



Bank of Communications Co., Ltd.

2024 INTERIM REPORT

Stock Code:03328



CREATE SHARED VALUE

IMPORTANT REMINDERS

- I. The Board of Directors, the Board of Supervisors and Directors, Supervisors, Senior Management of the Bank are responsible for the authenticity, accuracy and completeness of the Interim Report, free of false records, misleading statements or material omissions and assume individual and joint legal responsibilities.
- II. The 2024 Interim Report and results announcement of the Bank were reviewed and approved at the 17th Meeting of the 10th Session of the Board of Directors of the Bank on 28 August 2024. The number of directors who should attend the meeting was 18, with 18 directors attending the meeting in person.
- III. Mr. Ren Deqi, Chairman of the Bank, Mr. Zhou Wanfu, Principal in charge of accounting and Mr. Chen Yu, Head of Accounting Department represent that they are responsible for the authenticity, accuracy and completeness of the financial statements in the Interim Report.
- IV. This Interim Report is unaudited.
- V. The proposal on profit distribution for the half year of 2024 was reviewed by the Board of Directors: based on a total number of ordinary shares of 74.263 billion shares of the Bank as at the end of the Reporting Period, a cash dividend of RMB0.182 (inclusive of tax) per share would be distributed to registered shareholders of A share and H share, totalling RMB13.516 billion. There is no proposal on bonus share or proposal on conversion of capital reserve into share capital for the current year.
- VI. Prospective statements involved in the report, such as future plans and development strategies, do not constitute a substantive commitment of the Group to investors. Investors and stakeholders are required to keep sufficient risk awareness and understand the differences between plan, forecasting and commitment.
- VII. The Group's operation is mainly exposed to risks including credit risk, market risk, operational risk and compliance risk. The Group has taken and will continue to take various steps to effectively manage risks. For more details which requires investors' attention, please refer to the section of "Management Discussion and Analysis – Risk Management".

This interim financial report is prepared in both Chinese and English. Should there be any inconsistency between the Chinese and English versions, the Chinese version should prevail.

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DEFINITIONS

The following terms will have the following meanings in this Report unless otherwise stated:

“Bank”, “BoCom”	Bank of Communications Co., Ltd.
“Group”	The Bank and its subsidiaries
“Ministry of Finance”	Ministry of Finance of the People’s Republic of China
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“SSF”	The National Council for Social Security Fund
“PBOC”	The People’s Bank of China
“NAFR”	National Administration of Financial Regulation
“CSRC”	China Securities Regulatory Commission
“SSE”	The Shanghai Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Listing Rules”	<i>The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited</i>
“the Articles of Association”	<i>The Articles of Association of Bank of Communications Co., Ltd.</i>
“Win to Fortune”	A corporate and interbank wealth management brand of the Bank providing comprehensive one-stop wealth management solutions for corporate, government institutions and interbank financial customers through intelligent financial service and digital transformation.
“OTO Fortune”	A main brand of retail business of the Bank with the core value of “creating and sharing abundant wealth with noble virtue” devoted to realizing value maintenance and appreciation of wealth for customers
“BoCom Zhanyetong”	The Bank’s unified brand of inclusive finance, comprising the online product “Inclusive e-Loan” and the offline product.
“BoCom Yinongtong”	The Bank’s unified brand of rural rejuvenation, comprising the online product “Xingnong e-Loan” and the offline product.
“Personal Mobile Banking”	A mobile APP providing online business processing and other services to personal customers of the Bank and covering a variety of financial products and life service needs of customers.
“Corporate Mobile Banking”	A portable and convenient channel providing online account opening, account services, transfer and payment, agency payment and withholding, loan financing, group services, bill businesses, wealth management and investment, international businesses for corporate customers through APPs on mobile phones and tablet computers, with close and convenient channels.
“Corporate Online Banking”	An electronic transaction system of the Bank providing online account opening, account services, transfer and payment, agency payment and withholding, loan financing, group services, bill businesses, wealth management and investment, international businesses for corporate customers through the Internet.
“Go Pay”	A one-stop digital service platform of finance and life for all customers.
“Benefit Loan”	An online credit consumption loan product of the Bank for qualified customers.
“BOCOM On-cloud”	A digital service brand, practicing the service concept of “institution online, employee online, product online, and service online”, building a “cloud outlet, cloud teller, and cloud butler” system based on remote video services, meeting customers’ digitalised service needs through a new mode of online service as screen-to-screen service.
“Yuan”	Renminbi Yuan (RMB)

GENERAL INFORMATION

I. CORPORATE INFORMATION

Chinese name: 交通銀行股份有限公司
Chinese abbreviation: 交通銀行
English name: Bank of Communications Co., Ltd.

Legal representative: Ren Deqi
Authorised representatives: Ren Deqi, He Zhaobin
Secretary of the Board of He Zhaobin

Directors and Company Secretary:

Registered address: 188 Yin Cheng Zhong Lu, (Shanghai)
Pilot Free Trade Zone, PRC

Contact and address:

188 Yin Cheng Zhong Lu, Pudong New District, Shanghai

Postal code: 200120

Tel: 86-21-58766688

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Official website: www.bankcomm.com,
www.bankcomm.cn

Principal place of business in Hong Kong: 20 Pedder Street, Central, Hong Kong

Information Disclosure Channels and Places Where the Interim Report is Available

A share: *China Securities Journal, Shanghai Securities News, Securities Times* and website of the SSE at www.sse.com.cn

H share: Website of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk

Places where the interim report is available: Board of Directors Office of the Bank

Information of Shares

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

Domestic auditor: KPMG Huazhen LLP
8/F, Office Tower E2,
Oriental Plaza, 1 East Chang
An Avenue, Dongcheng District,
Beijing, PRC

Name of the undersigned accountants: SHI Haiyun, LI Li

International auditor: KPMG
8/F, Prince's Building, 10 Chater
Road, Central, Hong Kong, PRC

Name of the undersigned accountants: CHEN Shaodong

PRC legal advisor: AllBright Law Offices

Hong Kong legal advisor: Herbert Smith Freehills

Share Registrar and Transfer Office

A Share: China Securities Depository and Clearing Corporation Limited, Shanghai Branch
No. 188 South Yanggao Road, Pudong New District, Shanghai, P.R. China

H Share: Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong

Other Information

Unified social credit code: 9131000010000595XD

GENERAL INFORMATION

II. COMPANY PROFILE AND PRINCIPAL ACTIVITIES

Founded in 1908, the Bank is one of banks with the longest history in modern China. The Bank reopened after reorganisation on 1 April 1987 and became the first nationwide state-owned joint-stock commercial bank in China, with Head Office located in Shanghai. The Bank was listed on the Hong Kong Stock Exchange in June 2005 and on the Shanghai Stock Exchange in May 2007. In 2023, the Bank selected as a global systemically important bank, and ranked 9th among global banks in terms of tier-1 capital.

Guided by the strategic goal of “building a world-class banking group with distinctive advantages”, the Group regarded green finance as the keynote for operation development, continued to build four major business characteristics, which include inclusive finance, trade finance, sci-tech finance and wealth finance, and made significant efforts in the “five priorities” of finance. The Group continuously improved the five professional capabilities of customer management, technology leadership, risk management, co-operation and resource allocation. With the construction of “Shanghai Base” and digital transformation as strategic breakthroughs, the Group was guided towards a high-quality development.

Upon approval by the NFRA, the Bank provides comprehensive financial services including deposits and loans, supply chain finance, cash management, international settlement and trade financing, investment banking, asset custody, wealth management, bank cards, private banking, treasury businesses, etc. for 2.7565 million corporate customers and 195 million retail customers through online service channels such as mobile banking and online banking, as well as over 2,800 domestic outlets and 23 overseas branches (subsidiaries) and representative offices. The Group is involved in businesses such as financial leasing, fund, wealth management, trust, insurance, overseas securities, and debt-to-equity swap through wholly-owned or controlling subsidiaries.

As a long-standing large-scale state-owned banking group with a long history, the Bank will fulfil the role as an important force to support the real economy and the ballast for maintaining financial stability, maintain strategic stability, prevent and resolve risks, strive to provide high-quality services to our customers, create more value for shareholders, build a happy home for employees, and make greater contributions to society!

During the Reporting Period, the Group’s operating mode, primary businesses and key performance drivers had no significant change.

FINANCIAL HIGHLIGHTS

I. KEY FINANCIAL DATA AND FINANCIAL INDICATORS

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

	<i>(in millions of RMB unless otherwise stated)</i>		
Key financial data	January to June 2024	January to June 2023	Increase/ (decrease) (%)
Net interest income	84,234	82,387	2.24
Net fee and commission income	21,000	24,580	(14.56)
Net operating income	132,550	137,307	(3.46)
Credit impairment losses	33,021	36,346	(9.15)
Operating expenses	39,621	40,079	(1.14)
Profit before tax	47,678	49,674	(4.02)
Net profit (attributable to shareholders of the parent company)	45,287	46,039	(1.63)
Earnings per share (attributable to holders of ordinary shares of the parent company, in RMB yuan) ¹	0.56	0.57	(1.75)
	30 June 2024	31 December 2023	Increase/ (decrease) (%)
Total assets	14,177,914	14,060,472	0.84
Loans and advances to customers ²	8,267,734	7,957,085	3.90
Total liabilities	13,058,623	12,961,022	0.75
Deposits from customers ²	8,650,116	8,551,215	1.16
Shareholders' equity (attributable to shareholders of the parent company)	1,107,374	1,088,030	1.78
Net assets per share (attributable to holders of ordinary shares of the parent company, in RMB yuan) ³	12.56	12.30	2.11
Net capital ⁴	1,471,631	1,351,116	8.92
Including: Net core tier-1 capital ⁴	927,346	905,394	2.42
Net other tier-1 capital ⁴	176,146	176,289	(0.08)
Net tier-2 capital ⁴	368,139	269,433	36.63
Risk-weighted assets ⁴	9,005,179	8,850,786	1.74
Key financial ratios (%)	January to June 2024	January to June 2023	Change (percentage point)
Annualised return on average assets	0.65	0.69	(0.04)
Annualised weighted average return on net assets ¹	9.29	10.16	(0.87)
Net interest margin ⁵	1.29	1.31	(0.02)
Cost-to-income ratio ⁶	29.94	29.22	0.72
	30 June 2024	31 December 2023	Change (percentage point)
Non-performing loan ratio ⁷	1.32	1.33	(0.01)
Provision coverage ratio	204.82	195.21	9.61
Capital adequacy ratio ⁴	16.34	15.27	1.07
Tier-1 capital adequacy ratio ⁴	12.25	12.22	0.03
Core tier-1 capital adequacy ratio ⁴	10.30	10.23	0.07
Leverage Ratio ⁴	7.11	7.03	0.08

FINANCIAL HIGHLIGHTS

Notes:

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

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

FINANCIAL STATEMENT ANALYSIS

I. FINANCIAL STATEMENT ANALYSIS

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

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

As at the end of the Reporting Period, the balance of the Group's loans and advances to customers increased by RMB310.649 billion or 3.90% over the end of the previous year to RMB8.27 trillion; the balance of deposits from customers increased by RMB98.901 billion or 1.16% over the end of the previous year to RMB8.65 trillion.

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

(I) Analysis on Key Income Statement Items

1. Profit before tax

During the Reporting Period, the Group's profit before tax decreased by RMB1.996 billion on a year-on-year basis, representing a decrease of 4.02% to RMB47.678 billion.

FINANCIAL STATEMENT ANALYSIS

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

(in millions of RMB unless otherwise stated)

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

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

(in millions of RMB unless otherwise stated)

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

2. Net interest income

During the Reporting Period, the Group's net interest income increased by RMB1.847 billion or 2.24% on a year-on-year basis to RMB84.234 billion, accounting for 63.55% of the net operating income, which was a major component of the Group's income.

FINANCIAL STATEMENT ANALYSIS

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

(in millions of RMB unless otherwise stated)

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

Notes:

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

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

FINANCIAL STATEMENT ANALYSIS

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

(in millions of RMB)

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

During the Reporting Period, the Group's net interest income increased by RMB1.847 billion on a year-on-year basis. Within this total, changes in the average balances of assets and liabilities increased net interest income by RMB7.925 billion, while changes in the annualised average rate of return and annualised average rate of cost decreased net interest income by RMB6.078 billion.

(1) Interest Income

During the Reporting Period, the Group's interest income decreased by RMB0.368 billion or 0.16% on a year-on-year basis to RMB228.038 billion, of which interest income from loans and advances to customers, investment securities and cash and balances with central banks accounted for 66.09%, 24.52% and 2.59% of total interest income, respectively.

A. Interest income from loans and advances to customers

Interest income from loans and advances to customers was the largest component of the Group's interest income. During the Reporting Period, interest income from loans and advances to customers decreased by RMB2.551 billion or 1.66% on a year-on-year basis to RMB150.721 billion, which was mainly due to the year-on-year decrease of 34 basis points in the annualised average rate of return of loans and advances to customers.

FINANCIAL STATEMENT ANALYSIS

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

(in millions of RMB unless otherwise stated)

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

B. Interest income from investment securities

During the Reporting Period, interest income from investment securities increased by RMB0.753 billion or 1.37% on a year-on-year basis to RMB55.915 billion, which was mainly due to the year-on-year increase by RMB74.727 billion or 2.27% in the average balance of investment securities.

C. Interest income from cash and balances with central banks

The cash and balances with central banks mainly included balances in statutory reserves and excess reserves. During the Reporting Period, interest income from cash and balances with central banks decreased by RMB126 million or 2.09% on a year-on-year basis to RMB5.896 billion, which was mainly due to the year-on-year decrease by RMB39.177 billion or 4.94% in the average rate return on cash and balances with central banks.

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

During the Reporting Period, the interest income from balances due from and placements with banks and other financial institutions increased by RMB1.556 billion or 11.15% on a year-on-year basis to RMB15.506 billion, which was mainly due to the year-on-year increase of 44 basis points in the annualised average rate of return on balances due from and placements with banks and other financial institutions.

(2) Interest expenses

During the Reporting Period, the Group's interest expenses decreased by RMB2.215 billion or 1.52% on a year-on-year basis to RMB143.804 billion, of which deposits from customers, balances due to and placements from banks and other financial institutions, debt securities issued and others were 63.77%, 19.93%, and 16.30%, respectively.

A. Interest expenses on deposits from customers

Deposits from customers is the Group's primary funding source. During the Reporting Period, interest expenses on deposits from customers decreased by RMB4.061 billion or 4.24% on a year-on-year basis to RMB91.706 billion, accounting for 63.77% of total interest expenses. The decrease in customer deposit interest expenditure was mainly due to the year-on-year decrease of 14 basis points in the annualised average balance of customer deposits.

FINANCIAL STATEMENT ANALYSIS

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

(in millions of RMB unless otherwise stated)

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

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

During the Reporting Period, interest expenses on balances due to and placements from banks and other financial institutions increased by RMB2.176 billion or 8.22% on a year-on-year basis to RMB28.664 billion, which was mainly due to a year-on-year increase by RMB176.002 billion or 8.30% in the average rate of cost of balances due to and placements from banks and other financial institutions.

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

During the Reporting Period, interest expenses on debt securities issued and other interest-bearing liabilities decreased by RMB0.330 billion or 1.39% on a year-on-year basis to RMB23.434 billion, which was mainly due to a year-on-year decrease by RMB33.029 billion or 1.97% in the average balance of debt securities issued and others.

3. Net fee and commission income

The net fee and commission income is an important part of the Group's net operating income. During the Reporting Period, the Group's net fee and commission income decreased by RMB3.580 billion or 14.56% on a year-on-year basis to RMB21.000 billion. This is mainly due to factors such as the ongoing turbulence in the capital market, weak consumption demand, continuous reduction of fees and charges, and adjustments in the product rates, the Group saw significant year-on-year declines in income from agency services business, investment banking business and bank cards business.

FINANCIAL STATEMENT ANALYSIS

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

(in millions of RMB unless otherwise stated)

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

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

4. Other non-interest income

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

(in millions of RMB unless otherwise stated)

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

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During the Reporting Period, the Group realised other non-interest income of RMB27.316 billion, of which net gains arising from trading activities amounted to RMB12.089 billion, representing a decrease of RMB5.548 billion or 31.46% on a year-on-year basis, mainly attributable to the increase in the base value of individual equity IPO valuation in the same period last year, resulting in the decrease in the equity investment income of subsidiaries. In addition, affected by changes in foreign exchange exposure and exchange rate, foreign exchange translation gains and losses decreased year on year. At the same time, foreign currency swap business was conducted to support the investment of foreign currency assets, resulting in an increase in related costs.

5. Operating expenses

During the Reporting Period, the Group's operating expenses decreased by RMB0.458 billion or 1.14% on a year-on-year basis to RMB39.621 billion. The Group's cost-to-income ratio was 29.94%, representing a year-on-year increase of 0.72 percentage point.

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

	<i>(in millions of RMB unless otherwise stated)</i>		
	January to June 2024	January to June 2023	Increase/ (decrease) (%)
Staff costs	15,376	15,414	(0.25)
Operating expenses	19,354	19,933	(2.90)
Depreciation and amortisation	4,891	4,732	3.36
Total operating expenses	39,621	40,079	(1.14)

6. Asset impairment losses

During the Reporting Period, the Group's asset impairment losses were RMB33.488 billion, representing a year-on-year decrease of RMB3.452 billion or 9.34%, of which the credit impairment losses on loans decreased by RMB2.171 billion or 6.50% on a year-on-year basis to RMB31.242 billion. The Group continued to adhere to the *Implementation Measures for Expected Credit Losses Management in Commercial Banks*, continued to monitor the focus and trend of the risk situation, and dynamically updated the impairment model's parameters to fully reflect the impact of forward-looking information on expected credit losses. Concurrently, the Group continued to adhere to regulatory requirements of "accurate asset classification, full provision of reserves, and expedite disposal" to strengthen asset quality by making reasonable and adequate provisions, therefore, sufficient risk resistance and loss absorption capacity has been well established.

7. Income tax

During the Reporting Period, the Group's income tax expenses decreased by RMB1.255 billion or 40.38% on a year-on-year basis to RMB1.853 billion. The effective tax rate of 3.89% was lower than the statutory tax rate of 25%, which was mainly due to the tax exemption on interest income from treasury bonds and local treasury bonds held by the Group pursuant to the relevant tax provisions.

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(II) Analysis on Key Balance Sheet Items

1. Assets

As at the end of the Reporting Period, the Group's total assets increased by RMB117.442 billion or 0.84% over the end of the previous year to RMB14,177.914 billion, which was mainly due to the increase in the scale of loans and advances to customers. The balances (after provision) of the key components of the Group's total assets and their proportions to the total assets as at the dates indicated are shown below:

(in millions of RMB unless otherwise stated)

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

(1) Loans and advances to customers

During the Reporting Period, the Group focused on successfully implementing the “five priorities” of finance and consistently optimised its supply of resources and supporting policies, with the aim of serving the real economy with better quality and higher efficiency. As at the end of the Reporting Period, the Group's loans and advances to customers increased by RMB310.649 billion or 3.90% over the end of the previous year to RMB8,267.734 billion.

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

(in millions of RMB unless otherwise stated)

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

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The corporate loan balance was RMB5,451.393 billion, representing an increase of RMB271.860 billion or 5.25% over the end of the previous year, among which, short-term loans increased by RMB66.934 billion, and medium and long-term loans increased by RMB204.926 billion, the proportion of medium and long-term loans in loans and advances to customers increased to 47.03%.

The personal loan balance was RMB2,555.798 billion, representing an increase of RMB82.698 billion or 3.34% over the end of the previous year, among which, mortgage loans decreased by RMB1.673 billion or 0.11% over the end of the previous year, credit card loans increased by RMB6.564 billion or 1.34% over the end of the previous year, personal business loans increased by RMB31.406 billion or 9.14% over the end of the previous year, and personal consumption loans increased by RMB46.571 billion or 26.85% over the end of the previous year.

Discounted bills decreased by RMB43.909 billion or 14.42% over the end of the previous year.

Distribution of loans and advances to customers by security types

(In millions of RMB unless otherwise stated)

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

Expected credit loss allowance for loans and advances to customers

(in millions of RMB)

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

(2) Financial investments

As at the end of the Reporting Period, the Group's net balance of financial investments decreased by RMB81.062 billion or 1.98% over the end of the previous year to RMB4,023.080 billion.

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The breakdown of investments by nature

(in millions of RMB unless otherwise stated)

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

The breakdown of investments by the presentation basis of financial statements

(in millions of RMB unless otherwise stated)

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

As at the end of the Reporting Period, the balance of the Group's bonds investments decreased by RMB98.544 billion or 2.72% over the end of the previous year to RMB3,520.095 billion. In the future, the Group will reinforce the research and judgement of the economic and financial situation, and continue to make arrangements for securities investment. First, the Group will maintain the overall strategy of investing mainly in interest rate bonds and make arrangements for investment in treasury bonds and local treasury bonds, etc. Secondly, we will focus on the "five priorities" of finance and provide enhanced resource support for major national strategies, key areas and weak links. Thirdly, we will continue to play our role to provide interbank market making and quotation services, and actively engage in bond trading business. Fourthly, we will conduct research on the monetary policies of major economies and make robust arrangements for bond investment based on liquidity trends.

The breakdown of securities investment by issuers

(in millions of RMB unless otherwise stated)

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

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As at the end of the Reporting Period, financial bonds held by the Group amounted to RMB487.416 billion, including bonds issued by policy banks of RMB75.048 billion and by interbank institutions and non-bank financial institutions of RMB412.368 billion, which accounted for 15.40% and 84.60%, respectively.

Top 10 financial bonds held by the Group

(in millions of RMB unless otherwise stated)

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

(3) Foreclosed asset

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

(in millions of RMB)

	30 June 2024	31 December 2023
Original value of foreclosed assets	1,336	1,384
Less: Impairment allowance	(482)	(439)
Net value of foreclosed assets	854	945

2. Liabilities

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

(in millions of RMB unless otherwise stated)

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

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As at the end of the Reporting Period, the Group's total liabilities increased by RMB97.601 billion or 0.75% over the end of the previous year to RMB13,058.623 billion. Among them, deposits from customers increased by RMB98.901 billion or 1.16 % over the end of the previous year, which accounted for 66.24% of total liabilities and represented an increase of 0.26 percentage point over the end of the previous year; the balance of due to and placements from banks and other financial institutions decreased by RMB166.666 billion or 6.87% over the end of the previous year to RMB2,257.871 billion, which accounted for 17.29% of total liabilities and represented a decrease of 1.42 percentage points over the end of the previous year.

Deposits from customers

Deposits from customers is the Group's major funding source. As at the end of the Reporting Period, the Group's balance of deposits from customers increased by RMB98.901 billion or 1.16% over the end of the previous year to RMB8,650.116 billion. In terms of customer structure, the proportion of corporate deposits was 56.73% representing a decrease of 2.23 percentage points over the end of the previous year, while the proportion of personal deposits was 41.48%, representing an increase of 2.21 percentage points over the end of the previous year. In terms of deposit tenure, the proportion of demand deposits decreased by 1.10 percentage points over the end of the previous year to 33.23%, while the proportion of time deposits increased by 1.08 percentage points over the end of the previous year to 64.98%.

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

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

3. Off-balance sheet items

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

The Group entered into various derivative financial instruments including interest rate contracts, exchange rate contracts, precious metals and commodity contracts for trading, hedging, asset and liability management and on behalf of customers. Please refer to the financial statements Note 17. Derivative Financial Instruments for the details of nominal amount and fair value of the derivative financial instruments.

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The Group's contingencies and commitments mainly included outstanding litigations, credit related commitments and financial guarantees, capital expenditure commitments, operating leasing commitments, commitments on security underwriting and bond acceptance. Please refer to the financial statements Note 36. Contingencies for the details of contingencies, and Note 37. Commitments for the details of commitments.

The Group uses part of its assets as collaterals for interbank repurchase arrangements and other liabilities-related business. Please refer to the financial statements Note 38 for details of collaterals.

(III) Analysis on Key Cash Flow Items

As at the end of the Reporting Period, the balance of Group's cash and cash equivalents decreased by RMB129.677 billion over the end of the previous year to RMB145.784 billion.

The net cash outflows from operating activities increased by RMB217.319 billion on a year-on-year basis to RMB222.442 billion, which was mainly due to the decrease in net cash inflow from deposits from customers.

The net cash inflows from investing activities increased by RMB160.270 billion on a year-on-year basis to RMB98.042 billion, which was mainly due to the cash inflow from bond investment in the current period was a net outflow compared with the same period last year.

The net cash outflows from financing activities increased by RMB45.182 billion on a year-on-year basis to RMB4.196 billion, which was mainly due to the decrease in net cash inflow from issuance and redemption of bonds.

(IV) Segment Analysis

1. Operating results by geographical segments

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

(in millions of RMB unless otherwise stated)

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

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Notes:

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

2. Deposits and loans and advances by geographical segments

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

(in millions of RMB unless otherwise stated)

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

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

(in millions of RMB unless otherwise stated)

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

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3. Operating results by business segments

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

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

(in millions of RMB unless otherwise stated)

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

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

II. BUSINESS REVIEW

(I) Development Strategies and Implementation

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

1. *Creating business features while striving for excellence and achievements*

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

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

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

Wealth finance The Group proactively implemented the development ideology of providing finance for the people, put into practice the requirement of increasing residents’ property income through multiple channels, create a full-chain wealth management operating system, thereby enabling financial products to benefit more customers and enhancing the inclusiveness of wealth finance. As at the end of the Reporting Period, individual financial

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assets under management ((AUM¹)) managed by domestic banking institutions increased by 5.29% over the end of the previous year, the number of middle and high-end customers increased by 5.46% over the end of the previous year, the balance of the Group's wealth management products increased by 16.56% over the end of previous year, the number of opening of individual pension fund accounts increased by 21.23% over the end of the previous year, and the cumulative deposit amount increased by 31.63% over the end of the previous year.

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

2. Continuing to exert efforts by focusing on two breakthroughs

Leveraging the advantages and leading role of "Shanghai Base" The Group actively took part in the allocation of global financial resources and improved our service ability in the Shanghai market to assist in strengthening the competitiveness and influence of Shanghai as an international financial center. The Group has reached the first batch of transactions such as the interbank bond market general repurchase and the new function of "Northbound Swap Connect", and maintained leading position in various submarket segment

in the interbank market in terms of transaction volume. As an important component of China's synchronous settlement mechanism for foreign exchange transactions, the Group was the first bank to carry out foreign exchange transaction settlement business. The Group actively participated in the pilot projects of standard interest rate derivatives and was the first bank to carry out agency clearing of standard interest rate swaps. In addition, the Group ranked top in the interbank market and securities and futures market in terms of settlement volume. The Group continued to intensively develop medical care scenarios to promote the expansion of "one thing" in relation to medical payment, and kept the market leading position in terms of contract signings for the "Credit for Medical Treatment" initiative.

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

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

(II) Corporate Banking Business

◆ Focusing on “five priorities” of finance, the Bank promoted an increase in total credit allocation with an excellent structure. During the Reporting Period, the Group’s corporate loan balance increased by RMB271.860 billion or 5.25% over the end of the previous year, in which manufacturing industry medium and long-term loans, “SRDI (specialized, refined, differential, innovative)” small and medium-sized enterprises loans, green credit, and the agriculture-related loans of domestic banking institutions increased by 8.37%, 37.87%, 5.96% and 9.34%, respectively, all exceeding the average growth rate of the Group’s loans.

1. Customer development

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

For group customers, the Bank established a Group-wide integrated and collaborative service system and continued to optimise customer service policies and credit procedures in order to improve service level and business synergy. At the end of the Reporting Period, the total number of group customers was 105,300, representing an increase of 7,792 over the end of last year. In terms of government institution customers, the Bank actively participated in the construction of digital government and the process of digital transformation of cities, helped to provide convenient administrative services, and built a system of intelligent government products. As at the end of the Reporting Period, the number of government institutions customers reached 79,300, representing an increase of 2,368 over the end of the previous

year. For small-and-micro basic customers, the Bank strengthened support for digital batch financial services and launched online and offline collaborative services that combine “Internet Management, Online Management and Remote Management”. As at the end of the Reporting Period, the number of small-and-micro basic customers reached 2,524.8 thousand, representing an increase of 80.1 thousand over the end of the previous year.

2. Scenario construction

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

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3. Inclusive service provided to small-and-micro enterprises

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

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

4. Industrial chain finance

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

5. Sci-tech services

The Bank proactively aligned with the strategy of strengthening the country through science and technology in order to excel in sci-tech finance area. The Bank built an “eight specialists” mechanism to serve sci-tech innovation enterprises. In addition, it also launched the “BoCom Sci-tech Innovation” brand to introduce exclusive service solutions covering the four major product lines of “equity, debt, lending and rental” and the three major scenarios of “industrial chain, business cycle and industrial park”.

The Bank gave full play to the advantage of having full license of the Group, thereby providing diversified and relay full lifecycle financial products and services for scientific and technological enterprises. As at the end of the Reporting Period, the number of scientific and technological enterprises credit customers increased by 16.05% over the end of the previous year, the loan balance of strategic emerging industries increased by 5.89% over the end of the previous year. There were 5,092 “little giant” enterprises of SRDI (specialized, refined, differential, innovative), with a market coverage rate of 41.79%; their loan balances increased by 17.60% over the end of the previous year.

6. Investment bank

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

(III) Personal Banking Businesses

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

1. Retail customers and AUM

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

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

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2. Wealth management

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

3. Payment and Scenarios

We continued to optimise our convenient payment services. The Bank further improved the payment acceptance environment by strengthening cooperation with China UnionPay and other international card issuing organisations. We also vigorously expanded the list of high-quality internal and external card-acquiring merchants to enhance the payment convenience for overseas individuals and elderly customers. Taking into account of government policies, we seized the opportunity to

boost spending and conducted online and offline marketing activities to boost spending in different scenarios, such as trade-ins of consumer goods, cultural tourism, home appliances and home furniture, catering, shopping, and traveling, with the goal of meeting consumers’ growing demands for spending. As at the end of the Reporting Period, the accumulated number of debit cards issued amounted to 181.3156 million, representing a net increase of 3.3810 million over the end of the previous year. We also continued to enrich services for new citizens and offer them a number of promotional benefits. During the Reporting Period, a total of 1.3647 million debit cards were issued to new citizens.

4. Personal loan

The Bank was committed to serving the strategy of expanding domestic demand and delivering an outstanding performance in inclusive finance. The Bank actively responded to the complex internal and external landscapes, offered support to meet residents’ demand for rigid and improved housing and formed a dual-driven development model of primary and secondary housing. The Bank also optimised the entire process for housing loan granting to improve the customer experience, improved consumption loan product portfolio and risk control strategies, upgraded digital operations, and expanded the scope of customer services. Moreover, taking advantage of the trend of promoting trade-ins of consumer goods and purchases of automobiles, the Bank iteratively optimised its product offerings and loan procedures for online household loans and automobile loans. During the Reporting Period, the Bank made breakthroughs in head-to-head brand cooperation and new energy vehicle loans accounted for 65% of new energy vehicle loans. The Bank also deeply promoted digital transformation and leveraged

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enterprise-level architecture to drive product innovation and improve product capabilities, focusing on enabling and reducing the burden, we carried out the centralized operation of the head office and branches, and continued to strengthen household, medical, government, education and other livelihood services. As at the end of the Reporting Period, the balances of personal consumption loans of domestic banking institutions increased by 30.08% over the end of the previous year, leading the industry in terms of growth rate, and automobile scene loans became a new growth point.

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

5. Private banking

Based on our customer-oriented philosophy, the Bank improved market research and investment strategy research capabilities to provide customers with professional account diagnosis and asset allocation services, and optimised product offerings by selecting from products preferred by institutions from the market and expanded supply of low-volatility inclusive products. The Bank's family wealth management business developed rapidly and the specialised service system, such as family trusts, family service trusts and charitable trusts, has become more perfect by the day, with its asset management scale to increase by 27.78% as compared with the end of last year. The Bank

also organised multiple marketing roadshows and customer engagement activities related to wealth management and the spiritual and cultural needs in order to enrich service scenarios and enhance customer adhesion. As at the end of the Reporting Period, there were 90.9 thousand private banking customers of the Group, representing an increase of 8.76% over the end of the previous year; the assets of private banking customers under management of the Group were RMB1,246.8 billion, representing an increase of 6.89% over the end of the previous year.

6. Credit card

The Bank consistently implemented the requirements of national policies related to expanding domestic demand and boosting spending. To this end, the Bank launched various activities such as "Boosting Spending Together to Benefit the People", "Shopping for Bargains", and "Sharing the Joy and Benefits of Spending" to offer support for consumer spending. During the Reporting Period, total spending on the Bank's credit cards reached RMB1,236.299 billion, ranking third in the industry, maintaining the same level as at the end of last year. Moreover, the Bank actively seized market opportunities and continued to expand penetration in automobile instalment loan scenarios. As at the end of the Reporting Period, the accounts³ receivables from domestic banking institutions reached RMB496.178 billion, representing an increase by RMB6.572 billion over the end of the previous year, among which the balance of automobile installment increased by RMB20.443 billion or 72.81% over the end of the previous year. As at the end of the Reporting Period, the total number of credit cards of domestic banking institutions that remained in force reached 64.8883 million.

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

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7. Pension finance

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

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

The Bank consistently improved the quality and efficiency of its services for elderly customers and strengthened the financial support for the silver economy. The Bank launched the “Care version” of BOCOM On-cloud online services to improve elderly-friendly facilities and services at our business outlets, and relaxed the age limit for elderly people to apply for vehicle loans and credit cards to establish an all-round age-friendly bank. The Bank optimised credit policies for the healthcare industry, pension industry and silver economy. As a result, the Bank actively promoted special inclusive pension refinancing business. As at the end of the Reporting Period, the credit balance of the elderly care service industry increased by 28.83% over the previous year, exceeding the average growth rate of corporate loans across the industry. The number of credit customers increased by 17.02% over the end of the previous year.

(IV) Interbank and Financial Market Businesses

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

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1. Inter-bank businesses

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

The Bank enriched the scene of inter-bank cooperation in order to support the construction of modern financial institutions and market systems. The Bank served the construction of the capital market, commenced third-party depository business cooperation with 107 securities companies, commenced margin selling and short selling depository business cooperation with 93 securities companies, and commenced futures transfer business cooperation with 148 futures companies, in order to help the capital market better play the hub function. In addition, the Bank strengthened its cooperation with cross-border inter-bank payment and clearing limited companies, vigorously expanded domestic and foreign participants, and helped the people to expand the global network of cross-border

payment systems. Actively apply the deployment of new products of the people's cross-border payment system to provide safe and efficient people's cross-border payment services for enterprises to "go out".

2. Financial market businesses

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

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

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3. Custody businesses

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

(V) Integrated operation

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

Bank of Communications Financial Leasing Co., Ltd.

As the Bank’s wholly-owned subsidiary, the company was set up in December 2007 with a registered capital of RMB20.0 billion. The main business scope includes financing leasing and operating leasing in sectors such as aviation, shipping and energy power, transportation infrastructure, equipment manufacturing and livelihood services. The company was elected as the Chief Administration Unit of China Banking Association (CBA) Financial Leasing Committee and the director unit of the Financial Leases Professional Committee of the Shanghai Banking Association. During the Reporting Period, the company adhered to the development strategies of “Professionalism, Internationalisation, Differentiation and Characteristics”, and was deeply engaged in aviation, shipping, traditional financing leasing and other businesses. As at the end of the Reporting Period, total assets were RMB432.788 billion. The balance of net assets was RMB47.353 billion, and the balance of leasing assets was RMB380.637 billion. The company owned and managed 458 ships and RMB141.091 billion of aircraft charter assets. The company was the largest leasing company in the domestic merchant fleet. The company also had a fleet of 303 planes and had aviation leasing assets cost RMB100.037 billion. During the Reporting Period, the company generated operating income of RMB15.103 billion, an increase of 6.94% year-on-year; and net profit of RMB2.146 billion, an increase of 7.20% year-on-year. It won 13 awards, with its “Communication Case of Serving the Real Economy” winning the “Jinnuo 2024 Annual Award for Financial Brand Innovation Cases” issued by *China Banking and Insurance News*.

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

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During the Reporting Period, the company was devoted to achieving a remarkable performance in the “five priorities” of finance, and it continued to pursue transformation and innovation. The company invested RMB14.966 billion in new infrastructure and new energy leasing business, accounting for more than 50% of its total investment in equipment leasing business; and it invested RMB8.816 billion in technology leasing business, accounting for more than 30% of its total investment in equipment leasing business. Meanwhile, the company provided services to 58 sci-tech enterprises in order to drive high-level technological independence and self-reliance, and the company provided an array of services to support the strategy for constructing a “manufacturing power”. As at the end of the Reporting Period, the balance of the company’s leasing assets in the manufacturing industry amounted to RMB30.488 billion, reflecting an increase of 17.82% over the end of the previous year.

