardized the construction and implementation of the system. **Second**, the Company continued to establish and improve a legal risk prevention and control system with clear responsibilities and effective checks and balances by continuously implementing working mechanisms such as pre-audit, process optimization and full support, establishing an efficient authorisation mechanism, and continuously launching a series of training courses under the "Knowing the New Law" and "Learning the Law Before Meeting" programmes to refine the legal risk control network. **Third**, the Company continuously deepened its internal control and compliance governance by establishing a professional talent pool for compliance inspection, coordinating and managing the annual inspection plan of each unit of the Group and supervising its implementation, and thoroughly identifying problems to resolve key business risks. The Company actively built an accountability mechanism

Management Discussion and Analysis

with an integration of punishment and linkage and cooperation, and a due diligence exemption mechanism, and promoted the effective dissemination of accountability concepts through the compilation of accountability manuals and the organization of special trainings, so as to further strengthen the level of strict governance. **Fourth**, the Company adopted the basic principle of focusing on a sound and consistently effective mechanism with short-term key punishment, continued to promote the handling of cases and risk mitigation, strengthened the investigation of case risks, and convened case warning and education conferences to take each case as a lesson and use the cases to promote governance. **Fifth**, the Company continued to optimize the related party transaction management system to standardize the identification, filing, reporting, review and approval of related party transactions.

(VII) Anti-money Laundering (AML) Management

During the Reporting Period, the Company adhered to the “risk-based” management principle in terms of anti-money laundering management and was in strict compliance with various laws, regulations and regulatory requirements, while also actively performing the responsibility of anti-money laundering and comprehensively enhancing the effectiveness of anti-money laundering risk management. **First**, the Company strengthened the top-level design and constantly improved the anti-money laundering management system. By consolidating the foundation for anti-money laundering management, the Company improved the anti-money laundering management system with the division of anti-money laundering responsibilities updated and clarified, to establish a smooth and efficient collaboration mechanism and comprehensively improve the quality and effectiveness of anti-money laundering management. **Second**, the Company strengthened the technology empowerment and establish a new anti-money laundering monitoring system. By further increasing the investment in anti-money laundering technologies, the Company promoted the construction of a new anti-money laundering monitoring system. With fully leveraging cutting-edge technology and digital tools, the Company continuously optimized the evaluation of the money laundering monitoring model, effectively enhancing the penetration and comprehensiveness of money laundering risk monitoring. **Third**, the Company strengthened team construction and comprehensively improved employees’ capacity of performing duties. By conducting in-depth learning and training on multi-dimension and multi-level issues, the Company vigorously promoted the construction of anti-money laundering expert team. **Fourth**, the Company promoted deeper and broader anti-money laundering publicity with meticulous planning and deployment. The Company continued to strengthen its publicity efforts to the public, launch anti-money laundering publicity and training on a regular and long-term basis, constantly innovated publicity methods and expanded publicity channels, effectively fulfilling its corporate social responsibility and making contribution to the creation of a sound financial and social environment.

X. Internal Control and Internal Audit

(I) Internal Control

During the Reporting Period, the Company followed the principles of comprehensiveness, prudence, effectiveness and independence, resolutely carried out the strategic requirements of risk prevention, strict internal control and strong compliance, and practiced a series of internal control optimization and improvement work around the five internal control elements of internal environment, risk assessment, control measures, information and communication and internal supervision, so as to ensure the Company’s operation and management was compliant with laws and regulations.

First, the Company was committed to establishing and maintaining a sound and prudent internal control environment in compliance with laws and regulations. The Company has a clear and reasonable internal control management framework, forming an internal control organizational structure with reasonable division of labour, clear responsibilities and reporting lines. At the same time, the Board of Directors and senior management of the Company attached great importance to the construction of compliance culture, persistently made internal control and compliance culture construction regular, systematical and intensive, and firmly built up its internal control and compliance philosophy of “honesty, integrity, lawfulness and compliance”, thereby supporting the Company to comprehensively build a corporate culture of “compliance, steadiness, innovation and development” in the Bank.

Second, the Company constantly improved its risk evaluation system. The Board, the senior management and relevant management personnel of the Company are well aware of various risk exposures under the operating and management process, such as credit risk, market risk, liquidity risk, compliance risk, operation risk, legal risk and reputation risk, and have established a comprehensive risk management system geared to the Bank. In practice, with inspection and investigation, rectification and accountability, performance appraisal, risk assessment, internal audit and other working mechanisms, the Company adopted scientific risk management techniques and methods to identify, monitor, evaluate and mitigate risks faced in operations so as to ensure the synergy and effectiveness of risk assessment.

Third, the Company took multiple measures and implemented practical and effective risk control measures. The Company adhered to its principles in full coverage, balancing and conformity, and continuously established comprehensive, systematic and standardized business and management systems for various business and management activities, so as to execute standardized and uniform business regulations and management process at all levels and in all institutions of the Bank. At the same time, through the effective combination of internal control process, business operating system and management information system, the Bank, focusing on special inspection and investigation on key areas, continued to build an integrated internal control management system combining on-site inspection with off-site monitoring.

Fourth, the Company was standardized and reasonable in the establishment of information transmission and communication channels. The Company established information reporting systems such as compliance reports and important matter reports, ensuring that the internal control results and potential risks in the operation and management work are timely reported to the Board of Directors, management or relevant departments, and ensured that the decision makers could convey in a timely and effective manner all information on the strategies, policies, systems and relevant requirements to the employees so as to firmly establish a two-way information communication mechanism from two dimensions, namely top-down and down-top communication. Regarding external disclosure and information gathering, the Company specified responsible departments, clear information disclosure processes and smooth document circulation mechanisms to ensure compliance thereof and timely and effectively circulation of official documents.

Management Discussion and Analysis

Fifth, the Company has continuously strengthened its multi-level, multi-dimensional and multi-channel internal supervision mechanism. The “two boards and one level” continuously and regularly monitored and guided the internal control and compliance management across the Bank, regularly reviewed resolutions regarding internal control and compliance, conducted internal control and compliance management interviews, and made management recommendations, giving full play to the roles of leadership, decision-making and supervision, so as to ensure the independence, synergy and effectiveness of the supervision work. With respect to the deficiencies of internal control identified, the Company carried out rectification and improvement in a timely manner and actively promoted the alignment of the results of supervision with the risk prevention and control measures, to comprehensively enhance the quality and effectiveness of the internal supervision, and promote the continuous optimization and improvement of the internal control system as well as its continuous and effective operation.

(II) Internal Audit

The Company has established an independent and vertical internal audit management system. The Board is responsible for building and maintaining a sound and effective internal audit system. The Board has established the Audit Committee, which is accountable to the Board, whereas the Internal Audit Department as the Company’s department for internal audit, is responsible for audit on the operation and management of the Company, and is accountable to the Board and the Audit Committee thereunder. The Internal Audit Department exercises its independent right of internal audit as authorised by the Board, not subject to any intervention from other departments or persons. Neither does it take part in any specific operating activities within the scope of duties of other departments.

During the Reporting Period, the internal audit department of the Company proactively complied with and implemented regulatory rules and the general requirements of the Bank’s Party Committee. Conforming to the internal audit requirements of the Board and the Audit Committee, with the identification and revelation of risks as the core and improvement of the Group’s operation and management and risk prevention and control capacity as the purpose, the Bank focused on key areas and institutions, paid attention to important links, centered on key minorities and put in place key tasks. In addition, the Bank strengthened its internal audit planning and organization management, continuously promoted the construction of audit informatization and constantly strengthened the application and conversion of internal audit results, in a bid to increase the contribution of internal audit. The Board and senior management paid close attention to the audit discoveries and conversion of audit results, actively promoted problem rectification and process optimisation, as well as urged and promoted the effective performance of the audited parties to enhance risk prevention and control capacity and internal control quality.

XI. Prospects

In the second half of 2024, as continuously guided by President Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Bank will thoroughly study, promote and adhere to spirits of the 20th CPC National Congress, the First, Second and Third Plenary Session of the 20th Central Committee of CPC, and General Secretary Xi Jinping's important instructions during his inspection in Heilongjiang Province. In addition, the Bank will deeply grasp political and people-oriented nature of financial work, adhere to the general tone of "seeking improvement in stability, promoting stability with progress, and establishing the new before abolishing the old", and comprehensively improve the level of operation and management. Efforts will be made in developing Fintech, green finance, inclusive finance, pension finance, and digital finance, in a bid to firmly hold the bottom line of no systemic financial risks, promote the high-quality development in all aspects, unswervingly walk on the path of financial development with Chinese characteristics, and accelerate the development of a modern financial system with Chinese characteristics.

Changes in Share Capital and Information on Shareholders

I. Share Capital

The Company was listed on the Hong Kong Stock Exchange on 31 March 2014, upon an issuance of 2,748,700,000 H Shares in total, and on the same date, 274,870,000 Domestic Shares were transferred to the National Council for Social Security Fund of the PRC (全國社會保障基金理事會) and converted into H Shares on a one-for-one basis pursuant to the relevant PRC regulations relating to reduction of state-owned shares. After completion of the issuance, the total share capital of the Company increased to 10,995,599,553 shares. As at the end of the Reporting Period, the Company has a registered capital of RMB10,995,599,553 in total.

II. Statement of Changes in Shares

Unit: Shares

	1 January 2024		Increase/decrease during the Reporting Period (+/-)					30 June 2024	
	Number	Percentage	Private placement	New shares issued	Bonus issue	Others	Subtotal	Number	Percentage
Domestic Shares									
1. Non-listed shares held by corporations	7,908,966,550	71.93%	-	-	-	-	-	7,908,966,550	71.93%
Including: (1) Shares held by state-owned enterprises	6,886,196,734	62.63%	-	-	-	-	-	6,886,196,734	62.63%
(2) Shares held by private enterprises	1,022,769,816	9.30%	-	-	-	-	-	1,022,769,816	9.30%
2. Non-listed shares held by natural persons	63,063,003	0.57%	-	-	-	-	-	63,063,003	0.57%
H Shares									
3. Overseas listed foreign shares	3,023,570,000	27.50%	-	-	-	-	-	3,023,570,000	27.50%
Total number of shares	10,995,599,553	100%	-	-	-	-	-	10,995,599,553	100%

Note: Non-listed shares held by corporations (Domestic Shares) of the Company were held by 35 state-owned corporate shareholders, including Harbin Economic Development, Heilongjiang Financial Holdings, Harbin Hadong Investment Co., Ltd. (哈爾濱市哈東投資有限責任公司), and Harbin Industrial Investment Group Co., Ltd. (哈爾濱工業投資集團有限公司), etc.

Changes in Share Capital and Information on Shareholders

III. Shareholdings of Shareholders

As at the end of the Reporting Period, the total number of the shares of the Company was 10,995,599,553 shares, comprising 7,972,029,553 Domestic Shares and 3,023,570,000 overseas listed H Shares.

Shareholdings of Top 10 Shareholders of the Company as at the end of the Reporting Period

Name of shareholder	Nature of shareholder	Number of shares held (Shares)	Shareholding percentage (%) ²	Number of shares pledged or frozen	Type of shares
1 Harbin Economic Development and Investment Company Limited	State-owned	3,257,943,986	29.63%	–	Non overseas-Listed shares
2 Heilongjiang Financial Holdings Group Co., Ltd.	State-owned	2,036,215,535	18.52%	–	Non overseas-Listed shares
3 Fubon Life Insurance Company Limited	Foreign investment	725,712,000	6.60%	–	H Shares
4 Huaxia Life Insurance Co., Ltd.	Private enterprise	486,702,000	4.43%	–	H Shares
5 Harbin Heli Investment Holding Co., Ltd.	State-owned	397,000,000	3.61%	–	Non overseas-Listed shares
6 Finance Bureau of Daoli District, Harbin	State-owned	386,025,859	3.51%	–	Non overseas-Listed shares
7 Finance Bureau of Nangang District, Harbin	State-owned	378,941,968	3.45%	–	Non overseas-Listed shares
8 Harbin High-tech Industrial Development Zone Infrastructure Development and Construction Co., Ltd. (哈爾濱高新技術產業開發區基礎設施開發建設有限公司) ¹	State-owned	301,315,846	2.74%	–	Non overseas-Listed shares
9 CITIC Capital HB Investment, L.P.	Foreign investment	284,212,000	2.58%	–	H Shares
10 Beijing Xinrun Investment Co., Ltd. (北京新潤投資有限公司)	Private enterprise	255,418,587	2.32%	–	Non overseas-Listed shares

Notes:

1. Harbin High-tech Industrial Development Zone Infrastructure Development and Construction Co., Ltd., a shareholder of the Company and Harbin Science and Technology Innovation Investment Co., Ltd. are related with each other. Harbin Science and Technology Innovation Investment Co., Ltd. held 96,220,000 shares of the Company, with aggregate shareholding of 397,535,846 shares, representing 3.62% of total shareholding.
2. The above shareholding percentage of non overseas-listed shares and H shares as at the end of the Reporting Period is calculated based on the total share capital of the Company, being 10,995,599,553 shares.

Changes in Share Capital and Information on Shareholders

Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares of the Company

As at 30 June 2024, according to the disclosure of interest information as shown on the website of the Hong Kong Stock Exchange, the interests or short positions of the following persons (excluding the Directors, Supervisors and the chief executive of the Bank) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Domestic Shares

Name of shareholder	Capacity	Number of Domestic Shares held (long position)	Percentage of issued Domestic Share capital of the Company	Percentage of issued share capital of the Company
Harbin Municipal People's Government State-owned Assets Supervision and Administration Commission ¹	Interest of controlled corporation	3,258,338,652	40.87%	29.63%
Harbin Investment Group Corporation Limited ¹	Interest of controlled corporation	3,258,338,652	40.87%	29.63%
Harbin Economic Development and Investment Company ¹	Beneficial owner	3,257,943,986	40.87%	29.63%
Department of Finance of Heilongjiang Province of the People's Republic of China ²	Interest of controlled corporation	2,041,132,253	25.60%	18.56%
Heilongjiang Financial Holdings Group Co., Ltd. ²	Beneficial owner	2,036,215,535	25.54%	18.52%
	Interest of controlled corporation	4,300,000	0.05%	0.04%
	Interest of controlled corporation	616,718	0.008%	0.006%

Notes:

1. Harbin Investment Group Corporation Limited (哈爾濱投資集團有限責任公司) indirectly holds a total of 3,258,338,652 Domestic Shares of the Company through its controlled corporations, including (1) Harbin Economic Development, its wholly-owned subsidiary, which holds 3,257,943,986 Domestic Shares of the Company; and (2) Harbin Property Financing Guarantee Co., Ltd. (哈爾濱市房屋置業融資擔保有限責任公司), its wholly-owned subsidiary, which holds 394,666 Domestic Shares of the Company. Harbin Investment Group Corporation Limited (哈爾濱投資集團有限責任公司) is owned as to 90% and 10% by the Harbin Municipal People's Government State-owned Assets Supervision and Administration Commission (哈爾濱市人民政府國有資產監督管理委員會) and the Heilongjiang Provincial People's Government State-owned Assets Supervision and Administration Commission (黑龍江省人民政府國有資產監督管理委員會), respectively. According to the SFO, each of the Harbin Municipal People's Government State-owned Assets Supervision and Administration Commission and Harbin Investment Group Corporation Limited are deemed to be interested in the 3,258,338,652 Domestic Shares held by Harbin Economic Development. Harbin Economic Development was established on 22 August 1992 with a registered capital of RMB2,307,522,010, and Ren Yi (任毅) being the legal representative. The business scope of Harbin Economic Development is to make financial investments in areas like fixed-assets to municipally owned enterprises and to receive dividends in return (business subject to approval by law shall be conducted upon approval by competent authorities).

Changes in Share Capital and Information on Shareholders

2. Heilongjiang Financial Holdings directly holds 2,036,215,535 Domestic Shares of the Company and indirectly holds 4,300,000 and 616,718 Domestic Shares of the Company through its indirectly controlled entity, namely Harbin Dazheng Microcredit Co., Ltd. (哈爾濱市大正小額貸款有限責任公司), and Heilongjiang Dazheng Investment Group Co., Ltd. (黑龍江省大正投資集團有限責任公司), respectively. According to the SFO, Heilongjiang Financial Holdings is deemed to be interested in a total of 2,041,132,253 Domestic Shares. In addition, Heilongjiang Financial Holdings is wholly owned by the Department of Finance of Heilongjiang Province (黑龍江省財政廳). According to the SFO, the Department of Finance of Heilongjiang Province is also deemed to be interested in such 2,041,132,253 Domestic Shares. Heilongjiang Financial Holdings was established on 18 January 2019 with a registered capital of RMB11,111,585,000 and Lang Shufeng (郎樹峰) being the legal representative. The business scope of Heilongjiang Financial Holdings is investment and asset management and capital investment services; non-public offering of securities investment funds; holding company services; and financial information services (business subject to approval by law shall be conducted upon approval by competent authorities).

H Shares

Name of shareholder	Capacity	Number of H shares held (long position)	Percentage of issued H share capital of the Company	Percentage of total issued share capital of the Company
Fubon Financial Holding Co., Ltd. ¹	Interest of controlled corporation	725,712,000	24.00%	6.60%
Huaxia Life Insurance Co., Ltd.	Beneficial owner	486,702,000	16.10%	4.43%
CITIC Capital Holdings Limited ²	Interest of controlled corporation	284,212,000	9.40%	2.58%

Notes:

- Fubon Financial Holding Co., Ltd. held the interests in 725,712,000 H Shares of the Company through its 100% owned corporation Fubon Life Insurance Co., Ltd. which was established in March 2006 with a paid-up capital of TWD110,831.14 million and Lin Fuxing (林福星) being the legal representative. The business scope of Fubon Life Insurance Co., Ltd. is personal insurance related operations, such as life insurance, injury insurance, health insurance and annuity insurance. Fubon Life Insurance Co., Ltd. held 18% equity interest in CITIC Capital Holdings Limited and nominated directors. Pursuant to PRC laws and regulations and as determined by the competent regulatory authorities, the two companies are therefore parties related to each other. Due to reasons including different requirements under the laws of Taiwan and Mainland China, Fubon Life Insurance Co., Ltd. is unable to issue a capital supplement undertaking to the Company. As of the Latest Practicable Date, the qualifications of shareholders have yet to be approved.
- CITIC Capital Holdings Limited held the interests in the relevant number of shares through a series of controlled corporations. Pursuant to requirements of regulatory authorities, CITIC Capital HB Investment, L.P. (an indirect non wholly-owned subsidiary of CITIC Capital Holdings Limited) was undergoing the approval procedures for shareholder's qualification with Fubon Life Insurance Co., Ltd. As of the Latest Practicable Date, the qualifications of shareholders have yet to be approved.

Save as disclosed above, to the knowledge of the Directors, none of other persons (excluding the Directors, Supervisors and the chief executive of the Bank) had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO as at 30 June 2024.

Changes in Share Capital and Information on Shareholders

IV. Substantial Shareholders of the Company under the Hong Kong Listing Rules

As at the end of the Reporting Period, details of the direct substantial shareholders of the Company (holding 10% or more of the shares of the Company) under the Hong Kong Listing Rules are as follows:

1. As at 30 June 2024, Harbin Economic Development, the largest shareholder of the Company, directly held 29.63% of the total issued shares of the Company. According to the Business License (Unified Social Credit Code: 91230100424004064C) issued by the Market Supervision and Administration Bureau of Harbin on 3 February 2023, and the Articles of Association of Harbin Economic Development and Investment Company, Harbin Economic Development is a validly subsisting entity with limited liability (sole proprietorship invested or controlled by a non-natural person). Harbin Economic Development is owned as to 100% by Harbin Investment Group Corporation Limited, which in turn is owned as to 90% and 10% by the Harbin Municipal People's Government State-owned Assets Supervision and Administration Commission and the Heilongjiang Provincial People's Government State-owned Assets Supervision and Administration Commission, respectively.
2. As at 30 June 2024, Heilongjiang Financial Holdings directly held 18.52% of the total issued shares of the Company. According to the Business License (Unified Social Credit Code: 91230100MA1BF51Q38) issued by the Market Supervision and Administration Bureau of Harbin on 16 October 2023 and the Articles of Association of Heilongjiang Financial Holdings Group Co., Ltd., Heilongjiang Financial Holdings is a validly subsisting entity with limited liability (wholly state-owned). Heilongjiang Financial Holdings is wholly owned by the Department of Finance of Heilongjiang Province.

V. Details of Pledged and Frozen Shares Held by Shareholders with Shareholding of 5% or More in the Company

As at 30 June 2024, no shares held by any shareholder with shareholding of 5% or more of the Company were pledged or judicially frozen.

VI. Controlling Shareholder and De Facto Controller

The Company does not have a controlling shareholder or de facto controller.

VII. Shareholders with Shareholding of 5% or More of the Company

Please see "III. Shareholdings of Shareholders" above for the particulars of shareholders with shareholding of 5% or more of the Company as at 30 June 2024.

VIII. Purchase, Sale or Redemption of Listed Securities of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company (including sale of treasury shares, if any).

Directors, Supervisors, Senior Management and Employees

Directors

As at the Latest Practicable Date, the Directors of the Company are as follows:

Name	Gender	Age	Position	Term of office
Deng Xinquan	Male	59	Executive Director and Chairman of the Board	2024.7.12 – expiry of Ninth Session of the Board
Yao Chunhe	Male	46	Executive Director and President	2024.7.12 – expiry of Ninth Session of the Board
Zhao Zhifeng	Male	52	Non-Executive Director	the date of approval of qualification – expiry of Ninth Session of the Board
Zhang Xianjun	Male	50	Non-Executive Director	2024.7.12 – expiry of Ninth Session of the Board
Liu Peiwei	Male	52	Non-Executive Director	the date of approval of qualification – expiry of Ninth Session of the Board
Cheng Shuai	Male	43	Non-Executive Director	the date of approval of qualification – expiry of Ninth Session of the Board
Hou Bojian	Male	65	Independent Non-Executive Director	2024.7.12 – expiry of Ninth Session of the Board
Jin Qinglu	Male	51	Independent Non-Executive Director	2024.7.12 – expiry of Ninth Session of the Board
Chen Ming	Male	53	Independent Non-Executive Director	the date of approval of qualification – expiry of Ninth Session of the Board
Leung Sau Fan, Sylvia	Female	60	Independent Non-Executive Director	the date of approval of qualification – expiry of Ninth Session of the Board

Notes:

1. The qualifications of Mr. Zhao Zhifeng, Mr. Liu Peiwei and Mr. Cheng Shuai as non-executive Directors are subject to the approval by the Heilongjiang Office of the National Financial Regulatory Administration. Before the qualifications of new non-executive Directors being approved, Mr. Zhao Hongbo and Mr. Lang Shufeng shall continue to perform their duties as non-executive Directors.
2. The qualifications of Mr. Chen Ming and Ms. Leung Sau Fan, Sylvia as independent non-executive Directors are subject to the approval by the Heilongjiang Office of the National Financial Regulatory Administration. Before the qualifications of new independent non-executive Directors being approved, Mr. Sun Yan and Mr. Zhang Zheng shall continue to perform their duties as independent non-executive Directors.