Bank of Communications International Trust Co., Ltd. The company was set up in October 2007 with a registered capital of RMB5.765 billion, of which the Bank and Hubei Provincial Communications Investment Group Co., Ltd. contributed 85% and 15% shares, respectively. The main business scope includes trust loans, equity investment trusts, securities investment trusts, credit asset securitization, corporate asset securitization, qualified domestic institutional investor (QDII), family trusts, charitable trusts, etc. During the Reporting Period, the company adhered to the principle of “seeking progress while maintaining stability”, took the goal of creating “the most trustworthy first-class trust company”, adhered to the risk bottom line, accelerated the transformation and development, and deepened the synergy of the Group. As at the end of the Reporting Period, the total assets and the net assets of the company were RMB18.837 billion,

RMB16.588 billion, respectively, and the trust assets under management amounted to RMB602.0 billion, reflecting an increase of 10.22% over the end of the previous year. The company’s net profit during the Reporting Period was RMB0.443 billion, representing an increase of 0.58% on a year-on-year basis.

During the Reporting Period, the company proactively monitored the implementation of the regulatory requirements for the “Three Categories” of trust management, steadfastly adhered to its original mission to fully leverage the advantages of trust business and focused on implementing the “five priorities” of finance. The company subscribed for RMB790 million of scientific and technological innovation corporate bonds. The Qi’an Phase Two Fund that the company participated in was selected as a 2024 Full Life Cycle Sci-tech Innovation Financial Service Product at the Lujiazui Forum. It also took part in the establishment of Hubei Changjiang Jiaoying New Venture Capital Fund in an effort to vigorously promote the development of sci-tech finance. The company invested RMB1.070 billion in green bonds in the primary market, and continued to polish the green financial background. Moreover, the company established 95 “Thousand Points of Light” family service trusts, with a scale of RMB179 million. The company also set up seven charitable trusts and the country’s first high-speed truck ETC prepaid fund. By engaging in these initiatives, we are using the trust regime to deliver benefits to thousands of families and drive common prosperity.

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Bank of Communications Schroder Fund Management Co., Ltd. The company was set up in August 2005 with a registered capital of RMB0.20 billion. It was jointly contributed by the Bank, Schroder Investment Management Limited and China International Marine Containers (Group) Co., Ltd., with the shares accounting for 65%, 30% and 5%, respectively. The primary businesses include fund raising, fund sales and asset management. The company has won the “Golden Bull Fund Management Company” award for five consecutive years, and once again secured the “grand slam” of Golden Bull, Star Fund and Golden Fund awards. As at the end of the Reporting Period, the company’s total assets and net assets were RMB8.176 billion and RMB6.746 billion, respectively, and the public fund under management reached RMB552.0 billion. The company’s net profit during the Reporting Period was RMB0.491 billion.

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

BOCOM Wealth Management Co., Ltd. As a wholly-owned subsidiary of the Bank, the company was set up in June 2019 with a registered capital of RMB8.0 billion. It primarily issues wealth management products of fixed income, equity, commodities, financial derivatives and hybrid categories to customers. During the Reporting Period, the company adhered to the customer-centric and investor-oriented principles and adjusted the focus of product design and issuance in a timely manner. The company actively expanded consignment agencies outside the Bank, and the balance of products sold under consignment outside the Bank reached RMB822.195 billion, accounting for 56.35% of the balance of products. The company has preliminarily established an open and diversified omni-channel system with the Bank as the main body. As at the end of the Reporting Period, the balance of wealth management products increased by 18.49% over the end of the previous year to RMB1,459.117 billion; The company’s total assets and net assets were RMB13.626 billion and RMB13.263 billion, respectively. The company’s net profit during the Reporting Period was RMB0.711 billion, indicating an increase of 19.42% on a year-on-year basis.

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

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BOCOM MSIG Life Insurance Company Limited.

The company was set up in January 2010 with a registered capital of RMB5.10 billion, of which the Bank and the MS&AD Insurance Group contributed 62.50% and 37.50% shares, respectively. The business scope includes life insurance, health insurance, accident insurance and reinsurance businesses of the aforementioned insurances in Shanghai as well as regions where its branches were established. As at the end of the Reporting Period, the company's total assets and net assets were RMB139.933 billion and RMB6.684 billion, respectively. During the Reporting Period, the company actively grasped the market demand, actively optimized the business structure, and vigorously developed the value oriented regular delivery business, achieving insurance service income of RMB1.249 billion, which increased by 42.44% on a year-on-year basis, achieving operating income of RMB3.485 billion, which increased by 14.25% on a year-on-year basis, and realizing a net profit of RMB788 million during the Reporting Period, an increase of 102.86% on a year-on-year basis.

During the Reporting Period, the company continued to cultivate the business features of “inclusiveness, pensions and wealth” to drive synergies effect within the Group. In terms of inclusive finance, the company has developed various types of inclusive insurance products for specific groups, and it is promoting the Shanghai one-stop insurance service platform project called “Insurance Code”, as well as the “Huhuibao” co-insurance plan, an urban customised commercial medical insurance initiative. In terms of pension finance, the company has upgraded and improved its third-pillar commercial pension insurance products, and established a “pension insurance + home-based elderly care service” system. In terms of wealth finance, the Bank is using insurance premiums and insurance premium trusts to meet the financial asset allocation and inheritance needs of middle and high-end customers.

BOCOM Financial Asset Investment Co., Ltd.

As a wholly-owned subsidiary of the Bank, it was set up in December 2017 with a registered capital of RMB15.0 billion. As one of the first pilot banks to implement debt-to-equity swap as determined by the State Council, it is mainly engaged in debt-to-equity swap and supporting services. During the Reporting Period, the company made efforts to develop the main business of market-oriented debt-to-equity swap, and actively reduced leverage ratio and controlled risks for the real economy. Its net incremental investment of the year was RMB4.8 billion. As at the end of the Reporting Period, the company's total assets and net assets were RMB67.889 billion and RMB25.118 billion, respectively. During the Reporting Period, the company realized a net profit of RMB1.505 billion, a year-on-year decrease of 50.80%. The decrease in net profit was mainly due to the listing and large withdrawal of the company's investment projects in the same period last year. There was no similar one-off event during the Reporting Period of this year.

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

BUSINESS REVIEW

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

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

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

(VI) Global Service Capabilities

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

BUSINESS REVIEW

1. Internationalisation development

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

2. International settlement and trade financing

The Bank actively supported the stabilisation of foreign investment and foreign trade. It realized the first Silk Road e-commerce/cross-border e-commerce platform and supported foreign trade small-and-micro merchants on e-commerce platforms such as Amazon to carry out export collection settlement based on electronic transaction information. There were 24 projects under the new forms of foreign trade, with a business volume of RMB42.143 billion, representing a year-on-year increase of 147.05%. The Bank launched a shipping finance integrated service plan, a high-quality development financial service platform for

Sino-Europe trains, and an electronic bill of lading finance service plan, included three small currency businesses such as Brazilian real, Hungarian forint and Polish zloty, and iteratively upgraded the digital exchange rate risk-prevention service system to keep improving the quality and efficiency of financial services for foreign trade enterprises. The Bank actively connected with PBOC, SAFE and other government-regulatory platforms, increased technology enablement, promoted more convenient receipt of fees and payment of service trade and capital account, and steadily carried out new forms of offshore international trade. During the Reporting Period, international settlements reached USD241.159 billion. As at the end of the Reporting Period, cross-border trade financing amounted to RMB44.094 billion.

3. Overseas service network

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

BUSINESS REVIEW

4. **Cross-border Renminbi transactions**

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

5. **Offshore services**

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

(VII) Channel construction

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

1. **Corporate online banking and corporate mobile banking**

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

2. Personal mobile banking

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

3. Go Pay APP

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

4. Open Banking

During the Reporting Period, the Bank accelerated its implementation of open banking concepts, promoted the deep integration of digital technology, financial services and the real economy across key scenarios, delivered financial services that improve people's livelihood and promote the transformation and upgrading of traditional industries, and developed high-quality "finance + scenario" closed-loop services. As at the end of the Reporting Period, 5,215 interfaces were launched for open banking with a cumulative 4.8 billion calls. During the Reporting Period, the Bank provided financing through online chain financial service of open banking of RMB135.034 billion, representing a year-on-year increase of 69.36%.

5. BOCOM On-cloud

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

BUSINESS REVIEW

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

(VIII) FinTech and Digital Transformation

1. Laying a solid data foundation to build the core driver of digital finance

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

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

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

3. Optimising the security protection system and safeguarding digital finance security

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

RISK MANAGEMENT

III. RISK MANAGEMENT

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

(I) Risk Management Framework

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

(II) Risk Management Tool

The Bank continued to promote the digital transformation of risk management, and was committed to building a full-process, full-coverage digital risk management system oriented to market-oriented, customer-oriented, grassroots, and urgency-oriented, building a bank-wide risk data base, constructing enterprise-level risk management applications, and enhancing the level of risk management intelligence. During the Reporting Period, the Bank further promoted the construction of the Risk Measurement Centre, strengthened the supply of risk management tools such as measurement models for strategic areas and risk monitoring, and continuously enhanced the Group’s risk measurement and monitoring capabilities. The Group also built a unified model management system and completed preparations for the implementation of the new capital regulations.

RISK MANAGEMENT

(III) Credit Risk Management

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

The Bank strengthened risk identification and prompted risk disposal. The business accountability mechanism for granting credit to key customers was continuously enhanced, with the approval procedures for the credit business being continuously strengthened; the post-loan (post investment) management, risk monitoring and early-warning measures were continuously enhanced, with the purpose of upgrading the system tools. Credit risk screening and management in key areas was continuously strengthened. The Bank continued intensification of the collection of non-performing assets. During the Reporting Period, the disposal of non-performing loans reached RMB29.59 billion, of which the substantial recovery amount was RMB13.20 billion. During the Reporting Period, the Bank focused on key areas to bring into play the professional disposal capabilities to steadily and orderly dispose of the risk exposures in significant areas.

The Bank strictly adheres to the regulatory requirements and maintains strict asset risk classification standards. The foundation of asset quality has been continuously strengthened and the level of asset quality has improved steadily. At the end of the Reporting Period, the Group’s non-performing loan balance amounted to RMB108,971 million and the nonperforming loan ratio was 1.32%, representing an increase of RMB3,283 million and a decrease of 0.01 percentage point, respectively, compared with the end of the previous year; and the percentage of overdue loan balance increased compared with the beginning of the year. The Group adopts prudent classification criteria for overdue loans. Domestic corporate loans overdue for more than 60 days have been included in non-performing loans and all loans overdue for more than 90 days have been included in nonperforming loans, with loans overdue for more than 90 days accounting for 69.04% of non-performing loans.

RISK MANAGEMENT

Distribution of loans by five categories of loan classification

(in millions of RMB unless otherwise stated)

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

Distribution of special mention loans and overdue loans by business type

(in millions of RMB unless otherwise stated)

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

The balance of corporate overdue loan was RMB62.708 billion, representing an increase of RMB0.435 billion over the end of the previous year. The overdue ratio was 1.15%, representing a decrease of 0.05 percentage point over the end of the previous year. The balance of personal overdue loan was RMB56.802 billion, representing an increase of RMB8.970 billion over the end of the previous year. The overdue loan ratio was 2.22%, representing an increase of 0.29 percentage point over the end of the previous year.

RISK MANAGEMENT

Distribution of loans and non-performing loans by business type

(in millions of RMB unless otherwise stated)

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

Distribution of loans and non-performing loans by industry

(in millions of RMB unless otherwise stated)

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

RISK MANAGEMENT

Distribution of loans and non-performing loans by region

(in millions of RMB unless otherwise stated)

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

Note: Head Office included the Pacific Credit Card Centre.

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

Overdue loans and advances

(in millions of RMB unless otherwise stated)

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

As at the end of the Reporting Period, the balance of overdue loans was RMB119.521 billion, representing an increase of RMB9.400 billion over the end of the previous year. The overdue ratio was 1.45%, representing an increase of 0.07 percentage point over the end of the previous year. The balance of loans overdue for over 90 days was RMB75.233 billion, representing an increase of RMB6.839 billion over the end of the previous year.

RISK MANAGEMENT

Restructured loans

(in millions of RMB unless otherwise stated)

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

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

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

Note: Data calculated pursuant to the Notice on the Distribution of the *Regulatory Indicator and Calculation Formula for Off-Field Investigation* issued by the former China Banking and Insurance Regulation Commission (the former "CBIRC").

Credit risk concentration

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

(in millions of RMB unless otherwise stated)

	Industry	30 June 2024 Amount	Percentage of total loans (%)
Customer A	Production and supply of electric power, heat, gas and water	65,000	0.79
Customer B	Production and supply of electric power, heat, gas and water	37,999	0.46
Customer C	Leasing and commercial services	35,000	0.42
Customer D	Transportation, storage and postal services	33,308	0.40
Customer E	Real estate	25,923	0.31
Customer F	Transportation, storage and postal services	16,619	0.20
Customer G	Transportation, storage and postal services	16,478	0.20
Customer H	Production and supply of electric power, heat, gas and water	15,772	0.19
Customer I	Transportation, storage and postal services	15,034	0.18
Customer J	Transportation, storage and postal services	13,431	0.16
Total of Top 10 Customers		274,564	3.32

RISK MANAGEMENT

(IV) Market Risk Management

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

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

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

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

(V) Liquidity Risk Management

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

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

RISK MANAGEMENT

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

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

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

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

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

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

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

(VI) Operational Risk Management

The Group has established a complete operational risk management system commensurate with the nature, scale and product complexity of the Bank's business, and standardized the workflow of operational risk self-assessment, monitoring of key risk indicators and operational risk event management. During the Reporting Period, the construction of operational risk management system was further improved, the operational risk governance framework was optimized, the integrated management of operational risk for the Group was strengthened, the monitoring and assessment of operational risk in key areas was enhanced; and the Group's business continuity and outsourcing risk management was strengthened.

RISK MANAGEMENT

(VII) Legal Compliance and Anti-money Laundering

The Group has established a compliance management system that is appropriate to its scale of operation, business scope and risk level, continuously strengthened its ability to identify, monitor, prevent, control and resolve compliance risks, enhanced the quality and efficiency of compliance management, and effectively ensured lawful and compliant operation and high-quality development. During the Reporting Period, the Company further improved its compliance management system and institutional tools, perfected the inspection and rectification mechanism, promoted the construction of a compliance culture, and carried out key tasks such as anti-money laundering customer due diligence, data governance and digital transformation to continuously enhance its anti-money laundering management capability.

(VIII) Reputation Risk Management

The Group strictly adhered to regulatory requirements and a management strategy characterised by prevention, effective disposal, timely repair and comprehensive coverage. The Group strengthened whole-process management and normalisation construction, improved and optimised the Group's long-term reputational risk management mechanism, promoted the digital transformation of reputational risk management, prevented and defused reputational risks, and actively maintained the Group's reputation and market image. During the Reporting Period, the reputational risk management system operated effectively, and reputational risk was properly managed and controlled.

(IX) Cross-Industry, Cross-Border and By-Country Risk Management

The Group has established a cross-industry and cross-border risk management system with "unified management, clear division of labor, complete tools, IT support, risk quantification and substantial consolidation", and the risk management of its subsidiaries and offshore banks takes into account the unified requirements of the Group and the special requirements of their respective supervisory authorities, so as to prevent the risks that may arise from cross-industry and cross-border operations. During the Reporting Period, in response to the uncertainties arising from changes in the external situation, risk management of overseas institutions was strengthened, the system was improved, the assessment mechanism was optimized, comprehensive risk screening of offshore institutions were carried out, and various contingency plans were formulated and rehearsed in order to ensure the smooth operation of the business. Work in key areas such as liquidity, business continuity and asset quality of offshore institutions was strengthened. Strengthened consolidated management, refined the full life cycle management of subsidiaries at all levels, and strengthened the Group's unified risk management and risk preference transmission. We will strengthen country risk management, increase the frequency of monitoring country risk exposure, carry out country risk assessment, rating and stress testing, guide business units to optimize the assets liability structure in the country dimension, and carry out country risk management requirements throughout the entire process of relevant business development.

RISK MANAGEMENT

(X) Management of Large Exposure Risk

The Group conscientiously implemented the requirements of the *Measures for the Management of Large Risk Exposures of Commercial Banks* of the former CBIRC, promoted the construction of the management system, continuously monitored the situation of large risk exposures, strictly implemented the management of various limits and enhanced the Group's ability to prevent systemic and regional risks. During the Reporting Period, all indicators of the Group's large risk exposure were in compliance with the regulatory requirements.

(XI) Climate and Environmental Risk Management

The Group actively supports the goal of "carbon peak and carbon neutral", promotes the further integration of climate and environmental risks into the comprehensive risk management system, and continuously improves the governance structure, strengthens the institutional constraints, enhances the risk assessment and optimizes the means of management and control according to the risk appetite determined by the Board of Directors, so as to effectively respond to new challenges brought about by climate change and the low-carbon transformation of the socio-economy.

During the Reporting Period, the Bank continued to improve its carbon data management capabilities, formulated and promulgated the *Administrative Measures for Carbon Emissions of Investment and Financing Customers of Bank of Communications*, and standardised the workflow, estimation methods and application scenarios for carbon emissions measurement for investment and financing customers. It also measured investment and financing carbon emissions in eight key industries that are associated with high carbon emissions and certain industries with high transformation risks, with the goal of continuously improving the coverage of carbon data and refining it. We also steadily promoted climate risk stress testing, continued to enhance scenario analysis and research, explored the construction of scenarios related to transformation risk and physical risk, and assessed the potential impact of such risks on the Bank.

IV. OUTLOOK

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

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

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

OUTLOOK

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

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

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

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

MAJOR CONCERNS OF CAPITAL MARKET

V. MAJOR CONCERNS OF CAPITAL MARKET

(I) Net Interest Margin

During the Reporting Period, the Group's net interest margin decreased by 2 basis points year-on-year to 1.29%, mainly due to the rapid decline of customer loan yields. First, due to the decline of the loan prime rate (LPR) and insufficient effective credit demand, fierce competition for high-quality projects and other factors, the interest rate on newly issued loans declined year-on-year, while the repricing of loans and adjustments to interest rates on existing housing loans had a continuous impact. Second, due to the downturn in the real estate market and other issues, residents' willingness to consume and housing demand were lacking, and the proportion of credit card loans and housing loans with relatively high yields dropped.

In order to cope with downward pressure from the net interest margin, the Group continued to optimise its asset-liability structure during the Reporting Period, and the year-on-year decline in the net interest margin narrowed (compared to the decline of 20 basis points in 2023). First, the Group expanded its investments in assets with relatively high yields such as substantive loans, and scaled down low-yield assets such as bills. Second, the Group continued to optimise its liability structure and reduce liability cost, studied the trend of market interest rates, and distributed market-based funds when appropriate opportunities arose. Third, the Group reasonably controlled the pace of foreign currency asset investment and debt absorption. Affected by multiple adjustments in the LPR in the first half of 2024, the net interest margin is expected to still face a certain degree of downward pressure in the short term. Going forward, the Group will continue to focus on strategic planning, steadily optimise and adjust its business structure, improve its ability to obtain high-quality assets and liabilities, and maintain the net interest margin within a reasonable range.

(II) Real Estate Loans

The Bank implemented the national and regulatory requirements on promoting the steady and healthy development of the real estate market, with a view to playing its role in building a new model of real estate development and cultivating a virtuous circle between finance and real estate.

In terms of credit resource allocation, the Bank effectively connected with the urban real estate financing coordination mechanism, set up special work teams at the head office and branch level, engaged with "whitelist" projects in a timely manner, established green approval and lending channels, and tracked project progress effectively. The Bank attempted to satisfy the reasonable financing needs of real estate enterprises with different ownership without discrimination, and expanded support for the construction of the "three major projects", rental housing and other key areas.

In terms of risk prevention and control, first, the Group solidified access control, performed appropriate project evaluations in accordance with the principles of marketisation and rule of law. Second, the Group standardized business development and reinforced the closed management of project funds. Thirdly, the Group strengthened risk prevention, control and disposal, and strengthened the monitoring of real estate enterprises' operating conditions and asset-liability management. The Group solidly promoted the work of "guaranteed delivery of houses", and adhered to the "one policy for one account" principle to promote risk resolution. During the Reporting Period, the quality of corporate loans to the real estate sector remained stable.

MAJOR CONCERNS OF CAPITAL MARKET

(III) Capital Management

During the Reporting Period, the Group strictly followed regulatory requirements, continued to optimise capital measurement, strongly supported the development of key businesses with a reasonable and stable capital adequacy level, continuously pursued high-quality development, and further enhanced its risk resistance ability.

First, the Group strictly implemented the requirements of the new capital regulations, followed the guidance of regulations to enhance the quality and efficiency of financial services to the real economy, strengthened its data base, optimised its measurement models, promoted the integration of the new capital regulations into bank-wide operations, and actively promoted business transformation and development and structural optimisation. Second, the Group strengthened capital constraints and value creation, and continued to refine capital management in a more scientific manner. Third, the Group made its internal capital adequacy assessment more comprehensive and scientific, and accumulated capital both endogenously and externally. Fourth, as a global systemically important bank, the Group raised its total loss absorption capacity (TLAC) so that it reached the relevant standard, and it reasonably planned the issuance of capital instruments and TLAC non-capital debt instruments.

CHANGES IN SHARES AND SHAREHOLDERS

I. CHANGES IN ORDINARY SHARES

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

	30 June 2024		Increase or decrease during the Reporting Period	31 December 2023	
	Amount (share)	Percentage (%)		Amount (share)	Percentage (%)
I. Shares subject to sales restrictions	-	-	-	-	-
II. Shares not subject to sales restrictions	74,262,726,645	100.00	-	74,262,726,645	100.00
1. RMB common stock	39,250,864,015	52.85	-	39,250,864,015	52.85
2. Domestic listed foreign shares	-	-	-	-	-
3. Foreign shares listed overseas	35,011,862,630	47.15	-	35,011,862,630	47.15
III. Total number of shares	74,262,726,645	100.00	-	74,262,726,645	100.00

II. SHAREHOLDERS OF ORDINARY SHARES

As at the end of the Reporting Period, the total number of shareholders of ordinary shares of the Bank was 277,228, of which 247,301 were holders of A shares and 29,927 were holders of H shares.

(I) Shareholdings of Top 10 Ordinary Shareholders as at the end of the Reporting Period¹

Name of shareholders (Full name)	Increase or decrease during the Reporting Period (share)	Number of shares held as at the end of the Reporting Period (share)	Percentage (%)	Class of shares	Shares		Nature of shareholders
					pledged	or frozen	
The Ministry of Finance of the People's Republic of China	-	13,178,424,446	17.75	A Share	Nil		Government
	-	4,553,999,999	6.13	H Share	Nil		
The Hongkong and Shanghai Banking Corporation Limited ^{2,4}	(19,300)	0	0.00	A Share	Nil		Foreign legal entity
	-	14,135,636,613	19.03	H Share	Nil		
The National Council for Social Security Fund ^{3,4}	-	3,105,155,568	4.18	A Share	Nil		Government
	-	8,433,333,332	11.36	H Share	Nil		
Hong Kong Securities Clearing Company Nominees Limited ^{4,5}	3,973,040	7,715,433,713	10.39	H Share	Unknown		Foreign legal entity
China Securities Finance Corporation Limited	-	1,891,651,202	2.55	A Share	Nil		State-owned legal entity
Hong Kong Securities Clearing Company Limited	266,536,214	1,312,631,266	1.77	A Share	Nil		Foreign legal entity
Capital Airports Holdings Company Limited	-	1,246,591,087	1.68	A Share	Nil		State-owned legal entity
Shanghai Haiyan Investment Management Co., Ltd. ⁵	-	808,145,417	1.09	A Share	Nil		State-owned legal entity
Yunnan Hehe (Group) Co., Ltd. ⁵	-	745,305,404	1.00	A Share	Nil		State-owned legal entity
FAW Equity Investment (Tianjin) Co., Ltd.	-	663,941,711	0.89	A Share	Nil		State-owned legal entity

CHANGES IN SHARES AND SHAREHOLDERS

Notes:

1. The relevant data and information are based on the Bank's register of members at the Share Registrar and Transfer Office and the information provided by shareholders to the Bank.
2. According to the Bank's register of members, the Hongkong and Shanghai Banking Corporation Limited ("HSBC") held 13,886,417,698 H shares of the Bank. HSBC beneficially held 249,218,915 more H shares than shown on the Bank's register of members. The discrepancy was due to a purchase of H shares by HSBC from the secondary market in 2007 and thereafter receiving bonus shares issued by the Bank and participating in the rights issue of the Bank. Those extra shares have been registered under Hong Kong Securities Clearing Company Nominees Limited ("HKSCC Nominees Limited").
3. Including the 1,970,269,383 A shares of the Bank held by the Sixth Transfer Account for State-owned Capital of The National Council for Social Security Fund ("SSF"). Other than the above shareholdings, the SSF held additional 630,178,000 H shares, which were indirectly held by certain asset managers (including Hong Kong Stock Connect). As at the end of the Reporting Period, the SSF held a total of 12,168,666,900 A shares and H shares of the Bank, representing 16.39% of the Bank's total ordinary shares issued.
4. HKSCC Nominees Limited held the H shares of the Bank as a nominee. The aggregate number of shares held by HKSCC Nominees Limited represents the total number of H shares of the Bank held by all institutional and individual investors who maintained an account with it as at the end of the Reporting Period. The data did not include 249,218,915 and 7,027,777,777 H shares indirectly held by HSBC and SSF, respectively, which were registered under HKSCC Nominees Limited. The data did not include 13,886,417,698 and 1,405,555,555 H shares of the Bank directly held by the aforementioned two shareholders, respectively as well, which were registered in the Bank's register of members.
5. Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd. are parties acting in concert as defined under the *Provisional Measures on Shareholdings Administration of Commercial Banks (China Banking Regulatory Commission Order No. 1 of 2018)*. 7 subordinate enterprises of China National Tobacco Corporation including Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd. authorised and entrusted China National Tobacco Corporation to present at the Shareholders' General Meeting of the Bank and to exercise the voting rights on their behalf. HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. Furthermore, the Bank is not aware of the existence of any related relationship among the other top 10 shareholders, or whether they are parties acting in concert as defined in the *Provisional Measures on Shareholdings Administration of Commercial Banks*.

(II) Controlling Shareholders/Actual Controllers

There was no controlling shareholder or actual controller of the Bank.

(III) Substantial Shareholders

In accordance with the *Provisional Measures on the Shareholdings Administration of Commercial Bank (CBIRC Decree [2018] No. 1)*, as at the date of disclosing this report, the Bank's substantial shareholders including the Ministry of Finance, HSBC, SSF, Capital Airports Holdings Company Limited, Shanghai Haiyan Investment Management Co., Ltd., and Daqing Petroleum Administration Bureau are detailed as follows:

1. Substantial shareholders holding 5% or more shares of the Bank⁵

- (1) The Ministry of Finance is the largest shareholder of the Bank, which was incorporated in October 1949 as a division of the State Council, in charge of national financial revenue and expenditure as well as fiscal and taxation policies. Its person in charge is Lan Fo'an, its address is No. 3 South Lane, San Li He, Xicheng District, Beijing and its unified social credit code is 11100000000013186G. As at the end of the Reporting Period, the Ministry of Finance held a total of 17,732,424,445 A shares and H shares of the Bank, representing a shareholding of 23.88% of the Bank. To the knowledge of the Bank, this shareholder did not pledge any shares of the Bank.

⁵ Excluding HKSCC Nominees Limited.

CHANGES IN SHARES AND SHAREHOLDERS

- (2) HSBC is the second largest shareholder of the Bank, which was incorporated in 1866, primarily providing comprehensive local and international banking services and related financial services in the Asia-Pacific region. Its Co-chief Executive Officers are Liao, Yi Chien David and Surendra Roshia, and its registered address is No. 1 Queen's Road Central, Central, Hong Kong. As at the end of the Reporting Period, the ordinary share capital issued by HSBC is HKD123.948 billion and USD7.198 billion, which was divided into 49.579 billion ordinary shares. Its business registration certificate number is 00173611-000, its controlling shareholder is HSBC Asia Holdings Limited, its actual controller is HSBC Holdings plc and its ultimate beneficiary is HSBC Holdings plc. As at the end of the Reporting Period, HSBC beneficially held a total of 14,135,636,613 A shares and H shares of the Bank, representing a shareholding of 19.03% of the Bank. This shareholder has no parties acting in concert. To the knowledge of the Bank, this shareholder did not pledge any shares of the Bank.
- (3) The SSF is the third largest shareholder of the Bank, which was incorporated in August 2000. It is an independent legal entity under the management of the Ministry of Finance, responsible for managing and operating national social security fund. Its legal representative is Liu Wei, its registered capital is RMB8.00 million, its registered address is South Wing, Fortune Time Building, No. 11 Fenghuiyuan, Xicheng District, Beijing and its unified social credit code is 12100000717800822N. Pursuant to the regulations of the Ministry of Finance and the Ministry of Human Resources and Social Security, the SSF is entrusted to manage the following funds: national social security fund, central government subsidy for personal accounts, part of basic pension insurance funds for enterprise employees, basic pension insurance fund and part of state-owned capital transferred. As at the end of the Reporting Period, SSF held a total of 12,168,666,900 A shares and H shares of the Bank, representing a shareholding of 16.39% of the Bank. To the knowledge of the Bank, this shareholder did not pledge any shares of the Bank.

According to the *Administrative Measures on Related-Party Transactions of Banking and Insurance Institutions (Order of the China Banking and Insurance Regulatory Commission [2022] No. 1*, hereinafter referred to as "*Order No. 1*"), at the end of the Reporting Period, the Bank had recorded related-party credit transactions including loan granting, bond investment, other on-balance-sheet credit facilities, irrevocable commitments and contingent liabilities with HSBC and its related parties⁶, with an on – and off-balance sheet net credit amount of RMB16.256 billion. During the Reporting Period, there were related-party non-credit transactions including the provision of services, deposits and derivatives⁷ with a total transaction amount of RMB1.167 billion. The above related-party transactions were conducted in accordance with general commercial terms and conditions, and the terms were fair and reasonable. The affiliated legal persons and unincorporated organisations specified in *Order No. 1* do not include the Ministry of Finance and the National Council for Social Security Fund. For details of the related-party transactions conducted by the Bank with the Ministry of Finance and the National Council for Social Security Fund, please refer to Note 44 to the financial statements.

⁶ Related parties refer to those reported by the major shareholders of the Bank under the requirements of the *Provisional Measures on the Administration of Equities of Commercial Banks* and *Order No. 1*, including the controlling shareholders, actual controlling parties, persons acting in concert and ultimate beneficiaries of the major shareholders; the legal persons or unincorporated organisations controlled by the aforementioned institutions; and the related parties determined by the major shareholders in accordance with *Accounting Standard for Business Enterprises No. 36 – Related-Party Disclosures*.

⁷ According to the regulatory rules, relevant replies and statistical requirements, the transaction amount of derivatives business during the Reporting Period was calculated based on the absolute value of the fair value measured on the transaction date.

CHANGES IN SHARES AND SHAREHOLDERS

2. Other substantial shareholders under regulatory standards

Pursuant to the *Provisional Measures on the Shareholdings Administration of Commercial Banks (CBIRC Decree [2018] No. 1)*, the Bank's other substantial shareholders included:

- (1) Capital Airports Holdings Company Limited. As at the end of the Reporting Period, Capital Airports Holdings Company Limited held 1.68% shares of the Bank, and did not pledge any shares of the Bank. Capital Airports Holdings Company Limited was established on 13 June 1988 with a registered capital of RMB55.7 billion and its legal representative is Wang Changyi. Capital Airports Holdings Company Limited is a large cross-regional state-owned enterprise group with the core of airport business. The shareholder's sole controlling shareholder is Civil Aviation Administration of China, with no parties acting in concert.
- (2) Shanghai Haiyan Investment Management Co., Ltd. As at the end of the Reporting Period, Shanghai Haiyan Investment Management Co., Ltd. held 1.09% of shares of the Bank, and did not pledge any shares of the Bank. Shanghai Haiyan Investment Management Co., Ltd. was established on 15 October 2009 with a registered capital of RMB9.0 billion. Its legal representative is Liu Ying, and its main business scopes include industrial investment and investment management, etc. Its sole controlling shareholder is Shanghai Tobacco Group Co., Ltd. This shareholder with Yunnan Hehe (Group) Co., Ltd. and other companies totaling 7 subordinate enterprises (holding 3.00% of the Bank's shares in total) of China National Tobacco Corporation authorised and entrusted China National Tobacco Corporation to present at the Shareholders' General Meeting of the Bank and to exercise their voting right on behalf, constituting a relationship of acting in concert.
- (3) Daqing Petroleum Administration Bureau. As at the end of the Reporting Period, Daqing Petroleum Administration Bureau held 0.40% of the Bank's shares, and did not pledge any shares of the Bank. Daqing Petroleum Administration Bureau was established on 14 September 1991 with a registered capital of RMB46.5 billion and its legal representative is Zhu Guowen. Its main business scope includes onshore oil and gas exploration and mineral resource exploration. The shareholder's sole controlling shareholder is China National Petroleum Corporation, and it has no parties acting in concert.

According to *Order No. 1*, As at the end of the Reporting Period, the Bank was involved in related transactions⁸ including loans, debt investment, other on-balance sheet credit and irrevocable commitments and contingent liabilities with the other related parties under regulatory standards of the aforesaid substantial shareholders. The on- and off-balance sheet net credit amount was RMB92.665 billion. During the Reporting Period, the Bank was involved in related transactions⁹ including services, deposits and derivatives and other non-on-balance-sheet credit with the related parties. The total amount of non-on-balance-sheet credit transactions was RMB51.518 billion. The above related transactions were conducted in accordance with general commercial terms and conditions, and the terms were fair and reasonable.

⁸ The related parties included were the main shareholders of the Bank declared based on the *Provisional Measures on Administration of Equities of Commercial Banks and Administrative Measures on Related-party, Order No. 1*, including: controlling shareholders of the key shareholders, actual controlling party, parties acting in concert, and ultimate beneficiaries; legal person or unincorporated organization controlled by institutions mentioned before; and the related parties recognised by the key shareholders based on the *Accounting Standards for Business Enterprises No. 36 Related Party Disclosure*.

⁹ In accordance with regulatory rules, response criteria and statistical requirements, the transaction amount of derivatives business during the Reporting Period was calculated based on the absolute value of fair value valuation on the transaction date.

CHANGES IN SHARES AND SHAREHOLDERS

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

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

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

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

Notes:

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

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

CHANGES IN SHARES AND SHAREHOLDERS

III. INFORMATION OF PREFERENCE SHARES

(I) Information of Preference Shareholders

As at the end of the Reporting Period, the shareholders of preference shares of the Bank were 56.

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

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

Notes:

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

CHANGES IN SHARES AND SHAREHOLDERS

(II) Dividends Distribution of Preference Shares

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

The dividend on domestic preference shares was calculated at the nominal dividend yield of 4.07% and amounted to RMB1,831,500,000, which has been distributed on 9 September 2024. Please refer to the announcements published by the Bank on 26 April 2024 and 30 August 2024 for details of dividend distribution of preference shares.

(III) Restoration of Voting Rights

During the Reporting Period, the Bank did not restore any voting rights of preference shares.

(IV) Accounting Policy for Preference Shares and its Rationale

According to the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*, the *Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments* issued by the Ministry of Finance, the *International Financial Report Standards 9 – Financial Instruments* and the *International Accounting Standards 32 – Financial Instruments: Presentation* issued by International Accounting Standards Board as well as major terms and conditions of the preference shares issued by the Bank, the preference shares of the Bank were classified as equity instruments.

IV. ISSUANCE, LISTING, TRADING AND REDEMPTION/PAYMENT OF SECURITIES

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

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

The Bank has no employee stock.

CHANGES IN SHARES AND SHAREHOLDERS

(I) Issuance, Redemption/Payment of Bonds

In April 2024, the Bank issued a RMB26.0 billion tier-2 capital bond in China's National Interbank Bond Market, including RMB15.0 billion with a term of 5+5 years and a coupon rate of 2.45% and RMB11.0 billion with a term of 10+5 years and a coupon rate of 2.60%. The proceeds were all used for supplementing the Bank's tier-2 capital.

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

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

The Bank paid the total of RMB40.0 billion special financial bond for loans to small and micro enterprises in China's National Interbank Bond Market in April 2024. Please refer to Note 29. Debt Securities Issued to the Financial Statements for other bonds issued and still in existence by the Bank and subsidiaries.

(II) Equity Linked Agreement

The Bank privately issued domestic preference shares with an amount of 450 million in September 2016. Assuming that the Bank triggers a mandatory share conversion event and all preference shares are mandatorily required to be converted into ordinary shares at the initial share conversion price, the number of the above domestic preference shares being converted into ordinary A shares will not exceed 7.2 billion shares. Please refer to Note 32. Other Equity Instruments to the Financial Statements for other details of domestic preference shares.

CORPORATE GOVERNANCE

The Bank strictly complied with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, *Law of the People's Republic of China on Commercial Banks* and other relevant laws, regulations and rules. The Bank actively explored the corporate governance mechanisms of large commercial banks with Chinese characteristics and consistently improved the level of corporate governance in order to sufficiently protect the rights of both domestic and overseas investors as well as other relevant stakeholders.

I. SHAREHOLDERS' GENERAL MEETING

On 28 February 2024, the Bank held the 2024 First Extraordinary General Meeting, at which four proposals were considered including *Authorization of the General Meeting of Shareholders to the Board*, the issuance limit of financial bonds, the 2022 remuneration plan for Directors and Supervisors. On 26 June 2024, the Bank held the 2023 Annual General Meeting, at which nine proposals were considered and approved, including 2023 Report of the Board of Directors, 2023 Report of the Board of Supervisors and 2023 Financial Report. The results announcements for the above Shareholders' General Meetings were disclosed on the websites of SSE, the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Bank, and were published via media designated by the CSRC.

II. PROFIT DISTRIBUTION

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

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

CORPORATE GOVERNANCE

III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at the date of this Report, the members of the Board of Directors of the Bank are as below:

Name	Position	Name	Position
Ren Deqi	Chairman of the Board of Directors and Executive Director	Xu Jiming	Chairman of the Board of Supervisors and Shareholder Supervisor
Zhang Baojiang	Vice Chairman of the Board of Directors, Executive Director and President	Wang Xueqing	Shareholder Supervisor
Yin Jiuyong	Executive Director and Executive Vice President	Li Yao	External Supervisor
Zhou Wanfu	Executive Director and Executive Vice President	Chen Hanwen	External Supervisor
Li Longcheng	Non-executive Director	Su Zhi	External Supervisor
Wang Linping	Non-executive Director	Guan Xingshe	Employee Supervisor
Chang Baosheng	Non-executive Director	Lin Zhihong	Employee Supervisor
Liao, Yi Chien David	Non-executive Director	Feng Bing	Employee Supervisor
Chan Siu Chung	Non-executive Director	Po Ying	Employee Supervisor
Mu Guoxin	Non-executive Director	Huang Hongyuan	Executive Vice President
Chen Junkui	Non-executive Director	Qian Bin	Executive Vice President and Chief Information Officer
Luo Xiaopeng	Non-executive Director	He Zhaobin	Secretary of the Board of Directors
		Tu Hong	Chief Business Officer (Interbank and Market Business)
Shi Lei	Independent Non-executive Director	Lin Hua	Chief Business Officer (Retail and Private Business)
Zhang Xiangdong	Independent Non-executive Director	Liu Jianjun	Chief Risk Officer
Li Xiaohui	Independent Non-executive Director	Wang Wenjin	Chief Business Officer (Corporate and Institutional Business)
Ma Jun	Independent Non-executive Director	Cho Kwok Hung	BoCom-HSBC Strategic Cooperation Consultant
Wong Tin Chak	Independent Non-executive Director		
Xiao Wei	Independent Non-executive Director		

CORPORATE GOVERNANCE

Changes in Directors, Supervisors and Senior Management

Newly elected		
Name	Position	Change
Zhang Baojiang	Vice Chairman of the Board of Directors, Executive Director and President	Elected, Appointed
Xiao Wei	Independent Non-executive Director	Elected
Resigned		
Name	Ex-Position	Change
Liu Jun	Ex-Vice Chairman of the Board of Directors, Ex-Executive Director and Ex-President	Resigned (work adjustment)
Cai Haoyi	Ex-Independent Non-executive Director	Resigned (expiration of tenure)
Hao Cheng	Ex-Executive Vice President	Resigned (work adjustment)

Changes in the information of Directors, Supervisors and Senior Management

Mr. Chen Junkui, Non-executive Director, served as Deputy General Manager for China Tobacco Jiangsu Industrial Co., Ltd, and ceased to be Deputy Director-General of the Financial Management and Supervision (Internal Audit) Department of the State Tobacco Monopoly Administration.

Mr. Ma Jun, Independent Non-executive Director, served as the Chairman of Capacity-Building Alliance for Sustainable Investment, and ceased to be President of the Institute of Finance and Sustainability.

Mr. Chen Hanwen, External Supervisor, served as the Independent Non-executive Director of Bank of Suzhou Co., Ltd., and the Member of the Professional Ethics Committee of China Institute of Certified Public Accountant, and ceased to be the Independent Non-executive Director of Beijing Tri-Prime Gene Pharmaceutical Co., Ltd., as well as the Member of the Specialised Guidance Committee of the Chinese Institute of Certified Public Accountant.

Mr. Su Zhi, External Supervisor, served as the Independent Non-executive Director of Jilin JLU Communication Design Institute Co., Ltd., and ceased to be the Supervisor of Bank of Guizhou Co., Ltd., as well as the Independent Non-executive Director of Changzhou Kaneken Steel Section Co., Ltd.

CORPORATE GOVERNANCE

Shareholdings of Directors, Supervisors and Senior Management

Name	Position	Class of shares	Number of shares held at the beginning of the Reporting Period (share)	Increase	Number of shares held at the end of the Reporting Period (share)	Reason for
				(or decrease) in shareholdings during the Reporting Period (share)		
Ren Deqi	Chairman of the Board of Directors and Executive Director	A SHARE	0	0	0	–
		H SHARE	400,000	100,000	500,000	Purchased from secondary market
Chan Siu Chung	Non-executive Director	A SHARE	0	0	0	–
		H SHARE	49,357	0	49,357	–
Guan Xingshe	Employee Supervisor	A SHARE	100,000	60,000	160,000	Purchased from secondary market
		H SHARE	0	0	0	–
Lin Zhihong	Employee Supervisor	A SHARE	100,000	60,000	160,000	Purchased from secondary market
		H SHARE	0	0	0	–
Po Ying	Employee Supervisor	A SHARE	135,044	60,000	195,044	Purchased from secondary market
		H SHARE	0	0	0	–
He Zhaobin	Secretary of the Board	A SHARE	96,700	0	96,700	–
		H SHARE	0	0	0	–
Tu Hong	Chief Business Officer (Interbank and Market Business Sector)	A SHARE	70,000	0	70,000	–
		H SHARE	50,000	0	50,000	–
Lin Hua	Chief Business Officer (Retail & Private Business)	A SHARE	202,100	0	202,100	–
		H SHARE	0	0	0	–
Liu Jianjun	Chief Risk Officer	A SHARE	220,000	0	220,000	–
		H SHARE	0	0	0	–
Wang Wenjin	Chief Business Officer (Corporate & Institutional Business)	A SHARE	104,500	0	104,500	–
		H SHARE	0	0	0	–

Additionally, Mr. Chan Siu Chung, Director of the Bank, held 98 H shares of BOCOM International Holdings Company Limited. Save as disclosed above, as at the end of the Reporting Period, none of the Bank's directors, supervisors or chief executives had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Bank or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be recorded in the register as kept pursuant to Section 352 of the SFO, or which were required, pursuant to the *Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Hong Kong Listing Rules* to be notified to the Bank and the Hong Kong Stock Exchange.

CORPORATE GOVERNANCE

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

IV. HUMAN RESOURCE MANAGEMENT

(I) Basic Information of Employees

As at the end of the Reporting Period, the Group had a total of 93,408 employees, of whom 86,945 employees were based in domestic banking institutions and 2,602 were local employees in overseas branches. The number of employees of the Bank’s subsidiaries was 3,861, excluding staff dispatched from the Head Office and branches.

As at the end of the Reporting Period, the Bank’s assets, entities and employees were presented by regions as follows:

	Assets		Entities		Employees	
	Amount (in millions of RMB)	Proportion (%)	Number of entities	Proportion (%)	Number of employees	Proportion (%)
Yangtze River Delta	3,663,027	25.84	706	24.41	27,970	29.94
Pearl River Delta	1,228,672	8.67	320	11.07	9,718	10.40
Bohai Rim Economic Zone	2,063,448	14.55	482	16.67	13,681	14.65
Central China	1,547,945	10.92	517	17.88	14,160	15.16
Western China	1,031,314	7.27	479	16.56	11,655	12.48
North Eastern China	498,321	3.51	321	11.10	8,298	8.88
Overseas	1,218,186	8.59	66	2.28	3,154	3.38
Head Office	5,130,087	36.18	1	0.03	4,772	5.11
Eliminated and unallocated assets	(2,203,086)	(15.53)	–	–	–	–
Total	14,177,914	100.00	2,892	100.00	93,408	100.00

Note: The number of employees in the Head Office excluded the employees in the Pacific Credit Card Centre, the financial service centres/ business department and the staff dispatched from the Head Office.

CORPORATE GOVERNANCE

(II) Employees' Remuneration Policy

Under the Group's strategic goals and reform and development requirements, the Bank consistently optimised the performance appraisal and remuneration system of "salary determined by post and bonus granted upon performance" and the Bank insisted on responsibility orientation, grass-root orientation and performance orientation, and focused on positive incentives. Please refer to Note 12. Staff costs for the details of staff costs and benefits of the Bank for this Reporting Period.

(III) Employee's Training Management

During the Reporting Period, the Bank carried out staff education and training in respect of its main work, for the purpose of forging a high-quality and professional team of financial cadres that are loyal, upright and responsible. In the first half of 2024, more than 2,200 training courses were held, with approximately 310,000 participants.

Through a combination of online and in-person trainings, and focusing on the "five priorities" of finance and preventing and resolving financial risks, the Group conducted rotational trainings to guide employees to unswervingly follow the path of financial development with Chinese characteristics. The Group organised talent reviews and provided targeted trainings for professional teams, including the FinTech team, customer managers/product managers, risk managers, payment and settlement professionals, and Party building talents. The Group also continued to carry out trainings for rural revitalisation cadres, full-time and part-time faculty members, employees of overseas institutions, county-level sub-branch managers, and new employees. We built a matrix training system consisting of "1 centre + 2 bases + 6 regional education centres + 9 business lines", and further improved the new training model that is characterised by "overall resource allocation management, functional difference positioning, prominent educational characteristics, and coordinated promotion across the Group". Furthermore, the Group continued to facilitate the construction of the "five libraries" for faculty members, courses, textbooks, cases and products, so as to prepare leading cadres to make presentations at the podium in front of audiences. The Group also continued to improve its digital education and training by facilitating the construction of the online "smart campus" platform and optimising the management of online learning resources.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The Bank implemented its new development concept, vigorously promoted a financial culture with Chinese characteristics, consistently enriching the Bank's corporate culture, advocating "harmonious coexistence of human beings and nature", and actively contributing its financial strength to realising the goal of "shared prosperity for all people". During the Reporting Period, focusing on the "five priorities" of finance and based on the overall national green development plan, the Bank proactively explored green financial business development, product innovation, risk management, carbon-neutral operations, information disclosure and other areas, coordinated the development of green finance and transformation finance, and made every effort to support the achievement of the national "dual carbon" goals.

I. ENVIRONMENTAL PROTECTION

(I) Green Finance

The Bank increased financial support for the construction of a beautiful China, helping promote the green development and the harmonious coexistence between human and nature. Based on the "14th Five-Year Plan", the Bank placed more emphasis on the development of green finance at the strategic level, taking "green" as the foundation of the Group's business operation and development. Besides, the Bank focused on key sectors and key areas, enhanced green financial support to serve the real economy, promoted the synergistic development of green finance and four business features, so as to better meet financial demands of various entities in green investment, green consumption and low-carbon transformation. The Bank highlighted the underlying green in terms of product and services, policy procedures as well as risk management and control.

1. *Governance mechanism*

The Board of Directors, the Bank's highest decision-making body for green finance, was responsible for establishing and promoting the green concepts such as conservation, low-carbon, environmental protection and sustainable development throughout the Bank. The Board of Directors also reviewed and approved the green finance development strategies and important systems formulated by the Senior Management. The Social Responsibility (Environmental, Social and Governance, or ESG) and Consumer Protection Committee of the Board of Directors is responsible for green finance work. In this capacity, it regularly reviews the green finance work reports submitted by senior management, supervises and evaluates the implementation of the green finance strategy, reviews the Bank's credit extension policy related to the environment and sustainable development, and makes recommendations to the Board of Directors. During the Reporting Period, the Social Responsibility (Environmental, Social and Governance, or ESG) and Consumer Protection Committee of the Board of Directors reviewed the 2023 green finance work report submitted by senior management, supervised and evaluated the implementation of green finance work, and determined the 2024 green finance development goals. Meanwhile, the Risk Management and Related Party Transaction Control Committee of the Board of Directors listened to the progress of climate risk management, guided improvements to the ESG risk management system, and promoted the construction of the environmental information disclosure system and other systems.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

In accordance with the Group's green finance development strategy, Senior Management and its Green Finance Development Committee formulated the Bank's policies and systems for the purpose of promoting the development of green finance and the achievement of "carbon peak and carbon neutrality", actively promoting the development of a green finance mechanism, and appropriately submitting major green finance plans to the Board of Directors for approval. During the Reporting Period, the Green Finance Development Committee reviewed the 2023 report on green finance of BoCom, defined the 2024 green finance work goals and plans, and continued to promote the high-quality development of the Group's green financial business.

2. Policy system

The Bank proactively served the national "carbon peak and carbon neutrality" goals, boosted the high-quality development of the Bank's green credit business, strengthened customers' ESG risk management, and continuously improved its own ESG performance. In addition, we revised the *Green Credit Implementation Measures of BoCom* in order to clarify key content regarding ESG risk identification, refine the requirements for organisational settings and the due diligence exemption mechanism, and specify the use of fintech for green financial management.

During the Reporting Period, the Bank formulated and issued the *Action Plan for Green Finance of BoCom (2024-2025)*, which defined the Bank's four action objectives, eight key tasks and thirty specific measures for the development of green finance. The eight key tasks include deeply promoting the green finance development strategy, offering comprehensive services to facilitate green and low-carbon development in key areas, continuously deepening green finance innovation, building a strong green finance brand, strengthening capacity-building for green finance digitalisation, supporting the construction of green finance organisations and professionals, strengthening green finance risk management, and deepening exchange and cooperation around green finance work. Besides, the Bank introduced six special guidelines for its credit extension strategy, covering the photovoltaic industry chain, the wind energy industry chain, the smart grid industry chain, the energy storage industry chain, the hydrogen energy industry chain and industrial green low-carbon transformation. During the first half of 2024, the Group focused on the energy sector, the manufacturing sector, urban and rural construction, transportation and other key "dual carbon" areas; supported and managed the financial needs of traditional industries for emissions reduction and carbon reduction transformation; and continued to drive the high-quality development of its green financial business.

- (1) Energy area: The Bank focused on supporting the investment and financing demands in the field of modern energy system construction, and tilted the credit resources towards the construction of new power system dominated by clean energy under the premise of ensuring the energy supply.
- (2) Manufacturing area: In combination with the carbon peak plans for key high-carbon-emission industries such as iron and steel, non-ferrous metals, construction materials, petrochemicals and chemicals, the Bank implemented differentiated credit policies with reference to selected projects and customers with standard energy consumption and energy efficiency, supported industrial green low-carbon transformation projects, and resolutely implement the capacity replacement and elimination of backward capacity arrangements.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

- (3) Urban and rural construction area: The Bank advanced the concept of green development, seized opportunities such as green upgrade of urban and rural infrastructure, green transformation of consumer industry, rural ecological environmental protection as well as reasonable and moderate development, and enhanced support for key areas and high-quality projects.
- (4) Transportation area: The Bank followed up the trend of new energy and clean energy applications in transportation area, focused on supporting the electrification and low-carbon transformation of public transportation service systems, and supported infrastructure construction projects such as power charging and switching, supporting power grids, refuelling (gas) stations, etc.

The Bank actively developed its transformation finance business. During the Reporting Period, the Bank studied and carried out work related to transformation finance, clarified the overall concept underlying transformation finance development, actively adopted green finance standards and transformation finance standards, and expanded credit support for green development and low-carbon transformation in the energy, industry, transportation and construction sectors, among others. In order to build a strong team of professionals for transformation finance, the Bank established a transformation finance flexibility team at the head office and encouraged relevant branches to establish transformation finance working groups. Furthermore, we formulated *BoCom's Service Plan for Green and Low Carbon Transformation Finance for the Shanghai Base's Shipping Industry Chain* in order to actively help develop Shanghai into an international green financial hub. The Bank proactively explored innovative transformation finance business, and successfully granted the first transformation finance loan in China's water transport industry (shipping industry), demonstrating how this business works in practice.

3. Practice Effectiveness

The Bank strengthened the due diligence, review and approval in ESG area for credit customers, fully assessed customers' ESG performance, benefits and risks, also continuously optimised the allocation of credit resources. The Bank increased support for clean energy, power system renovation, carbon emission reduction technologies, clean and efficient utilisation of coal, etc. Furthermore, the Bank strictly controlled enterprises or projects with high pressure on environmental protection and high energy consumption, adopted various policies based on the classification, and proactively improved the credit structure. The Bank also made good use of the supporting tools for carbon emission reduction of the People's Bank of China.

The Bank maintained rapid growth in green credit business and outstanding development in green bond investment and underwriting business. As at the end of the Reporting Period, the balance of green loans for domestic banks¹⁰ was RMB870.998 billion, representing an increase of RMB48.956 billion, or 5.96% over the end of the previous year; of which, the clean energy loans was RMB239.644 billion, representing an increase of RMB34.391 billion, or 16.76% over the end of the previous year, and the ecological environment loan was RMB45.241 billion, representing an increase of RMB7.210 billion, or 18.96% over the end of the previous year, the growth rates of the above two types of loans were higher than that of all loans in the same period.

¹⁰ From the A3327 Statements issued by PBOC.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Adhering to the concept of green development, the Group's subsidiaries have been assisting in the green and low-carbon transformation and development of the economy through a variety of means, including green leasing, issuance of ESG-themed products, issuance of green insurance debenture schemes, investment in green bonds, and the securitisation of green assets.

BOCOM Financial Leasing Co., Ltd. During the Reporting Period, the company and the Group worked together to study and develop coordination plans for leasing business in key areas such as “green leasing” and new infrastructure construction, and a total of RMB11.173 billion of coordinated green leasing projects were launched. The company's shipping leasing business continued to pursue projects related to major green ships, and new investments related to green ships exceeded RMB10 billion. Meanwhile, the aviation leasing business, which was recently launched, focused entirely on green aircrafts that harness new technology. At the end of the Reporting Period, green aircrafts in the company's aviation leasing business accounted for 45% of total aircrafts, which was 2 percentage points higher than that at the end of the previous year. The company also completed the first financial leasing project supporting the low-carbon transformation of the steel industry, the first direct leasing project for the circular economy in the logistics industry, the first direct leasing project for the circular economy in the textile industry, and the first direct leasing project for a user-side energy storage power station, reflecting the extent to which the company is committed to “green finance”.

During the Reporting Period, the company issued RMB1.5 billion of green financial bonds in China in line with the *Common Ground Taxonomy* jointly launched by the *China-EU Common Ground Taxonomy*, and also issued USD950 million of Regulation S green bonds overseas, which were the first overseas green bonds issued by a Chinese-funded non-bank financial institution that met the criteria of the *Common Ground Taxonomy*. During the Reporting Period, the company also released its first ESG report, which comprehensively demonstrated its main practices and achievements in the fields of economic, environmental, social and corporate governance.

BOCOM Wealth Management Co., Ltd. The company directed more social capital flows into the green and low-carbon sectors through the issuance of ESG green related themed products. We provided financial support for the green transformation of enterprises as well as green industries such as energy conservation and environmental protection, clean energy, and clean transport. The total balance of ESG green related theme products was RMB13.161 billion as at the end of the Reporting Period. In terms of product types, the company offered both closed-end and open-end products to meet the different liquidity and revenue requirements of banking customers, and to guide investors in establishing the concept of green and low-carbon investment. In terms of bond investment, as of the end of the Reporting Period, the balance of the company's ESG green-related bond investment was RMB16.414 billion, representing an increase of 20.67% over the end of the previous year.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

BOCOM Financial Asset Investment Co., Ltd. During the Reporting Period, the company focused its investments on green finance; encouraged more investments in clean energy, energy conservation, carbon reduction, the environmental protection industry, the green low-carbon transformation of energy, green services and other fields; consolidated its customer resources and investment experience in the field of clean energy power generation; and acquired more high-quality customers in the industry chain around new energy core enterprises. During the Reporting Period, the company invested RMB1.0 billion in new energy vehicles, green scientific innovation and other fields.

BOCOM MSIG Life Insurance Co., Ltd. The company supported the development of green finance through equity investments, debt investment, and product issuance. As at the end of the Reporting Period, the company had invested in green financial products a balance of RMB6.482 billion; the asset management subsidiary issued ten green insurance debenture scheme products with a total registered size of RMB15.082 billion and realised RMB3.598 billion of fund placements during the year.

BOCOM International Trust Co., Ltd. During the Reporting Period, new green asset securitisation project with a total size of RMB1.3 billion were added.

(II) Green services

The Bank adhered to the concept of green development; positioned green concepts as the foundation of the entire group's business operations and development; proactively prioritised ecosystems, economical and intensive development, and green and low-carbon development; and improved its green development governance capabilities. The Bank continuously carried out research on dual carbon operations, analysed the potential for energy conservation and carbon reduction, and provided data support to facilitate future low-carbon operations. In addition, we promoted green office operations, strengthened energy management, transformed our buildings to make them more energy-efficient, conducted "clean plate" campaigns at canteens, promoted garbage classification and performed water balance testing, so as to improve energy utilisation efficiency and reduce the impact of our operations on the environment.

II SOCIAL RESPONSIBILITY

(I) Consumer Right Protection Service

The Bank has steadily adhered to the people-centred development philosophy, integrated consumer protection work into corporate governance, its corporate culture and business development strategies, implemented all relevant processes for all segments of business management, and constantly improved its consumer protection capabilities.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

In order to build a “robust consumer protection” work model, the Bank improved consumer protection reviews, internal assessments, information disclosures, appropriateness management, personal information protection, compliance management, financial knowledge education and publicity, financial marketing and other work mechanisms, and continued to optimise the supporting management system to effectively standardise daily consumer protection work. During the Reporting Period, we formulated nine system documents, including *BoCom’s Administrative Measures for the Protection of Consumer Rights and Interests* and *BoCom’s Grading Standards for the Inspection of Consumer Rights and Interests*.

During the Reporting Period, the number of complaints received from financial consumers decreased by 18.02% compared with the second half of 2023, and the complaint settlement rate was 100%. Complaints mainly involved credit cards, debit cards, personal loans and other business lines, and they were distributed across the Shanghai Branch, Beijing Branch, Guangdong Branch, Shenzhen Branch, and Henan Branch, among others. During the Reporting Period, 3,482 financial disputes were mediated by the Bank, up 22.26% year-on-year, and the mediation success rate stood at 71.2%, reflecting an increase of 19 percentage points year-on-year. The Bank improved its ability to resolve complaints transferred from click-of-a-button calls placed to the National Financial Regulatory Administration’s 12378 hotline, consumer protection service platforms, and various other channels in an effort to quickly handle customer issues and prevent complaints from escalating.

Focusing on the elderly, young people, new citizens, farmers, the disabled and other key groups, the Bank leveraged self-owned media, mainstream media and digital platforms to organise themed activities such as “3-15” Consumer Rights and Interests Protection Education and Publicity, “5-15” Investor Protection Publicity Day, and “A Million Steps for Financial Literacy in the Banking Sector”, drawing the participation of 144 million consumers and improving their financial literacy and risk prevention awareness.

(II) Services for inclusive small and micro enterprises

Please refer to the section of “Business Review”.

III. RURAL REVITALISATION

(I) Financial Support for Rural Revitalisation

The Bank continues to innovate rural financial services, strengthen policy protection, and actively improve the accessibility of credit in the “three rural areas”.

Expanding financial support in key areas. The Bank enhanced financial services for leading enterprises and industry chain enterprises in the grain sector, along with companies on the list of enterprises in the national seed industry, in order to safeguard the country’s food security. Furthermore, the Bank supported the construction of agricultural and rural infrastructure and served the integrated development of primary, secondary and tertiary industries in rural areas. The Bank also strengthened financial support for industries with special advantages in key counties and poverty-alleviation areas.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The Bank enriched the supply of agriculture-related financial products. We continued to optimise the “Xingnong e-Loan” product to protect the financing needs of agricultural business entities. Relying on the achievements of the credit system construction of new agricultural entities and the function of online scene customization to promote planting, breeding, agricultural trade, rural tourism and other key scene exhibitions. The Bank actively promoted Rural Revitalisation Theme Cards. As at the end of the Reporting Period, the Bank issued 3,670,600 Rural Revitalisation Theme Cards, representing a net increase of 546,900 cards from the beginning of the year.

Enhancing the financial service capabilities of county-level outlets. The “BoCom Yinongtong” rural revitalisation service zone was set up in various channels, including the “BoCom” WeChat Mini Program and the mobile banking platform, so as to provide comprehensive financial services for the “agriculture, rural areas and farmers” customer base. The Bank also expanded the construction of county-level outlets, promoted the construction of its “BOCOM On-cloud” remote video service capabilities, and strengthened integrated services offered through online and in-person financial service channels at county-level outlets. As at the end of the Reporting Period, the Bank’s balance of agriculture-related loans was RMB795.032 billion, a net increase of RMB67.940 billion or 9.34%¹¹ over the beginning of the year.

(II) Paired Assistance

In the strict compliance with the requirements of “abstaining from shirking responsibilities, repealing policies, ceasing assistance, and neglecting regulation” after poverty alleviation, the Bank continued to provide paired assistance to Tianzhu County in Gansu Province, Litang County in Sichuan Province (a state-level key county for rural revitalisation) and Hunyuan County in Shanxi Province. We continued to step up our efforts of paired assistance as well as select, manage and take care of paired assistance cadres to create a group of “leading geese” to lead the masses out of poverty and promote rural revitalisation in a comprehensive manner.

We leveraged the advantages held by the financial industry and called for the joint efforts of social forces. We prevented the rural area from falling to the bottom line of poverty by continuously making efforts around the five major areas in revitalisation, so as to form a strong synergy for consolidating and expanding the results of poverty alleviation and comprehensively pushing forward the revitalisation of the countryside.

We innovated modes of assistance. By upholding the vision of “one county, one industry and one village, one product”, the Bank developed characteristic industries that increased public wealth in counties according to local conditions. The Bank also provided assistance to industries such as the mushroom industry chain and fodder pasture in Tianzhu County, beekeeping industry in Litang County, and astragalus mongholicus planting in Hunyuan County. We launched the special action of “consumption assistance for the Spring Festival” to expand the channels of consumption assistance. We have set up public trust for helping the disabled in Litang County and Hunyuan County to help the disabled improve their physical and living conditions and realize their self-worth.

¹¹ According to the adjusted agriculture-related loan caliber of the People’s Bank of China in June 2024.

SIGNIFICANT EVENTS

I. MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Group was not involved in any material litigation and arbitration that had significant impact¹² on its operating activities. As at the end of the Reporting Period, the Group was involved in certain outstanding litigations and arbitrations as defendant with an amount of approximately RMB1.404 billion.

II. PUNISHMENT

During the Reporting Period, neither the Bank, nor any of its Directors, Supervisors or Senior Management was subject to any investigation by competent authorities, any enforcement measures by judiciary authorities, any transferring to the judiciary authorities for criminal responsibilities, any investigation or administrative penalty by the CSRC, any prohibition from access to market or disqualification, any material administrative penalty by administrative departments including environmental, safety supervision and tax departments and any other administrative departments, or any situations of being suspected of serious violations of discipline and law or job-related crimes, being detained by the discipline inspection and supervision organ, being unable to perform duties and being taken administrative supervision measures by the CSRC or disciplinary sanctions by the stock exchange.

III. INTEGRITY

During the Reporting Period, neither did the Group refuse to execute any court orders nor fail to settle any significant due debts involving litigation.

IV. RELATED PARTY TRANSACTIONS

(I) Significant related party transactions under regulatory standards of the NFRA.

During the Reporting Period, the Bank signed a unified transaction agreement with BOCOM MSIG Life Insurance Company Limited. (“Bocom Life Insurance”), and the Bank entered into some significant related party transactions with related parties – Bocom Leasing Management Hong Kong Company Limited (“Bocom Leasing Management”), Bocom Leasing Development Hong Kong Company Limited (“Bocom Leasing Development”), Rong Kong United Finance Co., Limited (“Rong Kong United”), under regulatory standards of the NFRA. The 10th and 12th meeting of the 10th Board of Directors of the Bank deliberated and approved the above transaction respectively, based on which the Independent Non-executive Directors issued written opinions before submitting for deliberation. The six independent directors all believed that the above transactions met the requirements of the regulatory authorities on fairness and compliance of related party transactions and had fulfilled the business review and approval procedures. In accordance with *Order No. 1*, the Bank shall disclose the transactions one by one on its website within 15 working days after the signing of the contract, and report to the regulator in the meantime. The details are as follows:

¹² based on “Any litigation that commercial banks involved in, each of which the amount exceeded one percent of the equity attributable to shareholders of the Bank from the audited consolidated financial statements of the previous year, shall be announced in a timely manner” from Article 19 of *Announcement on Promulgation of the Rules No. 26 on the Preparation of Information Disclosure by Companies Offering Securities to the Public – Special Rules on Information Disclosure by Commercial Banks (2022 Revision)*.

SIGNIFICANT EVENTS

1 Basic information of related parties

(1) Bocom Life Insurance

Bocom Life Insurance was established in August 2000 with a registered capital of RMB5.1 billion, of which the Bank and the MS&AD Insurance Group contributed 62.50% and 37.50% shares respectively, with the registered address on Floors 22 and 23, No. 333 Lujiazui Ring Road, China (Shanghai) Pilot Free Trade Zone. The business scope of the Company includes: life insurance, health insurance, accident insurance and reinsurance businesses of the aforementioned insurances

(2) Bocom Leasing Management

Established in Hong Kong in October 2015, Bocom Leasing Management is indirectly wholly owned by Bank of Communications Financial Leasing Co., Ltd., a wholly-owned subsidiary of the Bank. The registered capital is 1 Hong Kong dollar, the registered place is 18/F., 20 Pedder Street, Central, Hong Kong, PRC.

(3) Bocom Leasing Development

Established in Hong Kong in October 2015, Bocom Leasing Management is indirectly wholly owned by Bank of Communications Financial Leasing Co., Ltd., a wholly-owned subsidiary of the Bank. The registered capital is 1 Hong Kong dollar, the registered place is 1/F., Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong, PRC.

(4) Rong Kong United Finance

Established in Hong Kong in February 2015, Rong Kong United Finance is indirectly wholly owned by Bank of Communications Financial Leasing Co., Ltd., a wholly-owned subsidiary of the Bank. The registered capital is 1 Hong Kong dollar, the registered place is 18/F, 20 Pedder Street, Central, Hong Kong, PRC.

2. Related Party Transactions

Pursuant to the resolution of the Board of Directors, the Bank has signed two contracts with Bank of Communications Financial Leasing, as follows:

- (1) On 5 January 2024, the Bank entered into a Uniform Trading Agreement with BOCOM Life Insurance on related-party transactions for services that occur continuously over a substantial period of time and require the repeated signing of transaction agreements. In terms of transaction types, the Bank sells insurance products on behalf of BOCOM Life Insurance, and the transaction amount is calculated according to the agency fee; in addition, the Bank purchases group insurance and the transaction amount is calculated based on the premium paid. The term of the Agreement is 3 years from 5 January 2024. The upper limit for the total amount of services provided during the term is RMB7.129 billion. The rate of the Bank's agency sales of insurance products follows the commercial principle and is priced by reference to the market practice adopted by its peers, and the rate shall not be superior to the Bank's quotation for customers of the same type and level. When purchasing group insurance, the cooperative institutions and specific pricing shall be determined through corresponding procurement processes. The conditions and pricing of specific business shall be determined by the business agreement separately entered into by both parties in accordance with the pricing principles set out in the Agreement.

SIGNIFICANT EVENTS

- (2) The Bank and its offshore branches signed six loan contracts with Bocom Leasing Management, with a total agreement amount of USD3.7 billion in 18 April 2024. These contracts period were 362 days, and a maximum business term of three years. After the signing of the agreements, the cumulative transaction amount reached the criteria for re assertion major related party transactions as stipulated in *Order No. 1*.
- (3) The Bank and its offshore branches signed four loan contracts with Bocom Leasing Development, with a total agreement amount of USD3.75 billion in 18 April 2024. These contracts period were 362 days, and a maximum business term of three years. After the signing of the agreements, the cumulative transaction amount reached the criteria for re assertion major related party transactions as stipulated in *Order No. 1*.
- (4) The Bank signed one loan contract with Rong Kong United Finance, with a total agreement amount of USD3.0 billion in 18 April 2024. The contract period was 362 days, and a maximum business term of three years. After the signing of the agreements, the cumulative transaction amount reached the criteria for re assertion major related party transactions as stipulated in *Order No. 1*.

The above business follows the principle of market-oriented pricing, and is superior to the pricing for similar business conducted with nonrelated parties or the pricing for similar business conducted by interbank financial institutions with the above institutions. The specific interest rate shall be determined by negotiation between the parties to the transaction according to the above pricing policy at each round of fund withdrawal.

(II) Related party Transactions with Connected Natural Persons under the standards of the CSRC and the SSE

According to the *CSRC's Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 26 – Special Provisions on Information Disclosure by Commercial Banks*. At the end of the Reporting Period, there was no loan balance between the Bank and related natural persons, and the overdraft limit of credit cards (including the credit undrawn) amounting to RMB9.3065 million.

V. MATERIAL CONTRACTS AND PERFORMANCE OF OBLIGATIONS THEREUNDER

(I) Material Trust, Sub-contract and Lease

During the Reporting Period, the Bank did not hold in trust to a material extent or entered into any material subcontract or lease arrangement in respect of assets of other corporations, and no other corporation held in trust to a material extent or entered into any material sub-contract or lease arrangement in respect of the Bank's assets.

(II) Material Guarantees

The provision of guarantees was one of the off-balance sheet businesses carried out by the Bank in its ordinary course of business. During the Reporting Period, the Bank did not provide any material guarantees that needed to be disclosed except for the financial guarantee services within the business scope as approved by the regulatory authority.

SIGNIFICANT EVENTS

VI. AUDIT COMMITTEE

The Bank has established an Audit Committee under the Board of Directors in accordance with the requirements of the Hong Kong Listing Rules. The Audit Committee is mainly responsible for proposing the appointments, re-appointments or removals of the Bank's auditors who conduct regular statutory audits of the Bank's financial reports and the Committee is also responsible for specific implementation matters, monitoring and evaluating the Bank's relationship with the external auditors and the works of the external auditors, guiding, assessing and evaluating the internal audit work and the implementation of internal audit system, reviewing the Bank's financial information and disclosure, examining the Bank's accounting policies and practices, financial position and financial reporting procedures, and monitoring and evaluating the effectiveness and implementation of the Bank's internal controls.

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

VII. SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

VIII. APPOINTMENT OF AUDITORS

With the approval at the 2023 Annual General Meeting, the Bank has appointed KPMG Huazhen LLP to perform the audit of the financial statements prepared by the Group in accordance with China Accounting Standards, the internal control audit and other related professional services and appointed KPMG to perform the audit of the financial statements prepared by the Group in accordance with IFRSs and to provide other related professional services. The term of appointment started upon the approval on the date of the Bank's 2023 Annual General Meeting and will end upon the conclusion of the Bank's 2024 Annual General Meeting.

SIGNIFICANT EVENTS

IX. OTHER SIGNIFICANT EVENTS

- (I) The Bank issued RMB26.0 billion of tier-2 capital bonds in the national interbank bond market. For related details, please refer to the announcement the Bank published on 29 April 2024.

- (II) The Bank intended to inject capital of RMB20.0 billion into National Integrated Circuit Industry Investment Fund Phase Three Co., Ltd., a wholly-owned subsidiary of the Bank. For related details, please refer to the announcements the Bank published on 27 May 2024.