Directors, Supervisors, Senior Management and Employees

Supervisors

As at the Latest Practicable Date, the Supervisors of the Company are as follows:

Name	Gender	Age	Position	Term of office
Zhao Baocai	Male	55	Employee Representative Supervisor	2024.7.2 – expiry of Ninth Session of the Board of Supervisors
Jiang Yongmei	Female	51	Employee Representative Supervisor	2024.7.2 – expiry of Ninth Session of the Board of Supervisors
Wang Yuanfang	Male	48	Employee Representative Supervisor	2024.7.2 – expiry of Ninth Session of the Board of Supervisors
Sun Yi	Male	53	External Supervisor	2024.7.12 – expiry of Ninth Session of the Board of Supervisors
Li Zhaohua	Female	58	External Supervisor	2024.7.12 – expiry of Ninth Session of the Board of Supervisors
Mr. Jiang Minghui	Male	57	External Supervisor	2024.7.12 – expiry of Ninth Session of the Board of Supervisors
Chen Wei	Female	54	Shareholder Representative Supervisor	2024.7.12 – expiry of Ninth Session of the Board of Supervisors

Senior Management

As at the Latest Practicable Date, the senior management of the Company is comprised of:

Name	Gender	Age	Position	Term of office
Yao Chunhe	Male	46	President	2024.7.12 – expiry of Ninth Session of the Board
Han Gang	Male	51	Vice President	2024.7.12 – expiry of Ninth Session of the Board
Zhou Jie	Female	49	Vice President	2024.7.12 – expiry of Ninth Session of the Board
Liu Dianxin	Male	55	Vice President	2024.7.12 – expiry of Ninth Session of the Board
Yang Dazhi	Male	47	Assistant to the President	2024.7.12 – expiry of Ninth Session of the Board
Wang Ying	Female	53	Chief Audit Officer	2024.7.12 – expiry of Ninth Session of the Board
Liang Yong	Male	52	Chief Information Officer	2024.7.12 – expiry of Ninth Session of the Board
Wu Siliang	Male	40	Board Secretary and Joint Company Secretary	2024.7.12 – expiry of Ninth Session of the Board
Fang Shang	Male	52	Assistant to the President	2024.7.12 – expiry of Ninth Session of the Board
Sun Weichao	Male	52	Assistant to the President	2024.7.12 – expiry of Ninth Session of the Board
Sun Shengxue	Male	41	Chief Risk Officer	2024.7.12 – expiry of Ninth Session of the Board
Wu Mingfei	Male	54	Chief Credit Approval Officer	2024.7.12 – expiry of Ninth Session of the Board

Directors, Supervisors, Senior Management and Employees

Changes in Directors, Supervisors and Senior Management

During the Reporting Period, the Proposal on Election of the Ninth Session of the Board was considered and approved at the 2024 first extraordinary general meeting of the Company held on 12 July 2024, and Mr. Zhao Zhifeng, Mr. Liu Peiwei and Mr. Cheng Shuai were appointed as non-executive Directors of the Company, Mr. Chen Ming and Ms. Leung Sau Fan, Sylvia were appointed as independent non-executive Directors of the Company. The qualifications of Mr. Zhao Zhifeng, Mr. Liu Peiwei, Mr. Cheng Shuai, Mr. Chen Ming and Ms. Leung Sau Fan, Sylvia as Directors shall subject to the approval by the Heilongjiang Office of the National Financial Regulatory Administration (NFRA). Mr. Zhao Hongbo, Mr. Yu Hong and Mr. Lang Shufeng, former non-executive Directors of the Company, and Mr. Sun Yan and Mr. Zhang Zheng, former independent non-executive Directors of the Company retired on expiry of their terms. Prior to the qualifications of appointed Directors being approved, Mr. Zhao Hongbo and Mr. Lang Shufeng, former non-executive Directors of the Company, and Mr. Sun Yan and Mr. Zhang Zheng, former independent non-executive Directors of the Company will continue to perform their respective duties in accordance with relevant provisions of laws and regulations and Articles of Association. Mr. Deng Xinquan was elected as the Chairman of the Board of the Company at the first meeting of the Ninth Session of the Board, with a term of office from the date of approval to the expiry of the Ninth Session of the Board.

Mr. Zhao Baocai, Ms. Jiang Yongmei and Mr. Wang Yuanfang were re-elected as employee representative Supervisors of the Ninth Session of the Board of Supervisors of the Company at the second meeting of the sixth Session of the employee representative of the Company held on 2 July 2024. Ms. Li Zhaohua and Mr. Sun Yi were re-elected as external Supervisors of the Ninth Session of the Board of Supervisors of the Company; Ms. Chen Wei was re-elected as a Shareholder representative Supervisor of the Ninth Session of the Board of Supervisors of the Company; and Mr. Jiang Minghui was appointed as an external Supervisor of the Ninth Session of the Board of Supervisors of the Company at the 2024 first extraordinary general meeting of the Company held on 12 July 2024. Mr. Zhao Baocai has been elected as the chairman of the Board of Supervisors at the first meeting of the Ninth Session of the Board of Supervisors held on the same date, and Mr. Li Dong, the former external Supervisor of the Company retired on expiry of his term.

Directors, Supervisors, Senior Management and Employees

Changes in Information of Directors, Supervisors, Chief Executive and Other Senior Management

Mr. Hou Bojian (侯伯堅) (former name: Hou Bojian (侯柏堅)), with Hong Kong Chinese nationality, has been an independent non-executive Director of the Company since September 2019. Mr. Hou has been an executive director of Shengshi Xingye Co., Ltd. (盛實興業有限公司) since August 2024, an independent non-executive director of Winox Holdings Limited (6838.HK) since May 2024, a managing director of Hong Kong HT Strategy Ltd. (香港匯通策略有限公司) since October 2011; a director and chairman of audit committee of the board of directors of Shanghai Tonglian Financial Services Co., Ltd. (上海通聯金融服務有限公司) since August 2011; a supervisor of Shanghai Rensheng Import and Export Co., Ltd. (上海仁生進出口有限公司) since August 2011; a director of Guangzhou Renhui Investment Co., Ltd. (廣州仁匯投資有限公司) since December 2010; a director of Guangzhou Renhui Trade Development Co., Ltd. (廣州仁輝貿易發展有限公司) since April 2009; and the deputy chief executive officer of Hong Kong Ren Tong Group Limited (香港仁通集團有限公司) since August 2008. Mr. Hou served as a director of Shenzhen Zhongzhanxin Technology Fund Investment Partnership (深圳中展信科技基金投資合夥企業) from December 2015 to February 2017; and an executive director of Full Apex (Holdings) Limited (BTY.SG) from April 2005 to August 2008. From January 2001 to April 2005, he held several positions, including a senior consultant of Guangzhou Tiancheng Certified Public Accountants, a financial adviser of Guangzhou Full Apex Group and its member companies and a financial adviser of Hong Kong Ren Tong Group (香港仁通集團). Mr. Hou served as an executive director, deputy general manager and chief financial officer of Guangdong Investment Limited (0270.HK) from July 1992 to January 2001. From 1992 to 2001, he held several positions during the same period, including a non-executive director of Guangdong Land Holdings Limited (0124.HK, originally known as Guangdong Brewery Holdings Limited), a non-executive director of Guangdong Tannery Limited (1058.HK), a director of Hi Sun Technology (China) Limited (0818.HK, originally known as Guangdong Building Industries Limited), an executive director of Guangnan (Holdings) Limited (1203.HK), the chairman of the supervisory committee of Guangdong Teem (Holdings) Limited, a director of Hong Kong Baiyue Finance Limited (香港百粵金融財務有限公司), a director of Hong Kong Citybus Ltd. (香港城市巴士有限公司), a director of Hong Kong Far East Landfill Technologies Limited (香港遠東垃圾堆填有限公司), a director and chief financial officer of Hong Kong Guangdong Transportation Co., Ltd. (香港廣東交通有限公司), a director of Hong Kong Guangdong Electricity Co., Ltd. (香港廣東電力有限公司), a director of Wharney Guang Dong Hotel Hong Kong, a director of Guangdong Hotel Hong Kong, and a deputy managing director of Hong Kong Bidacheng Investment Co., Ltd. (香港必達成投資有限公司). Mr. Hou served as the vice general manager of the finance department and the general manager of the accounting department of Guangdong Holdings Group (香港粵海集團) from May 1989 to July 1992; the chief financial officer of Shenzhen Guangdong Hotel Co., Ltd. (深圳粵海酒店有限公司) from July 1988 to May 1989; and a technician at Guangdong Yuedong Diesel Engine Factory (廣東粵東柴油機廠) from 1976 to 1981. Mr. Hou received his master's degree in economics from Jinan University in July 1988. He is a holder of the professional qualification certificate of Hong Kong securities industry and the fund manager qualification certificate of the Asset Management Association of China. Mr. Hou was granted the title of accountant by Guangdong accountant professional title appraisal panel in October 1992.

Directors, Supervisors, Senior Management and Employees

Ms. Jiang Yongmei (姜詠梅) has been an employee representative Supervisor of the Company since March 2023. Ms. Jiang has been the general manager of the Financial Market Department of the Company since January 2018. Ms. Jiang joined the Company in June 1994. From June 1994 to January 2018, she held positions as an accountant of the Business Department, dealer and chief dealer of the Planning and Finance Department, assistant to the general manager and deputy general manager of the Capital Operation Department, general manager of the Financial Market Department, general manager of the Investment Banking and Interbank Department, general manager of the General Management Department of the Interbank Finance Headquarter and general manager of the Capital Transaction Centre. Ms. Jiang received a Master's degree in business administration from Harbin Engineering University in June 2009.

Mr. Jiang Minghui (姜明輝) has been an External Supervisor of the Company since July 2024. Mr. Jiang has been a professor and Ph.D. tutor of the School of Economics and Management of Harbin Institute of Technology since September 2007, and an independent director of Harbin United Rural Commercial Bank Co., Ltd. (哈爾濱聯合農村商業銀行股份有限公司) since May 2022. Mr. Jiang served as an associate professor of the School of Economics and Management of Harbin Institute of Technology from July 1999 to September 2007; a lecturer of the School of Economics and Management of Harbin Institute of Technology from July 1996 to July 1999; a teaching assistant of the School of Economics and Management of Harbin Institute of Technology from March 1994 to July 1996; a postgraduate in technology economy of Harbin Institute of Technology from September 1991 to March 1994; and a student counselor of the School of Economics and Management of Harbin Institute of Technology from July 1989 to July 1991. Mr. Jiang received a Doctor's degree in Technology Economy and Management from Harbin Institute of Technology in December 2006.

Directors, Supervisors, Senior Management and Employees

Ms. Chen Wei (陳巍), has been a shareholder representative Supervisor of the Company since August 2023. Ms. Chen has served as the chairman of the labor union of Harbin High-tech Industrial Development Zone Infrastructure Development and Construction Co., Ltd. (哈爾濱高新技術產業開發區基礎設施開發建設有限公司) since August 2019, and has served as the director of the finance department of Harbin High-tech Industrial Development Zone Infrastructure Development and Construction Co., Ltd. since October 2017; has served as the financial controller of Harbin New Area New Material Development Co., Ltd. (哈爾濱新區新材料發展有限公司) and Harbin Songjiang Auto Leasing Co., Ltd. (哈爾濱松江汽車租賃有限公司) since March 2023; has served as the financial controller of Harbin New Area Internet of Things Co., Ltd. (哈爾濱新區物聯網有限公司) since August 2022; and has served as a supervisor of Harbin Xingyi Memory Technology Co., Ltd. (哈爾濱星憶存儲科技有限公司) since February 2017. Ms. Chen previously served as the accountant, deputy director of the finance department, director of investment and financing department and assistant to the general manager of Harbin High-tech Industrial Development Zone Infrastructure Development and Construction Co., Ltd. from November 2009 to August 2019, an accountant of Harbin Development Zone Heli Infrastructure Development Co., Ltd. (哈爾濱開發區合力基礎設施發展有限公司) from March 2002 to November 2009, an accountant of Harbin High-tech Industrial Development Zone Infrastructure Development and Construction Co., Ltd. from December 2001 to March 2002, an accountant of Harbin High-tech Soybean Food Co., Ltd. (哈高科大豆食品有限責任公司) from October 1998 to December 2001, an accountant of Harbin Chemical Construction Corporation (哈爾濱市化工建設總公司) from October 1991 to October 1998. Ms. Chen received a college degree from Harbin Cadre College of Economic Management in July 1996, and is currently a senior accountant as accredited by Heilongjiang Human Resources and Social Security Bureau (formerly known as the Personnel Department of Heilongjiang Province).

Save as disclosed above, as at the Latest Practicable Date, the Directors, Supervisors and chief executive confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

Securities Transactions by Directors and Supervisors

The Company has adopted a code of conduct regarding securities transactions by Directors, Supervisors and relevant employees on terms no less exacting than the required standards as set out in the Model Code. Having made specific enquiries to the Directors and Supervisors, all Directors and Supervisors of the Company confirmed that they had complied with the aforesaid code during the Reporting Period.

Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

Save as disclosed below, to the knowledge of the Company, as at 30 June 2024, the Directors, Supervisors and chief executive of the Company did not hold any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (as defined in Part XV of the SFO of Hong Kong) which were required to be registered in the register pursuant to section 352 of the SFO of Hong Kong or to be disclosed to the Company and the Hong Kong Stock Exchange as provided by the Model Code:

Name	Position	Nature of interest	Class of shares	Number of shares held (long positions)	Percentage of issued domestic share capital of the Company	Percentage of total issued share capital of the Company
Deng Xinquan	Executive Director	Beneficial owner	Domestic Shares	1,205	0.00002%	0.00001%

During the Reporting Period, the Company did not grant any right to subscribe for shares or debentures of the Company or any associated corporations to its Directors, Supervisors and president (including their spouses or children under the age of 18).

Employees

(I) Personnel Composition

As at 30 June 2024, the Company had 7,108 employees, among which 817 were management functions staff in Head Office, accounting for 11.49% of the total, 484 were staff directly under the centres, accounting for 6.81% of the total, and 2,395 were Harbin Branch staff, accounting for 33.69% of the total. Regarding the gender of employees, the Company had 3,066 male employees, accounting for 43.13% of the total, and 4,042 female employees, accounting for 56.87% of the total. Regarding the age composition, the average age of employees of the Company was 37.74 years old. 1,059 were between 20 and 30 years old, accounting for 14.90% of the total. Regarding the educational background composition, there were 6,568 employees of the Company holding a bachelor's degree or above, accounting for 92.40% of the total. Regarding the number of years of services, the Company had 4,857 employees with 10 years or more banking experiences, accounting for 68.33% of the total. Staff turnover rate of the Company was 1.35%.

Employees of the Company enjoy equal rights in recruitment, position adjustment, training and promotion. The Company appreciates and encourages differences in the workplace to create a professional, inclusive and diversified working environment. The ratio of male and female employees of the Company is basically balanced.

(II) Staff Training Programmes

During the Reporting Period, the Bank emphasized on the development demands of the Group and focused on the training needs of staff from different levels with respect to job competency and core competency improvement, with particular emphasis on “two new” groups, namely “new employees” and “employees in new management positions”. The Bank continued to advance the professional capabilities of the staff by initiating the “Ten Hundreds” (十個一百) construction project and creating the “embark, endure, guide, escort, voyage, cruise, pilot” (啟航、續航、導航、護航、遠航、巡航、領航) training system with online and offline integration for the continued creation of excellent training programs. Both training completion rate and coverage rate were 100% during the Reporting Period. In the first half of 2024, the Company arranged 368 training sessions in total, including 324 internal training sessions, and 44 external training sessions for selected staff of the Company. The total training hours amounted to 1,257.

(III) Staff Incentive Policy

The Bank has established a scientific and reasonable staff evaluation system to implement comprehensive performance management. At the beginning of each year, the Bank sets up performance plan for each staff by breaking down its strategic objectives layer by layer, and carries out the mechanism of review every half year. Apart from the performance review on business, the Bank has also adopted a multi-dimensional measurement to evaluate employee performance, and innovatively adopted an autonomous allocation of performance levels within the total points to ensure truthful staff performance evaluation. In addition, the effective performance communication helps the employee reach their performance goals.

Directors, Supervisors, Senior Management and Employees

The Bank has established a series of staff incentive policies in line with its development needs based on scientific performance review results: firstly, the Bank proceeded to establish a mechanism to manage the total salary amount of Harbin Bank Group, in order to establish a sound wages-determining mechanism and a normal wages-growing mechanism that is compatible with the labour market and linked to the Group's economic efficiency and labour productivity and promote high quality development of the Group; secondly, the Bank has established a career development platform and implemented three talent revitalization programs, namely "Newcomer Cultivation", "Growth Ladder" and "Top-notch Talents"; thirdly, the Bank adopted a points system for the performance review results to convert employees' annual performance review results into points, which may be redeemed for rank or salary promotion qualifications, ensuring the "fairness, openness, transparency" in the rank and salary promotion system; and fourthly, the enterprise annuity scheme has been launched and operated to further expand the remuneration and welfare system of the Bank and better guarantee the life of employees after retirement.

(IV) Remuneration Policy for Employees

The Bank has successfully established a broadband salary management system with diversified composition, standardised management and systematic implementation and adopted a market-oriented and region-diversified management scheme in order to scientifically and effectively motivate the Bank's employees and ensure the smooth implementation of the Bank's strategic development. The Bank's remuneration package is composed of fixed remuneration, variable remuneration and welfare income, and the Bank is able to strictly comply with regulatory requirements in remuneration payment by adopting deferred payment and setting up a lock-up period for paying senior management as well as employees holding positions that may exert significant influence to risks in order to tie job duties with risk management responsibilities. Meanwhile, the Bank will pursue and deduct the performance remuneration of the senior management and key staff who have been exposed to risks within the scope of their duties due to obvious negligence or failure to fulfill their prudent management obligations.

(V) Retirement and Benefits

The Bank pays living expenses and other welfare benefits for employees who have not yet reached the statutory retirement age limit but are approved by the Bank to voluntarily retire from their employment from the internal retirement date to the statutory retirement age limit. For details of the retirement benefit scheme, please refer to Note 30 of "Notes to the Consolidated Financial Statements". Save as disclosed in Note 30 of "Notes to the Consolidated Financial Statements" in this report, there was no forfeiture of retirement benefits schemes contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) in the Group. As at 30 June 2024, no forfeited contribution under the retirement benefits schemes of the Group is available to reduce the contribution payable in future years.

I. Corporate Governance

During the Reporting Period, the Bank continued to optimise its corporate governance structure and improve its corporate governance practice in strict compliance with relevant laws and regulations such as the Company Law of the PRC, the Commercial Bank Law of the PRC as well as the Hong Kong Listing Rules, with due consideration given to the actual conditions of the Bank.

During the Reporting Period, the Bank strictly complied with relevant overseas listing regulatory requirements, and strived to improve the Bank's corporate governance mechanism, as well as enhance and improve the Bank's corporate governance. The Bank has adopted the "Corporate Governance Code" in Appendix C1 to the Hong Kong Listing Rules, has met the relevant requirements of the PRC commercial bank administrative measures and corporate governance and has established a sound corporate governance system. Currently, the primary corporate governance documents of the Company include: the Articles of Association, the Rules of Procedure for the Shareholders' General Meeting, the Rules of Procedure for the Board of Directors' Meetings, the Rules of Procedure for the Board of Supervisors' Meetings, the Working Rules for the Independent Directors, the Terms of Reference of the Development Strategy Committee of the Board, the Terms of Reference of the Risk Management and Related Transactions Control Committee of the Board, the Terms of Reference of the Audit Committee of the Board, the Terms of Reference of the Nomination and Remuneration Evaluation Committee of the Board, the Terms of Reference of the Consumer Rights Protection Committee of the Board, the Terms of Reference of the President, the Administrative Measures for Related Party Transactions, the Information Disclosure Administrative Measures, etc. The Board believes that during the Reporting Period, the Bank had complied with the requirements of the code provisions set out in Part 2 of the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules.

II. Issuance of Debt Securities

(I) Bond Issuance during the Reporting Period

During the Reporting Period, the Bank did not issue new bonds.

(II) Previous Financial Bonds Issuance

1. *Capital Bonds without a Fixed Term*

According to the resolutions of the 22nd meeting of the sixth session of the Board held on 28 March 2018 and the 2017 annual general meeting of the Company held on 18 May 2018, the Board and the general meeting of the Company approved the Proposal on the Issuance of not more than RMB15.0 Billion Capital Supplemental Bonds, pursuant to which the Company was approved to issue capital supplemental bonds by way of public or non-public issuance to onshore or offshore investors, and the capital supplemental bonds not exceeding RMB15.0 billion (inclusive) shall, upon approval by regulatory

Important Events

authorities, be issued in a single or multiple series in accordance with the relevant procedures. The actual issuance size of the capital supplemental bonds was determined by the Board or its designated person within the abovementioned scope, in accordance with the capital needs of the Company and the market condition at the time of the issuance. The capital supplemental bonds shall be issued at the par value. All target investors shall subscribe for the capital supplemental bonds in cash. The initial term of the capital supplemental bonds shall not be less than 5 years. There is no fixed expiration date prior to the exercise of redemption right by the Company. Interests on the capital supplemental bonds shall be paid in cash. The interest-bearing principal amount of the capital supplemental bonds shall be the aggregate amount of the relevant series of the capital bonds without a fixed term then issued and outstanding. After receiving the interests at the prescribed interest rate, the holders of the capital supplemental bonds shall not be entitled to any distribution of residual profits of the Company together with the ordinary shareholders. Relevant matters in respect of the proposed issuance of the capital supplemental bonds by the Company were disclosed in the circular dated 6 April 2018 and the announcement dated 18 May 2018 of the Company. The Company received the Approval of Heilongjiang Regulatory Bureau of the CBIRC for Harbin Bank to Issue the Capital Bonds Without a Fixed Term (Hei Yin Bao Jian Fu [2021] No. 44) on 5 February 2021 and the Administrative Approval Decision of the People's Bank of China (Banking Market Licence [2021] No. 92) issued by the PBOC on 7 June 2021, approving the Company's issuance of capital bonds without a fixed term in an amount not more than RMB15.0 billion, which shall be included in additional tier-1 capital according to relevant regulations.

The Capital Bonds Without a Fixed Term of Harbin Bank Co., Ltd. in 2021 has an issuance size of RMB8.0 billion. The coupon rate of the bonds for the first five years is 4.8%, and is subject to adjustment every five years. The issuer's conditional redemption right is attached to the bonds which can be exercised on the annual interest payment date of the fifth year and the subsequent years.

The second tranche of Capital Bonds Without a Fixed Term of Harbin Bank Co., Ltd. in 2021 has an issuance size of RMB3.0 billion. The coupon rate of the bonds for the first five years is 5.0%, and is subject to adjustment every five years. The issuer's conditional redemption right is attached to the bonds which can be exercised on the annual interest payment date of the fifth year and the subsequent years.

The Capital Bonds Without a Fixed Term of Harbin Bank Co., Ltd. in 2022 has an issuance size of RMB0.7 billion. The coupon rate of the bonds for the first five years is 4.8%, and is subject to adjustment every five years. The issuer's conditional redemption right is attached to the bonds which can be exercised on the annual interest payment date of the fifth year and the subsequent years.

III. Significant Connected Transaction

During the Reporting Period, no significant connected transaction under the Hong Kong Listing Rules was conducted by the Company with its connected party(ies).

IV. Material Legal Proceedings and Arbitrations

As at the end of the Reporting Period, there was no significant outstanding legal proceedings against the Bank (as a defendant or a third party defendant) with a subject amount of over RMB10 million for each dispute. Save for the above, during the Reporting Period, there were no other material legal proceedings or arbitrations which had substantial impact on the operating activities of the Bank.

V. Penalties Imposed on the Company and Directors, Supervisors and Senior Management of the Company

During the Reporting Period, the Company and all its Directors, Supervisors and senior management had no records of being imposed on inspections, administrative penalties or circulating criticisms by the CSRC or public censures by the Hong Kong Stock Exchange, or penalties by other relevant regulatory authorities that posed significant impact on the Company's operation.

VI. Material Contracts and Their Performance

During the Reporting Period, the Bank did not enter into material contracts or perform such contracts.

VII. Review of Interim Report

The Company's 2024 unaudited interim consolidated financial statements prepared in accordance with International Financial Reporting Standards had been reviewed by BDO Limited, who had issued an unqualified review report.

The Company's 2024 interim results, 2024 interim report and 2024 unaudited interim consolidated financial statements had been reviewed by the Audit Committee of the Board and the Board of the Company.

VIII. Implementation of Share Scheme during the Reporting Period

The Company did not implement any share scheme during the Reporting Period.