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

LIST OF INSTITUTIONS

LIST OF DOMESTIC PROVINCIAL BRANCHES AND DIRECTLY MANAGED BRANCHES OF HEAD OFFICE

Region	Name	Address
Yangtze River Delta	Shanghai Branch	No. 200 Jiangxi Middle Road, Huangpu District, Shanghai
	Jiangsu Provincial Branch	No. 218 Lushan Road, Jianye District, Nanjing City, Jiangsu Province
	Suzhou Branch	No. 28 Suhui Road, Suzhou Industrial Park, Suzhou City, Jiangsu Province
	Wuxi Branch	No. 8 Second Jinrong Street, Binhu District, Wuxi City, Jiangsu Province
	Zhejiang Provincial Branch	No. 1-39 Juyuan Road, Shangcheng District, Hangzhou City, Zhejiang Province
	Ningbo Branch	No. 455 Haiyan North Road, Yinzhou District, Ningbo City, Zhejiang Province
	Anhui Provincial Branch	Intersection of Huizhou Avenue and Jialingjiang Road, Baohe District, Hefei City, Anhui Province
Pearl River Delta	Fujian Provincial Branch	No. 116 Hudong Road, Gulou District, Fuzhou City, Fujian Province
	Xiamen Branch	No. 9-1 Hubin Middle Road, Siming District, Xiamen City, Fujian Province
	Guangdong Provincial Branch	No. 11 Xiancun Road, Tianhe District, Guangzhou City, Guangdong Province
	Shenzhen Branch	No. 3018 Shennan Middle Road, Futian District, Shenzhen City, Guangdong Province
Bohai Rim Economic Zone	Beijing Branch	No. 22 Jinrong Street, Xicheng District, Beijing
	Tianjin Branch	No. 7 Youyi Road, Hexi District, Tianjin City
	Hebei Provincial Branch	No. 26 Ziqiang Road, Qiaoxi District, Shijiazhuang City, Hebei Province
	Shandong Provincial Branch	No. 98 Gongqingtuan Road, Shizhong District, Jinan City, Shandong Province
	Qingdao Branch	Building 4, No. 156 Shenzhen Road, Laoshan District, Qingdao City, Shandong Province
Central China	Shanxi Provincial Branch	No. 5 Qingnian Road, Yingze District, Taiyuan City, Shanxi Province
	Jiangxi Provincial Branch	No. 199 Huizhan Road, Honggutan New District, Nanchang City, Jiangxi Province
	Henan Provincial Branch	No. 11 Zhenghua Road, Jinshui District, Zhengzhou City, Henan Province
	Hubei Provincial Branch	No. 847 Jianshe Avenue, Jiangnan District, Wuhan City, Hubei Province
	Hunan Provincial Branch	No. 447 Wuyi Avenue, Furong District, Changsha City, Hunan Province

LIST OF INSTITUTIONS

Region	Name	Address
	Guangxi Zhuang Autonomous Region Branch	Office Building No. 1, Nanning Urban Construction Group Headquarters Lot Project, No. 15 Yunying Road, Liangqing District, Nanning City, Guangxi Zhuang Autonomous Region
	Hainan Provincial Branch	No. 45 Guomao Avenue, Longhua District, Haikou City, Hainan Province
Western China	Inner Mongolia Autonomous Region Branch	No. 18 Xinhua East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region
	Chongqing Branch	No. 3 Jiangbei City West Street, Jiangbei District, Chongqing City
	Sichuan Provincial Branch	No. 211 West Yulong Street, Qingyang District, Chengdu City, Sichuan Province
	Guizhou Provincial Branch	East Third Tower, Financial City, Guanshanhu District, Guiyang City, Guizhou Province
	Yunnan Provincial Branch	No. 397 Baita Road, Panlong District, Kunming City, Yunnan Province
	Tibet Autonomous Region Branch	101 and 102, 1st floor, Building 3, south of National Road 318 and west of Financial Road, Jinxiyuan, Dunzhu Financial City, Tibet Autonomous Region
	Shanxi Provincial Branch	No. 88 Xixin Street, Xincheng District, Xi'an City, Shaanxi Province
	Gansu Provincial Branch	No. 129 Qingyang Road, Chengguan District, Lanzhou City, Gansu Province
	Ningxia Hui Autonomous Region Branch	No. 64 Ning'an Street, Jinfeng District, Yinchuan City, Ningxia Hui Autonomous Region
	Xinjiang Uygur Autonomous Region Branch	No. 16 Dongfeng Road, Tianshan District, Urumqi, Xinjiang Uygur Autonomous Region
	Qinghai Provincial Branch	No. 67 Wusi West Road, Chengxi District, Xining City, Qinghai Province
North Eastern China	Liaoning Provincial Branch	No. 258-1 Shifu Road, Shenhe District, Shenyang City, Liaoning Province
	Dalian Branch	No. 6 Zhongshan Square, Zhongshan District, Dalian City, Liaoning Province
	Jilin Provincial Branch	No. 3535 Renmin Street, Chaoyang District, Changchun City, Jilin Province
	Heilongjiang Provincial Branch	No. 428 Youyi Road, Daoli District, Harbin City, Heilongjiang Province

Note: For the address and contact information of the business outlets of the Bank, please visit the Bank's official website (www.bankcomm.com) and click on "Branch Inquiry" for relevant information.

LIST OF INSTITUTIONS

LIST OF OVERSEAS BANKING INSTITUTIONS

Name	Address
Hong Kong Branch/Bank of Communications (Hong Kong) Limited	Unit B B/F & G/F, Unit C G/F, 1 – 3/F, 16/F Room 01 & 18/F, Wheelock House, 20 Pedder Street, Central, Hong Kong
New York Branch	ONE EXCHANGE PLAZA 55 BROADWAY, 31ST & 32ND FLOOR, NEW YORK NY 10006-3008, U. S. A.
San Francisco Branch	575 MARKET STREET, 38th FLOOR, SAN FRANCISCO, CA 94105, U.S.A.
Tokyo Branch	SANYO Group Building, 1-3-5 Nihombashi, Chuo-ku, Tokyo, Japan
Singapore Branch	128 Beach Road #25-01 Guoco Midtown, Singapore 189733
Seoul Branch	6th DouZone Tower. #29, Eulji-ro, Jung-Gu, Seoul, 04523, Korea
Frankfurt Branch	Neue Mainzer Strasse 75, 60311 Frankfurt am Main, Germany
Macau Branch	16th Floor, AIA Tower, No. 251A-301, Avenida Commercial De Macau
Ho Chi Minh City Branch	17th floor, Vincom Center, 72 Le Thanh Ton, Dist.1, HCMC, VN
Sydney Branch	Level 23, 60 Martin Place, Sydney NSW2000, Australia
Brisbane Branch	Level 35, 71 Eagle Street, Brisbane QLD4000, Australia
Melbourne Branch	Level 34 Rialto South Tower, 525 Collins Street, Melbourne VIC, 3000, Australia
Taipei Branch	A Wing, 29th Floor, No. 7, Section 5, Xinyi Road, Taipei (101 Tower), Taiwan
London Branch	4th Floor, 1 Bartholomew Lane, London EC2N 2AX UK
Luxemburg Branch/Bank of Communications (Luxembourg) Co., Ltd.	7 Rue de la Chapelle, L-1325 Luxembourg, Luxembourg
Bank of Communications (Luxembourg) S. A. Paris Branch	90, Avenue des Champs-Elysees, 75008, Paris, France
Bank of Communications (Luxembourg) S. A. Rome Branch	3rd floor, Piazza Barberini 52, Rome. 00187, Italy
Bank of Communications (Brazil) Co., Ltd	Av Barão de Tefé, 34-20th, Rio de Janeiro, Brazil, 20220-460
Prague Branch	7th floor, RUSTONKA R2, Rohanske nabrezi 693/10, Prague 8, 186 00, Czech Republic
Johannesburg Branch	140 West St, Sandown, Sandton, 2196, Johannesburg, South Africa
Toronto Representative Office	Suite 2460, 22 Adelaide Street West, Toronto, ON M5H 4E3, Canada

LIST OF INSTITUTIONS

LIST OF MAJOR SUBSIDIARIES

Name	Address
Bank of Communications Schroder Fund Management Co., Ltd.	No. 8 Century Avenue, Pudong New District, Shanghai
Bank of Communications International Trust Co., Ltd.	No. 847 Jianshe Avenue, Wuhan
Bank of Communications Financial Leasing Co., Ltd.	27-29/F, No. 333 Lujiazui Ring Road, Pudong New District, Shanghai
BOCOM MSIG Life Insurance Company Limited	22-23/F, No. 333 Lujiazui Ring Road, Pudong New District, Shanghai
BOCOM International Holdings Company Limited	No. 68 Des Voeux Road Central, Central, Hong Kong
China BoCom Insurance Co., Ltd.	No. 8 Cotton Tree Drive, Central, Hong Kong
BoCom Financial Asset Investment Co., Ltd.	No. 333 Lujiazui Ring Road, Pudong New District, Shanghai
BoCom Wealth Management Co., Ltd.	8-9/F, No. 333 Lujiazui Ring Road, Pudong New District, Shanghai
Dayi BoCom Xingmin Rural Bank Co., Ltd.	No. 168-170 Central Fumin Road, Dayi County, Chengdu City, Sichuan Province
Zhejiang Anji BoCom Rural Bank Co., Ltd.	Tower 1, Changshuo Square, Changshuo Street, Anji County, Huzhou City, Zhejiang Province
Xinjiang Shihezi BoCom Rural Bank Co., Ltd.	No. 127 Dongyi Road, Shihezi, Xinjiang Uygur Autonomous Region
Qingdao Laoshan BoCom Rural Bank Co., Ltd.	Room 101, Building 1, No. 156 Shenzhen Road, Laoshan District, Qingdao, Shandong

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Bank of Communications Co., Ltd.

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

INTRODUCTION

We have reviewed the accompanying interim financial information, which comprises the interim condensed consolidated statement of financial position of Bank of Communications Co., Ltd. as at 30 June 2024, and the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and 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, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial information in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the International Auditing and Assurance Standards Board. A review of the interim financial information consists of making enquiries, 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 interim financial information as at 30 June 2024 is not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim Financial Reporting.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 August 2024

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

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

	Note	Six months ended 30 June	
		2024	2023
Interest income		228,038	228,406
Interest expense		(143,804)	(146,019)
Net interest income	4	84,234	82,387
Fee and commission income	5	22,933	26,691
Fee and commission expense	6	(1,933)	(2,111)
Net fee and commission income		21,000	24,580
Net gains/(losses) arising from trading activities	7	12,089	17,637
Net gains/(losses) arising from financial investments		934	(32)
<i>Including: Net gains on derecognition of financial assets measured at amortised cost</i>		104	10
Net gains/(losses) on investments in associates and joint ventures		307	161
Other operating income	8	13,986	12,574
Net operating income		132,550	137,307
Credit impairment losses	9	(33,021)	(36,346)
Other assets impairment losses	10	(467)	(594)
Other operating expenses	11	(51,384)	(50,693)
Profit before tax		47,678	49,674
Income tax	13	(1,853)	(3,108)
Net profit for the period		45,825	46,566

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2024

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

	Note	Six months ended 30 June	
		2024	2023
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of debt instruments measured at fair value through other comprehensive income			
Amount recognised in equity		8,561	2,923
Amount reclassified to profit or loss		(801)	(190)
Expected credit losses of debt instruments measured at fair value through other comprehensive income			
Amount recognised in equity		(254)	448
Amount reclassified to profit or loss		-	-
Effective portion of gains or losses on hedging instruments in cash flow hedges			
Amount recognised in equity		339	(1,079)
Amount reclassified to profit or loss		(31)	888
Translation differences for foreign operations		(34)	3,865
Others		(2,734)	(1,220)
Subtotal		5,046	5,635
Items that will not be reclassified subsequently to profit or loss:			
Actuarial revaluation on pension benefits		-	4
Changes in fair value of equity investments designated at fair value through other comprehensive income		1,251	1,129
Changes in fair value attributable to changes in the credit risk of financial liability designated at fair value through profit or loss		(219)	(148)
Others		(460)	(225)
Subtotal		572	760
Other comprehensive income, net of tax	39	5,618	6,395
Total comprehensive income for the period		51,443	52,961
Net profit attributable to:			
Shareholders of the parent company		45,287	46,039
Non-controlling interests		538	527
		45,825	46,566
Total comprehensive income attributable to:			
Shareholders of the parent company		50,710	51,959
Non-controlling interests		733	1,002
		51,443	52,961
Basic and diluted earnings per share for profit attributable to holders of ordinary shares of the parent company (in RMB yuan)	14	0.56	0.57

The accompanying notes form a part of these condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

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

	Note	As at 30 June 2024	As at 31 December 2023
ASSETS			
Cash and balances with central banks	15	737,032	898,022
Due from and placements with banks and other financial institutions	16	848,684	859,642
Derivative financial assets	17	79,459	67,387
Loans and advances to customers	18	8,066,326	7,772,060
Financial investments at fair value through profit or loss	19	613,900	642,282
Financial investments at amortised cost	19	2,489,110	2,573,911
Financial investments at fair value through other comprehensive income	19	920,070	887,949
Investments in associates and joint ventures	21	9,354	8,990
Property and equipment	22	227,878	217,751
Deferred tax assets	23	40,078	40,379
Other assets	24	146,023	92,099
Total assets		14,177,914	14,060,472
LIABILITIES AND EQUITY			
LIABILITIES			
Due to and placements from banks and other financial institutions	25	2,257,871	2,424,537
Financial liabilities at fair value through profit or loss	26	59,551	56,557
Derivative financial liabilities	17	60,380	50,975
Deposits from customers	27	8,650,116	8,551,215
Certificates of deposits issued	28	1,128,611	1,027,461
Income tax payable		3,261	4,538
Debt securities issued	29	599,046	592,175
Deferred tax liabilities	23	2,533	2,407
Other liabilities	30	297,254	251,157
Total liabilities		13,058,623	12,961,022
EQUITY			
Share capital	31	74,263	74,263
Other equity instruments	32	174,790	174,790
<i>Including: Preference shares</i>		<i>44,952</i>	<i>44,952</i>
<i>Perpetual bonds</i>		<i>129,838</i>	<i>129,838</i>
Capital surplus	31	111,428	111,428
Other reserves	33	427,719	400,805
Retained earnings	33	319,174	326,744
Equity attributable to shareholders of the parent company		1,107,374	1,088,030
Equity attributable to non-controlling interests of ordinary shares		8,384	7,912
Equity attributable to non-controlling interests of other equity instruments		3,533	3,508
Non-controlling interests	35	11,917	11,420
Total equity		1,119,291	1,099,450
Total equity and liabilities		14,177,914	14,060,472

The condensed consolidated financial statements were approved and authorised for issuance by the Board of Directors on 28 August 2024 and signed on its behalf by:

Ren Deqi
Chairman and Executive Director

Zhang Baojiang
Vice Chairman, Executive Director and President

The accompanying notes form a part of these condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024
(All amounts presented in millions of RMB except when otherwise indicated)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	Equity attributable to shareholders of the parent company											Non-controlling interests						
	Other equity instruments											Other reserves		Attributable to the shareholders of the parent company	Attributable to ordinary shares	Attributable to other equity instruments	Total	
	Share capital	Preference share	Perpetual bonds	Capital surplus	Statutory reserve	Discretionary surplus reserve	Statutory general reserve	Revaluation reserve for impairment of financial assets at fair value through other comprehensive income	Revaluation reserve for the changes in credit risk of the financial liabilities designated at fair value	Effective portion of gains or losses on hedging instruments in cash flow hedges	Translation differences for foreign operations	Actuarial changes reserve	Others					Retained earnings
Note 31	Note 32	Note 32	Note 31	Note 33	Note 33	Note 33	Note 33	Note 33	Note 33	Note 33	Note 33	Note 33	Note 33	Note 33	Note 32	Note 32		
As at 1 January 2024	74,263	44,952	129,838	111,428	97,227	140,399	159,063	1,277	301	84	3,214	(88)	(682)	325,744	1,088,030	7,912	3,508	1,099,450
Total comprehensive income	-	-	-	-	-	-	-	7,345	(219)	307	(27)	-	(1,983)	45,287	50,710	642	91	51,443
Dividends paid to ordinary shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(27,849)	(27,849)	(170)	-	(28,019)
Dividends paid to preference shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,832)	(1,832)	-	-	(1,832)
Interest paid to perpetual bond holders	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,685)	(1,685)	-	-	(1,685)
Interest paid to non-cumulative subordinated additional tier-1 capital securities holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(66)	(66)
Transferred to reserves	-	-	-	-	8,162	-	13,367	-	-	-	-	-	-	(21,529)	-	-	-	-
Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	(38)	-	-	-	-	-	38	-	-	-	-
As at 30 June 2024	74,263	44,952	129,838	111,428	105,369	140,399	172,420	8,584	82	391	3,187	(88)	(2,645)	319,174	1,107,374	8,384	3,533	1,119,291

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 June 2024

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

	Equity attributable to shareholders of the parent company											Non-controlling interests						
	Other equity instruments										Other reserves	Non-controlling interests						
	Share capital Note 31	Preference Share Note 32	Perpetual bonds Note 32	Capital surplus Note 31	Statutory reserve Note 33	Discretionary surplus reserve Note 33	Statutory general reserve Note 33	Revaluation reserve for the changes in credit risk of the financial assets at fair value through other comprehensive income	Revaluation reserve for the changes in credit risk of the financial liabilities designated at fair value through profit or loss	Effective portion of gains or losses on hedging instruments in cash flow hedges	Transition differences for foreign operations	Actuarial changes reserve	Others	Retained earnings Notes 33,34	Attributable to the shareholders of the parent company	Attributable to ordinary shares	Attributable to other equity instruments Note 32	Total
As at 31 December 2022	74,263	44,952	129,838	111,429	88,154	140,182	144,541	(6,664)	(157)	693	1,164	(121)	1,016	292,734	1,022,024	8,040	3,458	1,033,522
(Restated)																		
Impact of adoption of accounting policies amendments	-	-	-	-	-	-	-	191	-	-	-	-	-	127	318	190	-	508
As at 1 January 2023	74,263	44,952	129,838	111,429	88,154	140,182	144,541	(6,473)	(157)	693	1,164	(121)	1,016	292,861	1,022,342	8,230	3,458	1,034,030
Total comprehensive income	-	-	-	-	-	-	-	3,463	(148)	(191)	3,701	4	(909)	46,039	51,959	826	176	52,961
Dividends paid to ordinary shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(27,700)	(27,700)	(290)	-	(27,990)
Dividends paid to preference shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,832)	(1,832)	-	-	(1,832)
Interest paid to perpetual bond holders	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,685)	(1,685)	-	-	(1,685)
Interest paid to non-cumulative subordinated additional tier-1 capital securities holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to reserves	-	-	-	-	8,468	-	13,579	-	-	-	-	-	-	(22,047)	-	-	-	(65)
Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	(95)	-	-	-	-	-	95	-	-	-	-
Others	-	-	-	(1)	-	-	-	-	-	-	-	-	-	-	(1)	(519)	-	(520)
As at 30 June 2023	74,263	44,952	129,838	111,428	96,622	140,182	158,120	(3,105)	(305)	502	4,865	(117)	107	285,731	1,045,083	8,247	3,569	1,054,899

The accompanying notes form a part of these condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

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

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

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

For the six months ended 30 June 2024

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

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

The accompanying notes form a part of these condensed consolidated financial statements.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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

1 GENERAL

Bank of Communications Co., Ltd. (the “Bank”) is a national state-owned joint-stock commercial bank, headquartered and registered in Shanghai, which was reorganized on 1 April 1987 upon the approval of Notice Guo Fa (1986) No. 81 issued by the State Council of the PRC and Notice Yin Fa (1987) No. 40 issued by the People’s Bank of China (the “PBOC”).

The principal activities of the Bank and its subsidiaries (the “Group”) include corporate and personal banking services, interbank and financial market business, financial leasing, fund management, wealth management, trustees, insurance, overseas securities, debt-to-equity swap and other related financial services.

2 SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of preparation

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

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

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

(2) Changes in accounting policies

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

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

		Note
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	(i)
Amendments to IAS 1 (2020)	Classification of Liabilities as Current or Non-current	(i)
Amendments to IAS 1 (2022)	Non-current Liabilities with Covenants	(i)
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	(i)

(i) Description of this standard and amendment was disclosed in the Group’s consolidated financial statements for the year ended 31 December 2023. The adoption of this standard and amendment does not have a significant impact on the financial position or comprehensive income of the Group.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(2) Changes in accounting policies** *(Continued)****(b) Standards and amendments relevant to the Group that are not yet effective in the current reporting period and have not been adopted before their effective dates by the Group***

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

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

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

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

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

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

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

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

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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

3 FINANCIAL RISK MANAGEMENT

Overview

The Group's operating activities expose it to a variety of financial risks and those activities involve analysis, evaluation, acceptance and management of a certain degree of risks or a portfolio of risks. The Group's aim is to achieve an appropriate balance between risks and returns and minimise potential adverse effects on the Group's financial performance. The main types of financial risks are credit risk, liquidity risk, market risk, operational risk, etc.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, monitor the risks and to control the risk limits through reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets and products and the latest best practice.

Risk management framework

The Board of Directors sets out risk management strategies, overall risk preference and risk tolerance level. The senior management establishes risk management policies and procedures according to the strategies set by the Board of Directors. The Risk Management Department at Head Office serves as the chief department for the Group's risk management and leads the overall risk management duties, of which the crucial ones would be further designated to specific leading departments. The risk management division in each operation department at Head Office, in each domestic and overseas branch and in each subsidiary undertakes specific risk management function. Internal Audit Department is responsible for independent review of risk management and control environment.

(1) Credit risk

Credit risk is the risk of loss that a borrower or counterparty fails to or is unwilling to meet its obligations. Credit risk arises principally from loans and advances to customers, financial investments, derivative instruments and due from and placements with banks and other financial institutions. There is also credit risk in off-balance sheet items such as loan commitments, financial guarantees, acceptances and letters of credit. Credit risk is a major risk to which the Group is exposed. Therefore, the Group manages and controls the overall credit risk, integrated into the comprehensive risk management, in a prudent manner, and reports regularly to the Senior Management and the Board of Directors of the Group.

(a) Credit risk management

The Group's credit risk management is assumed by major functions such as Corporate and Institutional Banking Department, Inclusive Finance Department/Rural Revitalization Finance Department, Retail Credit Department, Pacific Credit Card Center, International Banking Department/Offshore Banking Center, Credit Management Department, Credit Approval Department, Risk Management Department, Non-Performing Asset Management Department, Financial institution Department (Commercial Paper Center)/Asset Management Center and Global Markets Department (Precious Metals Centre). They are responsible for the standardised management of corporate and retail credit businesses in terms of guidance on credit investment, credit investigation and report, credit approval, loan granting, post-loan management and non-performing loan management.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(a) Credit risk management** *(Continued)**(i) Loans and advances to customers*

As for corporate loans, the Group's relationship managers are responsible for receiving application files submitted by the applicants, conducting pre-loan investigation, assessing the credit risk, and raising the proposed rating. The Group adopts the hierarchical approval system at the branch and Head Office level based on the credit approval authority. Credit line is determined by taking into account the credit record, financial position, collaterals and guarantees of the applicant, overall credit risk of the credit portfolio, macroeconomic regulation and control policies and relevant laws and regulations. The Group keeps a close eye on the economic and financial trend and credit risk profile in the industry, provides more guidance on credit investment, formulate guidance for different industries, strengthens daily risk pre-warning, monitoring and specific risk investigation, identify customers under major risks and material potential risk points, enhances the refinement of post – loan management and centers on customer credit risk management to carry out post-loan management. The independent loan granting centre shall review the compliance, completeness and effectiveness of relevant credit files before loan granting according to the applications for drawdown of credit line. The Group's relationship managers are primarily responsible for post-loan management. The Group adopts a series of tools and approaches, such as risk filtering, list management, risk warning and risk investigation, in daily risk monitoring of corporate loans. The Group manages non-performing loans mainly through (1) collection; (2) restructuring; (3) disposal of collaterals or recourse to the guarantors; (4) litigation or arbitration; (5) disposal.

For retail credit assets, the Group manages the overall risk profile of retail credit business through on-site review and adoption of reporting system on material matters, strengthens daily risk monitoring and pre-warning through optimising management system, standardises operation process of retail credit business through formulating business management system and combining relevant system function control, identifies and reveals material potential risks on a timely manner through strengthening risk monitoring and early-warning, and understands and forecasts the quality trends so as to adopt targeted risk control measures in advance by using stress testing and quality migration analysis. In addition, the Group continues to carry out fast response mechanism to address emergencies properly and maintains a list to manage those key risk projects through risk monitoring, guidance, collection and mitigation.

The Group adopts categorised management for retail credit assets on the basis of overdue ageing and guarantee type. With regard to retail credit customers with overdue loans, different approaches are adopted to collect such loans based on their overdue days.

Credit Card Centre of the Group is in charge of the operation and management of credit card business. Credit Card Centre of the Group adopts various supervisory and preventive measures. It reinforces data cross-validation to enhance risk prevention in the approval process, reduces risk exposure to high risk customers through customer classification and enters into the intervention process earlier than scheduled, effectively improves collection result through reasonable allocation of available resources, and optimises data analytic system to further enhance the management of credit card business.

(ii) Treasury business

For treasury business (including debt investments), the Group chooses banks and other financial institutions prudently and balances the credit risk and return rate of investments. By making reference to internal and external credit rating information, the Group approves credits of different levels and uses an appropriate credit limit management system to review and adjust credit lines, aiming to manage the credit risk exposed to the treasury business.

For debt securities, internal and external ratings (such as Standard and Poor's) are used by the Group when available for managing the credit risk exposed to debt securities and bills. The bond issuers involved with the Group are subject to the credit granting review and approval of the Head Office and branch based on the credit approval authority and credit limits are placed on such issuers.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(a) Credit risk management** *(Continued)**(ii) Treasury business (Continued)*

Debt investments other than debt securities include investments in fund trust schemes, asset management plans and wealth management products set up by banking financial institutions. The Group implements a rating system for accepting trust companies, securities companies and fund companies, sets credit limits for repurchase parties of trust beneficiary right and ultimate borrowers of targeted asset management plans, and carries out follow-up risk management on a regular basis.

As for derivative instruments, the Group maintains strict limits on net open derivative investment positions (i.e., the difference between long and short contracts), by both amount and maturity. At any time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e., assets where their fair value is positive), which, in relation to derivative instruments, is only a fraction of the contract's notional amount used to express the amount outstanding. The management has set limits of these contracts according to counterparty, and regularly monitor and control the actual credit risk when the Group concludes foreign exchange and interest rate contracts with other financial institutions and clients.

The Group manages the credit quality of due from and placements with banks and other financial institutions, and balances arising from transactions for precious metals, by considering the size, financial position, the internal and external credit rating of the banks and other financial institutions. The Head Office monitors and reviews the credit risk of due from and placements with banks and other financial institutions by counterparties regularly. Limits are placed on different counterparties.

(iii) Credit-related commitments

Credit risk exposures to financial guarantees are the same as that of loans. However, commercial letters of credit are usually pledged by the relevant shipped goods, and therefore are subject to lower risk compared with direct loans. Credit-related commitments are included in the management of overall credit line granted to the applicant. For customers with transactions beyond the credit limit or infrequent transactions, the applicant shall be requested to provide relevant margin deposits in order to reduce credit risk exposures.

(iv) Credit risk quality

In accordance with the risk classification methods and procedures specified in the *Measures for Risk Classification of Financial Assets of Commercial Banks (Order No. 1 [2023] of the China Banking and Insurance Regulatory Commission and People's Bank of China)*, the Group conducts classified management of financial assets. Financial assets are classified by their level of risk into the five categories of Normal, Special-mention, Substandard, Doubtful, and Loss, with the latter three collectively referred to as non-performing assets.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(a) Credit risk management** *(Continued)**(iv) Credit risk quality (Continued)*

The core of the five categories are defined as follows:

Normal:	The debtor is capable of meeting its contractual obligations and there is no objective evidence indicating that the principal, interests, and income cannot be paid in full and on time.
Special-mention:	The debtor is currently capable of paying the principal, interests, and income notwithstanding a number of factors that might adversely affect its capacity to meet its contractual obligations.
Substandard:	The debtor is incapable of paying the principal, interests, or income in full or the financial assets have undergone credit impairment.
Doubtful:	The debtor is incapable of paying the principal, interests, or income in full and the financial assets have undergone significant credit impairment.
Loss:	None or only a minimum fraction of the financial assets can be recovered after exhausting all available options.

(b) Expected credit loss (“ECL”)

The Group measures the ECL of financial instruments at amortised cost or debt investments at fair value through other comprehensive income (“FVOCI”). The Group divides them into 3 stages by assessing whether there has been a significant increase in credit risk since initial recognition to recognise ECL.

The Group measures 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;
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Stage classification

The Group divides them into 3 stages. Stage 1 is “financial assets without significant increase in credit risk since initial recognition”, at which the Group only needs to measure ECL in the next 12 months. Stage 2 is “financial assets with significant increase in credit risk” and stage 3 is “credit-impaired financial assets”, at both of which the Group needs to measure lifetime ECL.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(b) Expected credit loss (“ECL”)** *(Continued)**Significant increases in credit risk*

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information, including forward-looking information. In particular, the following information is taken into account:

- Principal or interest of the instrument is more than 30 days past due;
- Credit rating of obligor changes significantly. Credit rating is based on both internal and external rating results, and the criteria are as follow:
 - (i) The changed internal and external ratings are worse than the Group’s credit access standards;
 - (ii) The non-retail assets’ internal ratings are downgraded by 3 ranks or above upon initial recognition;
 - (iii) Significant adverse issues have negative impacts on obligator’s repayment ability;
 - (iv) Other circumstances of significant increase in credit risk. For example, appearance of other risk alarm indicators which imply growing potential risk, and could cause losses of financial assets to the Group.

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

Definition of credit-impaired and default

The criteria adopted by the Group to determine whether a credit impairment occurs under IFRS 9 is consistent with the internal credit risk management objectives for relevant financial instrument, in addition to consideration of quantitative and qualitative indicators. In general, the Group considers a financial instrument to be credit-impaired or otherwise in default when one or more of the following criteria have been met:

- Principal or interest of the asset is more than 90 days past due;
- The issuer or obligor is in significant financial difficulty, or has already become insolvent;
- It is becoming probable that the obligor will enter bankruptcy;
- An active market for that financial asset has disappeared because of financial difficulties of issuers;
- Other objective evidence indicating impairment of the financial asset.

The financial assets are moveable between stages. For instance, financial instruments originally classified at stage 1 should be downgraded to stage 2 if events occur such as a significant increase in credit risk. Financial instruments at stage 2 could be upgraded to stage 1 if credit risk decreases and the criteria for the determination of “a significant increase in credit risk” are no longer met.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(b) Expected credit loss (“ECL”)** *(Continued)**Description of parameters, assumptions and estimation techniques*

The Group recognises a loss allowance to different financial instruments at an amount equal to 12-month or lifetime expected credit loss based on whether there has been a significant increase in credit risk and whether the financial instrument is credit-impaired. ECL is the result of discounted product of the weighted average of “probability of default (PD)”, “loss given default (LGD)”, “exposure at default (EAD)” under the three scenarios, which are defined as follows:

Probability of default (PD) is the probability of default occurring of a client and its assets in a given period of time in the future.

Exposure at default (EAD) represents the total amount of on-balance sheet and off-balance sheet exposure at the time of default by debtor, reflecting the total amount of possible losses likely to be incurred. In general, this includes the utilised credit limit, interest receivable, the anticipated usage of unused credit facilities as well as the related expenses to be incurred.

Loss given default (LGD) represents the percentage of amount of loss to be incurred in the event of default to the total risk exposure. It typically varies by nature of debtor, type and seniority of claim and the availability of collaterals or other credit risk mitigation.

Definition of default has been consistently applied to model establishment of probability of default (PD), exposure at default (EAD), loss given default (LGD) in ECL calculation throughout the Group.

Estimation of ECL: the impairment models

The impairment models adopt a top down approach. Through grouping, the models cover the risk exposures of financial institutions, corporates and retailers. The Group has established a macro-economic forecast model driven by the year-on-year Gross Domestic Product (GDP) growth rate to forecast values of macro-economic indicators in multiple categories, including national accounts, price index, foreign trades, fixed asset investments, currency and interest rates, under three scenarios, namely Basic Scenario, Optimistic Scenario and Pessimistic Scenario. The forecasts, after evaluation and confirmation by economic experts and senior management of the Bank, are used in asset impairment model. The macro scenario settings and the rationality of the weightings are reviewed and adjusted semiannually, based on changes in the internal and external economic environment.

As at 30 June 2024, the Group forecasts the 2024 year-on-year growth rate of GDP to be around 5.3% in the Basic Scenario. The Group fully considered the macroeconomic forecast for 2024 when evaluating the forecast information used in the impairment models.

The Group determined the weightings of Basic Scenario, Optimistic Scenario and Pessimistic Scenario with macro data analysis and expert’s judgement and maintain relative stability.

Where impairment models could not be established due to lack of data support, the Group endeavoured to select appropriate methods in order to make prospective estimation. The Group made prospective adjustments to impairment calculation of overseas branches regularly based on macro-forecast data from authoritative institutions (such as IMF and the World Bank). For asset portfolios not covered by impairment models, expected loss rate was set by referring to that of similar asset portfolios with impairment models available. When the management believed that the forecast model could not fully reflect recent credit or economic events, management overlay adjustments could be used to supplement ECL allowances.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(b) Expected credit loss (“ECL”)** *(Continued)**Grouping of instruments with similar credit risk characteristics*

To calculate the relevance between ECL allowance and macro-economic indicators, a grouping of exposure is performed for assets with similar credit risk characteristics. In performing this grouping, the Group has obtained sufficient information to ensure the data reliability for statistical purposes. Where sufficient information is not available internally, the Group has leveraged supplementary data from both internal and external environments to help establish impairment model. Non-retail assets of the Group are mainly grouped according to industries, while retail assets are mainly grouped based on product types and so on.

Sensitivity analysis

The Group measures sensitivity analysis on the macro-economic indicators used in prospective estimation. As at 30 June 2024, if the optimistic/pessimistic scenario weighting increases or decreases by 10%, and the prediction of economic indicators changed correspondingly, the change of the impairment allowance does not exceed 5%.

(c) Maximum exposure to credit risk*(i) financial instruments included in impairment assessment*

The Group adopts credit rating methods to monitor the credit risk status of its debt instrument portfolio. The Group classified the credit risk levels of financial assets measured by ECL into “Low” (credit risk in good condition), “Medium” (increased credit risk), and “High” (credit risk in severe condition), based on the quality of assets. The credit risk level is used for the purpose of the group’s internal credit risk management. “Low” refers to assets with good credit quality. There is no sufficient reason to doubt that the assets are not expected to fulfill its contractual obligation to repay or if there is any other behaviors breaching the debt contracts that would significantly impact the repayment of debt according to contract terms. “Medium” refers to assets facing obvious negative factors impacting its repayment capacity, but not yet have non-repayment behaviors. “High” refers to non-repayment according to the debt contract terms, or other behaviors breaching the debt contracts or having significant impact on the repayment of debt according to contract terms.

The following table is the summary of the group’s credit risk exposure of the main financial instruments included in the ECL assessment scope. The maximum exposure to credit risk represents the worst credit risk exposure at the end of each reporting period, without taking account of any collateral held or other credit enhancements. The credit risk exposure to the Group at the end of each reporting period primarily arises from credit and treasury operations. For on balance sheet assets, the maximum credit risk exposure refers to the book value of financial assets after deducting loss provisions. In addition, off balance sheet items such as loan commitment, credit card commitment, Banker’s acceptance, letter of guarantee, guarantee and letter of credit also include credit risk. And the maximum credit risk exposure of these off balance sheet items is the balance after the provision of estimated liabilities. Its credit risk exposure is mainly distributed in stage I, and its credit risk rating is “low”.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(c) Maximum exposure to credit risk (Continued)

(i) financial instruments included in impairment assessment (Continued)

As at 30 June 2024	Low risk	Medium risk	High risk	Domestic branches	Overseas and subsidiaries	Group total	Allowance for impairment losses	Maximum exposure to credit risk
On-balance sheet item								
Cash and balances with central banks								
(Stage 1)	698,978	-	-	698,978	26,154	725,132	-	725,132
Loans and advances to customers-								
Corporate (Excluding accrued interest)								
at amortised cost	4,752,367	89,934	65,099	4,907,400	471,812	5,379,212	(164,478)	5,214,734
Stage 1	4,679,184	-	-	4,679,184	418,713	5,097,897	(74,959)	5,022,938
Stage 2	73,183	89,934	-	163,117	34,415	197,532	(37,929)	159,603
Stage 3	-	-	65,099	65,099	18,684	83,783	(51,590)	32,193
at FVOCI	332,549	-	14	332,563	144	332,707	-	332,707
Stage 1	329,816	-	-	329,816	144	329,960	-	329,960
Stage 2	2,733	-	-	2,733	-	2,733	-	2,733
Stage 3	-	-	14	14	-	14	-	14
Loans and advances to customers-Personal								
(Excluding accrued interest)								
at amortised cost	2,426,653	37,434	24,818	2,488,905	66,893	2,555,798	(56,065)	2,499,733
Stage 1	2,407,850	-	-	2,407,850	66,000	2,473,850	(19,182)	2,454,668
Stage 2	18,803	37,434	-	56,237	554	56,791	(18,887)	37,904
Stage 3	-	-	24,818	24,818	339	25,157	(17,996)	7,161
Due from and placements with banks and other financial institutions								
Stage 1	558,172	-	-	558,172	293,559	851,731	(3,047)	848,684
Stage 2	558,172	-	-	558,172	286,154	844,326	(3,046)	841,280
Stage 3	-	-	-	-	7,405	7,405	(1)	7,404
Financial investments at amortised cost								
Stage 1	2,393,994	2,169	1,160	2,397,323	95,164	2,492,487	(3,377)	2,489,110
Stage 2	2,393,994	-	-	2,393,994	92,830	2,486,824	(1,513)	2,485,311
Stage 3	-	2,169	-	2,169	1,983	4,152	(899)	3,253
Debt investments at FVOCI								
Stage 1	418,382	-	-	418,382	351	1,511	(965)	546
Stage 2	418,382	-	-	418,382	485,653	904,035	-	904,035
Stage 3	-	-	-	-	483,538	901,920	-	901,920
Stage 2	-	-	-	-	2,038	2,038	-	2,038
Stage 3	-	-	-	-	77	77	-	77
On-balance sheet total	11,581,095	129,537	91,091	11,801,723	1,439,379	13,241,102	(226,967)	13,014,135

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(c) Maximum exposure to credit risk (Continued)

(i) financial instruments included in impairment assessment (Continued)

As at 31 December 2023	Low risk	Medium risk	High risk	Domestic branches	Overseas and subsidiaries	Group total	Allowance for impairment losses	Maximum exposure to credit risk
On-balance sheet item								
Cash and balances with central banks								
(Stage 1)	862,742	-	-	862,742	22,803	885,545	-	885,545
Loans and advances to customers-								
Corporate (Excluding accrued interest)								
at amortised cost	4,458,676	81,134	67,245	4,607,055	478,432	5,085,487	(152,862)	4,932,625
Stage 1	4,378,790	-	-	4,378,790	437,523	4,816,313	(60,962)	4,755,351
Stage 2	79,886	81,134	-	161,020	22,627	183,647	(38,395)	145,252
Stage 3	-	-	67,245	67,245	18,282	85,527	(53,505)	32,022
at FVOCI	398,335	125	19	398,479	-	398,479	-	398,479
Stage 1	391,313	-	-	391,313	-	391,313	-	391,313
Stage 2	7,022	125	-	7,147	-	7,147	-	7,147
Stage 3	-	-	19	19	-	19	-	19
Loans and advances to customers-Personal (Excluding accrued interest)								
at amortised cost	2,355,913	30,662	19,808	2,406,383	66,717	2,473,100	(50,913)	2,422,187
Stage 1	2,336,427	-	-	2,336,427	66,017	2,402,444	(19,710)	2,382,734
Stage 2	19,486	30,662	-	50,148	385	50,533	(16,945)	33,588
Stage 3	-	-	19,808	19,808	315	20,123	(14,258)	5,865
Due from and placements with banks and other financial institutions								
Stage 1	441,228	-	-	441,228	420,963	862,191	(2,549)	859,642
Stage 2	441,228	-	-	441,228	412,770	853,998	(2,543)	851,455
Stage 3	-	-	-	-	8,193	8,193	(6)	8,187
Financial investments at amortised cost								
Stage 1	2,477,019	2,784	1,136	2,480,939	96,610	2,577,549	(3,638)	2,573,911
Stage 2	2,477,019	-	-	2,477,019	95,803	2,572,822	(1,662)	2,571,160
Stage 3	-	2,784	-	2,784	382	3,166	(997)	2,169
Stage 3	-	-	1,136	1,136	425	1,561	(979)	582
Debt investments at FVOCI								
Stage 1	417,918	103	-	418,021	455,245	873,266	-	873,266
Stage 2	417,918	-	-	417,918	452,134	870,052	-	870,052
Stage 3	-	103	-	103	2,983	3,086	-	3,086
Stage 3	-	-	-	-	128	128	-	128
On-balance sheet total	11,411,831	114,808	88,208	11,614,847	1,540,770	13,155,617	(209,962)	12,945,655

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(c) Maximum exposure to credit risk** *(Continued)**(ii) financial instruments not included in impairment assessment*

The analysis of credit risk exposure of those financial assets measured at fair value through profit or loss (“FVTPL”) which are not included in the impairment assessment are as follows:

	As at 30 June 2024	As at 31 December 2023
Financial assets at FVTPL		
Derivative financial instruments	79,459	67,387
Loans and advances to customers	17	19
Debt securities	171,376	227,242
Fund and trust management products	212,881	180,911
Equity investments and other investments	73,378	73,770
Precious metal contracts	3,914	4,524
Other debt investments	152,351	155,835
Total	693,376	709,688

(iii) Collaterals and other credit enhancements

The Group manages, limits and controls concentrations of credit risk wherever they are identified, in particular, to individual counterparty, groups, industry segments and geographical regions.

The Group optimises its credit risk structure by placing limits in relation to one borrower, or group of borrowers. Such risks are monitored by the Group on a regular basis and subject to annual or more frequent review, whenever necessary.

The exposure to any single borrower including banks and brokers is further restricted by sub-limits covering on- and off- balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. The Group monitors the actual credit risk exposure and credit limits on a daily basis.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet principal and interest repayment obligations. The Group will change their lending limits when appropriate based on the analysis.

Some other specific control and risk mitigation measures are outlined below.

Collaterals

The Group employs a range of policies and practices to mitigate credit risk. The most common practice is to accept collaterals or pledges. The Group implements guidelines on the acceptability of specific classes of collaterals and pledges. The principal types of collaterals and pledges for loans and advances to customers are:

- Residential properties;
- Business assets such as premises, inventory and receivables;
- Financial instruments such as debt securities and stocks.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(c) Maximum exposure to credit risk** *(Continued)***(iii) Collaterals and other credit enhancements** *(Continued)***Collaterals** *(Continued)*

The value of collaterals at the time of loan origination is subject to loan-to-value ratio limits based on collateral types. The principal types of collaterals for corporate loans and personal loans are as follows:

Collaterals	Maximum loan-to-value ratio
Cash deposits with the Group	90%
PRC treasury bonds	90%
Financial institution bonds	90%
Publicly traded stocks	60%
Rights to collect fees or right of management	65%
Properties	70%
Land use rights	70%
Vehicles	50%

Long-term loans and advances to corporate and personal customers are generally secured. In addition, in order to minimise the credit loss the Group will strengthen collection through short message reminders, telephone calls, letters, judicial proceedings and other means as soon as impairment indicators are noted for the personal loans and advances.

For loans guaranteed by a third-party guarantor, the Group will assess the financial condition, credit history and ability to meet obligations of the guarantor.

Collaterals and pledges held as security for financial assets other than loans and advances to customers are determined by the nature of the instrument. Debt securities, PRC treasury bonds and the PBOC bills are generally unsecured, with the exception of asset-backed securities, which are secured by portfolios of financial instruments.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

As at 30 June 2024	Gross exposure	Impairment allowance	Carrying amount	Exposure covered by collateral
Credit impaired assets				
Loans and advances to customers				
Loans and advances to customers at amortised cost	108,940	(69,586)	39,354	58,851
Loans and advances to customers at FVOCI	14	-	14	11
Financial investments				
Financial investments at amortised cost	1,511	(965)	546	881
Debt investments at FVOCI	77	-	77	-

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT (Continued)**(1) Credit risk** (Continued)**(c) Maximum exposure to credit risk** (Continued)**(iii) Collaterals and other credit enhancements** (Continued)**Collaterals** (Continued)

As at 31 December 2023	Gross exposure	Impairment allowance	Carrying amount	Exposure covered by collateral
Credit impaired assets				
Loans and advances to customers				
Loans and advances to customers at amortised cost	105,650	(67,763)	37,887	50,316
Loans and advances to customers at FVOCI	19	–	19	16
Financial investments				
Financial investments at amortised cost	1,561	(979)	582	832
Debt investments at FVOCI	128	–	128	–

Master netting arrangements

The Group may enter into master netting arrangements or similar agreements with the counterparties to reduce credit risk furtherly. The related credit risk of contracts will reduce when settled on a net basis. Each party to the master netting arrangements or similar agreements will settle all such amounts on a net basis in the event of default of the other party.

(d) Derivative instruments

In accordance with the *Administrative Measures for the Capital Management of Commercial Banks* issued by China's National Financial Regulatory Administration (the "NFRA"), the Group adopts the standardized approach to measure the credit risk-weighted assets of derivative instruments, including the default risk-weighted assets of non-central counterparties, the credit risk-weighted assets of central counterparties, and the credit valuation adjustment risk-weighted assets.

For further information on counterparty credit risk-weighted assets, please refer to the *Pillar 3 Report at 30 June 2024* published on the official website of the Bank.

(e) Foreclosed assets

	As at 30 June 2024	As at 31 December 2023
Buildings	1,318	1,366
Land use rights	8	8
Others	10	10
Gross	1,336	1,384
Less: Impairment allowances	(482)	(439)
Net	854	945

Foreclosed assets are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. The Group does not generally occupy foreclosed assets for its own business use. Foreclosed assets are classified as other assets in the statement of financial position.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(f) Concentration risk analysis for financial assets**

The Group mainly manages concentration risk for loans and advances to customers by industry sectors and also manages concentration risk for financial assets by geographical sectors.

Concentration risk for geographical sectors

As at 30 June 2024	Chinese Mainland	Hong Kong	Others	Total
Financial assets				
Balances with central banks	701,316	2,553	21,263	725,132
Due from and placements with banks and other financial institutions	658,126	64,277	126,281	848,684
Derivative financial assets	41,974	29,855	7,630	79,459
Loans and advances to customers	7,733,683	206,039	126,604	8,066,326
Financial investments at FVTPL	523,518	10,805	6,199	540,522
Financial investments at amortised cost	2,430,386	42,601	16,123	2,489,110
Debt investments at FVOCI	483,915	234,170	185,950	904,035
Other financial assets	78,150	9,223	628	88,001
Total	12,651,068	599,523	490,678	13,741,269
Off-balance sheet exposures				
Guarantees, acceptances and letters of credit	1,253,048	5,582	14,585	1,273,215
Loan commitments and other credit related commitments	1,015,254	16,365	14,665	1,046,284
Total	2,268,302	21,947	29,250	2,319,499
As at 31 December 2023	Chinese Mainland	Hong Kong	Others	Total
Financial assets				
Balances with central banks	865,236	1,578	18,731	885,545
Due from and placements with banks and other financial institutions	649,279	83,984	126,379	859,642
Derivative financial assets	31,029	29,982	6,376	67,387
Loans and advances to customers	7,421,635	217,391	133,034	7,772,060
Financial investments at FVTPL	552,977	9,664	5,871	568,512
Financial investments at amortised cost	2,513,000	43,769	17,142	2,573,911
Debt investments at FVOCI	467,473	223,644	182,149	873,266
Other financial assets	27,536	5,948	5,510	38,994
Total	12,528,165	615,960	495,192	13,639,317
Off-balance sheet exposures				
Guarantees, acceptances and letters of credit	1,186,022	6,118	13,111	1,205,251
Loan commitments and other credit related commitments	1,004,082	18,895	4,363	1,027,340
Total	2,190,104	25,013	17,474	2,232,591

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(f) Concentration risk analysis for financial assets (Continued)

Geographical risk concentration for loans and advances to customers

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

Note: The definitions of geographical operating segments are set out in Note 45.

Industry analysis for loans and advances to customers

	As at 30 June 2024		As at 31 December 2023	
		%		%
Corporate loans				
Manufacturing	1,015,063	12.27	954,586	12.00
Transportation, storage and postal service	946,420	11.45	905,624	11.38
Leasing and commercial services	927,265	11.22	866,601	10.89
Real estate	527,977	6.39	489,080	6.15
Water conservancy, environmental and other public services	487,327	5.89	466,137	5.86
Production and supply of power, heat, gas and water	404,336	4.89	391,742	4.92
Wholesale and retail	304,701	3.69	292,168	3.67
Construction	226,852	2.74	188,716	2.37
Education, science, culture and public health	148,464	1.80	141,254	1.78
Finance	138,889	1.68	159,183	2.00
Mining	120,052	1.45	116,467	1.46
Information transmission, software and IT services	80,986	0.98	81,176	1.02
Accommodation and catering	34,964	0.42	38,159	0.48
Others	88,097	1.07	88,640	1.11
Discounted bills	260,543	3.15	304,452	3.83
Total corporate loans	5,711,936	69.09	5,483,985	68.92
Personal loans				
Mortgages	1,460,961	17.67	1,462,634	18.39
Credit cards	496,289	6.00	489,725	6.15
Personal business loans	374,991	4.54	343,585	4.32
Personal consumption loans	219,994	2.66	173,423	2.18
Others	3,563	0.04	3,733	0.04
Total personal loans	2,555,798	30.91	2,473,100	31.08
Gross amount of loans and advances before impairment allowances	8,267,734	100.00	7,957,085	100.00

Note: The classification of industries is consistent with the latest national standards for industry classification (*Industrial classification for national economic activities (GB/T 4754-2017)* issued by SAC and AQSIQ in 2017).

The industry risk concentration analysis for loans and advances to customers is based on the type of industry of the borrowers.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(2) Market risk

Overview

Market risk is risk of loss on the Group's on balance sheet and off balance sheet businesses, which is originated from the unfavourable changes and fluctuations in interest rates, foreign exchange rates, commodity price and equity product price. Market risk consists of interest rate risk, foreign exchange rate risk, equity product price risk and commodity price risk. The market risk of the Group mainly comprises interest rate risk and foreign exchange rate risk.

The Group established an integrated market risk management system, formed a market risk management structure with the separation of front and middle-end platforms and specified the responsibilities, the division of labor and the reporting route of the Board of Directors, Board of Supervisors, Senior Management, Special Committees and other relevant departments to ensure the compliance and effectiveness of market risk management.

In accordance with the *Rules on Capital Management of Commercial Banks* issued by the NFRA, the Group's financial instrument, foreign exchange and commodity positions and other financial instruments recognized by the NFRA are divided into trading book and banking book. The trading book consists of financial instruments, foreign exchange and commodity positions and other financial instruments recognized by the NFRA held either for trading intent or economic hedging against risks of the other items in the trading book. The banking book consists of all instruments other than those included in trading book. The Group recognises, measures, monitors and controls the market risks in trading book and banking book according to their nature and characteristics.

With regard to the exchange rate risk and the interest rate risk of trading book, the Group established an effective limit management system by implementing Net Position, Risk Sensitivity, Value at Risk ("VaR") and other indicators. Meanwhile, with regard to the interest risk of banking book, net interest income simulation and gap analysis are the major tools used by the Group to monitor the interest risk of its overall businesses. In addition, through adequate repricing management and structure adjustment of assets and liabilities, the Group strives to maximise its rate of return while keeping its risks under control.

The Group has continuously improved the management system of market risk. The Group conducted stress tests on historical scenarios and hypothetical scenarios in the consideration of the Group's major market risk factors. The Group has realised daily automatic collection of trading data and market data in the system. The Group conducted the management of risk capital and VaR quota, and formulated the quota allocation plans.

The Group also applies sensitivity analysis to assess and measure the market risk of trading book and banking book. Sensitivity analysis indicates the impact on the relevant market risk assuming that only a single variable changes. As any risk variable rarely changes isolatedly, and the correlation between variables will have a significant effect on the final impact amount of the change of a risk variable, the results of sensitivity analysis can only provide limited market risk information.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(2) Market risk** *(Continued)*

The major measurement techniques used to measure and control market risk are outlined below:

(a) VaR

VaR refers to the maximum loss that an investment portfolio may incur at a given confidence level and holding period caused by the changes in market price factors such as interest rates and exchange rates etc.. The Group adopted the historical simulation method to calculate daily VaR (99% confidence interval, the holding period of one day).

A summary of VaR by risk type including foreign exchange rate risk and interest rate risk of the trading book of the Group's portfolios is as follows:

Item	Six months ended 30 June 2024			
	30 June 2024	Average	Maximum	Minimum
VaR	241	279	418	155
Including: Interest rate risk	150	160	234	146
Foreign exchange risk	209	247	420	75

Item	Six months ended 30 June 2023			
	30 June 2023	Average	Maximum	Minimum
VaR	252	504	681	243
Including: Interest rate risk	250	448	572	250
Foreign exchange risk	145	116	195	36

(b) Sensitivity analysis*Interest rate sensitivity analysis*

The table below illustrates the impact on net profit of the Group for the following year based on the structure of financial assets and liabilities as at the date of statement of financial position, resulting from a parallel upward or downward shift of 100 basis points in related yield curves:

	Changes in net profit	
	As at 30 June 2024	As at 31 December 2023
+100 basis points parallel shift in yield curves	5,301	11,574
- 100 basis points parallel shift in yield curves	(5,301)	(11,574)

The table below illustrates the impact on other comprehensive income of the Group for the following year based on the structure of financial assets and liabilities as at the date of statement of financial position, resulting from a parallel upward or downward shift of 100 basis points in related yield curves.

	Changes in other comprehensive income	
	As at 30 June 2024	As at 31 December 2023
+100 basis points parallel shift in yield curves	(20,962)	(17,882)
- 100 basis points parallel shift in yield curves	23,889	20,084

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(2) Market risk** *(Continued)***(b) Sensitivity analysis** *(Continued)**Interest rate sensitivity analysis (Continued)*

The above-mentioned impact on other comprehensive income arises from the changes in the fair value of fixed-interest-rate bonds at fair value through other comprehensive income, and loans and advances to customers at fair value through other comprehensive income.

The results of the interest rate sensitivity analysis set out in the table above are illustrative only and are based on simplified scenarios. The figures represent the projected impact to the net profit and other comprehensive income caused by the projected movement of current interest risk structure yield curves. This effect, however, does not take into account actions that would be taken by the Group to mitigate the impact of interest rate changes.

The projections above also assume that interest rates of all maturities excluding demand deposits move by the same amount and, therefore, do not reflect the potential impact on net profit due to changes in certain rates while others remain unchanged. The projections are based on other simplified assumptions as well, including that all positions are to be held to maturity. There will be changes to the projection if positions are not held to maturity but it is not expected that the changes would be material.

The Group believes the assumption does not represent the Group's policy on use of funds and interest rate risk management. As a result, the above impact may differ from the actual situation.

Foreign exchange sensitivity analysis

The table below illustrates the impact of a concurrent appreciation or depreciation of RMB spot and forward rates against USD and HKD by 5% on the Group's net profit:

	Changes in net profit	
	As at 30 June 2024	As at 31 December 2023
5% appreciation of RMB	(377)	837
5% depreciation of RMB	377	(837)

The table below illustrates the impact of a concurrent appreciation or depreciation of RMB spot and forward rates against USD and HKD by 5% on the Group's other comprehensive income:

	Changes in other comprehensive income	
	As at 30 June 2024	As at 31 December 2023
5% appreciation of RMB	(3,501)	(3,481)
5% depreciation of RMB	3,501	3,481

The impact on net profit arises from the influences of RMB exchange rate fluctuation on the net position of monetary assets (excluding other book value other than amortised cost of monetary assets at fair value through other comprehensive income) and liabilities denominated in foreign currencies, the net position of non-monetary financial assets (excluding non-monetary items denominated in foreign currencies measured at fair value through other comprehensive income) and liabilities denominated in foreign currencies measured at fair value, and the fair value of currency derivatives denominated in RMB.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(2) Market risk** *(Continued)***(b) Sensitivity analysis** *(Continued)**Foreign exchange sensitivity analysis (Continued)*

The impact on other comprehensive income arises from the influences of RMB exchange rate fluctuation on the differences on translation of foreign currency financial statements of foreign operators, the overseas investment portion of monetary assets denominated in foreign currencies, other book value other than amortised cost of the non-monetary items denominated in foreign currencies measured at fair value through other comprehensive income (such as stock) and monetary items at fair value through other comprehensive income.

The above impact on net profit is based on the assumption that the sensitive position of the Group's year-end exchange rate and currency derivatives denominated in RMB remain unchanged around the year. While in practice, the Group will, based on its judgement on the trend of exchange rate, actively adjust the foreign currency position and use appropriate derivative instruments to mitigate the impact of the foreign currency risk. Therefore, the above impact might differ from the actual situation.

(c) Interest rate risk

The Group's interest rate risk mainly arises from interest rate repricing risk due to maturity mismatching of asset and liability businesses, and basis risk due to inconsistent pricing benchmarks.

On 20 July 2013, the PBOC cancelled the lower limit of benchmark interest rates of loans dominated in RMB, allowing financial institutions to determine the loan interest rates independently based on commercial principles. The PBOC cancelled the upper limit of the benchmark interest rates for deposits on 24 October 2015 and established RMB Loan Prime Rate (LPR) as a new pricing benchmark of new loans in 2019. The Group conducts most of its domestic deposit businesses at benchmark interest rates for deposits and conducts most of its domestic loan businesses at LPR published by the PBOC.

The Group has established a relatively complete interest rate risk monitoring system. By using the gap analysis system, the Group regularly monitors the repricing maturity gap of interest rate-sensitive assets and liabilities throughout the Group, takes the initiative to adjust the proportion of interest-bearing assets at floating interest rates and fixed interest rates, and adjusts the repricing term structure of interest rate and manages interest rate risk by applying appropriate derivatives such as interest rate swaps based on allocation strategy of assets and liabilities. Consequently, the Group is less vulnerable to interest rate risk.

During the reporting period, the Group closely monitored the interest rate trend for RMB and foreign currencies, conducted specific management of risk limits, and strengthened comprehensive operations and limit monitoring. In addition, the Group, by rationally adjusting the loan repricing strategies, reinforced the specific management of price negotiation to maximise its rate of return while keeping its risks under control.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(2) Market risk (Continued)

(c) Interest rate risk (Continued)

At the date of statement of financial position, the Group's assets and liabilities categorised by the repricing date or maturity date (whichever is earlier) are as follows:

As at 30 June 2024	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and balances with central banks	723,676	-	-	-	-	13,356	737,032
Due from and placements with banks and other financial institutions	368,877	148,005	279,349	46,092	105	6,256	848,684
Derivative financial assets	-	-	-	-	-	79,459	79,459
Loans and advances to customers	855,247	1,139,181	4,993,453	646,125	152,182	280,138	8,066,326
Financial investments at FVTPL	21,080	30,331	32,674	70,725	40,606	418,484	613,900
Financial investments at amortised cost	23,175	46,113	127,009	1,174,666	1,090,848	27,299	2,489,110
Financial investments at FVOCI	34,731	71,618	79,473	459,700	249,356	25,192	920,070
Other assets	1,180	-	-	-	-	422,153	423,333
Total assets	2,027,966	1,435,248	5,511,958	2,397,308	1,533,097	1,272,337	14,177,914
Liabilities							
Due to and placements from banks and other financial institutions	(1,339,163)	(320,702)	(565,188)	(18,939)	(1,322)	(12,557)	(2,257,871)
Financial liabilities at FVTPL	(5,445)	(4,269)	(10,796)	(25,344)	-	(13,697)	(59,551)
Derivative financial liabilities	-	-	-	-	-	(60,380)	(60,380)
Deposits from customers	(3,872,153)	(644,301)	(1,666,207)	(2,300,362)	(14,623)	(152,470)	(8,650,116)
Other liabilities	(121,441)	(285,574)	(791,272)	(302,052)	(348,559)	(181,807)	(2,030,705)
Total liabilities	(5,338,202)	(1,254,846)	(3,033,463)	(2,646,697)	(364,504)	(420,911)	(13,058,623)
Total interest sensitivity gap	(3,310,236)	180,402	2,478,495	(249,389)	1,168,593	851,426	1,119,291
As at 31 December 2023							
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and balances with central banks	884,284	-	-	-	-	13,738	898,022
Due from and placements with banks and other financial institutions	434,995	148,731	232,858	36,844	17	6,197	859,642
Derivative financial assets	-	-	-	-	-	67,387	67,387
Loans and advances to customers	1,924,013	1,178,073	3,741,404	453,813	177,729	297,028	7,772,060
Financial investments at FVTPL	16,558	18,941	90,093	63,598	62,685	390,407	642,282
Financial investments at amortised cost	11,920	65,591	179,537	1,101,787	1,186,480	28,596	2,573,911
Financial investments at FVOCI	34,805	88,610	104,644	404,770	231,057	24,063	887,949
Other assets	1,161	-	-	-	-	358,058	359,219
Total assets	3,307,736	1,499,946	4,348,536	2,060,812	1,657,968	1,185,474	14,060,472
Liabilities							
Due to and placements from banks and other financial institutions	(1,453,238)	(276,568)	(634,551)	(40,657)	(6,535)	(12,988)	(2,424,537)
Financial liabilities at FVTPL	(2,941)	(126)	(13,658)	(27,341)	-	(12,491)	(56,557)
Derivative financial liabilities	-	-	-	-	-	(50,975)	(50,975)
Deposits from customers	(3,951,448)	(686,639)	(1,363,898)	(2,398,185)	(3)	(151,042)	(8,551,215)
Other liabilities	(132,766)	(317,076)	(657,052)	(313,319)	(307,974)	(149,551)	(1,877,738)
Total liabilities	(5,540,393)	(1,280,409)	(2,669,159)	(2,779,502)	(314,512)	(377,047)	(12,961,022)
Total interest sensitivity gap	(2,232,657)	219,537	1,679,377	(718,690)	1,343,456	808,427	1,099,450

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(2) Market risk** *(Continued)***(d) Foreign exchange risk**

The Group conducts the majority of its businesses in RMB, and the recording currency is RMB. Certain foreign transactions are conducted in USD, HKD and other currencies. The exchange rate of RMB to USD, HKD or other currencies is subject to the trading rules of China Foreign Exchange Trade System. Exchange rate risk mainly results from currency mismatch between foreign currency assets and liabilities and between off balance sheet currency exposure. The Group has formulated management measures for exchange rate risks, defining the functional division and scope of work of the exchange rate risk management department, risk identification, measurement, monitoring and control methods, and specific measures. Moreover, the Group controls exchange rate risk by setting relevant limits, taking the initiative to adjust the structure of foreign currency assets for a proper matching of currency structure of assets and liabilities, and applying appropriate exchange rate financial derivatives for transfers and hedging based on its own risk tolerance and operating level.

As at 30 June 2024, the exchange rates for US dollar and HK dollar are 1 US dollar to RMB7.1268 (As at 31 December 2023: RMB7.0827) and 1 HK dollar to RMB0.91268 (As at 31 December 2023: RMB0.9062), respectively.

Carrying amounts of the Group's total assets and liabilities categorised by the original currency as at the date of statement of financial position are as follows:

As at 30 June 2024	RMB	USD (RMB Equivalent)	HKD (RMB Equivalent)	Others (RMB Equivalent)	Total
Assets					
Cash and balances with central banks	699,027	15,926	3,527	18,552	737,032
Due from and placements with banks and other financial institutions	537,995	220,190	47,447	43,052	848,684
Derivative financial assets	52,442	23,171	2,204	1,642	79,459
Loans and advances to customers	7,611,008	190,555	174,812	89,951	8,066,326
Financial investments at FVTPL	539,359	57,700	3,706	13,135	613,900
Financial investments at amortised cost	2,386,450	74,535	13,089	15,036	2,489,110
Financial investments at FVOCI	470,193	355,303	11,525	83,049	920,070
Other assets	211,416	195,132	7,541	9,244	423,333
Total assets	12,507,890	1,132,512	263,851	273,661	14,177,914
Liabilities					
Due to and placements from banks and other financial institutions	(1,923,619)	(268,257)	(8,769)	(57,226)	(2,257,871)
Financial liabilities at FVTPL	(43,116)	(11,418)	(1,113)	(3,904)	(59,551)
Derivative financial liabilities	(47,875)	(6,169)	(4,119)	(2,217)	(60,380)
Deposits from customers	(7,966,028)	(375,698)	(243,314)	(65,076)	(8,650,116)
Other liabilities	(1,800,810)	(184,200)	(21,172)	(24,523)	(2,030,705)
Total liabilities	(11,781,448)	(845,742)	(278,487)	(152,946)	(13,058,623)
Net position	726,442	286,770	(14,636)	120,715	1,119,291
Credit related commitments and financial guarantees	2,108,143	164,188	13,490	33,678	2,319,499

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT (Continued)**(2) Market risk** (Continued)**(d) Foreign exchange risk** (Continued)

As at 31 December 2023	RMB	USD (RMB Equivalent)	HKD (RMB Equivalent)	Others (RMB Equivalent)	Total
Assets					
Cash and balances with central banks	863,157	16,398	2,583	15,884	898,022
Due from and placements with banks and other financial institutions	523,097	264,554	33,678	38,313	859,642
Derivative financial assets	39,341	21,204	4,059	2,783	67,387
Loans and advances to customers	7,276,689	208,367	189,991	97,013	7,772,060
Financial investments at FVTPL	567,556	57,516	3,210	14,000	642,282
Financial investments at amortised cost	2,468,066	76,789	14,221	14,835	2,573,911
Financial investments at FVOCI	455,213	338,548	17,033	77,155	887,949
Other assets	158,175	184,010	6,402	10,632	359,219
Total assets	12,351,294	1,167,386	271,177	270,615	14,060,472
Liabilities					
Due to and placements from banks and other financial institutions	(2,071,836)	(284,634)	(7,232)	(60,835)	(2,424,537)
Financial liabilities at FVTPL	(45,060)	(7,693)	(1,107)	(2,697)	(56,557)
Derivative financial liabilities	(36,367)	(6,239)	(5,342)	(3,027)	(50,975)
Deposits from customers	(7,870,593)	(373,200)	(253,858)	(53,564)	(8,551,215)
Other liabilities	(1,645,750)	(183,905)	(23,108)	(24,975)	(1,877,738)
Total liabilities	(11,669,606)	(855,671)	(290,647)	(145,098)	(12,961,022)
Net position	681,688	311,715	(19,470)	125,517	1,099,450
Credit related commitments and financial guarantees	2,055,142	135,069	13,899	28,481	2,232,591

(e) Other price risk

The Group is exposed to other price risk arising from financial assets such as equity investments and derivatives linked to commodity price. The equity investments arise from the proprietary trading of the Group's subsidiaries which hold the qualification of securities dealing and brokerage as well. As for the proprietary trading exposure, the Group enforces strict management of the risk exposure limit and the balance is insignificant to the Group's financial assets. The Group considers the exposure to the other price risk to be insignificant.

(3) Liquidity risk**Overview**

Liquidity risk is the risk that occurs when the Group is not able to obtain sufficient funds in time and at a reasonable cost to repay debts when they are due, fulfill other payment obligations, or meet other funding needs in the normal course of business. The Group's liquidity risk mainly comes from depositors' early or centralised withdrawals, borrowers' deferred repayment of loans, the amount of assets and liabilities and maturity mismatches.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(3) Liquidity risk (Continued)

(a) Liquidity risk management

The Group implements centralised management of liquidity risk and, on the basis of forecasting liquidity requirements, formulates corresponding liquidity management plans and actively manages the liquidity of the Bank. The specific measures mainly include:

- Pay close attention to changes in the macroeconomic situation, central bank monetary policy, capital market dynamics, etc;
- Enhance weighting of core deposits as a percentage of liabilities, so as to improve the stability of liabilities;
- Monitor and manage liquidity position bank-wide by implementing a series of indicators and restrictions;
- Liquidity position management and cash utilisation functions are centralised by the Head offices;
- Maintain an appropriate level of central bank reserves, overnight inter-bank transactions, highly liquid debt investment, actively involve in capital management through open market, monetary market and bond market in order to ensure optimal financing capability at market places;
- Minimise liquidity risk by proper management of asset maturity structures and multi-level liquidity portfolios.

(b) Non-derivative financial instruments cash flows

The table below presents the structural analysis by contracted maturities on non-derivative financial assets and liabilities of the Group at the balance sheet date. The amount of financial assets and liabilities for each period is the amount of undiscounted cash flows. The Group's expected cash flows on these financial 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.

As at 30 June 2024	Overdue	Undated	On Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets									
Cash and balances with central banks	-	665,804	70,944	-	284	-	-	-	737,032
Due from and placements with banks and other financial institutions	-	-	75,373	256,123	130,081	289,936	102,469	21,378	875,360
Loans and advances to customers	86,555	-	-	488,074	497,984	2,075,565	2,841,442	4,101,311	10,090,931
Financial investments at FVTPL	74	85,301	257,645	34,032	56,057	51,943	105,085	45,032	635,169
Financial investments at amortised cost	961	-	-	26,347	55,387	191,783	1,412,094	1,245,284	2,931,856
Financial investments at FVOCI	46	16,035	-	23,578	39,432	118,976	565,993	309,497	1,073,557
Other financial assets	2,396	-	85,605	-	-	-	-	-	88,001
Assets held for managing liquidity risk (contractual maturity dates)	90,032	767,140	489,567	828,154	779,225	2,728,203	5,027,083	5,722,502	16,431,906
Liabilities									
Due to and placements from banks and other financial institutions	-	-	(862,707)	(459,632)	(282,662)	(584,733)	(72,440)	(19,404)	(2,281,578)
Financial liabilities at FVTPL	-	(509)	(13,212)	(2,567)	(6,199)	(11,919)	(26,281)	-	(60,687)
Deposits from customers	-	-	(3,112,880)	(677,010)	(769,480)	(1,824,369)	(2,404,859)	(17,393)	(8,805,991)
Certificates of deposit issued	-	-	-	(108,016)	(276,764)	(744,637)	(11,036)	(330)	(1,140,783)
Debt securities issued	-	-	-	(1,407)	(7,903)	(71,809)	(320,667)	(288,547)	(690,333)
Other financial liabilities	-	-	(91,387)	(2,243)	(459)	(2,101)	(7,264)	(3,759)	(107,213)
Total liabilities (contractual maturity dates)	-	(509)	(4,080,186)	(1,250,875)	(1,343,467)	(3,239,568)	(2,842,547)	(329,433)	(13,086,585)
Net position	90,032	766,631	(3,590,619)	(422,721)	(564,242)	(511,365)	2,184,536	5,393,069	3,345,321

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT (Continued)**(3) Liquidity risk** (Continued)**(b) Non-derivative financial instruments cash flows** (Continued)

As at 31 December 2023	Overdue	Undated	On Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets									
Cash and balances with central banks	-	695,143	202,550	-	329	-	-	-	898,022
Due from and placements with banks and other financial institutions	-	-	70,228	337,245	132,864	244,157	78,396	20,173	883,063
Loans and advances to customers	76,918	-	-	536,179	526,757	2,005,894	2,627,952	3,681,800	9,455,500
Financial investments at FVTPL	89	70,471	242,065	15,695	51,696	117,071	102,928	68,783	668,798
Financial investments at amortised cost	1,003	-	-	14,630	74,810	250,806	1,351,540	1,350,430	3,043,219
Financial investments at FVOCI	73	14,683	-	19,138	47,199	143,138	519,908	285,228	1,029,367
Other financial assets	2,003	-	36,991	-	-	-	-	-	38,994
Assets held for managing liquidity risk (contractual maturity dates)									
	80,086	780,297	551,834	922,887	833,655	2,761,066	4,680,724	5,406,414	16,016,963
Liabilities									
Due to and placements from banks and other financial institutions	-	-	(906,104)	(544,729)	(265,996)	(649,323)	(66,668)	(17,997)	(2,450,817)
Financial liabilities at FVTPL	-	(577)	(11,005)	(1,693)	(1,562)	(14,672)	(29,191)	-	(58,700)
Deposits from customers	-	-	(3,192,693)	(886,873)	(701,788)	(1,406,736)	(2,522,115)	(3)	(8,710,208)
Certificates of deposit issued	-	-	-	(116,088)	(293,059)	(615,261)	(15,678)	(455)	(1,040,541)
Debt securities issued	-	-	-	(4,264)	(20,884)	(76,961)	(321,073)	(263,540)	(686,722)
Other financial liabilities	-	-	(79,863)	(2,308)	(533)	(2,362)	(5,449)	(6,014)	(96,529)
Total liabilities (contractual maturity dates)									
	-	(577)	(4,189,665)	(1,555,955)	(1,283,822)	(2,765,315)	(2,960,174)	(288,009)	(13,043,517)
Net position									
	80,086	779,720	(3,637,831)	(633,068)	(450,167)	(4,249)	1,720,550	5,118,405	2,973,446

Assets available to repay all of the liabilities and fulfill loan commitments include cash, balances with central banks, due from and placements with banks and other financial institutions, financial investment at fair value through profit or loss, etc. In the normal course of business, a majority of matured deposits will not be withdrawn immediately on the maturity date but will continue to be kept by the Group. In addition, financial investments at fair value through other comprehensive income can also be disposed of when necessary to obtain funds for repayment of matured debts.

(c) Derivative financial instruments cash flows

The Group's derivative financial instruments are either settled on a net basis or a gross basis.