Important Events

IX. Appointment and Dismissal of Auditors

The appointment of BDO China Shu Lun Pan CPAs LLP and BDO Limited as the respective domestic and overseas auditors of the Company for the year 2024 was considered and approved at the 2023 annual general meeting of the Company held on 31 May 2024.

X. Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Company had no material acquisition and disposal of subsidiaries, associates and joint ventures.

XI. Significant Investments Held

During the Reporting Period, the Company had not held any significant investments.

XII. Profit Distribution during the Reporting Period

The Proposal on the 2023 Profit Distribution Plan was considered and approved at the 2023 annual general meeting held on 31 May 2024, pursuant to which, the Company would not distribute cash dividends to all shareholders. The Company has not distributed and does not propose to distribute any interim dividend for the six months ended 30 June 2024.

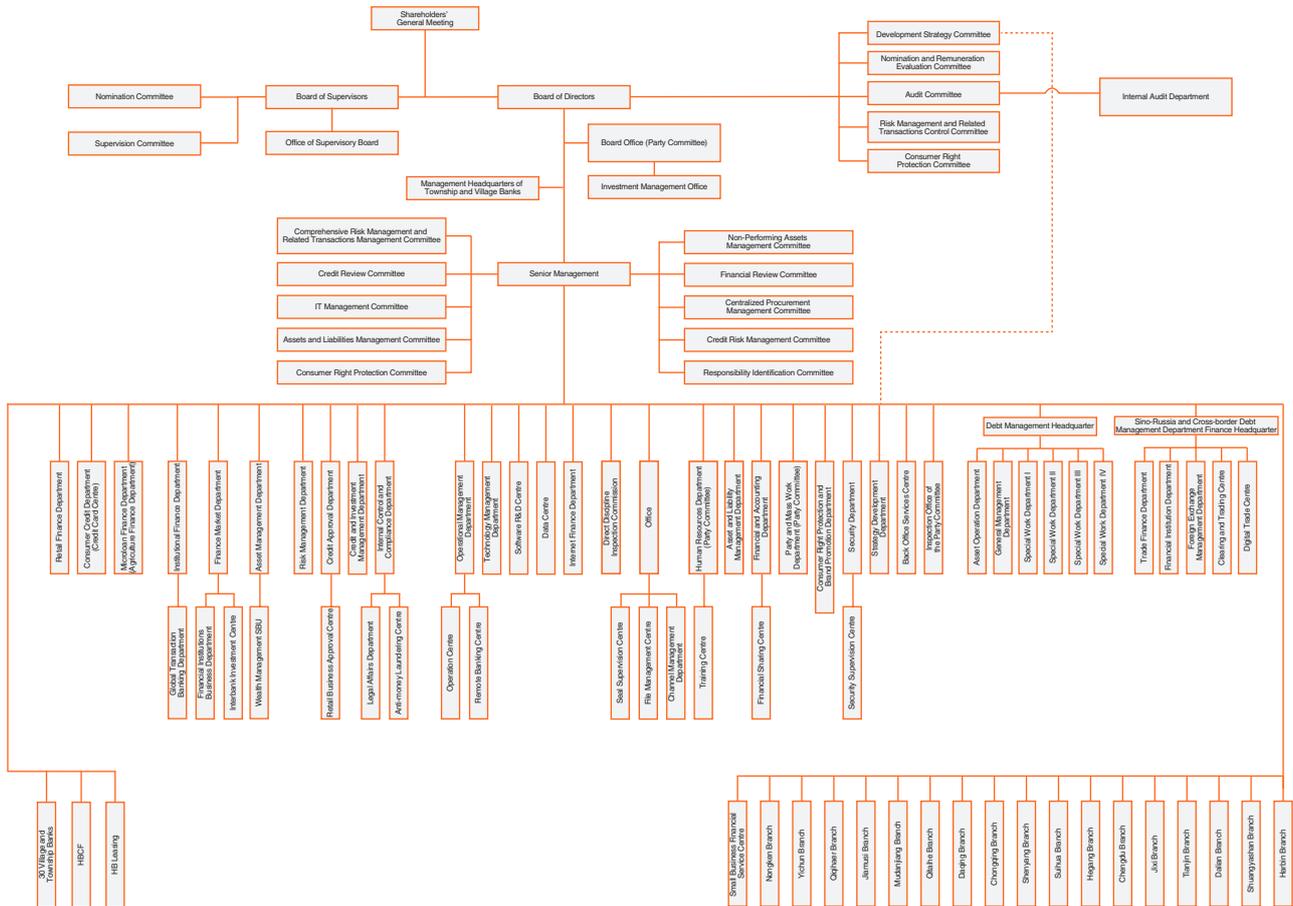
XIII. Pledge of Assets

For the details of the Group's pledge of assets, please refer to "Commitments and Contingent Liabilities" in note 39 to financial statements of this report.

XIV. Significant Subsequent Events

Resolutions in relation to the absorption and merger of Ning'an Rongxing Village and Township Bank Co., Ltd., Baiquan Rongxing Village and Township Bank Co., Ltd., Huanan Rongxing Village and Township Bank Co., Ltd., and Chongqing Youyang Rongxing Village and Township Bank Co., Ltd., and their respective conversion to a sub-branch, and a resolution in relation to authorizing the Board to carry out the Reform and Reorganization of the Village Banks have been proposed on the EGM held on 26 August 2024 by the Company for the shareholders' consideration and approval. For details, please refer to the notice of EGM and circular of the Company dated 6 August 2024. Save as the above, the Company has no significant subsequent events after the end of the Reporting Period and up to the Latest Practicable Date.

Organisation Chart of Harbin Bank



Financial Statements

- I. Report on Review of Interim Financial Information
- II. Unaudited Condensed Consolidated Interim Financial Statements (Condensed Consolidated Statement of Profit or Loss, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows)
- III. Notes to Condensed Consolidated Interim Financial Information
- IV. Unaudited Supplementary Financial Information

Report on Review of Interim Financial Information



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TO THE BOARD OF DIRECTORS OF HARBIN BANK CO., LTD.

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

Introduction

We have reviewed the interim financial information set out on pages 96 to 195, which comprise the condensed consolidated statement of financial position of Harbin Bank Co., Ltd. (the "Bank") and its subsidiaries (together, the "Group") as at 30 June 2024 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information 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 ("IASB"). The directors are responsible for the preparation and presentation of interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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". A review of interim financial information 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 accompanying interim financial information are not prepared, in all material respects, in accordance with IAS 34.

BDO Limited

Certified Public Accountants

Chan Wing Fai

Practising Certificate no. P05443

Hong Kong, 26 August 2024

Condensed Consolidated Statement of Profit or Loss

For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

	Notes	For the six-month period ended 30 June	
		2024	2023
		Unaudited	Unaudited
Interest income	4	15,204,591	14,343,371
Interest expense	4	(10,225,862)	(9,922,292)
Net interest income	4	4,978,729	4,421,079
Fee and commission income	5	300,476	441,322
Fee and commission expense	5	(92,910)	(85,063)
Net fee and commission income	5	207,566	356,259
Net trading income	6	1,310,374	1,622,436
Net gains on financial investments	7	665,422	165,638
Other operating income, net	8	36,599	89,643
Operating income		7,198,690	6,655,055
Operating expenses	9	(2,101,366)	(2,269,277)
Credit impairment losses	10	(4,363,452)	(3,885,898)
Operating profit		733,872	499,880
Profit before tax		733,872	499,880
Income tax credit	11	112,032	200,476
Profit for the period		845,904	700,356
Attributable to:			
Equity holders of the Bank		763,098	588,654
Non-controlling interests		82,806	111,702
		845,904	700,356
Earnings per share (RMB yuan)			
Basic and diluted	13	0.03	0.02

Details of the dividends declared and paid or proposed are disclosed in note 12 to these financial statements.

The accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

	Notes	For the six-month period ended 30 June	
		2024	2023
		Unaudited	Unaudited
Profit for the period		854,904	700,356
Other comprehensive income (after tax, net):			
Other comprehensive income attributable to equity holders of the Bank	34	612,239	323,004
Items that will not be reclassified to profit or loss			
– Net (losses)/gains on investments in equity instruments designated at fair value through other comprehensive income		(85)	3,000
Items that may be reclassified subsequently to profit or loss			
– Net gains on investments in debt instruments measured at fair value through other comprehensive income		723,991	383,080
– Allowance for credit impairment on investments in debt instruments measured at fair value through other comprehensive income		(5,264)	(70,295)
– Reclassified to profit or loss upon disposal		(106,403)	7,219
Subtotal of other comprehensive income for the period, net of tax		612,239	323,004
Total comprehensive income for the period		1,458,143	1,023,360
Total comprehensive income attributable to:			
Equity holders of the Bank		1,375,337	911,658
Non-controlling interests		82,806	111,702
Total		1,458,143	1,023,360

The accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

	Notes	As at 30 June 2024	As at 31 December 2023
		Unaudited	Audited
Assets			
Cash and balances with the central bank	14	100,206,906	63,873,408
Due from banks and other financial institutions	15	36,251,112	31,866,216
Reverse repurchase agreements	16	–	19,946,430
Loans and advances to customers	17	336,347,261	308,438,874
Derivative financial assets	18	710,201	700,177
Financial investments	19	362,283,704	344,959,060
– financial assets at fair value through profit or loss	(a)	85,045,931	85,859,181
– financial assets at fair value through other comprehensive income	(b)	78,382,456	87,005,554
– financial assets at amortised cost	(c)	198,855,317	172,094,325
Finance lease receivables	20	26,107,693	22,771,615
Property and equipment	21	7,985,755	8,119,044
Deferred income tax assets	22	5,967,215	5,530,809
Other assets	23	6,977,995	7,123,092
Total assets		882,837,842	813,328,725
Liabilities			
Due to the central bank	24	5,324,797	3,410,653
Borrowings from banks and other financial institutions	25	25,965,818	22,340,821
Due to banks and other financial institutions	26	33,008,791	24,310,955
Derivative financial liabilities	18	732,767	734,648
Repurchase agreements	27	32,894,737	10,668,380
Due to customers	28	688,512,716	656,988,668
Income tax payable		412,429	234,689
Debt securities issued	29	25,200,155	23,726,334
Other liabilities	30	5,823,288	7,025,376
Total liabilities		817,875,498	749,440,524
Equity			
Share capital	31	10,995,600	10,995,600
Other equity instruments	32	11,699,007	11,699,007
Capital reserves	33	7,657,284	7,657,284
Other comprehensive income	34	915,911	305,322
Surplus reserves	35	3,956,250	3,956,250
General and regulatory reserves	36	9,146,571	8,230,272
Undistributed profits	37	18,224,971	18,760,522
Equity attributable to equity holders of the Bank		62,595,594	61,604,257
Non-controlling interests		2,366,750	2,283,944
Total equity		64,962,344	63,888,201
Total equity and liabilities		882,837,842	813,328,725

DENG Xinquan

Chairman

YAO Chunhe

President

YANG Dazhi

Assistant to the President
(in Charge of Finance)

DONG Kai

General Manager of Finance and
Accounting Department

The accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

		Unaudited								
		Equity attributable to equity holders of the Bank								
		Other equity instruments		Other	Surplus	General and	Undistributed	Non-	Total	
Notes		Share capital	Perpetual bonds	Capital reserves	comprehensive income	reserves	regulatory reserves	profits	controlling interests	
	Balance at 1 January 2024	10,995,600	11,699,007	7,657,284	305,322	3,956,250	8,230,272	18,760,522	2,283,944	63,888,201
	Movements in this period	-	-	-	610,589	-	916,299	(535,551)	82,806	1,074,143
	Total comprehensive income	34	-	-	612,239	-	-	763,098	82,806	1,458,143
	Profit distribution	-	-	-	-	-	916,299	(916,299)	-	-
	1. Appropriation to general and regulatory reserves	36	-	-	-	-	916,299	(916,299)	-	-
	2. Distribution to shareholders	-	-	-	-	-	-	-	-	-
	Distribution of interests of perpetual bonds	-	-	-	-	-	-	(384,000)	-	(384,000)
	Transfer on disposal of financial asset at fair value through other comprehensive income to retained earnings	-	-	-	(1,650)	-	-	1,650	-	-
	Balance at 30 June 2024	10,995,600	11,699,007	7,657,284	915,911	3,956,250	9,146,571	18,224,971	2,366,750	64,962,344

The accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

Unaudited										
Equity attributable to equity holders of the Bank										
		Other equity instruments			Other		General and		Non-	
	Notes	Share capital	Perpetual bonds	Capital reserves	comprehensive income	Surplus reserves	regulatory reserves	Undistributed profits	controlling interests	Total
Balance at 1 January 2023		10,995,600	11,699,007	7,657,284	50,810	3,920,073	7,880,595	18,971,130	2,146,128	63,320,627
Movements in this period		-	-	-	320,151	-	340,693	(133,186)	101,127	628,785
Total comprehensive income	34	-	-	-	323,004	-	-	588,654	111,702	1,023,360
Profit distribution		-	-	-	-	-	340,693	(340,693)	(10,575)	(10,575)
1. Appropriation to general and regulatory reserves	36	-	-	-	-	-	340,693	(340,693)	-	-
2. Distribution to shareholders		-	-	-	-	-	-	-	(10,575)	(10,575)
Distribution of interests of perpetual bonds		-	-	-	-	-	-	(384,000)	-	(384,000)
Transfer on disposal of financial asset at fair value through other comprehensive income to retained earnings		-	-	-	(2,853)	-	-	2,853	-	-
Balance at 30 June 2023		10,995,600	11,699,007	7,657,284	370,961	3,920,073	8,221,288	18,837,944	2,247,255	63,949,412

The accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

Audited										
Equity attributable to equity holders of the Bank										
		Other equity instruments								
	Notes	Share capital	Perpetual bonds	Capital reserves	Other comprehensive income	Surplus reserves	General and regulatory reserves	Undistributed profits	Non- controlling interests	Total
Balance at 1 January 2023		10,995,600	11,699,007	7,657,284	50,810	3,920,073	7,880,595	18,971,130	2,146,128	63,320,627
Movements in this year		-	-	-	254,512	36,177	349,677	(210,608)	137,816	567,574
Total comprehensive income	34	-	-	-	257,365	-	-	739,993	148,114	1,145,472
Capital contribution by										
non-controlling interests		-	-	-	-	-	-	-	277	277
Profit distribution		-	-	-	-	36,177	349,677	(385,854)	(10,575)	(10,575)
1. Appropriation to surplus reserves	35	-	-	-	-	36,177	-	(36,177)	-	-
2. Appropriation to general and regulatory reserves	36	-	-	-	-	-	349,677	(349,677)	-	-
3. Distribution to shareholders		-	-	-	-	-	-	-	(10,575)	(10,575)
Distribution of interests of										
perpetual bonds		-	-	-	-	-	-	(567,600)	-	(567,600)
Transfer on disposal of										
financial asset at fair value through other comprehensive income to retained earnings		-	-	-	(2,853)	-	-	2,853	-	-
Balance at 31 December 2023		10,995,600	11,699,007	7,657,284	305,322	3,956,250	8,230,272	18,760,522	2,283,944	63,888,201

The accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statement of Cash Flows

For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

	Notes	For the six-month period ended 30 June	
		2024	2023
		Unaudited	Unaudited
Cash flows from operating activities			
Profit before tax		733,872	499,880
Adjustments for:			
Depreciation and amortisation	9	363,643	391,298
Net trading gains	6	(1,310,374)	(1,622,436)
Dividend income	7	(14,545)	(23,178)
Interest income on financial investments	4	(5,037,223)	(4,414,821)
Credit impairment losses	10	4,363,452	3,885,898
Unrealised foreign exchange losses		(32,548)	(36,812)
Interest expense on debt securities issued	4	313,205	352,385
Interest expense on lease liabilities	4	6,751	10,559
Accrued interest on impaired loans	4	(287,584)	(276,232)
Net gains on disposal of financial investments	7	(650,877)	(142,460)
Net losses/(gains) on disposal of property and equipment	8	7,353	(1,082)
		(1,544,875)	(1,377,001)
Net (increase)/decrease in operating assets:			
Due from the central bank		1,854,561	(5,413,724)
Due from banks and other financial institutions		3,155,107	(7,825,000)
Loans and advances to customers		(29,054,607)	(24,296,831)
Finance lease receivables		(3,476,504)	(600,981)
Other assets		(2,695,325)	1,635,782
		(30,216,768)	(36,500,754)
Net increase/(decrease) in operating liabilities:			
Due to the central bank		1,913,681	(1,564,975)
Borrowings from banks and other financial institutions		3,631,064	6,115,548
Due to banks and other financial institutions		8,502,638	(5,253,268)
Repurchase agreements		22,223,264	(2,550,000)
Due to customers		28,795,140	80,784,165
Other liabilities		1,035,601	3,217,263
		66,101,388	80,748,733
Net cash flows from operating activities before tax		34,339,745	42,870,978
Income tax paid		(460,745)	(416,166)
Net cash flows from operating activities		33,879,000	42,454,812

The accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statement of Cash Flows

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

	Notes	For the six-month period ended 30 June	
		2024	2023
		Unaudited	Unaudited
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES			
Purchases of items of property and equipment, intangible assets and other long term assets		(122,591)	(47,135)
Proceeds from disposal of property and equipment		(5,007)	1,194
Cash paid for investments		(412,080,810)	(312,921,767)
Proceeds from sale and redemption of investments		396,149,208	281,619,937
Return on investments		7,179,131	5,545,752
Net cash flows used in investing activities		(8,880,069)	(25,802,019)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES			
Proceeds from issue of other debt securities		48,271,500	25,100,000
Payment for redemption of debt securities		(46,800,000)	(33,210,000)
Interest and issue expenses paid on debt securities		(310,884)	(175,562)
Dividends or interest paid to holders of other equity instruments		(384,000)	(384,000)
Payment for lease liabilities		(68,623)	(101,567)
Dividends paid on ordinary shares		-	(10,575)
Net cash flows from/(used in) financing activities		707,993	(8,781,704)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the period		57,031,629	57,460,581
Effect of exchange rate changes on cash and cash equivalents		(13,021)	(16,502)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	38	82,725,532	65,315,168
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		10,629,805	10,689,305
Interest paid		(6,984,311)	(5,743,441)

The accompanying notes form an integral part of these financial statements.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

1. CORPORATE INFORMATION AND GROUP STRUCTURE

Harbin Bank Co., Ltd. (the “Bank”) is a joint-stock commercial bank established on 25 July 1997 based on the authorisation of the People’s Bank of China (“PBOC”) designated as YinFu [1997] No. 69 “Approval upon the opening of Harbin Urban Cooperative Bank”.

The Bank obtained its finance permit No. B0306H223010001 from the National Financial Regulatory Administration (“NFRA”) (formerly known as China Banking and Insurance Regulatory Commission). The Bank obtained its business licence No. 912301001275921118 from the Market Supervision and Administration Bureau of Harbin. As at 30 June 2024, the legal representative is Deng Xinquan and the registered office is located at No. 888 Shangjiang Street, Daoli District, Harbin, PRC.

The principal activities of the Bank and its subsidiaries (collectively referred to as the “Group”) comprise deposit services, loan services, payment and settlement services and financial leasing services, as well as other financial services approved by the NFRA.

The subsidiaries of the Bank as at 30 June 2024 are as follows:

Company name	Place of incorporation/ registration and operations	Nominal value of issued share/paid-up capital	Percentage of interest owned by the Bank/ voting rights	Amount invested by the Bank	Principal activities
			%		
Huining Huishi Village and Township Bank Co., Ltd.	Huining, Gansu	30,000	100.00	30,000	Village and township bank
Beijing Huairou Rongxing Village and Township Bank Co., Ltd.	Huairou, Beijing	200,000	85.00	207,600	Village and township bank
Yushu Rongxing Village and Township Bank Co., Ltd.	Yushu, Jilin	30,000	100.00	30,000	Village and township bank
Shenzhen Baoan Rongxing Village and Township Bank Co., Ltd.	Baoan, Shenzhen	220,000	70.00	140,000	Village and township bank
Chongqing Dadukou Rongxing Village and Township Bank Co., Ltd.	Dadukou, Chongqing	180,000	83.33	174,420	Village and township bank
Suining Anju Rongxing Village and Township Bank Co., Ltd.	Suining, Sichuan	80,000	75.00	60,000	Village and township bank
Huachuan Rongxing Village and Township Bank Co., Ltd.	Huachuan, Heilongjiang	344,655	99.63	343,379	Village and township bank
Baiquan Rongxing Village and Township Bank Co., Ltd.	Baiquan, Heilongjiang	269,000	100.00	269,000	Village and township bank
Yanshi Rongxing Village and Township Bank Co., Ltd.	Luoyang, Henan	90,000	100.00	90,000	Village and township bank

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

1. CORPORATE INFORMATION AND GROUP STRUCTURE *(Continued)*

Company name	Place of incorporation/ registration and operations	Nominal value of issued share/paid-up capital	Percentage of interest owned by the Bank/ voting rights	Amount invested by the Bank	Principal activities
			%		
Leping Rongxing Village and Township Bank Co., Ltd.	Leping, Jiangxi	294,000	100.00	294,000	Village and township bank
Jiangsu Rudong Rongxing Village and Township Bank Co., Ltd.	Rudong, Jiangsu	106,000	80.00	80,000	Village and township bank
Honghu Rongxing Village and Township Bank Co., Ltd.	Honghu, Hubei	30,000	100.00	30,000	Village and township bank
Zhuzhou Rongxing Village and Township Bank Co., Ltd.	Zhuzhou, Hunan	55,000	80.00	40,000	Village and township bank
Chongqing Wulong Rongxing Village and Township Bank Co., Ltd.	Wulong, Chongqing	50,000	70.00	35,000	Village and township bank
Xin'an Rongxing Village and Township Bank Co., Ltd.	Xin'an, Henan	33,300	90.09	30,000	Village and township bank
Anyi Rongxing Village and Township Bank Co., Ltd.	Anyi, Jiangxi	60,000	100.00	30,000	Village and township bank
Yingcheng Rongxing Village and Township Bank Co., Ltd.	Yingcheng, Hubei	142,000	100.00	132,000	Village and township bank
Leiyang Rongxing Village and Township Bank Co., Ltd.	Leiyang, Hunan	160,000	100.00	160,000	Village and township bank
Hainan Baoting Rongxing Village and Township Bank Co., Ltd.	Baoting, Hainan	30,000	96.67	29,000	Village and township bank
Chongqing Shapingba Rongxing Village and Township Bank Co., Ltd.	Shapingba, Chongqing	100,000	80.00	80,000	Village and township bank
Hejian Ronghui Village and Township Bank Co., Ltd.	Hejian, Hebei	50,000	100.00	50,000	Village and township bank
Chongqing Youyang Village and Township Bank Co., Ltd.	Youyang, Chongqing	60,000	100.00	60,000	Village and township bank
Ning'an Rongxing Village and Township Bank Co., Ltd.	Ning'an, Heilongjiang	30,000	100.00	30,000	Village and township bank

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

1. CORPORATE INFORMATION AND GROUP STRUCTURE *(Continued)*

Company name	Place of incorporation/ registration and operations	Nominal value of issued share/paid-up capital	Percentage of interest owned by the Bank/ voting rights	Amount invested by the Bank	Principal activities
			%		
Huanan Rongxing Village and Township Bank Co., Ltd.	Huanan, Heilongjiang	30,000	100.00	30,000	Village and township bank
Nehe Rongxing Village and Township Bank Co., Ltd.	Nehe, Heilongjiang	50,000	80.00	40,000	Village and township bank
Pingliang Kongtong Rongxing Village and Township Bank Co., Ltd.	Pingliang, Gansu	50,000	90.00	45,000	Village and township bank
Tianshui Maji Rongxing Village and Township Bank Co., Ltd.	Tianshui, Gansu	50,000	98.00	49,000	Village and township bank
Zhongjiang Rongxing Village and Township Bank Co., Ltd.	Zhongjiang, Sichuan	50,000	70.00	35,000	Village and township bank
Chengdu Qingbaijiang Rongxing Village and Township Bank Co., Ltd.	Chengdu, Sichuan	100,000	70.00	70,000	Village and township bank
Langzhong Rongxing Village and Township Bank Co., Ltd.	Langzhong, Sichuan	50,000	90.00	45,000	Village and township bank
Harbin Bank Financial Leasing Co., Ltd.	Harbin, Heilongjiang	2,000,000	80.00	1,600,000	Leasing company
Harbin Bank Consumer Finance Co., Ltd.	Harbin, Heilongjiang	1,500,000	53.00	795,000	Consumer finance company

During the six-month period ended 30 June 2024, the major changes to the structure of the Group are as follows:

Approved by the Hengyang Bureau of the NFRA, the Bank will increase the capital of wholly-owned subsidiary Leiyang Rongxing Village and Township Bank Co., Ltd. by RMB110 million in March 2024.