(i) Derivative settled on a net basis

The Group's derivative financial instruments that will be settled on a net basis include foreign exchange contracts, commodity contracts, interest rate contracts and others.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(3) Liquidity risk (Continued)

(c) Derivative financial instruments cash flows (Continued)

(i) Derivative settled on a net basis (Continued)

The table below analyses the undiscounted cash flows of the Group's derivative financial instruments which will be settled on a net basis and are classified based on the remaining contractual period from the balance sheet date to maturity date.

As at 30 June 2024	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets						
Derivative financial instruments						
– Foreign exchange contracts	20	16	24	23	–	83
– Interest rate contracts	986	2,153	8,229	19,651	2,164	33,183
– Commodity contracts and others	8	4	18	28	–	58
Total	1,014	2,173	8,271	19,702	2,164	33,324
Liabilities						
Derivative financial instruments						
– Foreign exchange contracts	(17)	(15)	(20)	(17)	–	(69)
– Interest rate contracts	(426)	(1,154)	(3,907)	(8,030)	(436)	(13,953)
– Commodity contracts and others	–	(1)	(14)	(4)	–	(19)
Total	(443)	(1,170)	(3,941)	(8,051)	(436)	(14,041)

As at 31 December 2023	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets						
Derivative financial instruments						
– Foreign exchange contracts	4	6	6	–	–	16
– Interest rate contracts	932	2,688	9,242	20,428	2,915	36,205
– Commodity contracts and others	2	5	2	14	–	23
Total	938	2,699	9,250	20,442	2,915	36,244
Liabilities						
Derivative financial instruments						
– Foreign exchange contracts	(6)	(4)	(7)	(2)	–	(19)
– Interest rate contracts	(484)	(1,588)	(5,236)	(10,488)	(1,473)	(19,269)
– Commodity contracts and others	–	(15)	(71)	(58)	–	(144)
Total	(490)	(1,607)	(5,314)	(10,548)	(1,473)	(19,432)

(ii) Derivative settled on a gross basis

The Group's derivative financial instruments that will be settled on a gross basis mainly include foreign exchange and commodity derivatives. The table below analyses the undiscounted cash flows of the Group's derivative financial instruments which will be settled on a gross basis and are classified based on the remaining contractual period from the balance sheet date to maturity date.

As at 30 June 2024	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivative financial instruments settled on a gross basis						
– Cash inflow	1,480,885	1,217,610	2,893,303	117,172	11,930	5,720,900
– Cash outflow	(1,482,544)	(1,219,119)	(2,892,345)	(117,293)	(9,971)	(5,721,272)
Total	(1,659)	(1,509)	958	(121)	1,959	(372)

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT (Continued)**(3) Liquidity risk** (Continued)**(c) Derivative financial instruments cash flows** (Continued)**(ii) Derivative settled on a gross basis** (Continued)

As at 31 December 2023	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivative financial instruments settled on a gross basis						
– Cash inflow	1,135,990	1,077,307	1,980,490	144,136	11,585	4,349,508
– Cash outflow	(1,135,816)	(1,075,969)	(1,981,905)	(144,536)	(11,553)	(4,349,779)
Total	174	1,338	(1,415)	(400)	32	(271)

(d) Maturity analysis

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

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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(3) Liquidity risk (Continued)

(d) Maturity analysis (Continued)

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

(e) Off-balance sheet items

The off-balance sheet items of the Group primarily comprise loan commitments, credit card commitments, letter of credit commitments, guarantee and letters of guarantee issued, acceptance notes, etc. The table below lists the liquidity analysis of the off-balance sheet items of the Group, and financial guarantees are included at notional amounts and based on the earliest contractual maturity date.

As at 30 June 2024	Up to 1 year	1-5 years	Over 5 years	Total
Loan commitments and other credit related commitments	957,995	39,958	48,331	1,046,284
Guarantees, acceptances and letters of credit	1,058,572	204,824	9,819	1,273,215
Total	2,016,567	244,782	58,150	2,319,499
As at 31 December 2023	Up to 1 year	1-5 years	Over 5 years	Total
Loan commitments and other credit related commitments	953,626	31,706	42,008	1,027,340
Guarantees, acceptances and letters of credit	980,707	215,611	8,933	1,205,251
Total	1,934,333	247,317	50,941	2,232,591

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(4) Fair value of financial assets and liabilities****(a) Determination of fair value and valuation techniques**

Some of the Group's financial assets and financial liabilities are measured at fair value. The Board of Directors is responsible for establishing a sound system of internal control over valuation and is ultimately responsible for the adequacy and effectiveness of the system of internal control and for reviewing and approving the policy for fair value accounting valuation of financial instruments. The Group has constructed an institutional approach and internal mechanism related to fair value valuation, which specifies valuation techniques, parameter selection and information disclosure, as well as the corresponding division of responsibilities.

Fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (ii) Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of financial instruments with unadjusted quoted prices for identical instruments in active markets is determined by the open market quotations. These instruments are classified as level 1.

The Group uses valuation techniques to determine the fair value of financial instruments when an open market quotation in active markets is not obtainable.

If the key parameters used in valuation techniques for financial instruments are substantially observable and obtainable from active open market, the instruments are classified as level 2. The second hierarchy of financial instruments held by the Group mainly includes derivatives, debt securities and certificates of deposit without quotations from active market, unimpaired loans and advances to customers carried at FVOCI, precious metals and debt securities issued. The fair value of RMB denominated bonds is mainly valued based on the interest rate curves of the bonds from China Central Depository & Clearing Co., Ltd., while the fair value of the foreign currency denominated bonds is determined based on the valuation results published by Bloomberg. The fair value of foreign currency forwards and swaps, interest rate swaps, foreign currency options is estimated by the discounted cash flow method or Black-Scholes model. The fair value of precious metal contract is mainly determined in accordance with the closing prices of the Shanghai Gold Exchange or the settlement prices of the Shanghai Futures Exchange. The main parameters used in discounted cash flow model include the relevant interest rate curve and exchange rates. Main parameters used in Black-Scholes model include the relevant interest rate curve, exchange rate and volatilities, etc. All parameters used in valuation techniques are substantially observable and obtainable from active open market.

For trust and asset management plan at fair value through profit or loss, impaired loans and advances to customers at fair value through other comprehensive income, the fair value is determined based on discounted cash flow model using unobservable discount rates that reflect credit risk. These financial instruments are classified as level 3.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(4) Fair value of financial assets and liabilities** *(Continued)***(a) Determination of fair value and valuation techniques** *(Continued)*

For convertible bonds, restricted stock units, unlisted equities, unlisted funds and equity derivatives held by the Group, the fair value of these financial instruments are determined with reference to certain unobservable inputs, and therefore the instruments have been classified by the Group as level 3. The management determines the fair value of these financial instruments using a variety of techniques, the valuation methods used were mainly the discounted cash flow method and the market comparable companies method, including using valuation models that incorporate and take into account unobservable inputs such as interest's cash flow, risk-adjusted discount rate, price to book value ratio, price to earnings ratio and liquidity discounts.

(b) Financial instruments not measured at fair value

The table below summarises the carrying amount and fair value of those financial assets and liabilities that are not presented at fair value as at the date of statement of financial position. Financial assets and liabilities with carrying amount approximate to fair value, such as cash and balances with central banks, due from and placements with banks and other financial institutions, loans and advances to customers at amortised cost, due to and placements from banks and other financial institutions, and deposits from customers, are not included in the table below.

	As at 30 June 2024		As at 31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial investments at amortised cost	2,489,110	2,596,982	2,573,911	2,635,222
Financial liabilities				
Debt securities issued	(580,668)	(596,173)	(566,611)	(569,680)

Fair value hierarchy of financial instruments not measured at fair value

As at 30 June 2024	Level 1	Level 2	Level 3	Total
	Financial assets			
Financial investments at amortised cost	4,460	2,544,276	48,246	2,596,982
Financial liabilities				
Debt securities issued	–	(596,173)	–	(596,173)
As at 31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments at amortised cost	4,282	2,573,820	57,120	2,635,222
Financial liabilities				
Debt securities issued	–	(569,680)	–	(569,680)

The carrying amounts and fair values of other financial assets and liabilities (including loans and advances to customers at amortised cost, deposits from customers, due from and placements with banks and other financial institutions, due to and placements from banks and other financial institutions) are approximately the same, because the interest rates of most of these assets and liabilities are adjusted following the changes in interest rates determined by the PBOC, other regulatory bodies or market.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(4) Fair value of financial assets and liabilities** *(Continued)***(c) Financial assets and financial liabilities measured at fair value on a recurring basis**

The financial assets and liabilities measured at fair value on a recurring basis by the three levels are analysed below:

As at 30 June 2024	Level 1	Level 2	Level 3	Total
At fair value through profit or loss				
Placements with banks and other financial institutions	-	3,358	-	3,358
Debt securities	3,346	165,268	2,762	171,376
Fund and asset management products	140,404	45,275	27,202	212,881
Equity investments and other investments	6,230	888	66,260	73,378
Precious metal contracts	-	3,914	-	3,914
Other debt investments	-	152,351	-	152,351
Derivative financial instruments	-	78,202	1,257	79,459
Loans and advances to customers	-	17	-	17
Subtotal	149,980	449,273	97,481	696,734
At fair value through other comprehensive income				
Debt Investments at FVOCI	2,330	899,419	2,286	904,035
Investments in equity instruments designated at FVOCI	9,906	-	6,129	16,035
Loans and advances to customers at FVOCI	-	332,693	14	332,707
Subtotal	12,236	1,232,112	8,429	1,252,777
Total assets	162,216	1,681,385	105,910	1,949,511
As at 30 June 2024	Level 1	Level 2	Level 3	Total
Placements from banks and other financial institutions	-	(8,185)	-	(8,185)
Financial liabilities at FVTPL	(6)	(59,071)	(474)	(59,551)
Derivative financial instruments	-	(60,380)	-	(60,380)
Debt securities issued	-	(18,378)	-	(18,378)
Total liabilities	(6)	(146,014)	(474)	(146,494)

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(4) Fair value of financial assets and liabilities (Continued)

(c) Financial assets and financial liabilities measured at fair value on a recurring basis (Continued)

As at 31 December 2023	Level 1	Level 2	Level 3	Total
At fair value through profit or loss				
Placements with banks and other financial institutions	–	13,035	–	13,035
Debt securities	1,187	223,348	2,707	227,242
Fund and asset management products	105,771	49,082	26,058	180,911
Equity investments and other investments	4,686	870	68,214	73,770
Precious metal contracts	–	4,524	–	4,524
Other debt investments	–	155,835	–	155,835
Derivative financial instruments	–	66,362	1,025	67,387
Loans and advances to customers	–	19	–	19
Subtotal	111,644	513,075	98,004	722,723
At fair value through other comprehensive income				
Debt Investments at FVOCI	2,523	868,192	2,551	873,266
Investments in equity instruments designated at FVOCI	8,544	–	6,139	14,683
Loans and advances to customers at FVOCI	–	398,460	19	398,479
Subtotal	11,067	1,266,652	8,709	1,286,428
Total assets	122,711	1,779,727	106,713	2,009,151
As at 31 December 2023	Level 1	Level 2	Level 3	Total
Placements from banks and other financial institutions	–	(11,464)	–	(11,464)
Financial liabilities at FVTPL	(6)	(56,015)	(536)	(56,557)
Derivative financial instruments	–	(50,975)	–	(50,975)
Debt securities issued	–	(25,564)	–	(25,564)
Total liabilities	(6)	(144,018)	(536)	(144,560)

For the six months ended 30 June 2024 and the year ended 31 December 2023, the Group's financial assets and financial liabilities measured at fair value on a recurring basis have no significant transfers between Level 1 and Level 2.

Reconciliation of Level 3 items

	Financial assets at FVTPL	Financial assets at FVOCI	Financial liabilities at FVTPL
Balance at 1 January 2024	98,004	8,709	(536)
Total gains or losses			
– Net gains arising from trading activities	1,697	47	62
– Other comprehensive income	–	10	–
Additions	20,636	1,733	–
Disposals and settlement	(19,694)	(2,070)	–
Transfer to other levels	(3,162)	–	–
Balance at 30 June 2024	97,481	8,429	(474)
Total gains and losses generated by financial assets held by the Group as at 30 June 2024			
– Realised gains and losses	2,042	62	–
– Unrealised gains and losses	2,054	39	62

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(4) Fair value of financial assets and liabilities (Continued)

(c) Financial assets and financial liabilities measured at fair value on a recurring basis (Continued)

Reconciliation of Level 3 items (Continued)

	Financial assets at FVTPL	Financial assets at FVOCI	Financial liabilities at FVTPL
Balance at 1 January 2023	88,064	6,663	–
Total gains or losses			
– Net gains arising from trading activities	586	78	–
– Other comprehensive income	–	316	–
Additions	31,051	2,209	(536)
Disposals and settlement	(21,697)	(565)	–
Transfer from other levels	–	8	–
Balance at 31 December 2023	98,004	8,709	(536)
Total gains and losses generated by financial assets held by the Group as at 31 December 2023			
– Realised gains and losses	3,411	75	–
– Unrealised gains and losses	579	406	–

(5) Offsetting financial assets and liabilities

Certain financial assets and financial liabilities of the Group are subject to enforceable master netting arrangements or similar agreements. The agreement between the Group and the counterparty generally allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such a mutual consent, financial assets and financial liabilities will be settled on a gross basis. However, each party to the master netting arrangements or similar agreements will have the option to settle all such amounts on a net basis in the event of default of the other party. These financial assets and financial liabilities of the Group are not offset in accordance with IFRSs.

(6) Capital management

The “capital” in capital management is a broader concept than “shareholders’ equity” on the statement of financial position. The Group’s objectives in capital management are:

- To comply with the capital requirements set by the regulators of the markets where the Group operates;
- To ensure the Group’s ability to maintain a stable operation so as to continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The Group management adopts the *Administrative Measures for the Capital of Commercial Banks* in monitoring its capital adequacy ratio and the usage of capital continuously. The quarterly monitored information is then submitted to the NFRA.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(6) Capital management** *(Continued)*

Group has steadily promoted the implementation and deepened application of advanced methods in accordance with regulatory requirements. According to the implementation scope of the advanced methods of capital management approved by the regulator, the Group elected to use internal rating based (“IRB”) approach for credit risk exposures which is approved by regulatory inspection. For credit risk exposures not covered by IRB, the corresponding portion shall be calculated by the weighted approach. The Group mainly elected to use standardised approach for market risk exposures and standardised approach for operational risk exposures.

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

4 NET INTEREST INCOME

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

5 FEE AND COMMISSION INCOME

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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

6 FEE AND COMMISSION EXPENSE

	Six months ended 30 June	
	2024	2023
Bank card business	1,046	1,130
Settlement and agency services	756	858
Others	131	123
Total	1,933	2,111

7 NET GAINS/(LOSSES) ARISING FROM TRADING ACTIVITIES

	Six months ended 30 June	
	2024	2023
Financial instruments at FVTPL	9,355	13,014
Interest rate instruments and others	5,459	4,538
Foreign exchange	(2,725)	85
Total	12,089	17,637

Net gains or losses on foreign exchange include trading gains or losses and fair value changes of derivative instruments such as spot and forward contracts, currency swaps, cross currency interest rate swaps, currency options and the translation of foreign currency monetary assets and liabilities into RMB.

Net gains or losses on interest rate instruments and others include trading gains or losses and fair value changes of interest rate swaps, interest rate options, commodity and other derivatives.

Net gains/(losses) arising from trading activities for the six months ended 30 June 2024 included a net loss of RMB10 million (for the six months ended 30 June 2023: a net gain of RMB18 million) in relation to changes in the fair value of financial liabilities designated at fair value through profit or loss.

8 OTHER OPERATING INCOME

	Six months ended 30 June	
	2024	2023
Leasing income	10,058	9,390
Insurance service income	1,436	1,065
Net gains on the disposal of property, equipment and other assets	377	416
Income from sales of precious metal merchandise	235	195
Revaluation of investment properties	(33)	(1)
Other miscellaneous income	1,913	1,509
Total	13,986	12,574

Other miscellaneous income mainly includes income arising from miscellaneous banking services provided to the Group's customers.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

9 CREDIT IMPAIRMENT LOSSES

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

10 OTHER ASSETS IMPAIRMENT LOSSES

	Six months ended 30 June	
	2024	2023
Operating lease assets	409	581
Foreclosed assets	58	19
Precious metal	-	(6)
Total	467	594

11 OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2024	2023
General operating and administrative expenses	19,354	19,933
Staff costs (Note 12)	15,376	15,414
Costs of operating lease business	7,499	6,432
Depreciation and amortisation	4,891	4,732
Insurance service expense	1,955	1,907
Tax and surcharges	1,571	1,605
Provision for outstanding litigations	51	(22)
Others	687	692
Total	51,384	50,693

12 STAFF COSTS

	Note	Six months ended 30 June	
		2024	2023
Salaries, bonuses, allowances and subsidies		9,415	9,808
Post-employment benefit	(1)	2,412	2,216
Other social security and benefit costs		3,549	3,390
Total		15,376	15,414

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

12 STAFF COSTS *(Continued)***(1) Post-employment benefit****Defined contribution plans**

In accordance with relevant laws and regulations and the Group's requirements, the Group make contributions to the relevant organizations and plans based on certain percentage of the employees' basic salary which is recognised in profit or loss as incurred. Apart from these monthly contributions, the Group has no further payment obligations.

The amount recognised in profit or loss is as follows:

	Six months ended 30 June	
	2024	2023
Expenses incurred for retirement benefit plans and unemployment insurance	1,502	1,378
Expenses incurred for annuity plan	930	831
Total	2,432	2,209

The amount payable at the end of the period or year is as follows:

	As at	As at
	30 June 2024	31 December 2023
Payable for retirement benefit plans and unemployment insurance	81	84
Payable for annuity plan	34	41
Total	115	125

Defined benefit plans

The Group recognizes supplemental retirement benefit obligations under defined benefit plans using actuarial techniques. The actuarial assumptions used to determine the present value of the defined benefit plan obligations are the government bond yield, inflation rates and mortality-ratio. The government bond yield and inflation rate were 2.32% and -0.05% (December 31, 2023: 2.70% and 0.42%), respectively. Assumptions regarding future mortality rate were determined based on the China Life Insurance Industry Experience Life Table, which is a publicly available statistical information for the China region.

The Group's retirement benefit obligations in locations other than Chinese Mainland are immaterial and are made in accordance with the relevant local policies and regulations.

	As at	As at
	30 June 2024	31 December 2023
Statement of financial position		
– Net obligations for pension benefits	316	331

Amounts recognised in comprehensive income in respect of the supplementary retirement benefits are as follows:

	Six months ended 30 June	
	2024	2023
Defined benefit costs recognised in profit or loss	13	7
Defined benefit revaluation recognised in other comprehensive income	–	(4)
Total	13	3

Past service cost and interest expense are recognised in other operating expenses in the income statement.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

13 INCOME TAX

	Six months ended 30 June	
	2024	2023
Current income tax		
– Enterprise income tax	2,082	5,252
– Hong Kong profits tax	866	420
– Other countries or regions	382	329
Subtotal	3,330	6,001
Deferred income tax (Note 23)	(1,477)	(2,893)
Total	1,853	3,108

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

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

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

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

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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

14 BASIC AND DILUTED EARNINGS PER SHARE

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

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

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

15 CASH AND BALANCES WITH CENTRAL BANKS

	As at	As at
	30 June 2024	31 December 2023
Cash	11,900	12,477
Mandatory reserve deposits	664,632	694,211
Surplus reserve deposits	59,044	190,073
Fiscal deposits	1,172	932
Accrued interest	284	329
Total	737,032	898,022

The Group is required to place statutory reserves with the PBOC and overseas central banks, including RMB and foreign currency deposit reserves and foreign exchange risk reserves for forward foreign exchange sales businesses, which are not allowed to be used in the Group's daily operations.

Surplus reserve deposits with central banks are mainly used for capital settlement, financial institution transfer, etc.

Reserve rate for deposits denominated in RMB of the Group's subsidiaries in Chinese Mainland is subject to relevant regulations of the PBOC.

Mandatory reserve rate for deposits with central banks of overseas countries and regions is subject to regulations of local regulatory bodies.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

16 DUE FROM AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2024	As at 31 December 2023
Due from banks and other financial institutions		
– Banks and other financial institutions operating in Chinese Mainland	107,035	74,753
– Banks and other financial institutions operating outside Chinese Mainland	32,887	34,045
Accrued interest	842	425
Less: Allowance for impairment losses	(490)	(267)
Financial assets purchased under repurchase agreements		
– Securities	109,366	200,438
– Bills	2,678	499
Accrued interest	18	56
Less: Allowance for impairment losses	(458)	(602)
Placements with and loans to banks		
– Banks operating in Chinese Mainland	83,763	107,522
– Banks operating outside Chinese Mainland	134,783	115,803
Placements with and loans to other financial institutions		
– Placements with and loans to other financial institutions in Chinese Mainland	313,756	257,638
– Placements with and loans to other financial institutions outside Chinese Mainland	61,180	65,272
Accrued interest	5,423	5,740
Less: Allowance for impairment losses	(2,099)	(1,680)
Total	848,684	859,642

As at 30 June 2024 and 31 December 2023, due from banks and other financial institutions of the Group included pledged deposits, risk reserves and other deposits. The use of these deposits is restricted.

17 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

As at 30 June 2024	Contractual/ notional amount	Fair values	
		Assets	Liabilities
Foreign exchange contracts	5,682,167	44,704	(44,984)
Interest rate contracts	3,836,441	31,493	(13,080)
Commodity contracts and others	135,957	3,262	(2,316)
Total amount of derivative financial instruments recognised	9,654,565	79,459	(60,380)

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

17 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

As at 31 December 2023	Contractual/ notional amount	Fair values	
		Assets	Liabilities
Foreign exchange contracts	4,437,857	36,040	(37,499)
Interest rate contracts	3,349,227	27,483	(11,509)
Commodity contracts and others	120,757	3,864	(1,967)
Total amount of derivative financial instruments recognised	7,907,841	67,387	(50,975)

(1) Fair value hedge

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

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

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

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

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

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

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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

17 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(1) Fair value hedge (Continued)

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

	As at 30 June 2024				Line items in the statement of financial position
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged item		
	Assets	Liabilities	Assets	Liabilities	
Bonds	216,845	-	(13,082)	-	Financial investments at amortised cost/ Financial investments at fair value through other comprehensive income
Others	18,537	(1,629)	(18)	1	Due from and placements with banks and other financial institutions/Loans and advances to customers/Due to and placements from banks and other financial institutions/Certificates of deposits issued
Total	235,382	(1,629)	(13,100)	1	

	As at 31 December 2023				Line items in the statement of financial position
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged item		
	Assets	Liabilities	Assets	Liabilities	
Bonds	204,123	-	(10,967)	-	Financial investments at amortised cost/ Financial investments at fair value through other comprehensive income
Others	17,042	(884)	(10)	2	Due from and placements with banks and other financial institutions/Loans and advances to customers/Debt securities issued
Total	221,165	(884)	(10,977)	2	

(2) Cash flow hedge

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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

17 DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*(2) Cash flow hedge *(Continued)*

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

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

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

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

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

Hedged items

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

Hedging instruments

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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

17 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(2) Cash flow hedge (Continued)

For the six months ended 30 June 2023

	Fair value changes on hedging instruments recognised in other comprehensive income	Reclassifications from the cash flow hedge reserve to profit or loss	Line item in the statement of profit or loss including reclassifications	Cash flow hedge reserve
Foreign risk	1,391	(1,184)	Net gains/(losses) arising from trading activities	(684)
Interest risk	32	–	Nil	182
Total	1,423	(1,184)		(502)

18 LOANS AND ADVANCES TO CUSTOMERS

(1) Loans and advances to customers

	As at 30 June 2024	As at 31 December 2023
Loans and advances to customers		
– Carried at amortised cost	7,935,010	7,558,587
– Carried at FVOCI	332,707	398,479
– Carried at FVTPL	17	19
Less: Allowance for impairment losses	(220,543)	(203,775)
Accrued interest	21,823	21,380
Less: Allowance for impairment losses of accrued interest	(2,688)	(2,630)
Total	8,066,326	7,772,060

(2) Loans and advances to customers analysed by security type

	As at 30 June 2024	As at 31 December 2023
Unsecured loans	3,021,133	2,883,274
Guaranteed loans	1,374,117	1,288,963
Loans secured by collateral	2,737,480	2,904,861
Pledged loans	1,135,004	879,987
Total	8,267,734	7,957,085

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

18 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(3) Movements of ECL allowance

Movements of ECL allowance – Loans and advances to customers at amortised cost:

	For the six months ended 30 June 2024			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2024	80,672	55,340	67,763	203,775
Transfers:				
<i>Transfer to Stage 1</i>	4,597	(4,495)	(102)	–
<i>Transfer to Stage 2</i>	(1,798)	2,779	(981)	–
<i>Transfer to Stage 3</i>	(142)	(8,884)	9,026	–
Provision/(reversal)	10,816	12,027	8,262	31,105
Written-offs and disposals	–	–	(16,367)	(16,367)
Recovery of loans and advances written off in previous years	–	–	2,401	2,401
Others	(4)	49	(416)	(371)
As at 30 June 2024	94,141	56,816	69,586	220,543

	For the year ended 31 December 2023			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2023	68,795	45,385	61,998	176,178
Transfers:				
<i>Transfer to Stage 1</i>	6,721	(5,464)	(1,257)	–
<i>Transfer to Stage 2</i>	(3,045)	7,082	(4,037)	–
<i>Transfer to Stage 3</i>	(598)	(12,526)	13,124	–
Provision/(reversal)	8,735	20,655	24,014	53,404
Written-offs and disposals	–	–	(31,046)	(31,046)
Recovery of loans and advances written off in previous years	–	–	5,662	5,662
Others	64	208	(695)	(423)
As at 31 December 2023	80,672	55,340	67,763	203,775

Movements of ECL allowance – Loans and advances to customers at FVOCI:

	For the six months ended 30 June 2024			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2024	2,281	191	62	2,534
Transfers:				
<i>Transfer to Stage 1</i>	–	–	–	–
<i>Transfer to Stage 2</i>	–	–	–	–
<i>Transfer to Stage 3</i>	–	–	–	–
Provision/(reversal)	178	(45)	4	137
Written-offs and disposals	–	–	(16)	(16)
As at 30 June 2024	2,459	146	50	2,655

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(3) Movements of ECL allowance (Continued)

	For the year ended 31 December 2023			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2023	1,522	240	79	1,841
Transfers:				
<i>Transfer to Stage 1</i>	–	–	–	–
<i>Transfer to Stage 2</i>	–	–	–	–
<i>Transfer to Stage 3</i>	–	–	–	–
Provision/(reversal)	759	(49)	23	733
Written-offs and disposals	–	–	(53)	(53)
Recovery of loans and advances written off in previous years	–	–	17	17
Others	–	–	(4)	(4)
As at 31 December 2023	2,281	191	62	2,534

(4) Overdue loans analysed by security type

	As at 30 June 2024				Total
	Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	
Unsecured loans	22,335	14,969	6,069	282	43,655
Guaranteed loans	3,518	4,210	8,632	1,543	17,903
Loans secured by collateral	15,382	17,125	12,546	4,663	49,716
Pledged loans	3,053	2,103	2,745	346	8,247
Total	44,288	38,407	29,992	6,834	119,521

	As at 31 December 2023				Total
	Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	
Unsecured loans	22,164	9,447	6,363	135	38,109
Guaranteed loans	2,851	9,326	7,081	1,549	20,807
Loans secured by collateral	14,614	12,731	8,898	4,618	40,861
Pledged loans	2,098	3,423	4,478	345	10,344
Total	41,727	34,927	26,820	6,647	110,121

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

19 FINANCIAL INVESTMENTS

	As at 30 June 2024	As at 31 December 2023
Financial investments at FVTPL		
– Listed in Hong Kong	32,427	33,898
– Listed outside Hong Kong	124,033	189,509
– Unlisted	457,440	418,875
Total	613,900	642,282
Financial investments at amortised cost		
– Listed in Hong Kong	22,190	22,977
– Listed outside Hong Kong	2,353,182	2,433,583
– Unlisted	90,626	93,268
Accrued interest	26,489	27,721
Less: Allowance for impairment losses	(3,377)	(3,638)
Total	2,489,110	2,573,911
Financial investments at FVOCI		
Debt investments at FVOCI		
– Listed in Hong Kong	76,923	68,428
– Listed outside Hong Kong	726,011	710,140
– Unlisted	91,982	85,366
Accrued interest	9,119	9,332
Subtotal	904,035	873,266
Equity investments at FVOCI		
– Listed in Hong Kong	7,359	3,765
– Listed outside Hong Kong	2,577	4,827
– Unlisted	6,099	6,091
Subtotal	16,035	14,683
Total	920,070	887,949

Debt securities traded in the China domestic inter-bank bond market are included in Listed outside Hong Kong.

The financial investments at fair value through profit or loss include financial assets held for trading and financial assets that cannot pass the SPPI test.

The Group designates part of non-trading equity investments as financial investments measured at FVOCI.

For the six months ended 30 June 2024, the Group's cash dividends received from equity investments at FVOCI was RMB241 million (for the six months ended 30 June 2023: RMB147 million). For the six months ended 30 June 2024, the Group's cumulative gain transferred from other comprehensive income to unappropriated profits as a result of the disposal of such equity investments amounted to RMB38 million (for the six months ended 30 June 2023: RMB95 million).

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

19 FINANCIAL INVESTMENTS (Continued)

Debt securities analysed by issuer are as follows:

	As at 30 June 2024	As at 31 December 2023
Financial investments at FVTPL		
– Governments and central banks	84,249	107,622
– Banks and other financial institutions	62,994	81,756
– Corporate entities	24,024	37,823
– Public sector entities	109	41
Total	171,376	227,242
Financial investments at amortised cost		
– Governments and central banks	2,284,252	2,325,862
– Banks and other financial institutions	111,098	130,444
– Corporate entities	36,778	44,057
– Public sector entities	12,556	17,768
Total	2,444,684	2,518,131
Debt investments at FVOCI		
– Governments and central banks	448,685	403,116
– Banks and other financial institutions	313,324	336,966
– Corporate entities	125,529	115,340
– Public sector entities	16,497	17,844
Total	904,035	873,266

The movements in allowance for impairment losses of financial investments at amortised cost are summarised as follows:

	For the six months ended 30 June 2024			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2024	1,662	997	979	3,638
Transfers:				
Transfer to Stage 1	116	(116)	–	–
Transfer to Stage 2	(1)	1	–	–
Transfer to Stage 3	–	–	–	–
Provision/(reversal)	(265)	17	(13)	(261)
Others	1	–	(1)	–
As at 30 June 2024	1,513	899	965	3,377

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

19 FINANCIAL INVESTMENTS *(Continued)*

	For the year ended 31 December 2023			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 31 December 2022	1,547	260	957	2,764
Changes in accounting policies	(8)	–	–	(8)
As at 1 January 2023	1,539	260	957	2,756
Transfers:				
<i>Transfer to Stage 1</i>	–	–	–	–
<i>Transfer to Stage 2</i>	(6)	6	–	–
<i>Transfer to Stage 3</i>	–	(6)	6	–
Provision/(reversal)	127	229	(311)	45
Others	2	508	327	837
As at 31 December 2023	1,662	997	979	3,638

The movements in allowance for impairment losses of debt investments at FVOCI are summarised as follows:

	For the six months ended 30 June 2024			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2024	1,094	23	1,314	2,431
Transfers:				
<i>Transfer to Stage 1</i>	20	(20)	–	–
<i>Transfer to Stage 2</i>	(1)	1	–	–
<i>Transfer to Stage 3</i>	–	–	–	–
Provision/(reversal)	(32)	(1)	25	(8)
Written-offs	–	–	(359)	(359)
Recovery of debt investments written off in previous years	–	–	5	5
Others	–	–	6	6
As at 30 June 2024	1,081	3	991	2,075

	For the year ended 31 December 2023			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 31 December 2022	628	13	890	1,531
Changes in accounting policies	8	–	–	8
As at 1 January 2023	636	13	890	1,539
Transfers:				
<i>Transfer to Stage 1</i>	–	–	–	–
<i>Transfer to Stage 2</i>	(3)	3	–	–
<i>Transfer to Stage 3</i>	(1)	(5)	6	–
Provision/(reversal)	451	22	554	1,027
Written-offs	–	–	(362)	(362)
Others	11	(10)	226	227
As at 31 December 2023	1,094	23	1,314	2,431

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

20 PRINCIPAL SUBSIDIARIES

Name of subsidiaries	Legal representative/ Principal	Registered capital	Nature of entity	Place of operation	Place of registration	Nature of business	Principal business	Proportion of shares held (%)		Means of acquisition
								Direct	Indirect	
Bank of Communications Financial Leasing Co., Ltd.	Xu Bin	RMB20,000,000,000	Limited liability company	Shanghai, China	Chinese Mainland	Financial industry	Financial leasing	100.00	-	Establishment
Bank of Communications International Trust Co., Ltd.	Tong Xuewei	RMB5,784,705,882	Limited liability company	Shanghai, China	Chinese Mainland	Financial industry	Trust investment	85.00	-	Investment
Bank of Communications Schroder Fund Management Co., Ltd.	Ruan Hong	RMB200,000,000	Limited liability company	Shanghai, China	Chinese Mainland	Financial industry	Fund management	65.00	-	Establishment
BOCOM Wealth Management Co., Ltd.	Zhang Hongliang	RMB8,000,000,000	Limited liability company	Shanghai, China	Chinese Mainland	Financial industry	Financial products issuing and financial consulting	100.00	-	Establishment
BOCOM MSIG Life Insurance Company Limited	Wang Qingyan	RMB5,100,000,000	Limited liability company	Shanghai, China	Chinese Mainland	Financial industry	Life Insurance	62.50	-	Investment
Bank of Communications Financial Assets Investment Co., Ltd.	Chen Wei	RMB15,000,000,000	Limited liability company	Shanghai, China	Chinese Mainland	Financial industry	Debt-to-equity swaps	100.00	-	Establishment
BOCOM International Holdings Company Limited	Tan Yueheng	HKD2,734,392,000	Foreign legal entity	Hong Kong, China	Hong Kong China	Financial industry	Securities dealing and brokerage	73.14	-	Establishment
China BOCOM Insurance Co., Ltd.	Zhu Junxian	HKD400,000,000	Foreign legal entity	Hong Kong, China	Hong Kong China	Financial industry	General insurance and reinsurance	100.00	-	Establishment
Dayi BOCOM Xingmin Rural Bank Ltd.	Liu Yike	RMB230,000,000	Limited liability company	Sichuan, China	Chinese Mainland	Financial industry	Commercial banking	97.29	-	Establishment
Zhejiang Anji BOCOM Rural Bank Ltd.	Xu Tong	RMB180,000,000	Joint stock company	Zhejiang, China	Chinese Mainland	Financial industry	Commercial banking	51.00	-	Establishment
Xinjiang Shihezi BOCOM Rural Bank Company Ltd.	Fang Linhai	RMB150,000,000	Joint stock company	Xinjiang, China	Chinese Mainland	Financial industry	Commercial banking	51.00	-	Establishment
Qingdao Laoshan BOCOM Rural Bank Company Ltd.	Sheng Liang	RMB150,000,000	Joint stock company	Shandong, China	Chinese Mainland	Financial industry	Commercial banking	51.00	-	Establishment
Bank of Communications (Hong Kong) Limited	Meng Yu	HKD37,900,000,000	Foreign legal entity	Hong Kong, China	Hong Kong China	Financial industry	Commercial banking	100.00	-	Establishment
Bank of Communications (Luxemburg) Limited	Zhang Shuren	EUR350,000,000	Foreign legal entity	Luxembourg	Luxembourg	Financial industry	Commercial banking	100.00	-	Establishment
BOCOM Brazil Holding Company Ltda	Sun Xu	BRL700,000,000	Foreign legal entity	Rio de Janeiro, Brazil	Brazil	Non-financial industry	Investment	100.00	-	Establishment
BANCO BOCOM BBM S. A.	Alexandre Lowenkron	BRL469,300,389	Foreign legal entity	Rio de Janeiro, Brazil	Brazil	Financial industry	Commercial banking	-	80.00	Investment

As at 30 June 2024, the amount of non-controlling interests of these subsidiaries is insignificant to the Group.

21 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	As at 30 June 2024	As at 31 December 2023
Investments in associates		
Investment cost	6,474	6,474
Share of net profit of associates	2,483	2,204
Share of other equity changes of associates	130	103
Dividend income	(446)	(372)
Allowance for impairment losses	(2)	(2)
Subtotal	8,639	8,407
Investments in joint ventures	715	583
Total	9,354	8,990

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

21 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(Continued)*

The Group performed impairment tests on investments in associates and joint ventures. The recoverable amount of the associates and joint ventures is determined based on the discounted future cash flows of the associates and joint ventures. The cash flow projections are based on financial forecasts approved by management of the the associates and joint ventures. The average growth rates, discount rate, and other assumptions adopted to forecast cash flows respectively reflect the specific risks associated with them.