Other than the major changes mentioned as above, the Group's structure remained unchanged during the six-month period ended 30 June 2024.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information for the six-month period ended 30 June 2024 has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) and should be read in conjunction with the annual financial statements for the year ended 31 December 2023.

Except as described below, the principal accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial information are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2023.

2.1 Standards and amendments effective in 2024

On 1 January 2024, the Group adopted the following new standards and amendments.

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

The adoption of the above standards and amendments does not have any significant impact on the operating results, financial position and comprehensive income of the Group.

2.2 Standards and amendments that are not yet effective and have not been early adopted by the Group in 2024

Standards	Subject of amendment	Effective for annual periods beginning on or after
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
Amendments to IAS 21	<i>Lack of Exchangeability</i>	1 January 2025
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.2 Standards and amendments that are not yet effective and have not been early adopted by the Group in 2024 *(Continued)*

The Group has not early adopted any new standards and amendments that are not yet effective for the current accounting period. Except as described below, the application of the new standards and amendments will have no material impact on the result and the financial position of the Group.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 'Presentation and Disclosure in Financial Statements', effective for annual reporting periods beginning on or after 1 January 2027. The new accounting standard aims to give users of financial statements more transparent and comparable information about a company's financial performance. It will replace IAS 1 'Presentation of Financial Statements' but carries over many requirements from this IAS unchanged. In addition, there are three sets of new requirements relating to the structure of the income statement, management defined performance measures and the aggregation and disaggregation of information.

While IFRS 18 will not change recognition criteria or measurement bases, it is expected to have an impact on presenting information in the financial statements. The Group has already commenced an assessment of the potential impact but is not yet in a position to state whether the impact will be material to the Group.

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

In May 2024, the IASB issued Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', effective for annual reporting periods beginning on or after 1 January 2026. The amendments include clarifications on how ESG-linked features could affect the assessment of contractual cash flows. Further, the amendments provide clarification on the date on which a financial asset or a financial liability is derecognised. The Group has already commenced an assessment of the potential impact but is not yet in a position to state whether the impact will be material to the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The nature and assumptions related to the Group's accounting estimates are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2023.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

4. NET INTEREST INCOME

	For the six-month period ended 30 June	
	2024	2023
Interest income on:		
Loans and advances to customers	8,268,375	8,210,748
– Corporate loans and advances	4,420,674	4,157,630
– Personal loans	3,675,728	3,960,073
– Discounted bills	171,973	93,045
Reverse repurchase agreements	134,333	356,685
Financial assets at fair value through other comprehensive income	1,146,201	968,641
Financial assets at amortised cost	3,891,022	3,446,180
Due from the central bank	350,484	357,217
Due from banks and other financial institutions	540,117	410,916
Finance lease receivables	874,059	592,984
Subtotal	15,204,591	14,343,371
Interest expense on:		
Due to customers	(8,882,454)	(8,803,590)
Repurchase agreements	(147,827)	(6,733)
Due to banks and other financial institutions	(378,495)	(385,384)
Debt securities issued	(313,205)	(352,385)
Due to the central bank	(42,881)	(14,129)
Borrowings from banks and other financial institutions	(454,249)	(349,512)
Lease liabilities	(6,751)	(10,559)
Subtotal	(10,225,862)	(9,922,292)
Net interest income	4,978,729	4,421,079
Including: interest income on impaired loans	287,584	276,232

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

5. NET FEE AND COMMISSION INCOME

	For the six-month period ended 30 June	
	2024	2023
Fee and commission income		
Advisory and consulting fees	35,061	74,938
Settlement and clearing fees	48,846	28,728
Agency and custodian fees	109,546	203,740
Including: wealth management products	68,603	167,120
Bank card fees	102,202	114,172
Others	4,821	19,744
Subtotal	300,476	441,322
Fee and commission expense		
Settlement and clearing fees	(14,409)	(8,745)
Agency fees	(10,666)	(5,310)
Bank card fees	(16,785)	(22,472)
Others	(51,050)	(48,536)
Subtotal	(92,910)	(85,063)
Net fee and commission income	207,566	356,259

6. NET TRADING INCOME

	For the six-month period ended 30 June	
	2024	2023
Financial assets at fair value through profit or loss	1,310,374	1,622,436

The above amounts mainly include gains and losses arising from the purchase and sale of, interest income and changes in the fair value of financial assets at fair value through profit or loss.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

7. NET GAINS ON FINANCIAL INVESTMENTS

	For the six-month period ended 30 June	
	2024	2023
Gains on disposal of financial assets at amortised cost, net	446,707	84,385
Gains on disposal of financial assets at fair value through other comprehensive income, net	204,170	58,075
Dividends from equity investments at fair value through other comprehensive income	14,545	23,178
Total	665,422	165,638

8. OTHER OPERATING INCOME, NET

	For the six-month period ended 30 June	
	2024	2023
(Losses)/gains on sale of property and equipment	(7,353)	1,082
Gains on foreign exchange, net	19,527	20,310
Leasing income	14,955	25,152
Government grants and subsidies	4,664	3,598
Others	4,806	39,501
Total	36,599	89,643

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

9. OPERATING EXPENSES

	For the six-month period ended 30 June	
	2024	2023
Staff costs:		
Salaries, bonuses and allowances	526,295	582,777
Social insurance	219,300	206,772
Housing fund	83,442	78,721
Staff benefits	38,509	37,045
Labour union expenditure and education costs	10,750	10,224
Early retirement benefits	2,356	1,382
Subtotal	880,652	916,921
General and administrative expenses	612,975	720,042
Tax and surcharges	138,331	123,548
Depreciation and amortisation	363,643	391,298
Leasing expense	37,592	34,213
Auditors' remuneration	1,800	1,800
Others	66,373	81,455
Total	2,101,366	2,269,277

10. CREDIT IMPAIRMENT LOSSES

	For the six-month period ended 30 June	
	2024	2023
Provision for/(reversal of) impairment losses on:		
Loans and advances to customers at amortised cost	3,470,810	2,711,831
Financial investments at amortised cost	674,877	1,075,536
Financial assets at fair value through other comprehensive income	(7,018)	(22,121)
Finance lease receivables	178,322	(7,818)
Other assets	46,461	128,470
Total	4,363,452	3,885,898

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

11. INCOME TAX CREDIT

(a) Income tax

	For the six-month period ended 30 June	
	2024	2023
Current income tax	527,904	427,969
Deferred income tax	(639,936)	(628,445)
Total	(112,032)	(200,476)

(b) Reconciliation between income tax and accounting profit

The income tax of the Group's institutions has been provided at the statutory rate of 25% or 15%. A reconciliation of the income tax credit applicable to profit before tax at the PRC statutory income tax rate to income tax credit at the Group's effective income tax rate is as follows:

	For the six-month period ended 30 June	
	2024	2023
Profit before tax	733,872	499,880
Tax at the PRC statutory income tax rate	183,468	124,970
Items not deductible for tax purposes	209,908	94,900
Non-taxable income (i)	(476,502)	(330,515)
Adjustment for income tax from prior years	53,010	12
Effect of different tax rates for certain subsidiaries	(7,077)	(7,938)
Effect of unrecognised tax deductible losses	21,161	9,315
Others	(96,000)	(91,220)
Income tax credit at the Group's effective income tax rate	(112,032)	(200,476)

Notes:

- (i) The non-taxable income mainly represents interest income arising from the PRC government bonds and local government bonds and public fund dividends, which are exempted from income tax under Chinese tax regulations.

12. DIVIDENDS

The Bank proposed not to distribute any dividend for the years ended 31 December 2023 and 2022.

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For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following:

	For the six-month period ended 30 June	
	2024	2023
Net profit attributable to equity holders of the Bank	763,098	588,654
Less: Distribution of interests of perpetual bonds	(384,000)	(384,000)
Net profit attributable to ordinary shareholders of the Bank	379,098	204,654
Shares:		
Weighted average number of ordinary shares in issue (expressed in thousands) at the end of the period	10,995,600	10,995,600
Basic and diluted earnings per share (expressed in RMB per share)	0.03	0.02

The Group had no potentially dilutive ordinary shares for the six-month period ended 30 June 2024 (for the six-month period ended 30 June 2023: Nil).

Basic earnings per share for the six-month period ended 30 June 2024 and 2023 were computed by dividing distributions on non-cumulative perpetual bonds declared for the period was deducted from the amounts attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year. The Bank has declared an interest of RMB384 million on perpetual bonds during the six-month period ended 30 June 2024 (for the six-month period ended 30 June 2023: RMB384 million).

14. CASH AND BALANCES WITH THE CENTRAL BANK

	30 June 2024	31 December 2023
Cash	837,973	864,775
Mandatory reserves with the central bank (i)	40,921,108	42,761,730
Surplus reserves with the central bank (ii)	58,348,748	20,131,695
Fiscal deposits with the central bank	79,067	93,006
Subtotal	100,186,896	63,851,206
Accrued interest	20,010	22,202
Total	100,206,906	63,873,408

(i) The Group is required to place mandatory reserve deposits with the PBOC. Mandatory reserve deposits with the central bank are not available for use in the Group's daily operations. As at 30 June 2024 and 31 December 2023, the mandatory deposit reserve ratios of the branches and subsidiaries of the Bank in respect of customer deposits denominated in RMB and foreign currencies were consistent with the requirements of the PBOC.

(ii) Surplus reserves with the central bank mainly include funds for the purpose of cash settlement.

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(Amount in thousands of RMB, unless otherwise stated)

15. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2024	31 December 2023
Nostro accounts:		
Banks operating in Mainland China	14,858,786	7,005,171
Other financial institutions operating in Mainland China	36,812	51,655
Banks operating outside Mainland China	45,104	988,900
Subtotal	14,940,702	8,045,726
Accrued interest	27,583	35,333
Less: Allowance for impairment losses	(392)	(5,467)
Subtotal	14,967,893	8,075,592
Placements with banks and other financial institutions:		
Banks operating in Mainland China	100,000	2,700,000
Other financial institutions operating in Mainland China	20,850,000	20,850,000
Subtotal	20,950,000	23,550,000
Accrued interest	340,726	250,973
Less: Allowance for impairment losses	(7,507)	(10,349)
Subtotal	21,283,219	23,790,624
Total	36,251,112	31,866,216

As at 30 June 2024 and 31 December 2023, all the amounts due from banks and other financial institutions of the Group were in Stage 1, and measured the impairment losses based on expected credit loss (“ECL”) in the next 12 months.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

16. REVERSE REPURCHASE AGREEMENTS

	30 June 2024	31 December 2023
Reverse repurchase agreements analysed by counterparty:		
Banks operating in Mainland China	–	764,000
Other financial institutions in Mainland China	–	19,168,767
Accrued interest	–	16,758
Less: Allowance for impairment losses	–	(3,095)
Total	–	19,946,430
Reverse repurchase agreements analysed by collateral:		
Bonds	–	19,932,767
Accrued interest	–	16,758
Less: Allowance for impairment losses	–	(3,095)
Total	–	19,946,430

As at 30 June 2024, the Group had no reverse repurchase agreements. As at 31 December 2023, reverse repurchase agreements were in stage 1, and measured the impairment losses based on ECLs in the next 12 months.

17. LOANS AND ADVANCES TO CUSTOMERS

17.1 Analysis of loans and advances to customers by measurement category

	30 June 2024	31 December 2023
Loans and advances measured at amortised cost		
– Corporate loans and advances	201,786,002	184,005,130
– Personal loans	116,164,216	118,550,619
Subtotal	317,950,218	302,555,749
Loans and advances measured at fair value through other comprehensive income		
– Discounted bills	34,287,093	20,626,955
Total loans and advances to customers	352,237,311	323,182,704
Accrued interest	4,207,417	3,532,668
Less: Allowance for impairment losses	(20,097,467)	(18,276,498)
Loans and advances to customers, net	336,347,261	308,438,874

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

17. LOANS AND ADVANCES TO CUSTOMERS (Continued)

17.1 Analysis of loans and advances to customers by measurement category (Continued)

As at 30 June 2024, loans and advances to customers measured at fair value through other comprehensive income of the Group amounted to RMB34,287,093 thousand were in stage 1 and the corresponding accumulated allowance for impairment losses on the above-mentioned loans and advances to customers amounted to RMB5,314 thousand. As at 31 December 2023, loans and advances to customers measured at fair value through other comprehensive income of the Group amounted to RMB20,626,955 thousand were in stage 1 and the corresponding accumulated allowance for impairment losses on the above-mentioned loans and advances to customers amounted to RMB10,098 thousand.

17.2 Analysis of loans and advances to customers by industry, collateral type and analysis of overdue loans and advances to customers are presented in Note 45 (a).

17.3 Analysis of loans and advances to customers

	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 30 June 2024				
Total loans and advances at				
amortised cost	256,753,890	28,157,556	33,038,772	317,950,218
Accrued interest	3,968,967	238,450	–	4,207,417
Allowance for impairment losses at				
amortised cost	(4,710,256)	(2,313,825)	(13,073,386)	(20,097,467)
Loans and advances to customers at				
amortised cost, net	256,012,601	26,082,181	19,965,386	302,060,168
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 31 December 2023				
Total loans and advances at				
amortised cost	235,791,515	36,663,610	30,100,624	302,555,749
Accrued interest	2,651,579	811,053	70,036	3,532,668
Allowance for impairment losses at				
amortised cost	(3,103,354)	(3,325,025)	(11,848,119)	(18,276,498)
Loans and advances to customers at				
amortised cost, net	235,339,740	34,149,638	18,322,541	287,811,919

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

17. LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

17.4 Movements in allowance for impairment losses of loan and advances to customers at amortised cost during the period/year are as follows:

	For the six-month period ended 30 June 2024			Total
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	
As at 1 January 2024	3,103,354	3,325,025	11,848,119	18,276,498
Charge for the period	1,424,429	311,818	1,734,563	3,470,810
Write-offs and transferred for the period	–	–	(1,657,509)	(1,657,509)
Stage conversion	182,473	(1,323,018)	1,140,545	–
Converted to Stage 1	635,582	(395,064)	(240,518)	–
Converted to Stage 2	(228,692)	360,334	(131,642)	–
Converted to Stage 3	(224,417)	(1,288,288)	1,512,705	–
Recovery of loans and advances				
previously written off	–	–	295,280	295,280
Exchange difference	–	–	(28)	(28)
Accrued interest on impaired loans	–	–	(287,584)	(287,584)
As at 30 June 2024	4,710,256	2,313,825	13,073,386	20,097,467

During the six-month period ended 30 June 2024, the loan principal transferred from stage 1 to stage 2 and stage 3 was RMB9,824 million, and corresponding impairment provision increased by RMB2,178 million. The loan principal transferred from stage 2 to stage 3 was RMB4,876 million, impairment provision increasing by RMB369 million. The loan principal transferred from stage 2 to stage 1 was RMB14,084 million, impairment provision decreasing by RMB243 million. The loan principal transferred from stage 3 to stage 1 and stage 2 was RMB2,927 million, impairment provision decreasing by RMB1 million.

During the six-month period ended 30 June 2024, the Group transferred loans and advances amount of RMB356 million to independent third parties and the transfer price was RMB169 million.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

17. LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

17.4 Movements in allowance for impairment losses of loan and advances to customers at amortised cost during the period/year are as follows: *(Continued)*

	For the year ended 31 December 2023			Total
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	
As at 1 January 2023	2,570,973	1,945,512	10,403,524	14,920,009
Charge for the year	631,101	1,438,345	3,668,202	5,737,648
Write-offs and transferred for the year	–	–	(2,313,128)	(2,313,128)
Stage conversion	(98,720)	(58,832)	157,552	–
Converted to Stage 1	125,855	(93,670)	(32,185)	–
Converted to Stage 2	(157,207)	189,755	(32,548)	–
Converted to Stage 3	(67,368)	(154,917)	222,285	–
Recovery of loans and advances				
previously written off	–	–	445,102	445,102
Exchange difference	–	–	(91)	(91)
Accreted interest on impaired loans	–	–	(513,042)	(513,042)
As at 31 December 2023	3,103,354	3,325,025	11,848,119	18,276,498

During the year ended 31 December 2023, the loan principal transferred from stage 1 to stage 2 and stage 3 was RMB25,038 million, and corresponding impairment provision increased by RMB1,359 million. The loan principal transferred from stage 2 to stage 3 was RMB1,396 million, impairment provision increasing by RMB69 million. The loan principal transferred from stage 2 to stage 1 was RMB1,938 million, impairment provision decreasing by RMB98 million. The loan principal transferred from stage 3 to stage 1 and stage 2 was RMB491 million, impairment provision decreasing by RMB46 million.

During the year ended 31 December 2023, the Group transferred loans and advances amount of RMB66 million to independent third parties and the transfer price was RMB51 million.

Notes to the Condensed Consolidated Interim Financial Information

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(Amount in thousands of RMB, unless otherwise stated)

18. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivative financial instruments related to interest rate, currency rate and price of precious metal, for trading and on behalf of customers.

The contractual/notional amounts and fair values of derivative instruments held by the Group are set out in the following tables. The contractual/notional amounts of financial instruments provide a basis for comparison with fair value instruments recognised on the statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in interest rates, currency rates and prices of precious metal relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

	30 June 2024			31 December 2023		
	Contractual/ notional amount	Fair value		Contractual/ notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Foreign exchange forwards and swaps	1,418,233	-	(22,566)	1,988,317	909	(35,380)
Option contracts	119,918,134	710,201	(710,201)	126,264,502	699,268	(699,268)
Total	121,336,367	710,201	(732,767)	128,252,819	700,177	(734,648)

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(Amount in thousands of RMB, unless otherwise stated)

19. FINANCIAL INVESTMENTS

(a) Financial assets at fair value through profit or loss

	30 June 2024	31 December 2023
Government debt securities	–	173,058
Corporate debt securities	1,753,175	1,746,779
Inter-bank certificates of deposits	2,745,617	–
Trust investments and asset management plans (i)	40,431,996	45,031,249
Subtotal	44,930,788	46,951,086
Equity instruments	253,069	307,705
Funds	39,795,637	38,452,499
Accrued interest	66,437	147,891
Total	85,045,931	85,859,181

As at 30 June 2024 and 31 December 2023, no debt securities measured at fair value through profit or loss were pledged.

- (i) The Group classified the trust investments and asset management plans that could not pass the SPPI testing as financial assets at fair value through profit or loss.

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For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

19. FINANCIAL INVESTMENTS (Continued)

(b) Financial assets at fair value through other comprehensive income

	30 June 2024	31 December 2023
Government debt securities	51,615,943	52,359,702
Policy bank debt securities	11,033,374	14,727,628
Financial institution debt securities	4,926,386	6,717,931
Corporate debt securities	4,684,699	7,137,022
Subtotal	72,260,402	80,942,283
Equity investments	5,131,691	5,215,011
Accrued interest	990,363	848,260
Net balance	78,382,456	87,005,554

As at 30 June 2024, all debt securities at fair value through other comprehensive income were in stage 1 and the corresponding accumulated allowance for impairment losses amounted to RMB25,446 thousand. As at 31 December 2023, all debt securities at fair value through other comprehensive income were in stage 1 and the corresponding accumulated allowance for impairment losses amounted to RMB27,680 thousand.

As at 30 June 2024, debt securities of RMB7,370,864 thousand, RMB9,249,800 thousand, RMB1,157,761 thousand and RMB290,382 thousand at fair value through other comprehensive income of the Group were pledged in fixed time deposits, repurchase agreements, due to the central bank and securities lending and repurchase agreements respectively. As at 31 December 2023, debt securities of RMB2,932,934 thousand, RMB4,934,801 thousand and RMB524,721 thousand at fair value through other comprehensive income of the Group were pledged in fixed time deposits, repurchase agreements and due to the central bank respectively.

The Group irrevocably designated parts of its equity investments and classified as financial assets at fair value through other comprehensive income.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

19. FINANCIAL INVESTMENTS (Continued)

(b) Financial assets at fair value through other comprehensive income (Continued)

Movements in allowance for impairment losses of debt securities of financial assets at fair value through other comprehensive income during the period/year are summarised as follows:

	For the six-month period ended 30 June 2024			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 1 January 2024	27,680	–	–	27,680
Reversal for the period	(2,234)	–	–	(2,234)
Written-offs	–	–	–	–
As at 30 June 2024	25,446	–	–	25,446

	For the year ended 31 December 2023			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 1 January 2023	45,806	–	105,000	150,806
Reversal for the year	(18,126)	–	(33,427)	(51,553)
Write-offs	–	–	(71,573)	(71,573)
As at 31 December 2023	27,680	–	–	27,680

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(Amount in thousands of RMB, unless otherwise stated)

19. FINANCIAL INVESTMENTS (Continued)

(c) Financial assets at amortised cost

	30 June 2024	31 December 2023
Government debt securities	90,306,048	50,485,401
Policy bank debt securities	7,332,562	11,870,389
Financial institution debt securities	1,640,000	2,469,995
Corporate debt securities	40,680,884	44,064,756
Inter-bank certificates of deposits	786,071	368,372
Trust investments and asset management plans	61,260,306	66,317,393
Subtotal	202,005,871	175,576,306
Accrued interest	4,497,020	3,490,583
Allowance for impairment losses	(7,647,574)	(6,972,564)
Net balance	198,855,317	172,094,325

As at 30 June 2024, debt securities of RMB14,655,443 thousand, RMB4,348,715 thousand, RMB723,481 thousand and RMB457,562 thousand at amortised cost of the Group were pledged in fixed time deposits, repurchase agreements, due to the central bank and debt securities lending and borrowing agreement respectively.

As at 31 December 2023, debt securities of RMB3,495,141 thousand, RMB284,023 thousand, RMB10,093,338 thousand and RMB8,110,927 thousand at amortised cost of the Group were pledged in repurchase agreements, due to the central bank, fixed time deposits and borrowing from banks and other financial institutions respectively.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

19. FINANCIAL INVESTMENTS (Continued)

(c) Financial assets at amortised cost (Continued)

Movements in allowance for impairment losses on financial assets at amortised cost during the period/year are summarised as follows:

	For the six-month period ended 30 June 2024			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 1 January 2024	585,793	–	6,386,771	6,972,564
Charge/(Reversal) for the period	(195)	–	675,072	674,877
Write-offs	–	–	–	–
Stage conversion	(20,701)	–	20,701	–
Converted to Stage 1	–	–	–	–
Converted to Stage 2	–	–	–	–
Converted to Stage 3	(20,701)	–	20,701	–
Recovery of loans and advances previously written off	–	–	133	133
As at 30 June 2024	564,897	–	7,082,677	7,647,574
	For the year ended 31 December 2023			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 1 January 2023	788,574	804,663	4,545,776	6,139,013
Charge/(Reversal) for the year	(28,990)	(107,311)	1,087,994	951,693
Write-offs	–	–	(118,142)	(118,142)
Stage conversion	(173,791)	(697,352)	871,143	–
Converted to Stage 1	13,728	(13,728)	–	–
Converted to Stage 2	–	–	–	–
Converted to Stage 3	(187,519)	(683,624)	871,143	–
As at 31 December 2023	585,793	–	6,386,771	6,972,564

Notes to the Condensed Consolidated Interim Financial Information

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(Amount in thousands of RMB, unless otherwise stated)

20. FINANCE LEASE RECEIVABLES

	30 June 2024	31 December 2023
Finance lease receivables	29,670,536	25,845,729
Less: unearned finance lease income	(2,548,111)	(2,199,808)
Finance lease receivables, net	27,122,425	23,645,921
Accrued interest	184,424	132,601
Less: Allowance for impairment losses	(1,199,156)	(1,006,907)
Net balance	26,107,693	22,771,615

As at 30 June 2024, the Group divided finance lease receivables into stage 1, stage 2 and stage 3. The gross amounts were RMB25,440,154 thousand, RMB1,491,986 thousand, and RMB374,709 thousand respectively, and allowances for impairment losses were RMB367,185 thousand, RMB481,739 thousand, and RMB350,232 thousand, respectively.