The Group's investments in associates mainly include the investments in Jiangsu Changshu Rural Commercial Bank Co., Ltd., Bank of Tibet Co., Ltd., National Green Development Fund Co., Ltd. and Guomin Pension&Insurance Co., Ltd.

Jiangsu Changshu Rural Commercial Bank Co., Ltd. was incorporated in Changshu City, Jiangsu Province on 3 December 2001. The registered capital of the entity is RMB2,741 million, and the principal activities of the entity are banking activities. The Group held 9.01% of equity interest in this associate as at 30 June 2024 (31 December 2023: 9.01%).

Bank of Tibet Co., Ltd. was incorporated in Tibet Autonomous Region, PRC on 30 December 2011. The registered capital of the entity is RMB3,320 million, and the principal activities of the entity are banking activities. The Group held 10.60% of equity interest in this associate as at 30 June 2024 (31 December 2023: 10.60%).

National Green Development Fund Co., Ltd. was incorporated in Shanghai on 14 July 2020. The registered capital of the entity is RMB88,500 million, and the principal activities of the entity are fund management activities. The Group held 8.47% of equity interest in this associate as at 30 June 2024 (31 December 2023: 8.47%).

Guomin Pension&Insurance Co., Ltd. was incorporated in Beijing on 22 March 2022. The registered capital of the entity is RMB11,150 million, and the principal activities of the entity are pension insurance activities. The Group held 8.97% of equity interest in this associate as at 30 June 2024 (31 December 2023: 8.97%).

22 PROPERTY AND EQUIPMENT

	Buildings	Construction in progress	Equipments and transportation equipments	Equipments under operating leases	Total
Cost					
As at 1 January 2024	78,239	2,042	31,801	206,036	318,118
Additions	35	81	312	19,857	20,285
Construction in progress transfer in/(out)	788	(788)	-	-	-
Transfer from investment properties	6	-	-	-	6
Decreases	(96)	(7)	(674)	(3,689)	(4,466)
As at 30 June 2024	78,972	1,328	31,439	222,204	333,943
Accumulated depreciation					
As at 1 January 2024	(34,053)	-	(22,466)	(39,499)	(96,018)
Charge for the period	(1,395)	-	(1,903)	(4,871)	(8,169)
Decreases	55	-	643	1,974	2,672
As at 30 June 2024	(35,393)	-	(23,726)	(42,396)	(101,515)
Allowance for impairment losses					
As at 1 January 2024	-	(16)	-	(4,333)	(4,349)
Charge for the period	-	-	-	(409)	(409)
Decreases	-	-	-	208	208
As at 30 June 2024	-	(16)	-	(4,534)	(4,550)
Net book value					
As at 30 June 2024	43,579	1,312	7,713	175,274	227,878

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

22 PROPERTY AND EQUIPMENT *(Continued)*

	Buildings	Construction in progress	Equipments and transportation equipments	Equipments under operating leases	Total
Cost					
As at 1 January 2023	75,563	3,515	30,312	175,378	284,768
Additions	1,521	631	3,881	42,935	48,968
Construction in progress transfer in/(out)	2,033	(2,033)	-	-	-
Transfer from investment properties	701	-	-	-	701
Decreases	(1,579)	(71)	(2,392)	(12,277)	(16,319)
As at 31 December 2023	78,239	2,042	31,801	206,036	318,118
Accumulated depreciation					
As at 1 January 2023	(32,070)	-	(21,087)	(33,294)	(86,451)
Charge for the year	(2,770)	-	(3,553)	(9,322)	(15,645)
Decreases	787	-	2,174	3,117	6,078
As at 31 December 2023	(34,053)	-	(22,466)	(39,499)	(96,018)
Allowance for impairment losses					
As at 1 January 2023	-	(16)	-	(4,132)	(4,148)
Charge for the year	-	-	-	(1,007)	(1,007)
Decreases	-	-	-	806	806
As at 31 December 2023	-	(16)	-	(4,333)	(4,349)
Net book value					
As at 31 December 2023	44,186	2,026	9,335	162,204	217,751

As at 30 June 2024, the net book value of the operating leased aircrafts, vessels and equipments used as collateral for borrowings was RMB66,309 million (As at 31 December 2023: RMB64,550 million).

As at 30 June 2024, the process of obtaining ownership certificate for the Group's buildings with an aggregate original book value of RMB173 million (31 December 2023: RMB173 million) was still in progress. This aforesaid matter would not affect the rights of the Group on these assets.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

23 DEFERRED INCOME TAX

Deferred income taxes for transactions in PRC are calculated on all temporary differences using an effective tax rate of 25% for the six months ended 30 June 2024 (for the year ended 31 December 2023: 25%). Deferred income taxes for transactions in Hong Kong are calculated on all temporary differences using an effective tax rate of 16.5% (for the year ended 31 December 2023: 16.5%).

Deferred income tax assets and liabilities are attributable to the following items:

	As at 30 June 2024		As at 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 of assets	151,052	37,763	143,596	35,899
Changes in fair value of derivative financial liabilities	65,192	16,298	53,312	13,328
Provisions	10,860	2,715	9,524	2,381
Changes in fair value of financial instruments at FVTPL	9,132	2,283	8,264	2,066
Changes in fair value of financial assets at FVOCI	6,460	1,615	6,456	1,614
Others	22,524	5,631	20,948	5,237
Subtotal	265,220	66,305	242,100	60,525
Deferred income tax liabilities				
Changes in fair value of derivative financial assets	(76,484)	(19,121)	(64,920)	(16,230)
Changes in fair value of financial instruments at FVTPL	(4,528)	(1,132)	(2,704)	(676)
Changes in fair value of financial assets at FVOCI	(13,408)	(3,352)	(2,120)	(530)
Others	(20,620)	(5,155)	(20,468)	(5,117)
Subtotal	(115,040)	(28,760)	(90,212)	(22,553)
Net deferred income tax assets	150,180	37,545	151,888	37,972

The above net deferred income tax assets are disclosed separately on the statements of financial position based on different taxation authorities and entities:

	As at 30 June 2024	As at 31 December 2023
Deferred income tax assets	40,078	40,379
Deferred income tax liabilities	(2,533)	(2,407)
	For the six months ended 30 June 2024	2023
Net opening balance	37,972	37,726
Net change in deferred income tax recognised in income tax expense in the current period/year	1,477	889
Net changes in deferred income tax recognised in other comprehensive income in the current period/year	(1,904)	(643)
Net ending balance	37,545	37,972

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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24 OTHER ASSETS

	Note	As at 30 June 2024	As at 31 December 2023
Accounts receivable and temporary payments		86,597	38,582
Less: Allowance for impairment losses	(1)	(2,172)	(2,752)
Advance payments		17,410	15,734
Precious metal		8,228	9,410
Right-of-use assets	(2)	6,649	6,653
Investment properties	(3)	5,492	5,525
Intangible assets	(4)	2,599	2,715
Interest receivable	(5)	2,396	2,003
Land use rights and others		1,887	1,913
Refundable deposits		1,180	1,161
Long-term deferred expenses		1,035	1,191
Foreclosed assets		854	945
Goodwill	(6)	410	415
Unsettled assets		31	31
Others		13,427	8,573
Total		146,023	92,099

(1) Allowance for impairment losses

	As at 1 January 2024	Amounts accrued	Reversal	Written-offs	Transfers in	Recoveries after written-offs	Others	As at 30 June 2024
Accounts receivable and temporary prepayments	(2,752)	(2,809)	2,717	708	-	(44)	8	(2,172)

	As at 1 January 2023	Amounts accrued	Reversal	Written-offs	Transfers in	Recoveries after written-offs	Others	As at 31 December 2023
Accounts receivable and temporary prepayments	(3,003)	(5,250)	4,183	659	(3)	(94)	756	(2,752)

(2) Right-of-use assets

	As at 30 June 2024	As at 31 December 2023
Cost		
Opening balance	13,777	14,330
Additions	1,260	2,496
Decreases	(1,026)	(3,049)
As at the end of the period/year	14,011	13,777
Accumulated depreciation:		
Opening balance	(7,124)	(7,399)
Additions	(1,119)	(2,369)
Decreases	881	2,644
As at the end of the period/year	(7,362)	(7,124)
Net book value	6,649	6,653
Lease liabilities	6,583	6,501

As at 30 June 2024, the lease payment related to lease contracts signed but not yet commenced amounted to RMB66 million (As at 31 December 2023: RMB89 million).

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

24 OTHER ASSETS (Continued)

(3) Investment properties

	As at 1 January 2024	Decreases	Property revaluation	Exchange differences	As at 30 June 2024
Investment properties	5,525	(6)	(33)	6	5,492
	As at 1 January 2023	Decreases	Property revaluation	Exchange differences	As at 31 December 2023
Investment properties	6,387	(701)	(176)	15	5,525

The Group's investment properties are located in active real estate markets. The external appraisers make reasonable estimation of fair value using market prices and other related information of the similar properties.

As at 30 June 2024, fair value hierarchies of the investment properties of the Group are as follows:

	Level 1	Level 2	Level 3	As at 30 June 2024
Commercial property units located in Hong Kong	-	-	675	675
Commercial property units located outside Hong Kong	-	-	4,817	4,817

The valuation of investment properties was performed by independent qualified professional valuers not connected to the Group. Valuation methodologies include "Rental Income Approach" and "Market Approach". The inputs to these models mainly include growth rate of rental, vacancy rate, future rent income years, capitalisation rate and unit price.

(4) Intangible assets

	Computer software
Cost	
As at 1 January 2024	6,412
Additions	193
Disposals	(4)
As at 30 June 2024	6,601
Accumulated amortization	
As at 1 January 2024	(3,697)
Charge for the period	(308)
Disposals	3
As at 30 June 2024	(4,002)
Net book value	2,599

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

24 OTHER ASSETS (Continued)

(4) Intangible assets (Continued)

	Computer software
Cost	
As at 1 January 2023	5,116
Additions	1,303
Disposals	(7)
As at 31 December 2023	6,412
Accumulated amortization	
As at 1 January 2023	(3,162)
Charge for the year	(542)
Disposals	7
As at 31 December 2023	(3,697)
Net book value	2,715

(5) The interest receivable account only reflects the interest for relevant financial instruments which is due but not received on balance sheet date.

(6) Goodwill

	For the six months ended 30 June 2024				As at 30 June 2024
	As at 1 January 2024	Addition during the period	Decrease during the period	Exchange differences	
	Bank of Communications International Trust Co., Ltd.	200	-	-	
BOCOM MSIG Life Insurance Company Limited	122	-	-	-	122
BANCO BOCOM BBM S. A.	93	-	-	(5)	88
Total	415	-	-	(5)	410

	For the year ended 31 December 2023				As at 31 December 2023
	As at 1 January 2023	Addition during the year	Decrease during the year	Exchange differences	
	Bank of Communications International Trust Co., Ltd.	200	-	-	
BOCOM MSIG Life Insurance Company Limited	122	-	-	-	122
BANCO BOCOM BBM S. A.	85	-	-	8	93
Total	407	-	-	8	415

At each end of year, the Group performed impairment tests on goodwill. In the test, the Group compares the book value of cash-generating unit (CGU) or CGUs (including goodwill) with the recoverable amount. If the recoverable amount is less than the book value, the related difference is recognised in profit or loss.

The Group calculates the recoverable amount of CGU and CGUs using cash flow models based on the management's approved financial forecasts and fixed growth rates afterwards.

As indicated by the impairment tests, goodwill arising from business combinations is not impaired and therefore, no impairment loss is recognised.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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25 DUE TO AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2024	As at 31 December 2023
Borrowing from central banks	437,828	523,905
Accrued interest	5,893	6,205
Due to banks		
– Banks operating in Chinese Mainland	263,422	287,427
– Banks operating outside Chinese Mainland	6,739	6,139
Due to other financial institutions		
– Other financial institutions operating in Chinese Mainland	774,998	831,249
– Other financial institutions operating outside Chinese Mainland	5,889	5,069
Accrued interest	3,378	3,297
Placements from banks		
– Banks operating in Chinese Mainland	246,837	255,733
– Banks operating outside Chinese Mainland	170,278	201,452
Placements from other financial institutions		
– Other financial institutions operating in Chinese Mainland	1,200	1,500
– Other financial institutions operating outside Chinese Mainland	8,820	11,479
Accrued interest	2,534	2,807
Financial assets sold under repurchase agreements		
Securities	328,906	285,176
Bills	487	2,437
Accrued interest	662	662
Total	2,257,871	2,424,537

26 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024	As at 31 December 2023
Certificates of deposit issued	41,720	41,187
Financial liabilities related to precious metal contracts	3,904	2,697
Notes issued	764	692
Short position of securities held for trading	262	103
Others (1)	12,901	11,878
Total	59,551	56,557

- (1) As at 30 June 2024 and 31 December 2023, others mainly are liabilities of consolidated structured entities and shares held by other parties rather than the Group.

For the six months ended 30 June 2024 and the year ended 31 December 2023, there were no significant changes in the fair value of the Group's financial liabilities designated at fair value through profit or loss that were attributable to the changes in credit risk.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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27 DEPOSITS FROM CUSTOMERS

	As at 30 June 2024	As at 31 December 2023
Corporate demand deposits	1,913,371	2,050,524
Corporate time deposits	2,994,213	2,991,467
Personal demand deposits	960,959	884,746
Personal time deposits	2,627,311	2,473,410
Other deposits	2,196	3,240
Deposits from customers	8,498,050	8,403,387
Accrued interest	152,066	147,828
Total	8,650,116	8,551,215

As at 30 June 2024, deposits from customers comprised deposits pledged as collateral of RMB328,126 million (As at 31 December 2023: RMB344,014 million).

28 CERTIFICATES OF DEPOSITS ISSUED

Certificates of deposits at year end were issued by Head office, the Bank's overseas branches and subsidiaries are measured at amortised cost.

29 DEBT SECURITIES ISSUED

	Note	As at 30 June 2024	As at 31 December 2023
Carried at amortised cost:			
Bonds	(1)	314,248	327,009
Tier-2 capital bonds	(2)	253,115	227,067
Subordinated bonds	(3)	4,800	4,800
Accrued interest		8,505	7,735
Subtotal		580,668	566,611
Carried at fair value:			
Bonds	(1)	18,378	25,564
Total		599,046	592,175

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

29 DEBT SECURITIES ISSUED (Continued)

(1) Bonds

Detailed information of bonds held at amortised cost is as follows:

	Currency	Issue place	Coupon rate %	Par value (CCY)	Issue date	Maturity	Ending balance	Opening balance
The Bank								
21 Bocom Micro Small Enterprises Bond	RMB	Chinese Mainland	3.40	40,000	2021/04/06	3 years	-	40,000
22 Bocom Micro Small Enterprises Bond 01	RMB	Chinese Mainland	2.75	30,000	2022/06/15	3 years	29,999	29,999
22 Bocom Micro Small Enterprises Bond 02	RMB	Chinese Mainland	2.98	30,000	2022/12/09	3 years	29,999	29,999
22 Bocom Green Financial Bond	RMB	Chinese Mainland	2.42	20,000	2022/08/05	3 years	19,999	19,999
22 Bocom Green Financial Bond 02	RMB	Chinese Mainland	2.96	10,000	2022/12/09	3 years	10,000	10,000
23 Bocom Micro Small Enterprises Bond 01	RMB	Chinese Mainland	2.80	30,000	2023/03/27	3 years	29,999	29,999
23 Bocom Green Financial Bond 01	RMB	Chinese Mainland	2.77	30,000	2023/04/25	3 years	29,999	29,999
23 Bocomm 01	RMB	Chinese Mainland	2.59	38,000	2023/07/18	3 years	37,999	37,999
23 Bocomm 02	RMB	Chinese Mainland	2.70	30,000	2023/09/22	3 years	29,999	29,999
24 Bocom Green Financial Bond 01	RMB	Chinese Mainland	2.14	5,000	2024/05/23	3 years	4,999	-
24 Bocomm 01	RMB	Chinese Mainland	2.20	25,000	2024/05/23	3 years	24,999	-
23 Hong Kong medium-term notes 04	USD	Hong Kong, China	SOFR+0.65	60	2023/06/29	3 years	427	424
23 Hong Kong medium-term notes 05	USD	Hong Kong, China	SOFR+0.65	20	2023/06/29	3 years	142	141
23 Hong Kong medium-term notes 06	USD	Hong Kong, China	SOFR+0.65	50	2023/06/29	3 years	356	353
23 Hong Kong medium-term notes 07	USD	Hong Kong, China	SOFR+0.65	40	2023/06/29	3 years	285	283
23 Hong Kong medium-term notes 08	USD	Hong Kong, China	SOFR+0.65	15	2023/06/29	3 years	107	106
23 Hong Kong medium-term notes 12	USD	Hong Kong, China	SOFR+0.60	475	2023/08/30	3 years	3,385	3,362
20 Hong Kong medium-term notes 06	USD	Hong Kong, China	3MLibor+0.90	400	2020/07/20	5 years	2,851	2,831
20 Hong Kong medium-term notes 07	USD	Hong Kong, China	1.20	800	2020/09/10	5 years	5,696	5,654
BOCOM Float 11/13/24	USD	Hong Kong, China	SOFR+0.323	490	2023/11/15	364 days	3,514	3,488
P14JHTP1D	RMB	Taiwan, China	4.00	200	2014/12/04	10 years	196	196
Subtotal							264,950	274,831
Subsidiaries								
21 Leasing 01	RMB	Chinese Mainland	3.62	4,000	2021/03/01	3 years	-	4,000
21 Leasing 02	RMB	Chinese Mainland	3.45	3,000	2021/04/22	3 years	-	2,629
22 Pearl notes	RMB	Chinese Mainland	2.90	2,400	2022/12/15	3 years	1,684	1,680
23 Bocomm Leasing Green Bond 01	RMB	Chinese Mainland	2.80	3,000	2023/11/09	3 years	2,995	2,995
23 Bocomm Leasing 01	RMB	Chinese Mainland	2.88	3,000	2023/12/08	3 years	2,992	2,992
24 Bocomm Leasing Green Bond 01	RMB	Chinese Mainland	2.10	1,500	2024/06/18	3 years	1,470	-
24 Bocomm Leasing 01	RMB	Chinese Mainland	2.59	3,000	2024/02/01	3 years	2,994	-
24 Bocomm Leasing 02	RMB	Chinese Mainland	2.24	2,000	2024/05/16	3 years	1,995	-
19 USD medium-term notes 02	USD	Hong Kong, China	4.375	700	2019/01/22	5 years	-	3,587
19 USD medium-term notes 04	USD	Hong Kong, China	3M Synthetic Libor+1.175	400	2019/09/05	5 years	1,261	1,251
19 USD medium-term notes 05	USD	Hong Kong, China	2.625	200	2019/09/05	5 years	811	804
19 USD medium-term notes 07	USD	Hong Kong, China	3M Synthetic Libor+1.075	600	2019/12/10	5 years	1,765	1,753
20 USD medium-term notes 01	USD	Hong Kong, China	3M Synthetic Libor+0.95	500	2020/03/02	5 years	1,906	1,895
20 USD medium-term notes 04	USD	Hong Kong, China	3M Synthetic Libor+1.70	450	2020/07/14	5 years	1,498	1,492
21 USD medium-term notes 01	USD	Hong Kong, China	1.125	500	2021/06/18	3 years	-	2,082
21 HKD medium-term notes 02	HKD	Hong Kong, China	1.07	775	2021/09/27	3 years	707	702
23 RMB Private Bond 01	RMB	Hong Kong, China	3.50	1,000	2023/03/07	2 years	999	999
23 HKD medium-term notes 01	HKD	Hong Kong, China	4.85	775	2023/03/08	1 year	-	702
23 HKD medium-term notes 02	HKD	Hong Kong, China	4.85	385	2023/03/10	1 year	-	349
23 USD medium-term notes 03	USD	Hong Kong, China	5.50	450	2023/03/10	1 year	-	3,184
23 USD medium-term notes 05	USD	Hong Kong, China	5.55	55	2023/03/15	1 year	-	-

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

29 DEBT SECURITIES ISSUED (Continued)

(1) Bonds (Continued)

Detailed information of bonds held at amortised cost is as follows: (Continued)

	Currency	Issue place	Coupon rate %	Par value (CCY)	Issue date	Maturity	Ending balance	Opening balance
23 USD medium-term notes 06	USD	Hong Kong, China	5.50	50	2023/03/15	1 year	-	19
23 USD medium-term notes 07	USD	Hong Kong, China	5.00	37	2023/03/28	10 months	-	261
23 USD medium-term notes 08	USD	Hong Kong, China	5.50	115	2023/06/21	11 months	-	812
23 USD medium-term notes 09	USD	Hong Kong, China	5.50	30	2023/07/18	10 months	-	212
23 CNY medium-term notes 01	CNY	Hong Kong, China	3.00	760	2023/07/26	3 years	758	758
23 CNY medium-term notes 02	CNY	Hong Kong, China	3.50	400	2023/10/18	1 years	400	400
23 CNY medium-term notes 03	CNY	Hong Kong, China	3.30	700	2023/10/20	3 years	698	698
23 CNY medium-term notes 04	CNY	Hong Kong, China	3.50	400	2023/11/20	3 years	399	399
23 CNY medium-term notes 05	CNY	Hong Kong, China	3.35	300	2023/12/01	3 years	300	300
23 USD medium-term notes 10	USD	Hong Kong, China	SOFR+1.00	240	2023/12/20	3 years	709	706
24 CNY medium-term notes 01	CNY	Hong Kong, China	3.00	360	2024/03/14	3 years	360	-
24 HKD medium-term notes 01	HKD	Hong Kong, China	SOFR+0.75	368	2024/05/29	3 years	336	-
24 USD medium-term notes 01	USD	Hong Kong, China	SOFR+0.92	150	2024/02/26	3 years	371	-
24 USD medium-term notes 02	USD	Hong Kong, China	SOFR+0.92	135	2024/03/04	3 years	962	-
24 USD medium-term notes 03	USD	Hong Kong, China	5.20	30	2024/05/17	3 years	214	-
24 USD medium-term notes 04	USD	Hong Kong, China	SOFR+0.75	100	2024/05/28	3 years	713	-
24 USD medium-term notes 05	USD	Hong Kong, China	5.00	300	2024/06/26	3 years	1,773	-
24 USD medium-term notes 06	USD	Hong Kong, China	SOFR+0.68	650	2024/06/26	3 years	3,700	-
10 Year USD bond	USD	Hong Kong, China	4.00	250	2018/01/25	10 years	1,772	1,760
Azure Nova	USD	Hong Kong, China	4.25	250	2017/03/21	10 years	1,778	1,767
20 Financial Investing 02	RMB	Chinese Mainland	2.80	7,000	2020/03/11	5 years	6,998	6,997
21 Bocomm International 01	USD	Hong Kong, China	1.75	500	2021/06/22	5 years	3,279	3,257
19 Brazil bonds	BRL	Brazil	110%SELIC	200	2019/01/30	6 years	57	57
22 Brazil bonds 01	BRL	Brazil	CDI + 2.60	270	2022/02/07	10 years	370	390
22 Brazil bonds 02	BRL	Brazil	CDI + 2.40	200	2022/11/29	10 years	274	289
Subtotal							49,298	52,178
Total							314,248	327,009

Detailed information of bonds held at fair value is as follows:

	Currency	Issue place	Coupon rate %	Par value (CCY)	Issue date	Maturity	Fair value at the end of the period	Fair value at the beginning of the period
The Bank								
23 Hong Kong medium-term notes 09	USD	Hong Kong, China	4.50	50	2023/06/26	5 years	353	355
23 Hong Kong medium-term notes 10	USD	Hong Kong, China	4.50	40	2023/06/26	5 years	282	284
23 Hong Kong medium-term notes 11	USD	Hong Kong, China	4.50	50	2023/06/26	5 years	353	355
23 Hong Kong medium-term notes 13	USD	Hong Kong, China	SOFR+0.60	25	2023/08/30	3 years	179	179
19 Hong Kong medium-term notes	HKD	Hong Kong, China	2.85	3,500	2019/03/21	5 years	-	3,231
21 Hong Kong medium-term notes 02	RMB	Hong Kong, China	3.15	1,000	2021/12/13	3 years	984	1,001
22 Hong Kong medium-term notes 01	HKD	Hong Kong, China	1.80	1,200	2022/03/21	2 years	-	1,086
22 Hong Kong medium-term notes 02	RMB	Hong Kong, China	3.20	2,800	2022/03/21	2 years	-	2,818
22 Hong Kong medium-term notes 03	USD	Hong Kong, China	2.375	400	2022/03/21	3 years	2,810	2,766
22 Hong Kong medium-term notes 04	RMB	Hong Kong, China	3.05	1,420	2022/11/30	2 years	1,397	1,421
22 Hong Kong medium-term notes 05	USD	Hong Kong, China	4.75	200	2022/11/30	3 years	1,420	1,417
23 Hong Kong medium-term notes 01	HKD	Hong Kong, China	4.50	2,700	2023/02/28	2 years	2,502	2,491
23 Hong Kong medium-term notes 02	RMB	Hong Kong, China	2.97	3,800	2023/02/28	2 years	3,767	3,826
23 Hong Kong medium-term notes 03	USD	Hong Kong, China	4.875	600	2023/02/28	3 years	4,331	4,334
Total							18,378	25,564

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

29 DEBT SECURITIES ISSUED (Continued)

(2) Tier 2 capital bonds

Detailed information of Tier 2 capital bonds is disclosed as follows:

	Currency	Issue place	Coupon rate %	Par value (CCY)	Issue date	Maturity	Note	Ending balance	Opening balance
The Bank									
19 BoComm 01	RMB	Chinese Mainland	4.10	30,000	2019/08/14	10 years	(a)	29,998	29,998
19 BoComm 02	RMB	Chinese Mainland	4.49	10,000	2019/08/14	15 years	(b)	9,999	9,999
20 BoComm	RMB	Chinese Mainland	3.24	40,000	2020/05/19	10 years	(c)	39,997	39,997
21 BoComm	RMB	Chinese Mainland	3.65	30,000	2021/09/23	10 years	(d)	29,999	29,999
22 BoComm 01	RMB	Chinese Mainland	3.45	30,000	2022/02/23	10 years	(e)	29,999	29,999
22 BoComm 02A	RMB	Chinese Mainland	3.03	37,000	2022/11/11	10 years	(f)	36,999	36,999
22 BoComm 02B	RMB	Chinese Mainland	3.36	13,000	2022/11/11	15 years	(g)	12,999	12,999
23 BoComm 01A	RMB	Chinese Mainland	3.30	15,000	2023/11/15	10 years	(h)	14,999	14,999
23 BoComm 01B	RMB	Chinese Mainland	3.40	15,000	2023/11/15	15 years	(i)	15,000	15,000
24 BoComm 01A	RMB	Chinese Mainland	2.45	15,000	2024/04/26	10 years	(j)	15,000	–
24 BoComm 01B	RMB	Chinese Mainland	2.60	11,000	2024/04/26	15 years	(k)	11,000	–
Subtotal								245,989	219,989
Subsidiaries									
21 BoComm Hong Kong	USD	Hong Kong, China	2.304	1,000	2021/07/08	10 years	(l)	7,126	7,078
Subtotal								7,126	7,078
Total								253,115	227,067

- (a) The Group has an option to redeem 19 BoComm 01 at the par value partially or as a whole on 16 August 2024, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (b) The Group has an option to redeem 19 BoComm 02 at the par value partially or as a whole on 16 August 2029, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (c) The Group has an option to redeem 20 BoComm at the par value partially or as a whole on 21 May 2025, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (d) The Group has an option to redeem 21 BoComm at the par value partially or as a whole on 27 September 2026, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (e) The Group has an option to redeem 22 BoComm 01 at the par value partially or as a whole on 25 February 2027, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (f) The Group has an option to redeem 22 BoComm 02A at the par value partially or as a whole on 15 November 2027, the first day upon the end of the fifth interest-bearing year, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (g) The Group has an option to redeem 22 BoComm 02B at the par value partially or as a whole on 15 November 2032, the first day upon the end of the fifth interest-bearing year, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

29 DEBT SECURITIES ISSUED *(Continued)***(2) Tier 2 capital bonds** *(Continued)*

- (h) The Group has an option to redeem 23 BoComm 01A at the par value partially or as a whole on 17 November 2028, the first day upon the end of the fifth interest-bearing year, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (i) The Group has an option to redeem 23 BoComm 01B at the par value partially or as a whole on 17 November 2033, the first day upon the end of the fifth interest-bearing year, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (j) The Group has an option to redeem 24 BoComm 01A at the par value partially or as a whole on 29 April 2029, the first day upon the end of the fifth interest-bearing year, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (k) The Group has an option to redeem 24 BoComm 01B at the par value partially or as a whole on 29 April 2034, the first day upon the end of the fifth interest-bearing year, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (l) The Group has an option to redeem 21 BoComm Hong Kong as a whole on 8 July 2026. If the issuer does not exercise the redemption right by 8 July 2026, the interest rate will be readjusted based on the 5-year U.S. Treasury rate plus 140 basis points initial rate differential.

These tier-2 capital bonds have the write-down feature, which allows the Group to write down the partial or entire principals of the bonds when regulatory triggering events as stipulated in the offering documents occur and any accumulated unpaid interest would become not payable. These bonds are regarded as tier-2 capital without any guarantees provided and the proceeds of the debts cannot be used for compensating daily operating loss of the Group.

(3) Subordinated bonds

Detailed information of subordinated bonds is disclosed as follows:

	Currency	Issue place	Coupon rate %	Par value (CCY)	Issue date	Maturity	Note	Ending balance	Opening balance
Subsidiary									
21 Insurance 01	RMB	Chinese Mainland	4.30	3,000	2021/03/25	10 years	(a)	3,000	3,000
21 Insurance 02	RMB	Chinese Mainland	3.93	1,800	2021/07/27	10 years	(a)	1,800	1,800
Total								4,800	4,800

- (a) BOCOM MSIG Life Insurance Company Limited has an option to redeem the bonds at the par value partially or as a whole on the last day of the fifth interest-bearing year, provided that the permission of PBOC and NFRA is acquired in advance and the BOCOM MSIG Life Insurance Company Limited's solvency ratio is not less than 100% if the redemption is exercised.
- (4) As at 30 June 2024, the Group has not had any defaults in respect of payments of principal or interest or other breaches with respect to the debt securities issued.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

30 OTHER LIABILITIES

	Note	As at 30 June 2024	As at 31 December 2023
Insurance contract liabilities		124,249	111,207
Clearing and settlement		54,850	56,930
Dividends payable		30,093	254
Impairment allowance of credit related commitments and financial guarantees	(1)	10,138	8,826
Staff compensation payable		9,552	17,979
Lease liabilities		6,583	6,501
Deposits received for finance lease		6,120	5,904
VAT and other taxes payable		5,766	5,283
Special purpose funding		1,664	1,796
Provision for outstanding litigations	(2)	553	503
Others		47,686	35,974
Total		297,254	251,157

(1) Movements in the impairment allowance of credit related commitments and financial guarantees

	For the six months ended 30 June 2024			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
As at 1 January 2024	8,275	551	-	8,826
Transfers:				
Transfer to Stage 1	87	(87)	-	-
Transfer to Stage 2	(91)	91	-	-
Transfer to Stage 3	-	-	-	-
Provision/(reversal)	1,467	(95)	1	1,373
Others	(1)	(60)	-	(61)
As at 30 June 2024	9,737	400	1	10,138

	For the year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
As at 1 January 2023	10,226	1,065	-	11,291
Transfers:				
Transfer to Stage 1	547	(547)	-	-
Transfer to Stage 2	(211)	211	-	-
Transfer to Stage 3	-	-	-	-
Provision/(reversal)	(2,213)	(56)	-	(2,269)
Others	(74)	(122)	-	(196)
As at 31 December 2023	8,275	551	-	8,826

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

30 OTHER LIABILITIES (Continued)

(2) Movements in the provision for outstanding litigations

	As at 1 January 2024	Accrued/ (reversed) during the period	Settled during the period	As at 30 June 2024
Provision for outstanding litigations	503	51	(1)	553

	As at 1 January 2023	Accrued/ (reversed) during the year	Settled during the year	As at 31 December 2023
Provision for outstanding litigations	520	(14)	(3)	503

31 SHARE CAPITAL AND CAPITAL SURPLUS

	Number of shares (in millions)	Ordinary shares of RMB1 each	Capital surplus
As at 1 January 2024	74,263	74,263	111,428
As at 30 June 2024	74,263	74,263	111,428

	Number of shares (in millions)	Ordinary shares of RMB1 each	Capital surplus
As at 1 January 2023	74,263	74,263	111,429
As at 31 December 2023	74,263	74,263	111,428

As at 30 June 2024 and 31 December 2023, the number of A shares of the Group was 39,251 million, and the number of H shares of the Group was 35,012 million, both with par value of RMB1 per share.

As at 30 June 2024 and 31 December 2023, the Group's capital surplus is listed as follows:

	As at 1 January 2024	Additions	Reductions	As at 30 June 2024
Share premium	110,770	-	-	110,770
Other capital reserve	658	-	-	658
Total	111,428	-	-	111,428

	As at 1 January 2023	Additions	Reductions	As at 31 December 2023
Share premium	110,770	-	-	110,770
Other capital reserve	659	-	(1)	658
Total	111,429	-	(1)	111,428

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

32 OTHER EQUITY INSTRUMENTS

(1) Preference shares

(a) Preference shares outstanding at the end of the period

	Issue date	Accounting classification	Original dividend rate %	Issue price	Amount (in shares)	In original currency (in millions)	In RMB (in millions)	Maturity	Conversion condition	Conversion
Domestic preference shares										
Preference shares in RMB	2 September 2016	Equity	4.07	RMB100/share	450,000,000	45,000	45,000	No maturity date	Mandatory	No conversion during the period
Less: Issuance fees							(48)			
Carrying amount							44,952			

(b) Movements of preference shares issued

	As at 1 January 2024	Additions	Decreases	As at 30 June 2024
Domestic preferences shares				
Amount (shares)	450,000,000	–	–	450,000,000
In RMB (millions)	44,952	–	–	44,952

(c) Main clauses*Domestic preference shares**(i) Dividend*

The domestic preference shares will accrue dividends on their issue price at the relevant dividend rate below:

- From and including the issue date to but excluding the first reset date, at the rate of 3.90% per annum; and
- The dividend rate will be re-priced every five years thereafter with reference to the arithmetic average value (rounding off to 0.01%) of five-year Chinese treasury bonds yield at the date which is 20 transaction days before the reset date (excluding the date) plus a fixed premium of 1.37%. As authorised by the shareholders' annual general meeting, the Board of Directors has the sole discretion to declare and distribute dividends on domestic preference shares.

With effect from 7 September 2021, the Bank has adjusted the dividend rate for the second dividend rate adjustment period to 4.07%.

The dividend for domestic preference shares is non-cumulative. Where the Bank determines to cancel the dividend for domestic preference shares in whole or in part, the omitted dividend will not be carried forward and claimed in the future period. After receiving dividends at the agreed dividend rate, domestic preference shareholders of the Bank will not participate in the distribution of residual profits with ordinary shareholders. Domestic preference shares issued by the Bank have the same dividend distribution order as the offshore preference shares.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

32 OTHER EQUITY INSTRUMENTS *(Continued)***(1) Preference shares** *(Continued)***(c) Main clauses** *(Continued)**Domestic preference shares (Continued)**(ii) Conditions to distribution of dividends*

The Bank could pay dividends while the Bank still has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Bank's capital adequacy ratio meets regulatory requirements. Domestic preference shareholders of the Bank are senior to the ordinary shareholders on the right to dividends.

Subject to a resolution to be passed at a shareholders' general meeting of the Bank on each such occasion, the Bank may elect to cancel (in whole or in part) any preference share dividend. The Bank shall not distribute any dividends to its ordinary shareholders before it declares such dividends to preference shareholders for the relevant periods.

(iii) Mandatory conversion trigger events

Upon occurrence of the triggering events as stipulated by the offering documents and subject to regulatory approval, domestic preference shares shall be mandatorily converted into ordinary A Shares of the Bank, partially or entirely. The initial mandatory conversion price is RMB6.25 per share. To balance the interest between preference shareholders and ordinary shareholders, the mandatory conversion price of the preference shares will be cumulatively adjusted in sequence where certain events occur including issuances of bonus shares, capitalisation of reserves, new issuances of ordinary shares at a price lower than the market price (excluding equity increased due to exercise of convertible financing instruments that can be converted into ordinary shares) and rights issues, subject to terms and formulas provided for in the offering documents. Appropriation of dividends to ordinary shareholders is not trigger event for price adjustment.