As at 31 December 2023, The Group divided finance lease receivables into stage 1, stage 2 and stage 3. The gross amounts were RMB21,935,983 thousand, RMB1,517,944 thousand, and RMB324,595 thousand respectively, and allowances for impairment losses were RMB262,656 thousand, RMB431,605 thousand, and RMB312,646 thousand, respectively.

As at 30 June 2024, the fair value of collateral that the Group holds relating to finance lease receivables amounted to RMB27,974,678 thousand (As at 31 December 2023: RMB28,053,022 thousand). The collateral mainly consists of right to charge for tourist attractions, provision of other public services and other receivables.

Finance lease receivables, unearned finance lease income and minimum finance lease receivables analysed by remaining period are as follows:

	30 June 2024			31 December 2023		
	Finance lease receivables	Unearned finance lease income	Finance lease receivables, net	Finance lease receivables	Unearned finance lease income	Finance lease receivables, net
Less than 1 year	13,232,508	(1,428,087)	11,804,421	12,060,602	(1,224,960)	10,835,642
1 year to 2 years	9,631,615	(729,772)	8,901,843	8,126,109	(629,616)	7,496,493
2 years to 3 years	5,864,921	(334,962)	5,529,959	4,984,631	(318,450)	4,666,181
3 years to 5 years	901,739	(54,420)	847,319	674,387	(26,782)	647,605
More than 5 years	39,753	(870)	38,883	–	–	–
Total	29,670,536	(2,548,111)	27,122,425	25,845,729	(2,199,808)	23,645,921

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(Amount in thousands of RMB, unless otherwise stated)

20. FINANCE LEASE RECEIVABLES (Continued)

Movements in allowance for impairment losses of finance lease receivables during the period/year are summarised as follows:

	For the six-month period ended 30 June 2024			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL- impaired)	Total
As at 1 January 2024	262,656	431,605	312,646	1,006,907
Charge for the period	100,712	54,292	23,318	178,322
Stage conversion	3,817	(4,158)	341	–
Converted to Stage 1	4,817	(3,212)	(1,605)	–
Converted to Stage 2	(440)	1,596	(1,156)	–
Converted to Stage 3	(560)	(2,542)	3,102	–
Write-offs and transferred	–	–	–	–
Recovery of finance lease receivables previously written off	–	–	13,927	13,927
As at 30 June 2024	367,185	481,739	350,232	1,199,156

	For the year ended 31 December 2023			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL- impaired)	Total
As at 1 January 2023	202,358	528,911	196,753	928,022
Charge/(Reversal) for the year	64,443	(100,166)	202,671	166,948
Stage conversion	(4,145)	2,860	1,285	–
Converted to Stage 1	2,779	(2,713)	(66)	–
Converted to Stage 2	(6,683)	7,180	(497)	–
Converted to Stage 3	(241)	(1,607)	1,848	–
Write-offs and transferred	–	–	(117,301)	(117,301)
Recovery of finance lease receivables previously written off	–	–	29,238	29,238
As at 31 December 2023	262,656	431,605	312,646	1,006,907

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21. PROPERTY AND EQUIPMENT

	Properties and buildings	Construction in progress	Leasehold improvements	Office equipment	Motor vehicles	Operating lease fixed assets	Total
Cost:							
At 1 January 2023	9,267,514	216,532	678,775	2,416,053	69,085	314,398	12,962,357
Additions	11,807	23,985	17,321	35,875	1,651	–	90,639
Transfer from construction in progress	205	(5,166)	–	4,961	–	–	–
Disposals	–	(13,554)	–	(15,665)	(3,011)	–	(32,230)
At 31 December 2023 and 1 January 2024	9,279,526	221,797	696,096	2,441,224	67,725	314,398	13,020,766
Additions	47,142	12,108	1,082	27,209	625	–	88,166
Transfer from construction in progress	–	(126)	–	126	–	–	–
Disposals	–	–	–	(5,062)	(503)	–	(5,565)
At 30 June 2024	9,326,668	233,779	697,178	2,463,497	67,847	314,398	13,103,367
Accumulated depreciation:							
At 1 January 2023	1,750,231	–	604,582	1,828,861	60,201	112,570	4,356,445
Depreciation charge for the year	300,914	–	40,542	97,181	3,042	7,953	449,632
Disposals	–	–	–	(2,508)	(2,874)	–	(5,382)
At 31 December 2023 and 1 January 2024	2,051,145	–	645,124	1,923,534	60,369	120,523	4,800,695
Depreciation charge for the period	149,307	–	13,150	51,362	1,625	3,977	219,421
Disposals	–	–	–	(3,053)	(478)	–	(3,531)
At 30 June 2024	2,200,452	–	658,274	1,971,843	61,516	124,500	5,016,585
Accumulated Impairment loss:							
At 31 December 2023 and 1 January 2024	–	–	–	–	–	101,027	101,027
Provided for the year	–	–	–	–	–	–	–
At 31 December 2023, 1 January 2024 and 30 June 2024	–	–	–	–	–	101,027	101,027
Net carrying amount:							
At 30 June 2024	7,126,216	233,779	38,904	491,654	6,331	88,871	7,985,755
At 31 December 2023	7,228,381	221,797	50,972	517,690	7,356	92,848	8,119,044

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21. PROPERTY AND EQUIPMENT (Continued)

The carrying value of the Group's properties and buildings is analysed based on the remaining terms of the land leases as follows:

	30 June 2024	31 December 2023
Held in China:		
10 to 50 years	7,031,392	6,954,833
Less than 10 years	94,824	273,548
	7,126,216	7,228,381

As at 30 June 2024, the process of obtaining the titles for the Group's properties and buildings with an aggregate net carrying value of RMB2,723 million (As at 31 December 2023: RMB2,768 million) was still in progress. Management is of the view that the aforesaid matter would not affect the rights of the Group to these assets nor have any significant impact on the business operation of the Group.

22. DEFERRED INCOME TAX ASSETS AND LIABILITIES

(a) Analysed by nature

	30 June 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Deferred income tax assets:				
Allowance for impairment losses	26,517,094	6,584,713	24,218,247	6,016,345
Lease liabilities	302,063	74,247	328,881	80,732
Provisions	100,788	25,197	99,598	24,900
Salaries, bonuses, allowances and subsidies payable	214,598	52,555	174,528	42,537
Early retirement benefits	29,884	7,471	32,790	8,198
Deferred revenue	227,434	56,858	146,098	36,524
Others	242,839	47,877	224,374	45,199
Subtotal	27,634,700	6,848,918	25,224,516	6,254,435
Deferred income tax liabilities:				
Right-of-use assets	(308,477)	(75,727)	(349,512)	(85,649)
Changes in fair value of financial assets at fair value through profit or loss	(2,033,452)	(508,363)	(2,182,590)	(545,648)
Changes in fair value of financial assets at fair value through other comprehensive income	(1,190,452)	(297,613)	(369,317)	(92,329)
Subtotal	(3,532,381)	(881,703)	(2,901,419)	(723,626)
Total	24,102,319	5,967,215	22,323,097	5,530,809

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22. DEFERRED INCOME TAX ASSETS AND LIABILITIES (Continued)

(b) Movements in deferred income tax

For the six-month period ended 30 June 2024	At 1 January 2024	Total gains/(losses) recorded in profit or loss	Total gains/(losses) recorded in other comprehensive income	At 30 June 2024
Deferred income tax assets/(liabilities):				
Allowance for impairment losses	6,016,345	568,368	–	6,584,713
Lease liabilities	80,732	(6,485)	–	74,247
Right-of-use assets	(85,649)	9,922	–	(75,727)
Provisions	24,900	297	–	25,197
Changes in fair value of financial assets at fair value through profit or loss	(545,648)	37,285	–	(508,363)
Changes in fair value of financial assets at fair value through other comprehensive income	(92,329)	–	(205,284)	(297,613)
Allowance for impairment losses on the financial assets at fair value through other comprehensive income	–	(1,754)	1,754	–
Salaries, bonuses, allowances and subsidies payable	42,537	10,018	–	52,555
Early retirement benefits	8,198	(727)	–	7,471
Deferred revenue	36,524	20,334	–	56,858
Others	45,199	2,678	–	47,877
Deferred income tax, net	5,530,809	639,936	(203,530)	5,967,215

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22. DEFERRED INCOME TAX ASSETS AND LIABILITIES (Continued)

(b) Movements in deferred income tax (Continued)

	At 1 January 2023	Total gains/(losses) recorded in profit or loss	Total gains/(losses) recorded in other comprehensive income	At 31 December 2023
Deferred income tax assets/(liabilities):				
Allowance for impairment losses	5,040,547	975,798	–	6,016,345
Lease liabilities	33,822	46,910	–	80,732
Right-of-use assets	(22,446)	(63,203)	–	(85,649)
Provisions	12,726	12,174	–	24,900
Changes in fair value of financial assets at fair value through profit or loss	(356,226)	(189,422)	–	(545,648)
Changes in fair value of financial assets at fair value through other comprehensive income	20,873	–	(113,202)	(92,329)
Allowance for impairment losses on the financial assets at fair value through other comprehensive income	–	(28,364)	28,364	–
Salaries, bonuses, allowances and subsidies payable	28,355	14,182	–	42,537
Early retirement benefits	8,929	(731)	–	8,198
Deferred revenue	19,715	16,809	–	36,524
Others	47,286	(2,087)	–	45,199
Deferred income tax, net	4,833,581	782,066	(84,838)	5,530,809

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23. OTHER ASSETS

	30 June 2024	31 December 2023
Interest receivables (a)	116,728	176,368
Right-of-use assets (b)	313,812	360,430
Land use rights	328	337
Advance payments	202,708	471,001
Settlement and clearing accounts	864,876	724,666
Intangible assets (c)	397,194	436,550
Other receivables	1,210,836	798,663
Repossessed assets (d)	4,219,996	4,494,605
Others	122,745	74,410
Subtotal	7,449,223	7,537,030
Less: Allowance for impairment losses	(471,228)	(413,938)
Total	6,977,995	7,123,092

(a) Interest receivables

As at 30 June 2024, the carrying amounts of the Group's overdue interest receivables in stage 1 and stage 2 were RMB48,306 thousand and RMB68,422 thousand respectively. The allowance for impairment losses were RMB1,995 thousand and RMB3,298 thousand respectively. As at 31 December 2023, the carrying amounts of the Group's overdue interest receivables in stage 1 and stage 2 were RMB46,224 thousand and RMB130,144 thousand. The allowance for impairment losses were RMB672 thousand and RMB1,111 thousand.

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For the six-month period ended 30 June 2024
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23. OTHER ASSETS (Continued)

(b) Right-of-use assets

	Properties and buildings	Motor vehicles and others	Total
Cost:			
At 1 January 2024	801,629	16,621	818,250
Additions	24,160	856	25,016
Decrease	(40,094)	(4,004)	(44,098)
At 30 June 2024	785,695	13,473	799,168
Accumulated depreciation:			
At 1 January 2024	444,589	13,231	457,820
Additions	69,632	1,581	71,213
Decrease	(39,752)	(3,925)	(43,677)
At 30 June 2024	474,469	10,887	485,356
Net carrying amount:			
At 30 June 2024	311,226	2,586	313,812
At 1 January 2024	357,040	3,390	360,430
	Properties and buildings	Motor vehicles and others	Total
Cost:			
At 1 January 2023	835,026	84,541	919,567
Additions	146,649	15,148	161,797
Decrease	(180,046)	(83,068)	(263,114)
At 31 December 2023	801,629	16,621	818,250
Accumulated depreciation:			
At 1 January 2023	404,855	50,979	455,834
Additions	158,960	10,095	169,055
Decrease	(119,226)	(47,843)	(167,069)
At 31 December 2023	444,589	13,231	457,820
Net carrying amount:			
At 31 December 2023	357,040	3,390	360,430
At 1 January 2023	430,171	33,562	463,733

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23. OTHER ASSETS (Continued)

(c) Intangible assets

Intangible assets consist primarily of computer software, which is amortised within five years.

(d) Repossessed assets

	30 June 2024	31 December 2023
Land use rights and buildings	4,219,996	4,494,605

24. DUE TO THE CENTRAL BANK

	30 June 2024	31 December 2023
Small enterprises supporting re-lending	5,109,164	3,069,413
Agricultural supporting re-lending	126,645	265,635
Poverty alleviation re-lending	65,650	73,730
Rediscounted bills	21,000	–
Subtotal	5,322,459	3,408,778
Interest payable	2,338	1,875
Total	5,324,797	3,410,653

25. BORROWINGS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2024	31 December 2023
Unsecured borrowings	25,001,162	21,201,961
Pledged borrowings	718,321	886,458
Subtotal	25,719,483	22,088,419
Interest payable	246,335	252,402
Total	25,965,818	22,340,821

As at 30 June 2024, the pledged borrowings of RMB718 million were secured by the finance lease receivables of RMB878 million. (As at 31 December 2023, the pledged borrowings of RMB886 million were secured by the finance lease receivables of RMB1,076 million).

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26. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2024	31 December 2023
Deposits:		
Banks operating in Mainland China	30,118,534	21,353,563
Banks operating outside Mainland China	2,569,388	2,230,809
Subtotal	32,687,922	23,584,372
Interest payable	320,869	119,258
Subtotal	33,008,791	23,703,630
Placements:		
Banks operating in Mainland China	-	600,912
Subtotal	-	600,912
Interest payable	-	6,413
Subtotal	-	607,325
Total	33,008,791	24,310,955

Interest due to banks and other financial institutions is calculated based on contractual interest rates.

27. REPURCHASE AGREEMENTS

	30 June 2024	31 December 2023
Repurchase agreements analysed by counterparty:		
Banks operating in Mainland China	32,237,630	10,364,366
Other financial institutions in Mainland China	650,000	300,000
Interest payable	7,107	4,014
Total	32,894,737	10,668,380
Repurchase agreements analysed by collateral:		
Bonds	23,776,450	8,238,165
Bills	9,111,180	2,426,201
Interest payable	7,107	4,014
Total	32,894,737	10,668,380

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(Amount in thousands of RMB, unless otherwise stated)

28. DUE TO CUSTOMERS

	30 June 2024	31 December 2023
Demand deposits:		
Corporate deposits	72,125,432	81,370,072
Personal deposits	45,042,120	44,899,366
Subtotal	117,167,552	126,269,438
Fixed time deposits:		
Corporate deposits	117,701,713	106,021,505
Personal deposits	426,431,463	400,214,645
Subtotal	544,133,176	506,236,150
Demand and fixed time deposits	661,300,728	632,505,588
Convertible negotiated deposit (i)	10,000,000	10,000,000
Interest payable	17,211,988	14,483,080
Total	688,512,716	656,988,668

(i) Convertible negotiated deposit

After obtaining the proceeds from issuance of local government special bonds, the Department of Finance of Heilongjiang Province has deposited the relevant funds in the form of negotiated deposit into the special convertible negotiated deposit account in the Bank. The deposit is included in the Bank's other tier-one capital and is converted to ordinary shares in stages to replenish the Bank's capital and be included in its core tier-one capital when the conversion conditions specified in the agreement are triggered. The maturity of the deposit shall be set in accordance with the maturity requirements in batches. Among them, RMB2.0 billion is for the six-year maturity, RMB2.0 billion is for the seven-year maturity, RMB2.0 billion is for the eight-year maturity, RMB2.0 billion is for the nine-year maturity and RMB2.0 billion is for the ten-year maturity. The interest is paid semi-annually on the convertible negotiated deposit, and the interest rate shall match with the corresponding local government special bonds issuance interest rate.

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28. DUE TO CUSTOMERS (Continued)

(i) Convertible negotiated deposit (Continued)

The conversion for convertible negotiated deposit may be fully or partially converted into the ordinary shares of the Bank if one of the following triggering events occurs: (i) The core tier-one capital adequacy ratio of the Bank drops to 5.125% or below; or (ii) As confirmed by the regulatory authorities, the core tier-one capital adequacy ratio of the Bank is not less than 5.125%, but non-viability trigger events occurred to the Bank. The non-viability trigger event is defined as the earlier of: (a) the NFRA having decided that without a conversion, the Bank would become non-viable; or (b) the relevant authorities having decided that injection of capital or equivalent support by a public sector is necessary, without which the Bank would become non-viable. Subject to the above triggering conditions, if the core tier-one capital adequacy ratio of the Bank is still lower than 5.125% as calculated after all the convertible amount is converted into the ordinary shares of the Bank in accordance with the agreement, the Bank shall at the same time take other measures to ensure that the core tier-one capital adequacy ratio reaches 5.125%, otherwise the Harbin Municipal Finance Bureau has the right to suspend the conversion. Subject to the above triggering conditions, if the designated share-holding entity does not satisfy the relevant requirements of the Banking and Insurance Regulatory Authorities and the Harbin Municipal Government, or if the class and number of ordinary shares to be converted and the shareholding structure of the Bank after the conversion as calculated do not satisfy the relevant requirements of the Hong Kong Stock Exchange in respect of the minimum public float, no conversion shall be made until the conversion is in compliance with the relevant requirements of the Banking and Insurance Regulatory Authorities, the Hong Kong Stock Exchange and the Harbin Municipal Government. In principle, only one conversion can be made during the term of the convertible negotiated deposit.

29. DEBT SECURITIES ISSUED

	30 June 2024	31 December 2023
Negotiable certificates of deposit issued (i)	24,763,905	23,401,584
Payable of asset-backed securities	436,250	324,750
Total	25,200,155	23,726,334

- (i) For the six-month period ended 30 June 2024 and the year ended 31 December 2023, the Group issued at discount 153 and 418 interbank negotiable certificates of deposit with face value of RMB100 through the domestic interbank bond market respectively. As at 30 June 2024, 94 negotiable certificates of deposit issued by the Group, with annual interest rates between 1.90% and 2.70% and maturities between one month and one year, were undue, amounting to RMB19,960 million. As at 31 December 2023, 272 negotiable certificates of deposit issued by the Group, with annual interest rates between 2.21% and 3.05% and maturities between one month and one year, were undue, amounting to RMB23,726 million.

Notes to the Condensed Consolidated Interim Financial Information

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30. OTHER LIABILITIES

	30 June 2024	31 December 2023
Lease guarantee fee	2,369,628	2,285,961
Settlement and clearing accounts	1,031,664	1,565,599
Salaries, bonuses, allowances and subsidies payable (a)	401,990	838,904
Lease liabilities	307,054	338,095
Accounts payable from agency services	150,887	175,567
Accrued expenses	279,461	362,738
Sundry tax payables	346,561	351,300
Deferred revenue (b)	99,572	140,439
Dividends payable	30,751	30,751
Provisions	100,981	99,790
Other payables	704,739	836,232
Total	5,823,288	7,025,376

(a) Salaries, bonuses, allowances and subsidies payable

	30 June 2024	31 December 2023
Salaries, bonuses and allowances	281,685	764,206
Social insurance	52,863	11,725
Housing fund	29,114	17,144
Employee benefits	–	500
Labour union expenditure and education costs	8,445	12,539
Early retirement benefits	29,883	32,790
Total	401,990	838,904

The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions). As at 30 June 2024 and 31 December 2023, no forfeited contribution under the pension scheme of the Group is available for deduction of contribution payable in coming years.

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30. OTHER LIABILITIES (Continued)

(b) Deferred revenue

Deferred revenue consists mainly of deferred revenue from the provision of intermediary services. Deferred revenue will be recognised in the next few years in accordance with the corresponding amortisation expense that is charged to the condensed consolidated statement of profit or loss.

	30 June 2024	31 December 2023
Intermediary services	99,572	140,439

31. SHARE CAPITAL

	As at 30 June 2024		As at 31 December 2023	
	Number of shares (thousand)	Nominal value	Number of shares (thousand)	Nominal value
Issued and fully paid ordinary shares at par value RMB1 per share	10,995,600	10,995,600	10,995,600	10,995,600
At the beginning and end of the period/year	10,995,600	10,995,600	10,995,600	10,995,600

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32. OTHER EQUITY INSTRUMENTS

	1 January 2024		Changes during the period		30 June 2024	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
	(thousand)		(thousand)		(thousand)	
Issuance of perpetual bonds						
2022 Perpetual bonds with no maturity date (i)	7,000	699,717	-	-	7,000	699,717
2021 Perpetual bonds with no maturity date – Phase 1 (ii)	80,000	7,999,830	-	-	80,000	7,999,830
2021 Perpetual bonds with no maturity date – Phase 2 (iii)	30,000	2,999,460	-	-	30,000	2,999,460
Total	117,000	11,699,007	-	-	117,000	11,699,007

	1 January 2023		Changes during the year		31 December 2023	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
	(thousand)		(thousand)		(thousand)	
Issuance of perpetual bonds						
2022 Perpetual bonds with no maturity date (i)	7,000	699,717	-	-	7,000	699,717
2021 Perpetual bonds with no maturity date – Phase 1 (ii)	80,000	7,999,830	-	-	80,000	7,999,830
2021 Perpetual bonds with no maturity date – Phase 2 (iii)	30,000	2,999,460	-	-	30,000	2,999,460
Total	117,000	11,699,007	-	-	117,000	11,699,007

- (i) On 26 December 2022, being approved by relevant regulatory authorities in China, the Group issued perpetual bonds in an amount of RMB700 million with no fixed maturity date which the coupon rate of the Bond for the first five years is 4.8% respectively and is subject to adjustment every five years.
- (ii) On 29 June 2021, being approved by relevant regulatory authorities in China, the Group issued perpetual bonds in an amount of RMB8,000 million with no fixed maturity date which the coupon rate of the Bond for the first five years is 4.8% and is subject to adjustment every five years.
- (iii) On 12 November 2021, being approved by relevant regulatory authorities in China, the Group issued perpetual bonds in an amount of RMB3,000 million with no fixed maturity date which the coupon rate of the Bond for the first five years is 5.0% respectively and is subject to adjustment every five years. The perpetual bonds were successful issue on 16 November 2021.

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32. OTHER EQUITY INSTRUMENTS *(Continued)*

These perpetual bonds have no maturity date and will continue indefinitely until redeemed by the Bank in accordance with their terms. The Bank is entitled to redeem the perpetual bonds at fully or partially written down of par value on the fifth and each of the subsequent interest payment dates of the perpetual bonds if the Bank fulfilled the conditions in their terms. These perpetual bonds have no accumulated interest and the Bank can elect to defer or cancel payment of interest due pursuant to their terms, the aforesaid deferral or cancellation of interest shall not constitute a default by the Bank.

The perpetual bonds are classified as equity instruments as they do not include any contractual obligation:

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

During the six-month ended 30 June 2024, RMB384 million interest payment was paid by the Group to the holders of perpetual bonds. During the year ended 31 December 2023, RMB568 million interest payment was paid by the Group to the holders of perpetual bonds.

33. CAPITAL RESERVES

	Share premium	Other capital reserves	Total
At 31 December 2023, 1 January 2024			
and 30 June 2024	7,420,764	236,520	7,657,284

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34. COMPONENTS OF OTHER COMPREHENSIVE INCOME

Other comprehensive income attributed to equity holders of the Bank in the condensed consolidated statement of financial position:

	Gains/(Losses) on debt instruments at fair value through other comprehensive income	Gains/(Losses) on equity instruments at fair value through other comprehensive income	Total
At 1 January 2023	14,342	36,468	50,810
Other comprehensive income after tax	455,927	(198,562)	257,365
Other comprehensive income in the previous period and transferred to retained earnings in the current year	–	(2,853)	(2,853)
At 31 December 2023 and 1 January 2024	470,269	(164,947)	305,322
Other comprehensive income after tax	612,324	(85)	612,239
Other comprehensive income in the previous period and transferred to retained earnings in the current period	–	(1,650)	(1,650)
At 30 June 2024	1,082,593	(166,682)	915,911

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34. COMPONENTS OF OTHER COMPREHENSIVE INCOME (Continued)

Transactions of other comprehensive income attributed to equity holders of the Bank in the condensed consolidated statement of comprehensive income:

For the six-month period ended 30 June 2024	Amount before tax	Income tax	Amount after tax
Items that will not be reclassified to profit or loss			
Changes in fair value of equity instruments designated at fair value through other comprehensive income	(665)	580	(85)
Items that may be reclassified to profit or loss in subsequent years			
Changes in fair value of debt instruments measured at fair value through other comprehensive income	965,322	(241,331)	723,991
Allowance for impairment losses on debt instruments at fair value through other comprehensive income	(7,018)	1,754	(5,264)
Other comprehensive income in the previous period and transferred to profit or loss in the current period	(141,870)	35,467	(106,403)
Total	815,769	(203,530)	612,239

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34. COMPONENTS OF OTHER COMPREHENSIVE INCOME (Continued)

Transactions of other comprehensive income attributed to equity holders of the Bank in the condensed consolidated statement of comprehensive income: (Continued)

For the six-month period ended 30 June 2023	Amount before tax	Income tax	Amount after tax
Items that will not be reclassified to profit or loss			
Changes in fair value of equity instruments designated at fair value through other comprehensive income	3,049	(49)	3,000
Items that may be reclassified to profit or loss in subsequent years			
Changes in fair value of debt instruments measured at fair value through other comprehensive income	510,773	(127,693)	383,080
Allowance for impairment losses on debt instruments at fair value through other comprehensive income	(93,727)	23,432	(70,295)
Other comprehensive income in the previous period and transferred to profit or loss in the current period	9,626	(2,407)	7,219
Total	429,721	(106,717)	323,004

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35. SURPLUS RESERVES

	Statutory surplus reserves	Discretionary surplus reserves	Total
At 1 January 2023	3,893,887	26,186	3,920,073
Appropriation during the year	36,177	–	36,177
At 31 December 2023 and 1 January 2024 and 30 June 2024	3,930,064	26,186	3,956,250

Under the Company Law of the People's Republic of China, the Bank is required to appropriate 10% of its net profit to the statutory surplus reserve. The appropriation to the statutory surplus reserve may cease when the balance of such reserve has reached 50% of the share capital. Subject to the approval of the shareholders, the statutory surplus reserve can be used for replenishing the accumulated losses or increasing the Bank's share capital. The statutory surplus reserve amount used to increase the share capital is limited to a level where the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the share capital.

After making the appropriation to the statutory surplus reserve, the Bank may also appropriate its profit for the year to the discretionary surplus reserve upon approval by the shareholders in general meetings. Subject to the approval by the shareholders, the discretionary surplus reserve may be used to offset accumulated losses of the Bank, if any, and may be converted into capital.

36. GENERAL AND REGULATORY RESERVES

	30 June 2024	31 December 2023
Balance as at the beginning of the period/year	8,230,272	7,880,595
Increase during the period/year (i)	916,299	349,677
Balance as at the end of the period/year	9,146,571	8,230,272

(i) For the six-month period ended 30 June 2024, the appropriation made by the Group in the amount of RMB916,299 thousand (For the year ended 31 December 2023: RMB349,677 thousand).

From 1 July 2012, according to the requirements of the Administrative Measures for the Provision of Reserves of Financial Enterprises (No. 20[2012] of the Ministry of Finance ("MOF")), the Group is required to maintain a general reserve within equity, through the appropriation of profit, which should not be less than 1.5% of the year-end balance of its risk assets.

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37. UNDISTRIBUTED PROFITS

	30 June 2024	31 December 2023
Balance as at the beginning of the period/year	18,760,522	18,971,130
Net profit for the period/year attributable to equity holders of the Bank	763,098	739,993
Net of:		
Appropriation to statutory surplus reserves	–	(36,177)
Appropriation to general and regulatory reserves	(916,299)	(349,677)
Distribution of interests of perpetual bonds	(384,000)	(567,600)
Transfer of loss on disposal of financial asset at fair value through other comprehensive income to retained earnings	1,650	2,853
Balance as at the end of the period/year	18,224,971	18,760,522

38. CASH AND CASH EQUIVALENTS

On the condensed consolidated statement of cash flows, cash and cash equivalents with an original maturity of less than three months are as follows:

	30 June 2024	30 June 2023
Cash on hand (note 14)	837,973	837,049
Balances with the central bank (note 14)	58,348,748	52,777,744
Due from banks and other financial institutions	23,538,811	10,708,026
Reverse repurchase agreements	–	992,349
Total	82,725,532	65,315,168

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39. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

The Group had capital commitments as follows:

	30 June 2024	31 December 2023
Contracted, but not provided	248,330	15,468
Approved, but not contracted	6,520	1,291
Total	254,850	16,759

(b) Credit commitments

At any given time, the Group has outstanding commitments to extend credit. These commitments are in the form of approved loans and undrawn credit card limits.

The Group provides letters of credit and financial guarantees to guarantee the performance of customers to third parties.

Bank acceptances comprise 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.

The contractual amounts of credit commitments by category are set out below. The amounts disclosed in respect of credit commitments and the undrawn credit card limit are under the assumption that the amounts will be fully advanced. The amounts for bank acceptances, letters of credit and guarantees represent the maximum potential losses that would be recognised at the end of the reporting period had the counterparties failed to perform as contracted.

	30 June 2024	31 December 2023
Bank bill acceptances	7,992,514	6,431,953
Letters of guarantee issued	471,924	522,629
Letters of credit	3,086,355	3,647,568
Undrawn credit card limits	21,492,128	20,501,570
Total	33,042,921	31,103,720

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024

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39. COMMITMENTS AND CONTINGENT LIABILITIES *(Continued)*

(b) Credit commitments *(Continued)*

Credit risk-weighted amount of financial guarantees and credit related commitments

	30 June 2024	31 December 2023
Financial guarantees and credit related commitments	7,247,487	5,226,062

The credit risk-weighted amount of financial guarantees and credit related commitments refers to the amount as computed in accordance with the formula promulgated by the NFRA and depends on the status of the counterparty and the maturity characteristics. The risk weights used range from 0% to 100% for contingent liabilities and commitments.

(c) Legal proceedings

As at 30 June 2024, significant legal proceedings exceeding RMB10,000 thousand outstanding against the Group (for itself or as a third party) were Nil (As at 31 December 2023: Nil). As at 30 June 2024, the Group expects that there will be a loss caused by these litigations and made provisions amounted to RMB17,000 thousand (As at 31 December 2023: RMB17,000 thousand).

(d) Redemption commitments of government bonds

As an underwriting agent of the government, the Bank underwrites certain PRC government bonds and sells the bonds to the general public. The Group is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. As at 30 June 2024, the Bank had underwritten and sold bonds with an accumulated amount of RMB367 million (As at 31 December 2023: RMB602 million) to the general public, and these government bonds have not yet matured nor been redeemed. Management expects that the amount of redemption of these government bonds through the Bank prior to maturity will not be material. The MOF will not provide funding for the early redemption of these government bonds on a back-to-back basis but is obliged to repay the principal and the respective interest upon maturity.

(e) Assets pledged as security

Financial assets of the Group including securities and finance lease receivables have been pledged as security for liabilities or contingent liabilities, and mainly arise from repurchase agreements, time deposit agreements, debt securities lending and borrowing agreement, securities lending and repurchase agreements, due to the central bank and borrowings from banks and other financial institutions. As at 30 June 2024, the carrying value of the financial assets of the Group pledged as security amounted to approximately RMB39,132 million (As at 31 December 2023: approximately RMB23,064 million).

Notes to the Condensed Consolidated Interim Financial Information

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40. FIDUCIARY ACTIVITIES

	30 June 2024	31 December 2023
Designated funds	2,366,212	1,640,483
Designated loans	2,366,015	1,640,483

The designated funds represent the funding that the trustors have instructed the Group to use to grant loans to third parties as designated by them. The credit risk remains with the trustors.

The designated loans represent the loans granted to specific borrowers designated by the trustors on their behalf according to the entrusted agreements signed by the Group and the trustors. The Group does not bear any risk.

41. TRANSFERS OF FINANCIAL ASSETS

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or to special purpose entities. In some cases where these transferred financial assets qualify for derecognition, the transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets.

Repurchase agreements

Transferred financial assets that do not qualify for derecognition mainly include debt securities held by counterparties as collateral under repurchase. The counterparties are allowed to sell or repledge those securities in the absence of default by the Group, but have an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require or be required to pay additional cash collateral. The Group has determined that the Group retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, the Group recognised a financial liability for cash received as collateral.

As at 30 June 2024 and 31 December 2023, none of the above-mentioned financial assets or financial liabilities which did not qualify for derecognition was transferred to third parties.

Notes to the Condensed Consolidated Interim Financial Information

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41. TRANSFERS OF FINANCIAL ASSETS *(Continued)*

Securitisation of credit assets

The Group enters into securitisation of credit assets in the normal course of business by which it transfers credit assets to special purpose entities which in turn issue asset-backed securities to investors. The Group may acquire some subordinated tranches of securities and accordingly may retain part of the risks and rewards of the transferred credit assets. The Group would determine whether or not to derecognise the associated credit assets by evaluating the extent to which it retains the risks and rewards of the assets. With respect to the credit assets that were securitised and qualified for derecognition, the Group derecognised the transferred credit assets in their entirety.

For the six-month period ended 30 June 2024, the Group neither transferred nor retained substantially all the risks (mainly including the credit risk, early repayment risk and interest rate risk of the transferred assets) and rewards of the ownership and retained the control in these financial assets (For the year ended 31 December 2023: Nil).

As at 30 June 2024, the Group recognised the securitised credit assets with an original value of RMB599,424 thousand (As at 31 December 2023: RMB599,424 thousand) and recognised RMB436,250 thousands of payable of asset-backed securities as debt securities issued (As at 31 December 2023: RMB324,750 thousand).

42. INTERESTS IN STRUCTURED ENTITIES

The Group is principally involved with structured entities through financial investments, asset management and credit asset transfers. These structured entities generally finance the purchase of assets by issuing securities or by other means. The Group determines whether or not to consolidate these structured entities depending on the Group's controls on them.

Structured entities consolidated by the Group include certain securitisation products issued, managed and invested by the Group. The Group controls these entities because the Group has power over, is exposed to, or has right to variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's returns. As at 30 June 2024, the consolidated structured entities amounted to RMB675,558 thousand (As at 31 December 2023: RMB642,184 thousand).

The interests held by the Group in the unconsolidated structured entities are set out below:

42.1 Structured entities managed by the Group

Wealth management products

When conducting the wealth management business, the Group has established various structured entities to provide customers with specialised investment opportunities within narrow and well-defined objectives. As at 30 June 2024, the balance of the unconsolidated wealth management products issued by the Group amounted to RMB33,486 million (As at 31 December 2023: RMB28,865 million). For the six-month period ended 30 June 2024, fee and commission income included commission and custodian fee and management fee income from the wealth management business that amounted to RMB68,603 thousand (For the six-month period ended 30 June 2023: RMB167,120 thousand).

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42. INTERESTS IN STRUCTURED ENTITIES (Continued)

42.1 Structured entities managed by the Group (Continued)

Wealth management products (Continued)

For the purpose of asset-liability management, wealth management products may trigger short-term financing needs for the Group and other banks. However, the Group is not contractually obliged to provide financing. For the six-month period ended 30 June 2024, the Group did not provide any financing to the unconsolidated wealth management products (For the six-month period ended 30 June 2023: Nil).

42.2 Structured entities sponsored by other financial institutions

The Group has invested in some structured entities which are issued or managed by other institutions and are out of the consolidation scope, and the Group recognises its investment income. These structured entities include trust fund plans and asset management plans, funds, etc. These structured entities' nature and purpose are to earn management fees by managing the investors' assets, and the way of financing is to issue investment products to investors. For the six-month period ended 30 June 2024 and the year ended 31 December 2023, the Group has not provided liquidity support for those kinds of structured entities.

As at 30 June 2024, the interests held by the Group in the structured entities sponsored by third party financial institutions through direct investments are set out below:

	As at 30 June 2024			
	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total	Maximum exposure to loss
Trust investments and asset management plans	40,431,996	61,260,306	101,692,302	94,362,554
Funds	39,795,637	–	39,795,637	39,795,637
	As at 31 December 2023			
	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total	Maximum exposure to loss
Trust investments and asset management plans	45,031,249	66,317,393	111,348,642	104,575,678
Funds	38,452,499	–	38,452,499	38,452,499

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43. RELATED PARTY DISCLOSURES

(a) Significant related party disclosures

(i) Shareholders of the Bank with ownership of 5% or above

Name	Share percentage in the Bank	
	30 June 2024	31 December 2023
	%	%
Harbin Economic Development and Investment Company Limited	29.63	29.63
Heilongjiang Financial Holding Group Company Limited	18.52	18.51
Fubon Life Insurance Company Limited	6.71	6.60

(ii) Subsidiaries of the Bank

Details of the subsidiaries of the Bank are set out in note 1.

(iii) Key management personnel of the Group and their close family members.

(iv) Entities controlled or jointly controlled by the key management personnel of the Group and their close family members.

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43. RELATED PARTY DISCLOSURES (Continued)

(b) Related party transactions

1. Transactions between the Group and related parties

(i) Transactions between the Group and shareholders of the Group with ownership of 5% or above

Interest expense

Name	For the six-month period ended 30 June	
	2024	2023
Harbin Economic Development and Investment Company Limited	9	4
Heilongjiang Financial Holdings Group Co., Ltd.	26,483	18,275

(ii) Transactions between the Group and key management personnel or their close family members

	For the six-month period ended 30 June	
	2024	2023
Interest income	136	159
Interest expense	379	105

(iii) Transactions between the Bank and its subsidiaries

	For the six-month period ended 30 June	
	2024	2023
Interest income	321,513	387,581
Interest expense	126,617	150,852

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43. RELATED PARTY DISCLOSURES (Continued)

(b) Related party transactions (Continued)

1. Transactions between the Group and related parties (Continued)

(iv) Transactions with other related parties

	For the six-month period ended 30 June	
	2024	2023
Emoluments of key management personnel and their close family members	6,930	6,267

In the view of the management of the Group, the transactions with the above related parties were conducted based on general business terms and conditions, general market prices for the pricing and according to the normal business procedures.

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43. RELATED PARTY DISCLOSURES (Continued)

(b) Related party transactions (Continued)

2. Balances with related parties

(i) Balances between the Group and shareholders of the Group with ownership of 5% or above

Due to customers

	30 June 2024	31 December 2023
Heilongjiang Financial Holdings Group Co., Ltd.	649,320	2,722,845
Harbin Economic Development and Investment Company Limited	2,010	1,990

(ii) Balances between the Group and key management personnel or their close family members

	30 June 2024	31 December 2023
Loans and advances to customers	6,115	5,088
Due to customers	27,857	26,367

(iii) Balances between the Group and its subsidiaries

	30 June 2024	31 December 2023
Due from banks and other financial institutions	12,700,000	13,750,000
Due to banks and other financial institutions	1,738,000	9,539,733
Due to customers	6,450	12,219

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44. SEGMENT INFORMATION

(a) Operating segments

For management purposes, the Group is organised into four different operating segments as follows according to products and services:

Corporate financial business

Corporate financial business covers the provision of financial products and services to corporate customers. The products and services include deposits, loans, settlement and clearing and other products and services relating to the trading business.

Retail financial business

Retail financial business covers the provision of financial products and services to retail customers. The products and services include deposits, bank cards and credit cards, personal loans and collateral loans, and personal wealth management services.

Interbank financial business

Interbank financial business covers money market placements, investments and repurchasing, foreign exchange transactions for the Group's own accounts or on behalf of customers.

Other business

This represents businesses other than the corporate financial business, retail financial business and interbank financial business, whose assets, liabilities, income and expenses are not directly attributable or cannot be allocated to a segment on a reasonable basis.

The transfer prices among segments are determined by the capital sources and due time which should match with the level of lending and deposit rates and interbank market rates announced by the People's Bank of China (the "PBOC"). Expenses are distributed among different segments according to their benefits.

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44. SEGMENT INFORMATION (Continued)

(a) Operating segments (Continued)

	Corporate financial business	Retail financial business	Interbank financial business	Other business	Total
<u>Six-month period ended 30 June</u>					
<u>2024</u>					
External net interest income/ (expense)	3,000,016	(2,389,552)	4,375,016	(6,751)	4,978,729
Internal net interest (expense)/ Income	(312,426)	5,955,126	(5,642,700)	-	-
Net fee and commission income	35,264	76,267	96,035	-	207,566
Other income, net (i)	-	-	2,010,632	1,763	2,012,395
Operating income	2,722,854	3,641,841	838,983	(4,988)	7,198,690
Operating expenses	(449,955)	(1,539,708)	(104,552)	(7,151)	(2,101,366)
Credit impairment losses on:					
Loans and advances to customers	(1,973,888)	(1,496,922)	-	-	(3,470,810)
Other credit impairment losses	(204,498)	(19,563)	(665,071)	(3,510)	(892,642)
Operating profit/(loss)	94,513	585,648	69,360	(15,649)	733,872
Profit/(loss) before tax	94,513	585,648	69,360	(15,649)	733,872
Income tax credit					112,032
Profit for the period					845,904
Other segment information:					
Depreciation and amortisation	42,263	315,000	4,327	2,053	363,643
Capital expenditure	11,719	109,759	1,113	-	122,591
<u>As at 30 June 2024</u>					
Segment assets	647,617,612	192,547,169	37,313,537	5,359,524	882,837,842
Segment liabilities	204,856,378	490,851,334	117,886,617	4,281,169	817,875,498
Other segment information:					
Credit commitments	11,550,793	21,492,128	-	-	33,042,921

(i) Includes trading income/loss, net gains/losses from financial investments and other net operating income/loss.

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44. SEGMENT INFORMATION (Continued)

(a) Operating segments (Continued)

	Corporate financial business	Retail financial business	Interbank financial business	Other business	Total
<u>Six-month period ended</u>					
<u>30 June 2023</u>					
External net interest income/ (expense)	2,240,161	(1,882,802)	4,074,279	(10,559)	4,421,079
Internal net interest (expense)/ income	(149,486)	5,314,759	(5,165,273)	–	–
Net fee and commission income	85,480	80,745	190,034	–	356,259
Other income, net (i)	–	–	1,880,654	(2,937)	1,877,717
Operating income	2,176,155	3,512,702	979,694	(13,496)	6,655,055
Operating expenses	(508,938)	(1,673,250)	(79,292)	(7,797)	(2,269,277)
Impairment losses on:					
Loans and advances to customers	(1,430,652)	(1,281,179)	–	–	(2,711,831)
Other credit impairment losses	(119,264)	813	(1,033,873)	(21,743)	(1,174,067)
Operating profit/(loss)	117,301	559,086	(133,471)	(43,036)	499,880
Profit/(loss) before tax	117,301	559,086	(133,471)	(43,036)	499,880
Income tax credit					200,476
Profit for the period					700,356
Other segment information:					
Depreciation and amortisation	49,329	335,055	4,693	2,221	391,298
Capital expenditure	6,577	38,443	226	1,889	47,135
<u>As at 30 June 2023</u>					
Segment assets	551,794,101	201,775,805	28,871,319	4,779,049	787,220,274
Segment liabilities	206,506,356	448,263,774	64,714,771	3,785,961	723,270,862
Other segment information:					
Credit commitments	12,368,177	23,065,809	–	–	35,433,986

(i) Includes trading income/loss, net gains/losses from financial investments and other net operating income/loss.

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44. SEGMENT INFORMATION *(Continued)*

(b) Geographical information

The Group operates principally in Mainland China.

The distribution of the geographical areas is as follows:

Heilongjiang region: Including Head Office, Harbin, Shuangyashan, Jixi, Hegang, Suihua, Daqing, Qitaihe, Mudanjiang, Jiamusi, Qiqihar, Yichun, Nongken, Harbin Bank Financial Leasing Co., Ltd. and Harbin Bank Consumer Finance Co., Ltd. as well as village and township banks operating within Heilongjiang.

Other regions in Northeastern China: Including Dalian, Shenyang, as well as village and township banks operating in Northeastern China excluding those in Heilongjiang.

Southwestern China: Including Chengdu, Chongqing, as well as village and township banks operating in Southwestern China and mainly located in Sichuan and Chongqing.

Other regions: Including Tianjin as well as village and township banks operating in regions other than those listed above.

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44. SEGMENT INFORMATION (Continued)

(b) Geographical information (Continued)

	Mainland China				Total
	Heilongjiang region	Other regions in Northeastern China	Southwestern China	Other regions	
<u>Six-month period ended 30 June 2024</u>					
External net interest income/(expense)	3,282,699	(23,501)	1,195,986	523,545	4,978,729
Internal net interest (expense)/income	(203,498)	32,891	117,426	53,181	-
Net fee and commission income	160,362	8,119	23,508	15,577	207,566
Other income, net (i)	2,030,757	2,010	(2,287)	(18,085)	2,012,395
Operating income	5,270,320	19,519	1,334,633	574,218	7,198,690
Operating expenses	(1,541,133)	(143,593)	(224,258)	(192,382)	(2,101,366)
Impairment losses on:					
Loans and advances to customers	(1,822,025)	(242,994)	(562,508)	(843,283)	(3,470,810)
Other credit impairment losses	(892,642)	-	-	-	(892,642)
Operating profit/(loss)	1,014,520	(367,068)	547,867	(461,447)	733,872
Profit/(Loss) before tax	1,014,520	(367,068)	547,867	(461,447)	733,872
Income tax credit					112,032
Profit for the period					845,904
Other segment information:					
Depreciation and amortisation	268,169	23,183	46,787	25,504	363,643
Capital expenditure	65,581	283	49,139	7,588	122,591
<u>As at 30 June 2024</u>					
Segment assets	681,086,246	58,276,503	86,548,976	56,926,117	882,837,842
Segment liabilities	619,926,075	58,507,850	84,126,752	55,314,821	817,875,498
Other segment information:					
Credit commitments	17,174,047	3,050,296	10,079,952	2,738,626	33,042,921

(i) Includes trading income/loss, net gains/losses from financial investments and other net operating income/loss.

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44. SEGMENT INFORMATION (Continued)

(b) Geographical information (Continued)

	Mainland China				Total
	Heilongjiang region	Other regions in Northeastern China	Southwestern China	Other regions	
<u>Six-month period ended 30 June 2023</u>					
External net interest income	2,228,301	408,486	1,131,925	652,367	4,421,079
Internal net interest income/(expense)	693,280	(343,286)	(83,365)	(266,629)	–
Net fee and commission income	303,288	15,984	34,239	2,748	356,259
Other income, net (i)	1,868,402	1,540	4,130	3,645	1,877,717
Operating income	5,093,271	82,724	1,086,929	392,131	6,655,055
Operating expenses	(1,715,537)	(150,340)	(202,544)	(200,856)	(2,269,277)
Impairment losses on:					
Loans and advances to customers	(2,483,558)	(116,208)	28,881	(140,946)	(2,711,831)
Other credit impairment losses	(1,174,067)	–	–	–	(1,174,067)
Operating (loss)/profit	(279,891)	(183,824)	913,266	50,329	499,880
(Loss)/Profit before tax	(279,891)	(183,824)	913,266	50,329	499,880
Income tax credit					200,476
Profit for the period					700,356
Other segment information:					
Depreciation and amortisation	284,031	27,696	51,565	28,006	391,298
Capital expenditure	33,402	10	957	12,766	47,135
<u>As at 30 June 2023</u>					
Segment assets	636,855,260	41,267,424	68,854,897	40,242,693	787,220,274
Segment liabilities	596,010,307	36,718,461	53,158,585	37,383,509	723,270,862
Other segment information:					
Credit commitments	19,239,043	4,138,135	8,554,932	3,501,876	35,433,986

(i) Includes trading income/loss, net gains/losses from financial investments and other net operating income/loss.

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45. FINANCIAL INSTRUMENT RISK MANAGEMENT

A description and an analysis of the major risks faced by the Group are as follows:

The Board has the ultimate responsibility for risk management and oversees the Group's risk management functions through the Risk Management Committee and the Audit Committee of the Board.

The President supervises the risk management strategies and reports directly to the Board. He chairs two management committees including the Risk Management Committee and the Asset and Liability Management Committee. These two committees formulate and make recommendations in respect of risk management strategies and policies through the President to the Risk Management Committee of the Board. The Chief Risk Officer assists the President to supervise and manage various risks.

The Group has also assigned departments to monitor financial risks within the Group, including the Risk Management Department to monitor credit risk and operational risk as well as the Asset and Liability Management department together with the Risk Management Department to monitor market and liquidity risks. The Risk Management Department is primarily responsible for coordinating and establishing a comprehensive risk management framework, preparing consolidated reports on credit risk, market risk, liquidity risk and operational risk and reporting directly to the Chief Risk Officer.

The Group maintains a dual-reporting line structure at the branch level for risk management purposes. Under this structure, the risk management departments of the branches report to both the corresponding risk management departments at the head office and management of the relevant branches.

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45. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk

Credit risk is the risk of loss arising from a borrower's or counterparty's inability to meet its obligations. Credit risk can also arise from operational failures that result in an unauthorised or inappropriate guarantee, commitment or investment of funds. Credit risk affecting the group is primarily due to loans, debt instruments, guarantees, commitment as well as other risks both on and off the statement of financial position.

The principal features of the Group's credit risk management function include:

- Centralised credit management procedures;
- Risk management rules and procedures that focus on risk control throughout the entire credit business process, including customer investigation and credit rating, granting of credit limits, loan evaluation, loan review and approval, granting of loan and post-disbursement loan monitoring;
- A stringent qualification system for the loan approval officers; and
- Information management systems designed to enable a real time risk monitoring.

To enhance the credit risk management practices, the Group also launches training programs periodically for credit officers at different levels.

Risk concentration

Credit risk is often greater when counterparties are concentrated in one single industry, or geographic location or have comparable economic characteristics.

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45. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(i) Credit risk measurement

Measurement of ECLs

The ECL is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit loss is the difference between all receivable contractual cash flows according to the contract and all cash flows expected to be received by the Group discounted to present value at the original effective interest rate, i.e. the present value of all cash shortfalls.

According to the changes of credit risk of financial instruments since initial recognition, the Group calculates the ECL by three stages:

- Stage 1: The financial instruments without significant increases in credit risk after initial recognition are included in Stage 1 to calculate their impairment allowance at an amount equivalent to the ECL of the financial instrument for the next 12 months;
- Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition but have no objective evidence of impairment are included in Stage 2, with their impairment allowance measured at an amount equivalent to the ECL over the lifetime of the financial instruments; and
- Stage 3: Financial assets with objective evidence of impairment at the financial reporting date are included in Stage 3, with their impairment allowance measured at the amount equivalent to the ECL for the lifetime of the financial instruments.

For the previous accounting period, the impairment allowance has been measured at the amount equivalent to the ECL over the entire lifetime of the financial instrument. However, at the financial reporting date of the current period, if the financial instrument no longer belongs to the situation of there being a significant increase in credit risk since initial recognition, the Group will measure the impairment allowance of the financial instruments at the financial reporting date of the current period according to the ECL in the next 12 months.

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For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

45. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(i) **Credit risk measurement** *(Continued)*

Measurement of ECLs *(Continued)*

The Group shall measure the ECL of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic condition.

When measuring the ECL, an entity need not necessarily identify every possible scenario. However, the Group shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of the occurrence of a credit loss is very low.

The Group conducts an assessment of ECLs according to forward-looking information and uses complex models and assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). The Group adopts judgement, assumptions and estimation techniques in order to measure ECLs according to the requirements of accounting standards such as:

- Criteria for judging a significant increase in credit risk;
- Definition of credit-impaired financial assets;
- Models and parameters for measuring ECLs;
- Forward-looking information; and
- Individual impairment assessment.

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(Amount in thousands of RMB, unless otherwise stated)

45. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(i) **Credit risk measurement** *(Continued)*

Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each financial reporting date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments at the financial reporting date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria

- At the reporting date, the rating or the Probability of Default (“PD”) of the financial instruments reaches a certain extent, compared with the one at initial recognition;
- The debtors’ contractual payment (including principal and interest) are overdue more than 30 days.

Qualitative criteria

- The operating or financial condition of the debtor which is highly likely to lead to significant adverse effects;
- Be classified into the Special Mention category; and
- The list of pre-warning debtors.

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45. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(i) **Credit risk measurement** *(Continued)*

Definition of credit-impaired financial asset

The method adopted by the Group to determine whether a credit impairment occurs under IFRS 9 is consistent with the internal credit risk management objectives of the relevant financial instrument, and takes into account quantitative and qualitative criteria. When the Group assesses whether a credit impairment of a debtor occurs, the following main factors are considered:

- The issuer or the debtor encounters significant financial difficulty;
- The debtor is in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, has granted to the debtor a concession that the creditor would not otherwise consider; and
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- An active market for that financial asset disappears because of financial difficulties of the issuer or the debtor;
- The purchase or origination of a financial asset at a deep discount reflects the incurred credit losses; and
- Any principal, advances, interest and corporate bond investments held by debtors are overdue for more than 90 days.

The credit impairment of a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

Parameters of ECL measurement

Depending on whether there is a significant increase in credit risk and whether there is an impairment of assets, the Group measures the impairment loss for different assets with ECLs of 12 months or the entire lifetime respectively. The key measuring parameters of ECLs include the PD, Loss Given Default ("LGD") and Exposure at Default ("EAD"). Based on the current New Basel Capital Accord used in risk management and the requirements of IFRS 9, the Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collateral and repayments) and forward-looking information in order to establish the model of PD, LGD and EAD.

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(Amount in thousands of RMB, unless otherwise stated)

45. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(i) **Credit risk measurement** *(Continued)*

Parameters of ECL measurement *(Continued)*

Relative definitions are listed as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the Internal Rating-Based Approach under the New Basel Capital Accord, taking into account the forward-looking information and deducting the prudential adjustment to reflect the debtor's point-in-time (PIT) PD under the current macroeconomic environment;
- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collateral, the LGD varies. LGD is expressed as a percentage loss per unit of exposure at the time of default and is calculated on a 12-month or lifetime basis; and
- EAD is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

Forward-looking information

The assessment of a significant increase in credit risk and the calculation of ECLs both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECLs of various business types, such as Gross domestic product ("GDP"), Industrial added value, Consumer Price Index, and Producer Price Index.

The impact of these economic indicators on the PD and the LGD varies according to different types of business. In this process, the Group mainly applies the experts' judgement. According to the result, the Group forecasts these economic indicators regularly and also determines the impact of these economic indicators on the PD and the LGD by conducting regression analysis.

When calculating the weighted average ECL provision, the Group determines the optimistic, neutral and pessimistic scenarios and their weightings through a combination of macro-statistical analysis and expert judgement.

As at 30 June 2024, the Group has taken into account different macro-economic scenarios, made forward-looking forecasts of macro-economic indicators. Of which, the quarterly year-on-year GDP growth rate used to estimate ECL is 4.6% in the neutral scenario for the next year (from July 2024 to June 2025).

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(Amount in thousands of RMB, unless otherwise stated)

45. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(i) **Credit risk measurement** *(Continued)*

Collateral

The amount and type of collateral required depend on the assessment of the credit risk of the counterparty. Guidelines are in place specifying the types of collateral and valuation parameters which can be accepted.

Reverse repurchase business is mainly collateralised by bills or investment securities. As part of the reverse repurchase agreements, the Group has received securities that it is allowed to sell or repledge in the absence of default by their owners.

Corporate loans are mainly collateralised by properties or other assets. As at 30 June 2024, the carrying value of corporate loans covered by collateral amounted to RMB56,803 million (As at 31 December 2023: RMB71,641 million).

Personal loans are mainly collateralised by residential properties. As at 30 June 2024, the carrying value of personal loans covered by collateral amounted to RMB37,295 million (As at 31 December 2023: RMB42,098 million).

The Group prefers more liquid collateral with a relatively stable market value and does not accept the collateral that is illiquid, with difficulties in registration or high fluctuations in market value. The value of collateral should be assessed and confirmed by the Group or valuation agents identified by the Group. The value of collateral should adequately cover the outstanding balance of loans. The loan-to-value ratio depends on types of collateral, usage condition, liquidity, price volatility and realisation cost. All collateral has to be registered in accordance with the relevant laws and regulations. The credit officers inspect the collateral and assess the changes in the value of collateral regularly.

Although collateral can be an important mitigation of credit risk, the Group grants loans based on the assessment of the borrowers' ability to meet obligations out of their cash flows, instead of the value of collateral. The necessity of collateral is dependent on the nature of the loan. In the event of default, the Group might sell the collateral for repayment. The fair values of collateral of past due but not impaired loans and impaired loans are disclosed in note 45(a)(iv).

The credit business management department monitors the market value of collateral periodically and requests additional collateral in accordance with the underlying agreement when it is considered necessary.

It is the Group's policy to dispose of repossessed assets in an orderly manner. In general, the Group does not occupy repossessed assets for business use.

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For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

45. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(ii) *Maximum exposure to credit risk without taking account of any collateral and other credit enhancements*

As at the end of the reporting period, the maximum credit risk exposure of the Group without taking account of any collateral and other credit enhancements is set out below:

	30 June 2024	31 December 2023
Balances with the central bank	99,368,933	63,008,635
Due from banks and other financial institutions	36,251,112	31,866,216
Reverse repurchase agreements	–	19,946,430
Loans and advances to customers	336,347,261	308,438,874
Derivative financial assets	710,201	700,177
Financial investments		
– Financial assets at fair value through profit or loss	84,792,862	85,551,476
– Financial assets at fair value through other comprehensive income	73,250,765	81,790,543
– Financial assets at amortised cost	198,855,317	172,094,325
Finance lease receivables	26,107,693	22,771,615
Others	1,746,475	1,301,694
Subtotal	857,430,619	787,469,985
Credit commitments	33,042,920	31,091,566
Total maximum credit risk exposure	890,473,540	818,561,551

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For the six-month period ended 30 June 2024
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45. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(iii) Risk concentrations

By industry distribution

The credit risk exposures of the Group mainly comprise loans and advances to customers, finance lease receivables and investments in debt securities. Details of the composition of the Group's investments in debt securities are set out in note 45(a)(vi) to the condensed consolidated interim financial statements. The composition of the Group's gross loans and advances to customers by industry is analysed as follows:

	30 June 2024	31 December 2023
Corporate loans and advances		
Agriculture, forestry, animal husbandry and fishing	1,298,647	1,449,600
Mining	470,449	193,059
Manufacturing	11,131,656	9,334,133
Production and supply of electricity, gas and water	11,497,651	10,137,139
Construction	12,738,828	11,463,087
Wholesale and retail	37,368,379	32,517,429
Transportation, storage and postal services	2,824,035	2,728,578
Lodging and catering	3,108,929	3,180,201
Information transmission, software and information technology services	426,491	332,685
Finance	1,000	1,900
Real estate	28,687,914	29,650,331
Leasing and commercial services	80,072,161	72,548,437
Scientific research and technological services	661,559	532,458
Water, environment and public utility management	10,122,067	8,714,421
Resident services and other services	330,561	164,086
Education	127,542	128,373
Health and social affair	467,009	376,030
Culture, sports and entertainment	451,124	553,183
Subtotal	201,786,002	184,005,130

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For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

45. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(iii) Risk concentrations *(Continued)*

By industry distribution *(Continued)*

	30 June 2024	31 December 2023
Discounted bills	34,287,093	20,626,955
Personal loans		
Personal business	23,220,215	23,320,855
Mortgages	11,709,150	12,098,998
Personal consumption	66,228,711	68,832,837
Loans to farmers	15,006,140	14,297,929
Subtotal	116,164,216	118,550,619
Total	352,237,311	323,182,704

By geographical distribution

The composition of the Group's gross loans and advances to customers by region:

	30 June 2024	31 December 2023
Heilongjiang region	200,710,962	181,370,171
Other regions in Northeastern China	41,759,686	39,742,888
Southwestern China	68,268,319	66,114,264
Other regions	41,498,344	35,955,381
Total	352,237,311	323,182,704

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For the six-month period ended 30 June 2024
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45. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(iii) Risk concentrations *(Continued)*

By type of guarantees

The composition of the Group's gross loans and advances to customers by type of guarantee:

	30 June 2024	31 December 2023
Unsecured loans	139,969,807	117,153,305
Guaranteed loans	98,929,373	91,416,241
Loans secured by mortgages	94,402,913	97,337,458
Pledged loans	18,935,218	17,275,700
Total	352,237,311	323,182,704

(iv) Loans and advances to customers

The total credit risk exposure of loans and advances to customers is summarised as follows:

	30 June 2024	31 December 2023
Corporate loans and advances		
– Neither past due nor impaired	202,672,249	171,622,240
– Past due but not impaired	13,363,815	16,187,125
– Impaired	20,037,031	16,822,720
Subtotal	236,073,095	204,632,085
Personal loans		
– Neither past due nor impaired	99,786,846	102,965,972
– Past due but not impaired	3,375,629	2,306,743
– Impaired	13,001,741	13,277,904
Subtotal	116,164,216	118,550,619
Total	352,237,311	323,182,704

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

45. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(iv) Loans and advances to customers *(Continued)*

Neither past due nor impaired

The loans and advances to customers of the Group that are neither past due nor impaired are classified as “Pass” or “Special mention” under the five-tier loan classification system maintained by the Group. The management of the Group considers that these loans are exposed to normal business risk and there was no identifiable objective evidence of impairment for these loans which may incur losses to the Group at the end of the reporting period.

	As at 30 June 2024		
	Pass	Special Mention	Total
Corporate loans and advances	199,967,145	2,705,104	202,672,249
Personal loans	98,550,125	1,236,721	99,786,846
Total	298,517,270	3,941,825	302,459,095

	As at 31 December 2023		
	Pass	Special Mention	Total
Corporate loans and advances	169,961,414	1,660,826	171,622,240
Personal loans	102,348,115	617,857	102,965,972
Total	272,309,529	2,278,683	274,588,212

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For the six-month period ended 30 June 2024
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45. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(iv) Loans and advances to customers *(Continued)*

Past due but not impaired

The following tables present the ageing analysis of each type of loans and advances to customers of the Group that are subject to credit risk which are past due but not impaired as at the end of the reporting period:

	As at 30 June 2024			
	Within 1 month	1 to 3 months	Over 3 months	Total
Overdue days				
Corporate loans and advances	1,734,182	11,629,633	–	13,363,815
Personal loans	936,887	2,438,742	–	3,375,629
Total	2,671,069	14,068,375	–	16,739,444

	As at 31 December 2023			
	Within 1 month	1 to 3 months	Over 3 months	Total
Overdue days				
Corporate loans and advances	4,308,311	11,878,814	–	16,187,125
Personal loans	955,590	1,351,153	–	2,306,743
Total	5,263,901	13,229,967	–	18,493,868

As at 30 June 2024, the fair values of collateral that the Group holds relating to corporate loans which are past due but not impaired amounted to RMB14,135,450 thousand (As at 31 December 2023: RMB29,377,063 thousand), and the fair value of collateral that the Group holds relating to personal loans which are past due but not impaired amounted to RMB4,447,419 thousand (As at 31 December 2023: RMB2,734,124 thousand).

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For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

45. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(iv) Loans and advances to customers (Continued)

Impaired

Impaired loans and advances are defined as those loans and advances which have objective evidence of impairment as a result of one or more events that occurred after initial recognition and that event has an impact on the estimated future cash flows of loans and advances that can be reliably estimated.

	30 June 2024	31 December 2023
Corporate loans and advances	20,037,031	16,822,720
Personal loans	13,001,741	13,277,904
Total	33,038,772	30,100,624

As at 30 June 2024, the fair value of collateral that the Group holds relating to loans individually determined to be impaired amounted to RMB33,133,953 thousand (As at 31 December 2023: RMB29,813,755 thousand). The collateral mainly consists of land, buildings, equipment and others.

Loans and advances rescheduled

Loans and advances rescheduled represent the loans and advances whose original contract repayment terms have been modified as a result of the deterioration of borrowers' financial conditions or inability to repay the loans and advances according to contractual terms. Forms of loans and advances rescheduled include deferral of payments, borrowing for repayment, deduction of interest or part of the principal, modification of the repayment method, improvement of collateral, changing the type of guarantee, etc. As at 30 June 2024, the gross value of the loans and advances rescheduled held by the Group amounted to RMB17,720 million (As at 31 December 2023: RMB17,754 million).

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For the six-month period ended 30 June 2024
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45. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(v) Finance lease receivables

	30 June 2024	31 December 2023
Finance lease receivables, net		
Neither past due nor impaired	25,440,154	21,935,983
Past due but not impaired	1,491,986	1,517,944
Impaired	374,709	324,595
Subtotal	27,306,849	23,778,522
Less: Allowance for impairment losses	(1,199,156)	(1,006,907)
Net balance	26,107,693	22,771,615

(vi) Financial assets

The following tables present an analysis of the carrying values of debt securities by credit or issuer rating and credit risk characteristics:

Financial assets at amortised cost

	As at 30 June 2024			
	Stage 1	Stage 2	Stage 3	Total
AAA	57,077,251	–	–	57,077,251
AA – to AA+	36,370,859	–	–	36,370,859
A+ or below	213,831	–	–	213,831
Unrated	83,342,066	–	29,498,884	112,840,950
Total	177,004,007	–	29,498,884	206,502,891
Less: Allowance for impairment losses	(564,897)	–	(7,082,677)	(7,647,574)
Net balance	176,439,110	–	22,416,207	198,855,317

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45. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(vi) Financial assets (Continued)

Financial assets at amortised cost (Continued)

	As at 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
AAA	40,548,843	–	–	40,548,843
AA – to AA+	35,508,391	–	–	35,508,391
A+ or below	315,637	–	–	315,637
Unrated	74,647,373	–	28,046,645	102,694,018
Total	151,020,244	–	28,046,645	179,066,889
Less: Allowance for impairment losses	(585,793)	–	(6,386,771)	(6,972,564)
Net balance	150,434,451	–	21,659,874	172,094,325

Financial assets at fair value through other comprehensive income

	As at 30 June 2024			
	Stage 1	Stage 2	Stage 3	Total
AAA	24,909,621	–	–	24,909,621
AA – to AA+	2,273,847	–	–	2,273,847
A+ or below	–	–	–	–
Unrated	46,067,297	–	–	46,067,297
Total	73,250,765	–	–	73,250,765

	As at 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
AAA	19,955,470	–	–	19,955,470
AA – to AA+	8,608,695	–	–	8,608,695
A+ or below	–	–	–	–
Unrated	53,226,378	–	–	53,226,378
Total	81,790,543	–	–	81,790,543

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45. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(b) Liquidity risk

(i) Maturity analysis of contractual undiscounted cash flows

The tables below summarise the maturity profile of the Group's financial instruments based on the contractual undiscounted cash flows. The balances of some items in the tables below are different from the balances on the statement of financial position as the tables incorporate all cash flows relating to both principal and interest. The Group's expected cash flows on these instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Overdue/ Undated	Total
30 June 2024								
Non-derivative cash flows								
Financial assets:								
Cash and balances with the central bank	59,206,731	-	-	-	-	-	41,000,175	100,206,906
Due from banks and other financial institutions and reverse repurchase agreements	10,987,494	4,804,164	8,009,752	12,510,166	-	-	-	36,311,576
Loans and advances to customers	54,417	3,191,219	13,364,505	109,512,073	134,801,805	91,569,306	48,294,606	400,787,931
Financial investments	39,802,843	3,391,589	13,745,175	50,096,010	174,795,898	78,809,230	24,646,728	385,287,473
Finance lease receivables	-	1,043,521	1,973,614	9,730,677	16,398,274	39,754	484,696	29,670,536
Other financial assets	111,435	970,800	89,018	68,306	202,116	245,455	59,345	1,746,475
Total financial assets	110,162,920	13,401,293	37,182,064	181,917,232	326,198,093	170,863,745	114,485,550	954,010,897

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45. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

(i) Maturity analysis of contractual undiscounted cash flows (Continued)

30 June 2024	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Overdue/ Uncated	Total
Non-derivative cash flows – Continued								
Financial liabilities:								
Due to the central bank	2,338	388,734	560,447	4,377,133	-	-	-	5,328,652
Borrowings from banks and other financial institutions	-	5,469,348	5,064,447	15,154,132	690,766	-	-	26,378,693
Due to banks and other financial institutions and repurchase agreements	8,518,960	35,771,082	179,110	22,028,984	-	-	-	66,498,136
Due to customers	155,133,775	31,149,561	63,511,218	186,843,712	274,996,796	592	-	711,635,654
Debt securities issued	-	8,430,000	7,220,000	9,716,250	-	-	-	25,366,250
Other financial liabilities	287,886	484,614	251,931	1,282,423	2,336,523	268,448	-	4,911,825
Total financial liabilities	163,942,959	81,693,339	76,787,153	239,402,634	278,024,085	269,040	-	840,119,210
Net position	(53,780,039)	(68,292,046)	(39,605,089)	(57,485,402)	48,174,008	170,394,705	114,485,550	113,891,687
Derivative cash flows								
Derivative financial instruments settled on a gross basis	-	95,778	225,150	392,021	-	-	-	712,949
Total inflow	-	(95,778)	(225,150)	(392,021)	-	-	-	(712,949)
Credit commitments	474,881	1,203,852	3,231,290	6,393,460	69,590	-	21,669,848	33,042,921

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45. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

(i) Maturity analysis of contractual undiscounted cash flows (Continued)

31 December 2023	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Overdue/ Undated	Total
Non-derivative cash flows								
Financial assets:								
Cash and balances with the central bank	21,018,672	-	-	-	-	-	42,854,736	63,873,408
Due from banks and other financial institutions and reverse repurchase agreements	5,286,032	25,040,355	6,322,563	15,638,623	-	-	-	52,287,573
Loans and advances to customers	-	3,013,729	21,213,138	82,393,416	125,381,234	89,604,551	45,307,465	366,913,533
Financial investments	53,018,355	1,268,791	6,741,857	48,301,284	149,650,765	109,843,291	26,939,122	395,764,465
Finance lease receivables	-	1,485,140	1,920,600	8,170,296	13,785,127	-	484,566	25,845,729
Other financial assets	729,054	51,718	41,038	123,079	147,741	34,479	174,585	1,301,694
Total financial assets	80,052,113	30,860,733	36,239,196	154,626,698	289,964,867	199,482,321	115,760,474	905,986,402

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

45. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

(i) Maturity analysis of contractual undiscounted cash flows (Continued)

31 December 2023	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Overdue/ Undated	Total
Non-derivative cash flows – Continued								
Financial liabilities:								
Due to the central bank	-	2,122	49,557	3,401,682	-	-	-	3,453,361
Borrowings from banks and other financial institutions	-	2,782,983	10,058,841	9,326,122	536,595	-	-	22,704,541
Due to banks and other financial institutions and repurchase agreements	2,295,374	10,963,238	3,387,993	20,287,279	-	-	-	36,933,884
Due to customers	167,064,839	36,457,428	51,711,198	151,713,387	274,908,756	67,027	-	681,922,635
Debt securities issued	-	4,126,683	6,843,959	12,755,692	-	-	-	23,726,334
Other financial liabilities	808,276	723,263	462,531	1,001,109	2,459,187	344,051	-	5,798,417
Total financial liabilities	170,168,489	55,055,717	72,514,079	198,485,271	277,904,538	411,078	-	774,539,172
Net position	(90,116,376)	(24,194,984)	(36,274,883)	(43,858,573)	11,060,329	199,071,243	115,760,474	131,447,230
Derivative cash flows								
Derivative financial instruments settled on a gross basis	-	70,168	126,573	506,774	-	-	-	703,515
Total inflow	-	(70,168)	(126,573)	(506,774)	-	-	-	(703,515)
Total outflow	-	-	-	-	-	-	-	-
Credit commitments	111,554	1,113,582	3,201,843	6,033,451	141,720	-	20,501,570	31,103,720

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

45. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(c) Market risk

Market risk is the risk of loss, in respect of the Group's on-and off-balance sheet activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices and stock prices. Market risk arises from both the Group's trading and non-trading businesses.

The Group's market risk contains interest rate risk and currency risk.

The Group is primarily exposed to structural interest rate risk arising from commercial banking and position risk arising from treasury transactions.

The Group's currency risk mainly results from the risk arising from exchange rate fluctuations on its foreign exchange exposures. Foreign exchange exposures include the mismatch of foreign exchange assets and liabilities, and off-balance sheet foreign exchange positions arising from derivative transactions.

Sensitivity analysis, interest rate repricing gap analysis and foreign exchange risk concentration analysis are the major market risk management tools used by the Group. The Bank uses different management methods to control market risks, including trading book and banking book risks.

(i) Currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD, Russian ruble ("RUB") and, to a lesser extent, other currencies. Transactions in foreign currencies mainly arise from the Group's treasury operations and foreign exchange dealings.

The exchange rate of RMB to USD is managed under a floating exchange rate system.

The tables below indicate a sensitivity analysis of exchange rate changes of the currencies in which the Group has significant exposure on its monetary assets and liabilities and its forecasted cash flows. The analysis shows the effect of a reasonably possible movement in the currency rates against RMB, with all other variables held constant, on profit before tax and equity. A negative amount in the table reflects a potential net reduction in profit before tax or equity, while a positive amount reflects a potential net increase. This effect, however, is based on the assumption that the Group's foreign exchange exposures as at the period end are kept unchanged and, therefore, has not incorporated actions that would be taken by the Group to mitigate the adverse impact of this foreign exchange risk.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

45. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(i) Currency risk (Continued)

The Group sets trading limits, stop-loss limits and exposure limits to foreign exchange transactions to manage foreign exchange risk and to keep currency risk within limits. Based on the guidelines provided by the Risk Management Committee, laws and regulations as well as evaluation of the current market, the Group sets its risk limits and minimises the possibility of mismatch through more reasonable allocation of foreign currency sources and deployment.

Currency	Change in rate	Effect on profit before tax	
		30 June 2024	31 December 2023
USD	-1%	(34,823)	(38,474)
HKD	-1%	224	(609)
RUB	-1%	(274)	(67)

While the table above indicates the effect on profit before tax of 1% depreciation of USD, HKD and RUB, there will be an opposite effect with the same amount if the currencies appreciate by the same percentage.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

45. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(i) Currency risk (Continued)

A breakdown of the financial assets and financial liabilities analysed by currency is as follows:

30 June 2024

	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	RUB (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Financial assets:						
Cash and balances with the central bank	100,175,488	17,452	983	11,524	1,459	100,206,906
Due from banks and other financial institutions and reverse repurchase agreements	34,488,622	1,448,973	16,633	30,290	266,594	36,251,112
Loans and advances to customers	336,344,075	665	-	-	2,521	336,347,261
Derivative financial assets	-	710,201	-	-	-	710,201
Financial investments	359,977,119	2,306,585	-	-	-	362,283,704
Finance lease receivables	26,107,693	-	-	-	-	26,107,693
Other financial assets	1,745,946	435	-	94	-	1,746,475
Total financial assets	858,838,943	4,484,311	17,616	41,908	270,574	863,653,352
Financial liabilities:						
Due to the central bank	5,324,797	-	-	-	-	5,324,797
Borrowings from banks and other financial institutions	25,965,818	-	-	-	-	25,965,818
Due to banks and other financial institutions and repurchase agreements	65,897,391	1,883	-	4,254	-	65,903,528
Derivative financial liabilities	-	732,767	-	-	-	732,767
Due to customers	688,005,589	254,698	2,799	10,270	239,360	688,512,716
Debt securities issued	25,200,155	-	-	-	-	25,200,155
Other financial liabilities	4,836,962	34	37,188	-	-	4,874,184
Total financial liabilities	815,230,712	989,382	39,987	14,524	239,360	816,513,965
Net position	43,608,231	3,494,929	(22,371)	27,384	31,214	47,139,387
Credit commitments	33,030,271	12,650	-	-	-	33,042,921

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

45. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(i) Currency risk (Continued)

A breakdown of the financial assets and financial liabilities analysed by currency is as follows: (Continued)

31 December 2023

	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	RUB (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Financial assets:						
Cash and balances with the						
central bank	63,846,240	9,939	1,020	13,674	2,535	63,873,408
Due from banks and other financial						
institutions and reverse						
repurchase agreements	50,294,496	1,138,283	13,244	49,567	317,056	51,812,646
Loans and advances to customers	308,429,833	4,689	-	-	4,352	308,438,874
Derivative financial assets	-	700,177	-	-	-	700,177
Financial investments	342,031,459	2,927,601	-	-	-	344,959,060
Finance lease receivables	22,771,615	-	-	-	-	22,771,615
Other financial assets	1,300,549	1,056	-	89	-	1,301,694
Total financial assets	788,674,192	4,781,745	14,264	63,330	323,943	793,857,474
Financial liabilities:						
Due to the central bank	3,410,653	-	-	-	-	3,410,653
Borrowings from banks and other						
financial institutions	22,340,821	-	-	-	-	22,340,821
Due to banks and other financial						
institutions and repurchase						
agreements	34,944,119	2,250	-	32,966	-	34,979,335
Derivative financial liabilities	-	734,648	-	-	-	734,648
Due to customers	656,636,322	60,451	627	2,063	289,205	656,988,668
Debt securities issued	23,726,334	-	-	-	-	23,726,334
Other financial liabilities	5,558,004	15	36,925	-	-	5,594,944
Total financial liabilities	746,616,253	797,364	37,552	35,029	289,205	747,775,403
Net position	42,057,939	3,984,381	(23,288)	28,301	34,738	46,082,071
Credit commitments	31,021,738	81,982	-	-	-	31,103,720

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

45. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk

The tables below summarise the contractual repricing or maturity dates, whichever are earlier, of the Group's financial assets and financial liabilities:

30 June 2024

	Less than three months	Three months to one year	One to five years	More than five years	Overdue/ non-interest- bearing	Total
Financial assets:						
Cash and balances with the central bank	99,348,923	-	-	-	857,983	100,206,906
Due from banks and other financial institutions and reverse repurchase agreements	23,538,811	12,358,499	-	-	353,802	36,251,112
Loans and advances to customers	16,545,182	103,383,199	114,613,889	56,438,717	45,366,274	336,347,261
Derivative financial assets	-	-	-	-	710,201	710,201
Financial investments	15,542,309	44,827,319	164,001,399	73,531,010	64,381,667	362,283,704
Finance lease receivables	2,646,827	8,536,383	14,385,632	34,874	503,977	26,107,693
Other financial assets	-	-	-	-	1,746,475	1,746,475
Total financial assets	157,622,052	169,105,400	293,000,920	130,004,601	113,920,379	863,653,352
Financial liabilities:						
Due to the central bank	948,458	4,374,001	-	-	2,338	5,324,797
Borrowings from banks and other financial institutions	10,334,420	14,747,162	637,901	-	246,335	25,965,818
Due to banks and other financial institutions and repurchase agreements	44,322,678	21,260,000	-	-	320,850	65,903,528
Derivative financial liabilities	-	-	-	-	732,767	732,767
Due to customers	232,232,383	183,706,443	255,361,364	538	17,211,988	688,512,716
Debt securities issued	15,611,311	9,588,844	-	-	-	25,200,155
Other financial liabilities	111,434	82,447	540,923	1,945,695	2,193,685	4,874,184
Total financial liabilities	303,560,684	233,758,897	256,540,188	1,946,233	20,707,963	816,513,965
Total interest sensitivity gap	(145,938,632)	(64,653,497)	36,460,732	128,058,368	N/A	N/A

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

45. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk (Continued)

The tables below summarise the contractual repricing or maturity dates, whichever are earlier, of the Group's financial assets and financial liabilities: (Continued)

31 December 2023

	Less than three months	Three months to one year	One to five years	More than five years	Non-interest- bearing	Total
Financial assets:						
Cash and balances with the central bank	62,986,431	–	–	–	886,977	63,873,408
Due from banks and other financial institutions and reverse repurchase agreements	36,551,264	15,218,302	–	–	43,080	51,812,646
Loans and advances to customers	23,651,522	77,592,603	106,463,629	53,060,567	47,670,553	308,438,874
Derivative financial assets	–	–	–	–	700,177	700,177
Financial investments	59,567,246	39,259,881	130,189,080	89,232,837	26,710,016	344,959,060
Finance lease receivables	2,999,895	7,196,680	12,142,418	–	432,622	22,771,615
Other financial assets	–	–	–	–	1,301,694	1,301,694
Total financial assets	185,756,358	139,267,466	248,795,127	142,293,404	77,745,119	793,857,474
Financial liabilities:						
Due to the central bank	51,284	3,357,494	–	–	1,875	3,410,653
Borrowings from banks and other financial institutions	12,399,212	9,013,420	494,288	–	433,901	22,340,821
Due to banks and other financial institutions and repurchase agreements	16,023,024	18,731,167	–	–	225,144	34,979,335
Derivative financial liabilities	–	–	–	–	734,648	734,648
Due to customers	230,270,648	145,261,120	261,598,718	54,820	19,803,362	656,988,668
Debt securities issued	10,970,642	12,755,692	–	–	–	23,726,334
Other financial liabilities	129,400	482,209	1,966,492	55,906	2,960,937	5,594,944
Total financial liabilities	269,844,210	189,601,102	264,059,498	110,726	24,159,867	747,775,403
Total interest sensitivity gap	(84,087,852)	(50,333,636)	(15,264,371)	142,182,678	N/A	N/A

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

45. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(d) Capital management

The Group's objectives on capital management are:

- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to support the Group's stability and growth;
- to allocate capital using an efficient and risk-based approach to optimise the risk adjusted return to the shareholders;
- to maintain an adequate capital base to support the development of its business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust its profit distribution policy, issue or redeem own shares, issue long-term subordinated bonds, etc.

Capital adequacy and the use of regulatory capital are monitored regularly by the Group's management based on regulations issued by the NFRA. The required information is filed with the NFRA by the Group and the Bank semi-annually and quarterly.

The capital adequacy ratios and related components of the Group are computed in accordance with the statutory financial statements of the Group prepared under PRC GAAP. During the period, the Group has fully complied with all the externally imposed capital requirements. The requirements pursuant to these regulations may have significant differences comparing to those applicable in Hong Kong and other countries.

Since 1 January 2024, the Group has begun to calculate the capital adequacy ratio based on the "Capital Rules for Commercial Banks" issued by the NFRA in 2023 and will continue to promote the content of this disclosure. The capital adequacy ratio as of 31 December 2023 was still calculated in accordance with the provisions of the "Capital Rules for Commercial Banks (Provisional)" issued by the former CBIRC on 7 June 2012. According to the requirements of the NFRA, commercial banks should meet the regulatory requirements of the capital adequacy ratio by the end of 2018. The regulatory requirements request a commercial bank to maintain its core tier 1 capital adequacy ratio above 7.5%, the tier 1 capital adequacy ratio above 8.5% and the capital adequacy ratio above 10.5%.

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For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

45. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(d) Capital management *(Continued)*

	30 June 2024	31 December 2023
Core capital		
Qualified part of share capital	10,995,600	10,995,600
Qualified part of capital reserves	7,657,284	7,657,284
Surplus reserves and general reserves	13,102,821	12,186,522
Undistributed profits	18,224,971	18,760,522
Qualified part of non-controlling interests	1,132,437	1,082,512
Other comprehensive income	915,911	305,322
Core tier 1 capital deductible items:		
Fully deductible items	(1,201,226)	(912,238)
Net core tier 1 capital	50,827,798	50,075,524
Net other tier 1 capital	21,849,771	21,843,342
Net tier 1 capital	72,677,569	71,918,866
Net tier 2 capital	6,707,720	7,057,053
Net capital	79,385,289	78,975,919
Total risk-weighted assets	588,831,744	576,068,147
Core tier 1 capital adequacy ratio	8.63%	8.69%
Tier 1 capital adequacy ratio	12.34%	12.48%
Capital adequacy ratio	13.48%	13.71%

46. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

The Group uses the following hierarchy for the determination and disclosure of the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

46. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

The following tables show the fair value hierarchy of financial instruments measured or disclosed at fair value:

30 June 2024	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	-	710,201	-	710,201
Financial assets at fair value through profit or loss				
- Debt securities	-	1,658,417	94,758	1,753,175
- Inter-bank certificates of deposit	-	2,745,617	-	2,745,617
- Funds	-	39,795,637	-	39,795,637
- Trust investments and asset management plans	-	32,502,689	7,929,307	40,431,996
- Equity instruments	7,207	-	245,862	253,069
Subtotal	7,207	76,702,360	8,269,927	84,979,494
Financial assets at fair value through other comprehensive income				
- Debt securities	-	72,260,402	-	72,260,402
- Equity instruments	47,950	125,293	4,958,448	5,131,691
Subtotal	47,950	72,385,695	4,958,448	77,392,093
Loan and advance measured at fair value through other comprehensive income				
- Discounted bills	-	34,287,093	-	34,287,093
Total	55,157	184,085,349	13,228,375	197,368,881
Financial liabilities measured at fair value				
Derivative financial liabilities	-	732,767	-	732,767

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

46. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial assets	–	700,177	–	700,177
Financial assets at fair value through profit or loss				
– Debt securities	–	1,827,713	92,124	1,919,837
– Funds	–	38,452,499	–	38,452,499
– Trust investments and asset management plans	–	34,075,906	10,955,343	45,031,249
– Equity instruments	9,525	–	298,180	307,705
Subtotal	9,525	74,356,118	11,345,647	85,711,290
Financial assets at fair value through other comprehensive income				
– Debt securities	–	80,942,283	–	80,942,283
– Equity instruments	49,935	49,291	5,115,785	5,215,011
Subtotal	49,935	80,991,574	5,115,785	86,157,294
Loan and advance measured at fair value through other comprehensive income				
– Discounted bills	–	20,626,955	–	20,626,955
Total	59,460	176,674,824	16,461,432	193,195,716
Financial liabilities measured at fair value				
Derivative financial liabilities	–	734,648	–	734,648

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

46. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial assets and liabilities measured at fair value *(Continued)*

During the six-month period ended 30 June 2024, there is no significant transfer among each level (During the year ended 31 December 2023: Nil).

Subject to the existence of an active market, such as an authorised securities exchange, the market value is the best reflection of the fair value of financial instruments. As there is no available market value for certain of the financial assets and liabilities held and issued by the Group, the discounted cash flow method or other valuation methods are adopted to determine the fair values of these assets and liabilities.

The financial instruments classified as Level 2 by the Group are mainly debt investment, derivative financial instruments and discounted bills measured at fair value through other comprehensive income. For debt securities, the fair values of these bonds are determined based on the valuation results provided by China Central Depository Trust & Clearing Co., Ltd; For derivative financial instruments, the fair values are determined based on discounted cash flow and other valuation methods; For discounted bills, the fair values are determined based on discounted cash flow. The determination are based on a valuation technique for which all significant inputs are observable market data.

The financial instruments classified as Level 3 by the Group are mainly unlisted equity instruments and trust fund plans and asset management. The valuation methods used are mainly market method and discounted cash flow method, and the unobservable parameters involved are mainly net assets, discount rate, liquidity discount, etc.

All of the above-mentioned assumptions and methods provide a consistent basis for the calculation of the fair values of the Group's assets and liabilities. However, other financial institutions may use different assumptions and methods. Therefore, the fair values disclosed by different financial institutions may not be entirely comparable.

As at 30 June 2024 and 31 December 2023, the Group and the Bank had no assets or liabilities measured at fair value that were discontinued.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024

(Amount in thousands of RMB, unless otherwise stated)

46. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

Reconciliation of movements in Level 3 financial instruments measured at fair value is as follows:

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
As at 1 January 2023	14,242,389	7,041,931
Additions	–	392,891
Disposals/transfers	(2,590,804)	(2,221,035)
Losses through profit or loss	(305,938)	–
Losses through other comprehensive income	–	(98,002)
As at 31 December 2023 and 1 January 2024	11,345,647	5,115,785
Additions	–	3,693
Disposals/transfers	(2,197,060)	(84,700)
Losses through profit or loss	(878,660)	–
Losses through other comprehensive income	–	(76,330)
As at 30 June 2024	8,269,927	4,958,448

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2024
(Amount in thousands of RMB, unless otherwise stated)

46. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Financial assets and liabilities not measured at fair value

Financial assets and financial liabilities not measured at fair value in the balance sheet mainly include: Balances with the central bank, Due from banks and other financial institutions, Reverse repurchase agreements, Loans and advances to customers measured at amortised cost, Investment in debt securities measured at amortised cost, Due to the central bank, Borrowings from banks and other financial institutions, Repurchase agreements, Due to customers, Debt securities issued, etc.

For debt securities measured at amortised cost and debt securities issued not reflected or disclosed at fair value, the following table sets forth their book value and fair value:

	As at 30 June 2024		As at 31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets at amortised cost	194,358,297	224,183,297	168,603,742	177,695,014
Financial liabilities				
Debt securities issued	25,200,155	25,045,400	23,726,334	23,743,553

Other than the financial assets and financial liabilities disclosed in above table, other financial assets and financial liabilities that are not measured at fair value in the balance sheet, the valuation methods used is discounted cash flow method, the carrying amounts approximate the fair values.

47. SUBSEQUENT EVENTS

On 26 August 2024, resolutions in relation to the absorption and merger of Ning'an Rongxing Village and Township Bank Co., Ltd., Baiquan Rongxing Village and Township Bank Co., Ltd., Huanan Rongxing Village and Township Bank Co., Ltd., and Chongqing Youyang Rongxing Village and Township Bank Co., Ltd., and their respective conversion to a sub-branch of the Bank together with the reform and reorganization of the village banks was proposed on the extraordinary general meeting for the purpose of shareholders' consideration and approval.

Except for the above, the Group has no significant events after the reporting period.

48. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 August 2024.

Unaudited Supplementary Financial Information

For the period ended 30 June 2024

(In RMB thousands, unless otherwise stated)

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

(a) LIQUIDITY RATIO

	30 June 2024	31 December 2023
RMB current assets to RMB current liabilities	118.82%	116.58%
Foreign currency current assets to foreign currency current liabilities	239.56%	407.87%

These liquidity ratios are calculated based on relevant regulations provided by the former China Banking and Insurance Regulatory Commission and Chinese accounting policies.

(b) CURRENCY CONCENTRATIONS

	USD	HKD	RUB	Others	Total
30 June 2024					
Spot assets	4,360,023	38,183	–	256,101	4,654,307
Spot liabilities	(3,896,209)	(38,196)	–	(255,721)	(4,190,126)
Forward purchases	–	–	–	373	373
Forward sales	(2,307,572)	–	–	(457)	(2,308,029)
Net long/(short) position	(1,843,758)	(13)	–	296	(1,843,475)
31 December 2023					
Spot assets	4,091,397	37,534	–	386,675	4,515,606
Spot liabilities	(3,536,122)	(37,565)	–	(386,018)	(3,959,705)
Forward purchases	–	–	–	–	–
Forward sales	(2,018,570)	–	–	–	(2,018,570)
Net long/(short) position	(1,463,295)	(31)	–	657	(1,462,669)

Unaudited Supplementary Financial Information

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

(c) INTERNATIONAL CLAIMS

The Group discloses international claims according to Banking (Disclosure) Rules (L.N. 160 of 2014). International claims are risk exposures generated from the countries or geographical areas where the counterparties take the ultimate risk while considering the transfer of the risk, excluding local claims on local residents in local currency. Risk transfer is 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 counterparty whose head office is located in another country.

International claims are included in Due from banks and other financial institutions.

International claims have been disclosed by major country or geographical area. A country or geographical area is reported when the claims from the country or area constitute 10% or more of the aggregate amount of international claims, after taking into account risk transfers.

	Banks	Others	Total
30 June 2024			
Asia Pacific excluding Mainland China	24,628	–	24,628
– of which attributed to Hong Kong	10,542	–	10,542
Europe	20,378	–	20,378
North America	98	–	98
Total	45,104	–	45,104
31 December 2023			
Asia Pacific excluding Mainland China	80,963	–	80,963
– of which attributed to Hong Kong	21,942	–	21,942
Europe	273,584	–	273,584
North America	634,354	–	634,354
Total	988,901	–	988,901

Unaudited Supplementary Financial Information

For the period ended 30 June 2024

(In RMB thousands, unless otherwise stated)

(d) LOANS AND ADVANCES TO CUSTOMERS

(i) Overdue loans and advances to customers:

	30 June 2024				
	Within 90 days	91 days to 1 year	1 to 5 years	Over 5 years	Total
Overdue days					
Unsecured loans	1,058,553	1,906,589	6,844,006	127,707	9,936,855
Guaranteed loans	5,562,226	1,354,869	5,187,998	1,313,573	13,418,666
Loans secured by mortgages	8,054,247	1,921,327	11,287,861	1,334,211	22,597,646
Pledged loans	339,397	123,740	1,490,633	14,221	1,967,991
Total	15,014,423	5,306,525	24,810,498	2,789,712	47,921,158

	31 December 2023				
	Within 90 days	91 days to 1 year	1 to 5 years	Over 5 years	Total
Overdue days					
Unsecured loans	1,356,407	1,762,351	6,345,636	124,606	9,589,000
Guaranteed loans	4,925,845	477,898	5,362,388	1,177,587	11,943,718
Loans secured by mortgages	11,068,861	1,771,203	10,451,140	1,330,734	24,621,938
Pledged loans	124,138	39,690	1,465,166	420	1,629,414
Total	17,475,251	4,051,142	23,624,330	2,633,347	47,784,070

(ii) Overdue loans and advances to customers by geographical location:

	30 June 2024	31 December 2023
Heilongjiang region	18,929,208	16,644,210
Other regions in Northeastern China	9,804,911	11,791,977
Southwestern China	8,954,860	8,666,683
Other regions	10,232,179	10,681,200
Total	47,921,158	47,784,070

Unaudited Supplementary Financial Information

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

(e) OVERDUE AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

As at 30 June 2024, there were no overdue amounts due from banks and other financial institutions in respect of principal or interest (As at 31 December 2023: Nil).

(f) OVERDUE PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

As at 31 December 2024, there were no overdue placements with banks and other financial institutions in respect of principal or interest (As at 31 December 2023: Nil).

(g) EXPOSURES TO MAINLAND CHINA NON-BANK ENTITIES

The Bank is a commercial bank incorporated in mainland China with its banking business conducted in mainland China. At 30 June 2024, substantial amounts of the Bank's exposures arose from businesses with mainland China entities or individuals.

Documents for Inspection

- I. Financial Statements with Signature and Seal of Legal Representative, Person in Charge of Accounting Work and Person in Charge of Accounting Firms
- II. Original Audit Report with Accounting Firms' Seals and Certified Public Accountants' Signatures and Seals
- III. Text of Interim Report Autographed by Directors of the Company
- IV. Articles of Association of the Company