(iv) Order of distribution and liquidation method

On winding-up of the Bank, distribution to domestic preference shareholders is made after all debts of the Bank (including subordinated debts) and obligations that are issued or guaranteed by the Bank and specifically stated to be distributed prior to the domestic preference shares; all domestic preference shareholders are ranked at the same in the distribution sequence without priority among them and have the same repayment sequence rights as holders of obligations with equivalent rights. In addition, distribution is made to domestic preference shareholders prior to ordinary shareholders.

On winding-up of the Bank, any remaining assets of the Bank shall, after the distributions in accordance with the terms and conditions of the domestic preference shares have been made, be applied to the claims of the domestic preference shareholders equally in all respects with the claims of holders of any parity obligations (which term, for the avoidance of doubt, includes the domestic preference shares and any other preference shares of the Bank issued from time to time to investors outside the PRC) and in priority to the claims of the holders of ordinary shares.

The distribution amount obtained by the domestic preference shareholders shall be the total par value of the issued and outstanding preference shares plus dividends declared but not paid in the current period; if the distribution amount is insufficient, domestic and offshore preference shareholders will share the distribution amount on a proportional basis.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

32 OTHER EQUITY INSTRUMENTS (Continued)

(1) Preference shares (Continued)

(c) Main clauses (Continued)*Domestic preference shares (Continued)**(v) Redemption*

The domestic preference shares are perpetual and have no maturity date. The Bank may, subject to obtaining the regulatory approval and in compliance with the redemption preconditions, redeem all or some of the domestic preference shares on 7 September 2021 and on any preference share dividend payment date thereafter. The redemption period ends at the date when shares are fully converted or redeemed.

(2) Perpetual bonds

(a) Perpetual bonds outstanding at the end of the period

	Issue date	Accounting classification	Original interest rate %	Issue price	Amount (in shares)	In original currency (in millions)	In RMB (in millions)	Maturity
19 BoComm perpetual bonds (c)(i)	18 September 2019	Equity	4.20	RMB100/bond	400,000,000	40,000	40,000	No fixed maturity date
20 BoComm perpetual bonds (c)(ii)	23 September 2020	Equity	4.59	RMB100/bond	300,000,000	30,000	30,000	No fixed maturity date
21 BoComm perpetual bonds (c)(ii)	8 June 2021	Equity	4.06	RMB100/bond	415,000,000	41,500	41,500	No fixed maturity date
Perpetual bonds in USD (c)(iii)	11 November 2020	Equity	3.80	No less than USD200,000/bond	Not applicable	2,800	18,366	No fixed maturity date
Total							129,866	
Less: Issuance fees							(28)	
Carrying amount							129,838	

(b) Movements of perpetual bonds issued

	As at 1 January 2024		Movements		As at 30 June 2024	
	Amount (shares)	Par value in RMB (millions)	Amount (shares)	Par value in RMB (millions)	Amount (shares)	Par value in RMB (millions)
19 BoComm perpetual bonds (c)(i)	400,000,000	40,000	-	-	400,000,000	40,000
20 BoComm perpetual bonds (c)(ii)	300,000,000	30,000	-	-	300,000,000	30,000
21 BoComm perpetual bonds (c)(ii)	415,000,000	41,500	-	-	415,000,000	41,500
Perpetual bonds in USD (c)(iii)	Not applicable	18,366	-	-	Not applicable	18,366
Total		129,866		-		129,866

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

32 OTHER EQUITY INSTRUMENTS *(Continued)***(2) Perpetual bonds** *(Continued)***(c) Main clauses**

- (i) With the approvals by relevant regulatory authorities, the Bank issued RMB40 billion undated capital bonds in China's National Inter-Bank Bond Market on 18 September 2019, and the raising fund was received on 20 September 2019. The denomination of the bonds is RMB100 each and coupon rate of 4.20%. The bonds adopt a coupon rate adjusted on a stage-by-stage basis and a coupon rate adjustment period for every five years during which interests will be paid at the agreed coupon rate.

The perpetual bonds will continue to be outstanding so long as the Bank's business continues to operate. The bonds have set forth terms regarding the Bank's redemption with pre-conditions. Subject to the satisfaction of the redemption conditions and having obtained the prior approval of the regulatory, the Bank is entitled to redeem the bonds after five years since the issue date in whole or in part on the annual interest payment date (including the interest payment date of the fifth year after the issue date). If, after the issuance, the perpetual bonds no longer qualify as additional tier-1 capital as a result of an unforeseeable change or amendment to relevant provisions of supervisory regulations, the Bank may redeem the whole but not part of the perpetual bonds.

The claims in respect of the perpetual bonds are subordinated to the claims of depositors, general creditors, and subordinated indebtedness that rank senior to the perpetual bonds; and will rank in priority to all classes of equity shares held by the Bank's shareholders and rank pari passu with the claims in respect of any other additional tier-1 capital instruments of the Bank that rank pari passu with the perpetual bonds.

Upon the occurrence of Additional tier-1 capital trigger event, namely, the Bank's core tier-1 capital adequacy ratio having fallen to 5.125% (or below), the Bank has the right, subject to the approval of the regulatory but without the need for the consent of the bondholders, to write down whole or part of the aggregate amount of the perpetual bonds then issued and outstanding, in order to restore the core tier-1 capital adequacy ratio to above 5.125%. Upon the occurrence of a Non-Viability Triggering Event, the Bank has the right to write down all the above perpetual bond issued and existing at that time in accordance with the total par value without the consent of the bondholders.

The distributions on the perpetual bonds are non-cumulative, and the Bank shall have the right to cancel, in whole or in part, distributions on the bonds and any such cancellation shall not constitute an event of default. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. Cancellation of any distributions on the bonds, no matter in whole or in part, will not impose any other restriction on the Bank, except in relation to dividend distributions to ordinary shares.

Investors have no right to redeem their subscription from the Bank. The net proceeds from the Bank's issuance of the above bonds, after deducting offering related expenses, will be used to replenish the Additional tier-1 capital of the Bank.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

32 OTHER EQUITY INSTRUMENTS *(Continued)***(2) Perpetual bonds** *(Continued)***(c) Main clauses** *(Continued)*

- (ii) With the approvals by relevant regulatory authorities, the Bank issued RMB30 billion undated capital bonds in China's National Inter-Bank Bond Market on 23 September 2020, and the raising fund was received on 25 September 2020. The denomination of the Bonds is RMB100 each and coupon rate of 4.59%. The Bonds adopt a coupon rate adjusted on a stage-by-stage basis and a coupon rate adjustment period for every five years during which interests will be paid at the agreed coupon rate.

With the approvals by relevant regulatory authorities, the Bank issued RMB41.5 billion undated capital bonds in China's National Inter-Bank Bond Market on 8 June 2021, and the raising fund was received on 10 June 2021. The denomination of the Bonds is RMB100 each and coupon rate of 4.06%. The Bonds adopt a coupon rate adjusted on a stage-by-stage basis and a coupon rate adjustment period for every five years during which interests will be paid at the agreed coupon rate.

The perpetual bonds will continue to be outstanding so long as the Bank's business continues to operate. The bonds have set forth terms regarding the Bank's redemption with pre-conditions. Subject to the satisfaction of the redemption conditions and having obtained the prior approval of the regulatory, the Bank is entitled to redeem the bonds after five years since the issue date in whole or in part on the annual interest payment date (including the interest payment date of the fifth year after the issue date). If, after the issuance, the perpetual bonds no longer qualify as additional tier-1 capital as a result of an unforeseeable change or amendment to relevant provisions of supervisory regulations, the Bank may redeem the whole but not part of the perpetual bonds.

The claims in respect of the perpetual bonds are subordinated to the claims of depositors, general creditors, and subordinated indebtedness that rank senior to the perpetual bonds; and will rank in priority to all classes of equity shares held by the Bank's shareholders and rank pari passu with the claims in respect of any other additional tier-1 capital instruments of the Bank that rank pari passu with the perpetual bonds.

Upon the occurrence of a Non-Viability Triggering Event, the Bank has the right to write down/write off in whole or in part, without the need for the consent of the holders of the bonds, the principal amount of the bonds.

The distributions on the perpetual bonds are non-cumulative, and the Bank shall have the right to cancel, in whole or in part, distributions on the bonds and any such cancellation shall not constitute an event of default. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. Cancellation of any distributions on the bonds, no matter in whole or in part, will not impose any other restriction on the Bank, except in relation to dividend distributions to ordinary shares.

Investors have no right to redeem their subscription from the Bank. The net proceeds from the Bank's issuance of the above bonds, after deducting offering related expenses, will be used to replenish the additional tier-1 capital of the Bank.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

32 OTHER EQUITY INSTRUMENTS *(Continued)***(2) Perpetual bonds** *(Continued)***(c) Main clauses** *(Continued)*

- (iii) With the approvals by relevant regulatory authorities, the Bank issued USD2.8 billion undated capital bonds in the offshore market on 11 November 2020, and the raising fund was received on 18 November 2020. The specified denomination of the bonds is not less than USD200,000, the exceeding part need to be integral multiple of USD1000 and issued at 100% of the specified denomination. The coupon rate of the bonds is 3.80%. The bonds adopt a coupon rate adjusted on a stage-by-stage basis and a coupon rate adjustment period for every five years during which interests will be paid at the agreed coupon rate.

The perpetual bonds will continue to be outstanding so long as the Bank's business continues to operate. The bonds have set forth terms regarding the Bank's redemption with pre-conditions. Subject to the satisfaction of the redemption conditions and having obtained the prior approval of the regulatory, the bank is entitled to redeem the bonds after five years since the issue date in whole or in part on the annual interest payment date (including the interest payment date of the fifth year after the issue date). If, after the issuance, the perpetual bonds no longer qualify as additional tier-1 capital as a result of an unforeseeable change or amendment to relevant provisions of supervisory regulations, subject to obtaining the regulatory approval, the Bank may redeem the whole but not part of the perpetual bonds.

The claims in respect of the perpetual bonds are subordinated to the claims of depositors, general creditors, and subordinated indebtedness that rank senior to the perpetual bonds; and will rank in priority to all classes of equity shares held by the Bank's shareholders and rank pari passu with the claims in respect of any other additional tier-1 capital instruments of the Bank that rank pari passu with the perpetual bonds.

Upon the occurrence of a Non-Viability Triggering Event, the Bank has the right to write down/write off in whole or in part, without the need for the consent of the holders of the bonds.

The distributions on the perpetual bonds are non-cumulative, and the Bank shall have the right to cancel, in whole or in part, distributions on the bonds and any such cancellation shall not constitute an event of default. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. Cancellation of any distributions on the bonds, no matter in whole or in part, will not impose any other restriction on the Bank, except in relation to dividend distributions to ordinary shares.

Investors have no right to redeem their subscription from the Bank. The net proceeds from the Bank's issuance of the above bonds, after deducting offering related expenses, will be used to replenish the additional tier-1 capital of the Bank.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

32 OTHER EQUITY INSTRUMENTS *(Continued)***(3) Interests attributable to holders of other equity instruments**

	As at 30 June 2024	As at 31 December 2023
Total equity attributable to equity holders of the parent company	1,107,374	1,088,030
– Equity attributable to ordinary shareholders of the parent company	932,584	913,240
– Equity attributable to preference shareholders of the parent company	44,952	44,952
– Equity attributable to perpetual bond holders of the parent company	129,838	129,838
Total equity attributable to non-controlling interests	11,917	11,420
– Equity attributable to non-controlling interests of ordinary shares	8,384	7,912
– Equity attributable to non-controlling interests of non-cumulative subordinated additional Tier-1 capital securities (Note 35)	3,533	3,508

Dividends paid to preference shareholders and interest paid to perpetual bond holders for the six months ended 30 June 2024 are disclosed in Note 34.

33 OTHER RESERVES AND RETAINED EARNINGS

Pursuant to the relevant PRC regulations, the appropriation of profits to the statutory general reserve, the discretionary reserve and the distribution of dividends in each year are based on the recommendations of the directors and are subject to the resolutions to be passed at the General Meeting of Shareholders.

Pursuant to relevant PRC regulations, the Bank appropriated 10% of its net profit for the year under CAS to the statutory surplus reserve until the reserve balance reaches 50% of the Bank's registered capital. The statutory surplus reserve can be used to compensate losses or to increase share capital upon approval.

	As at 1 January 2024	Appropriate	Decrease	As at 30 June 2024
Statutory reserve	97,227	8,162	–	105,389
Discretionary reserve	140,399	–	–	140,399
Total	237,626	8,162	–	245,788

Pursuant to relevant PRC banking regulations, since 1 July 2012, the Bank made statutory general reserve from net profit through profit appropriation according to *Administrative Measures for the Provisioning of Financial Enterprises (Cai Jin [2012] No. 20)*. The proportion is determined based on several factors including the Bank's overall exposure to risk, normally no lower than 1.5% of the ending balance of risk assets. The statutory general reserve is an integral part of shareholders' equity but not subject to dividend distribution. The Bank's subsidiaries and overseas branches, if required by local regulation requirements, also need to make such general reserve.

	As at 1 January 2024	Appropriate	Decrease	As at 30 June 2024
Statutory general reserve	159,053	13,367	–	172,420

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

33 OTHER RESERVES AND RETAINED EARNINGS *(Continued)*

Retained earnings

The movements of retained earnings are set out below:

	Note	
As at 1 January 2024		326,744
Profit for the period attributable to shareholders of the parent company		45,287
Appropriation to statutory reserve		(8,162)
Appropriation to discretionary reserve		-
Appropriation to general reserve		(13,367)
Dividends payable to ordinary shareholders		(27,849)
Dividends payable to preference shareholders		(1,832)
Interest to perpetual bond holders		(1,685)
Others		38
As at 30 June 2024	(1)	319,174
As at 31 December 2022		292,734
Changes in accounting policies		127
As at 1 January 2023		292,861
Profit for the period attributable to shareholders of the parent company		92,728
Appropriation to statutory reserve		(9,073)
Appropriation to discretionary reserve		(217)
Appropriation to general reserve		(14,512)
Dividends payable to ordinary shareholders		(27,700)
Dividends payable to preference shareholders		(1,832)
Interest to perpetual bond holders		(5,641)
Others		130
As at 31 December 2023	(1)	326,744

(1) Retained earnings at the end of the period/year

As at 30 June 2024, the consolidated retained earnings attributable to shareholders of the parent included retained earnings transferred to share capital by the Bank's subsidiary amounting to RMB6.00 billion (As at 31 December 2023: 6.00 billion). The Bank's subsidiary did not provide the Bank with the option to receive equivalent cash dividends or profits.

(2) Distributable profits

The Bank's distributable profit is based on its retained profits as determined under PRC and IFRSs, whichever is lower. The amount that the Group's subsidiaries can legally distribute is determined by referring to their profits as reflected in their financial statements prepared in accordance with the accounting regulations and principles promulgated by the local regulatory bodies. These profits may differ from those dealt with in these financial statements, which are prepared in accordance with IFRSs.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

34 DIVIDENDS

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

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

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

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

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

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

35 NON-CONTROLLING INTERESTS

Non-controlling interests of the Group include equity attributable to non-controlling interests of ordinary shares and equity attributable to non-controlling interests of other equity instruments. As at 30 June 2024, equity attributable to other equity instruments holders was RMB3,533 million. Other equity instruments were non-cumulative subordinated additional tier-1 capital securities issued by Bank of Communications (Hong Kong) Limited on 3 March 2020.

Issue Date	3 March 2020
Face Value	USD500 million
First Call Date	3 March 2025
Distribution Rate	(i) from the issue date to the first call date, 3.725% per annum (ii) for every five calendar years after the first call date, the then-prevailing US Treasury Rate plus 2.525% per annum if the redemption right is not exercised
Frequency of distribution payments	Semi-annually

Bank of Communications (Hong Kong) Limited may determine the policies of distribution payments and whether to redeem the bonds. Therefore, the Group recognised the bonds as equity instruments.

Pursuant to the terms and conditions of the Non-Cumulative Subordinated Additional Tier-1 capital securities, Bank of Communications (Hong Kong) Limited has paid a total distribution of RMB66 million during the six months ended 30 June 2024.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

36 CONTINGENCIES

Legal proceedings

The Group has been involved as defendants in certain lawsuits arising from its normal business operations. Management of the Group believes, based on legal advice, the final result of these lawsuits will not have a material impact on the financial position or operations of the Group. Provision for litigation losses as advised by in-house or external legal professionals is disclosed in Note 30. The total outstanding claims against the Group (as defendant) by a number of third parties at the end of the period/year are summarised as follows:

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

Future receivables from operating leases

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

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

37 COMMITMENTS

Credit related commitments and financial guarantees

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

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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

37 COMMITMENTS *(Continued)*

Capital expenditure commitments

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

Commitments on security underwriting and bond acceptance

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

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

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

38 COLLATERALS

(1) Assets pledged

The Group uses part of its assets as collaterals for interbank repurchase arrangements and other liabilities-related business. The carrying amount of these collaterals are listed below:

	As at 30 June 2024	As at 31 December 2023
Investment securities	1,091,918	1,047,336
Bills	2,901	4,882
Total	1,094,819	1,052,218

Financial assets sold under repurchase agreements included certain transactions under which the title of the pledged securities has been transferred to counterparties. These transactions have been disclosed in Note 43 transfers of financial assets.

In addition, part of due from and placements with banks and other financial institutions and loans and advances to customers pledged as collateral for borrowing from central banks or placements from banks by the Group as at 30 June 2024 amounted to RMB35,588 million in total (31 December 2023: RMB25,263 million).

(2) Collateral accepted

The Group received debt securities and bills as collateral in connection with the securities lending transactions and the purchase of assets under resale agreements. The Group did not hold any collateral that can be resold or re-pledged on balance sheet date when non-defaulting.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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40 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Analysis of the balance of cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following balances with maturities of less than or equal to 90 days from date of purchase and used for the purpose of meeting short-term cash commitments:

	As at 30 June 2024	As at 30 June 2023
Cash and balances with central banks	70,944	97,146
Due from and placements with banks and other financial institutions	74,840	127,052
Total	145,784	224,198

41 CONSOLIDATED STRUCTURED ENTITIES

Structured entities consolidated by the Group include certain trust investment plans, funds, and 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.

42 UNCONSOLIDATED STRUCTURED ENTITIES

The Group has been involved in other structured entities through acting as sponsors of structured entities or investments in structured entities that provide specialised investment opportunities to investors. These structured entities generally finance the purchase of assets by issuing units of the products. The Group does not control these structured entities and therefore, these structured entities are not consolidated.

As at 30 June 2024, those unconsolidated structured entities set up and sponsored by the Group consist primarily of wealth management products, funds, trusts, asset management products and securitisation products. The Group earns commission income by providing management services to the investors of these structured entities. For the six months ended 30 June 2024, the Group's commission income from providing services to the structured entities managed by the Group was RMB4,121 million (For the six months ended 30 June 2023: RMB4,088 million).

As at 30 June 2024, the balance of the wealth management products set up and sponsored by the Group amounted to RMB1,518,041 million (As at 31 December 2023: RMB1,302,346 million), the balance of funds issued by the Group amounted to RMB569,787 million, the balance of trusts and asset management plans and others sponsored by the Group amounted to RMB595,156 million (As at 31 December 2023: the balance of funds issued by the Group amounted to RMB511,038 million, the balance of trusts and asset management plans and others sponsored by the Group amounted to RMB594,647 million).

For the six months ended 30 June 2024, no interest income from placements and repurchase transactions with those unconsolidated wealth management products (For the six months ended 30 June 2023: Nil).

The Group is also involved in certain structured entities sponsored by the Group or third parties through direct investments. These investments are recognised as financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income, and financial investments at amortised cost.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

42 UNCONSOLIDATED STRUCTURED ENTITIES *(Continued)*

As at 30 June 2024 and 31 December 2023, the carrying amount of interests in unconsolidated structured entities held by the Group through investment was set out as follows:

As at 30 June 2024

	Carrying amount			Maximum exposure to loss	Type of income
	Financial investments at FVTPL	Financial investments at amortised cost	Financial investments at FVOCI		
Funds	199,435	–	333	199,768	Net gains arising from trading activities
Trusts and asset management products	13,543	36,666	–	50,209	Interest income, net gains arising from trading activities
Securitisation products	188	155	–	343	Interest income, net gains arising from trading activities
Total	213,166	36,821	333	250,320	

As at 31 December 2023

	Carrying amount			Maximum exposure to loss	Type of income
	Financial investments at FVTPL	Financial investments at amortised cost	Financial investments at FVOCI		
Funds	164,092	–	333	164,425	Net gains arising from trading activities
Trusts and asset management products	16,774	47,133	–	63,907	Net interest income, net gains arising from trading activities
Securitisation products	174	210	–	384	Net interest income, net gains arising from trading activities
Total	181,040	47,343	333	228,716	

43 TRANSFERS OF FINANCIAL ASSETS

The Group enters into transactions in the ordinary course of business by which it transfers recognised financial assets to third parties or structured entities. In some cases, these 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.

(1) Financial assets sold under repurchase agreements

Sales and repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. Since the repurchase prices are fixed, the Group is still exposed to substantially all the credit risks and market risks and rewards of those securities sold. These securities, which the Group does not have the ability to use during the term of the arrangements, are not derecognised from the financial statements but regarded as “collateral” for the secured lending. In addition, the Group recognises a financial liability for cash received.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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43 TRANSFERS OF FINANCIAL ASSETS *(Continued)***(1) Financial assets sold under repurchase agreements** *(Continued)*

As at 30 June 2024 and 31 December 2023, the Group entered into repurchase agreements with certain counterparties. The proceeds from selling such securities are presented as “financial assets sold under repurchase agreements” (Note 25).

The following table provides a summary of carrying amounts related to the transferred financial assets that are not derecognised and the associated liabilities:

	Collaterals		Associated liabilities	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2024	2023	2024	2023
Investment securities	17,758	15,005	14,686	12,868

(2) Securities lending transactions

Transferred financial assets that do not qualify for de-recognition mainly include debt securities lent to counterparties under securities lending agreements. The counterparties are allowed to sell or repledge those securities lent under agreements to repurchase in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. As at 30 June 2024, the carrying value of debt securities lent to counterparties was RMB7,250 million (31 December 2023: RMB26,010 million).

(3) Asset securitization

As part of its operational activities, the Group securitises financial assets, generally through the sale of these assets to structured entities which then issue securities to investors.

As at 30 June 2024, loans with an original value of RMB86,153 million (31 December 2023: RMB86,153 million) have been securitised by the Group. The Group transferred financial assets amounted to RMB34,019 million through assets backed securitization transactions, and all have met the requirement of derecognition (31 December 2023: RMB34,019 million).

As at 30 June 2024, the carrying amount of asset-backed securities held by the Group in securitisation transactions that were qualified for derecognition was RMB362 million (31 December 2023: RMB405 million), and its maximum exposure approximated to the carrying amount.

The Group retains interests in the form of subordinated tranches which may give rise to the Group’s continuing involvement in the transferred assets. Those financial assets are recognised on the consolidated statement of financial position to the extent of the Group’s continuing involvement, while the rest are derecognised. The extent of the Group’s continuing involvement is the extent of risk the Group faces due to changes in the value of the transferred assets. As at 30 June 2024, the Group retained continued involvement in securitised credit assets through holdings of subordinated securities and the carrying amount of assets that the Group continues to recognize on the consolidated statement of financial position was RMB5,416 million (31 December 2023: RMB5,529 million). Meanwhile, the Group recognised the same amount of continuing involved assets and continuing involved liabilities as a result of this event.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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43 TRANSFERS OF FINANCIAL ASSETS *(Continued)***(4) Disposal of non-performing loans and advances to customers**

The Group disposes non-performing loans and advances to customers through transferring to third parties in the ordinary course of business. For the six months ended 30 June 2024, the Group had batch transferred non-performing loans and advances to customers with a gross carrying amount of RMB898 million (For the six months ended 30 June 2023: RMB748 million) and collected cash totalling RMB480 million (For the six months ended 30 June 2023: RMB704 million) from the transfer. The difference between the gross carrying amount and the cash collected had been written off. The Group derecognised the non-performing loans and advances to customers from the Group's financial statements at the time of disposal.

44 RELATED PARTY TRANSACTIONS**(1) Transactions with the MOF**

As at 30 June 2024, the MOF held 17,732 million (As at 31 December 2023: 17,732 million) ordinary shares of Bank of Communications Co., Ltd. which represented 23.88% (31 December 2023: 23.88%) of the total share capital.

The MOF is a Chinese government ministry, primarily responsible for managing state fiscal revenue and expenditures, and establishing and enforcing taxation policies. The Group enters into banking transactions with the MOF under normal commercial terms and at market rates. These transactions mainly include the purchase and redemption of financial investments issued by the MOF.

Details of transaction volumes and outstanding balances are summarised below:

	As at 30 June 2024	As at 31 December 2023
Bonds issued by the MOF investment	1,219,719	1,280,553
	Six months ended 30 June	
	2024	2023
Interest income on the government bonds	17,828	16,320

(2) Transactions with the National Council for Social Security Fund

As at 30 June 2024, the National Council for Social Security Fund held 12,169 million (As at 31 December 2023: 12,149 million) ordinary shares of Bank of Communications Co., Ltd. which represented 16.39% (As at 31 December 2023: 16.36%) of the total share capital.

The Group enters into transactions with the National Council for Social Security Fund in the normal course of business and they mainly include deposits. The transactions are conducted under normal transaction terms and market pricing terms and which comply with normal commercial terms.

Details of transaction volumes and outstanding balances are summarised below:

	As at 30 June 2024	As at 31 December 2023
Deposits from customers	(97,868)	(91,625)
	Six months ended 30 June	
	2024	2023
Interest expenses	(1,891)	(1,896)

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

44 RELATED PARTY TRANSACTIONS *(Continued)*

(3) Transactions with the Hongkong and Shanghai Banking Corporation Limited (“HSBC”) Group and its joint ventures

As at 30 June 2024, HSBC held 14,136 million (As at 31 December 2023: 14,136 million) ordinary shares of the Bank of Communications Co., Ltd. which represented 19.03% (As at 31 December 2023: 19.03%) of the total share capital.

HSBC was incorporated in 1866, primarily providing local and international banking services, and related financial services in the Asia-Pacific region. Its registration is Hong Kong. Transactions between the Group and HSBC are conducted under normal transaction terms and market pricing terms and which comply with normal commercial terms.

Details of transaction volumes and outstanding balances are summarised below:

	As at 30 June 2024	As at 31 December 2023
On-balance sheet items		
Due from and placements with banks and other financial institutions	6,972	6,385
Derivative financial assets	3,727	4,375
Loans and advances to customers	757	2,399
Financial investments at FVTPL	2,309	2,877
Financial investments at amortised cost	1,863	5,453
Financial investments at FVOCI	5,150	7,464
Due to and placements from banks and other financial institutions	(37,586)	(29,552)
Derivative financial liabilities	(2,161)	(1,843)
Certificates of deposits issued	(31,326)	(37,211)
Off-balance sheet items		
Notional principal of derivative financial instruments	281,143	270,596
Credit related commitments and financial guarantees	243	242
	Six months ended 30 June	
	2024	2023
Interest income	313	321
Interest expense	(902)	(1,114)
Fee and commission income	33	42
Fee and commission expense	(13)	(7)

(4) Transactions with state-owned entities in PRC

The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the government through its authorities, affiliates or other organisations (collectively the “state-owned entities”). During the period, the Group entered into extensive banking transactions with these state-owned entities including, but not limited to, the provision of credit and guarantees, deposits, foreign exchange, derivatives transactions, agency business, underwriting and distribution of bonds issued by the government as well as trading and redemption of securities issued by the government.

Management considers that transactions with state-owned entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and these state-owned entities are ultimately controlled or owned by the government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are state-owned entities.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

44 RELATED PARTY TRANSACTIONS *(Continued)*

(5) Transactions with subsidiaries

Transactions between the Bank and its subsidiaries are conducted under normal transaction terms and market pricing terms and which comply with normal commercial terms. These transactions are eliminated on consolidation. Basic information and relevant details of subsidiaries are set out in Note 20.

Details of transaction volumes and outstanding balances are summarised below:

The Bank	As at 30 June 2024	As at 31 December 2023
Due from and placements with banks and other financial institutions	127,236	140,345
Derivative financial assets	187	209
Loans and advances to customers	1,210	1,249
Financial investments at FVTPL	243	241
Financial investments at amortised cost	1,487	1,881
Financial investments at FVOCI	9,647	11,124
Other assets	1,089	792
Due to and placements from banks and other financial institutions	(10,998)	(18,642)
Derivative financial liabilities	(7,320)	(7,470)
Deposits from customers	(6,506)	(5,973)
Other liabilities	(271)	(374)

The Bank	Six months ended 30 June	
	2024	2023
Interest income	3,147	3,800
Interest expense	(265)	(249)
Fee and commission income	724	1,027
Fee and commission expense	(17)	(23)
Other operating income	307	353
Other operating expense	(65)	(59)

(6) Transactions with key management personnel

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

Transactions key management personnel, their close relatives and entities that are controlled, jointly controlled or significantly influenced by either such key management personnel or their close relatives and are conducted under normal transaction terms and market pricing terms and which comply with normal commercial terms.

Details of transaction volumes and outstanding balances are summarised below:

	As at 30 June 2024	As at 31 December 2023
Deposits from customers	(10)	(10)

Compensations of directors and senior management are summarised below:

	Six months ended 30 June	
	2024	2023
Remuneration and emoluments	8	7
Other benefits	2	1

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

44 RELATED PARTY TRANSACTIONS *(Continued)*

(7) Transactions with associates and joint ventures

Transactions between the Group and its associates and joint ventures are conducted under normal transaction terms and market pricing terms and which comply with normal commercial terms. Basic information and relevant details of associates and joint ventures are set out in Note 21.

Details of transaction volumes and outstanding balances are summarised below:

	As at	As at
	30 June 2024	31 December 2023
On-balance sheet items		
Due from and placements with banks and other financial institutions	1,191	1,005
Derivative financial assets	1,302	1,048
Loans and advances to customers	10,561	9,759
Due to and placements from banks and other financial institutions	(526)	(809)
Derivative financial liabilities	(70)	(17)
Deposits from customers	(385)	(1,161)
Off-balance sheet items		
Notional principal of derivative financial instruments	6,917	4,690
Credit related commitments and financial guarantees	26,378	21,806
	Six months ended 30 June	
	2024	2023
Interest income	211	199
Interest expense	(27)	(5)

(8) Transactions with other related parties

Transactions with other related parties are conducted under normal transaction terms and market pricing terms and which comply with normal commercial terms. Details of transaction volumes and outstanding balances are summarised below:

	As at	As at
	30 June 2024	31 December 2023
On-balance sheet items		
Loans and advances to customers	526	983
Due to and placements from banks and other financial institutions	(751)	(303)
Deposits from customers	(101,291)	(86,199)
Off-balance sheet items		
Credit related commitments and financial guarantees	380	200
	Six months ended 30 June	
	2024	2023
Interest income	12	8
Interest expense	(1,619)	(1,021)

(9) Transactions with Annuity Fund

Apart from the obligations for defined contributions to the Annuity Fund and normal banking transactions, no other material transactions were conducted between the Group and the bank with the Annuity Fund for the six months ended 30 June 2024 and for the six months ended 30 June 2023.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

45 SEGMENTAL ANALYSIS *(Continued)***Geographical operating segment information**

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

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

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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

45 SEGMENTAL ANALYSIS (Continued)

Geographical operating segment information (Continued)

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

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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

45 SEGMENTAL ANALYSIS (Continued)

Geographical operating segment information (Continued)

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

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

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

Business information

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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

45 SEGMENTAL ANALYSIS *(Continued)*Business information *(Continued)*

The business information of the Group is summarised as follows:

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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

45 SEGMENTAL ANALYSIS (Continued)

Business information (Continued)

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

	As at 30 June 2024					Total
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business		
Segment assets	6,039,921	2,715,494	5,289,818	92,603		14,137,836
Including:						
<i>Investments in associates and joint ventures</i>	2,647	1,443	–	5,264		9,354
Unallocated assets						40,078
Total assets						14,177,914
Segment liabilities	(5,394,025)	(3,845,538)	(3,741,246)	(72,020)		(13,052,829)
Unallocated liabilities						(5,794)
Total liabilities						(13,058,623)

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

45 SEGMENTAL ANALYSIS (Continued)

Business information (Continued)

	As at 31 December 2023				Total
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business	
Segment assets	5,820,739	2,623,109	5,534,582	41,663	14,020,093
Including:					
<i>Investments in associates and joint ventures</i>	<i>2,457</i>	<i>1,429</i>	<i>–</i>	<i>5,104</i>	<i>8,990</i>
Unallocated assets					40,379
Total assets					14,060,472
Segment liabilities	(5,474,229)	(3,620,670)	(3,802,004)	(57,174)	(12,954,077)
Unallocated liabilities					(6,945)
Total liabilities					(12,961,022)

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

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

46 NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

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

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

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

Profit distribution after reporting period

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

47 COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform with the current period's presentation.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

For the six months ended 30 June 2024

1 CURRENCY CONCENTRATIONS

As at 30 June 2024	USD	HKD	Others	Total
Spot assets	931,756	238,753	265,062	1,435,571
Spot liabilities	(840,621)	(273,325)	(150,725)	(1,264,671)
Forward purchases	2,354,555	269,825	455,758	3,080,138
Forward sales	(2,560,944)	(161,363)	(577,121)	(3,299,428)
Net option position	(17,965)	(257)	(1,990)	(20,212)
Net (short)/long position	(133,219)	73,633	(9,016)	(68,602)
Net structural position	183,303	29,585	7,769	220,657
As at 31 December 2023	USD	HKD	Others	Total
Spot assets	982,254	244,035	261,197	1,487,486
Spot liabilities	(849,432)	(285,305)	(142,071)	(1,276,808)
Forward purchases	1,718,050	226,260	339,376	2,283,686
Forward sales	(1,966,153)	(114,065)	(453,434)	(2,533,652)
Net option position	(1,674)	117	843	(714)
Net (short)/long position	(116,955)	71,042	5,911	(40,002)
Net structural position	170,087	29,624	7,771	207,482

The net options position is calculated using the approach set out by the China's National Financial Regulatory Administration in the regulatory report. The net structural position of the Group includes the structural positions of the Group's overseas branches, banking subsidiaries and other subsidiaries substantially involved in foreign exchange. Structural assets and liabilities include:

- Investments in fixed assets and properties, net of depreciation charges;
- Capital and statutory reserve of overseas branches;
- Investments in overseas subsidiaries and related companies; and
- Loan capital.

2 INTERNATIONAL CLAIMS

International claims are the sum of cross-border claims in all currencies and local claims in foreign currencies. The Group is principally engaged in business operations within Chinese Mainland.

In respect of this unaudited supplementary financial information, Chinese Mainland excludes Hong Kong Special Administrative Region of the PRC ("Hong Kong"), Macau Special Administrative Region of the PRC ("Macau") and Chinese Taiwan.

International claims include loans and advances to customers, due from and placements with banks and other financial institutions, trade bills and certificates of deposits held and investment securities.

International claims have been disclosed by country or region. A country or region is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if risk exposure is transferred to other counterparty by risk resolving methods. Exposure to credit risk is also mitigated through methods of guarantees, collaterals and credit derivatives.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024

2 INTERNATIONAL CLAIMS (Continued)

As at 30 June 2024	Bank	Official sector	Non-bank Private sector	Others	Total
Asia Pacific	660,342	129,874	699,340	–	1,489,556
<i>Of which attributed to Hong Kong</i>	<i>199,237</i>	<i>82,328</i>	<i>347,243</i>	–	<i>628,808</i>
North and South America	26,822	14,864	34,096	–	75,782
Africa	1,146	1,693	297	–	3,136
Europe	12,554	642	32,847	–	46,043
Total	700,864	147,073	766,580	–	1,614,517

As at 31 December 2023	Bank	Official sector	Non-bank Private sector	Others	Total
Asia Pacific	683,105	110,199	744,482	–	1,537,786
<i>Of which attributed to Hong Kong</i>	<i>184,678</i>	<i>71,713</i>	<i>349,970</i>	–	<i>606,361</i>
North and South America	26,415	14,771	34,063	–	75,249
Africa	1,497	1,495	324	–	3,316
Europe	18,162	645	37,467	–	56,274
Total	729,179	127,110	816,336	–	1,672,625

3 OVERDUE AND RESTRUCTURED ASSETS

(1) Balance of overdue loans

	As at 30 June 2024	As at 31 December 2023
Loans and advances to customers which have been overdue for:		
– Less than 3 months	44,288	41,727
– 3 to 6 months	10,327	14,838
– 6 to 12 months	28,080	20,089
– Over 12 months	36,826	33,467
Total	119,521	110,121
Percentage (%):		
– Less than 3 months	0.54	0.52
– 3 to 6 months	0.12	0.19
– 6 to 12 months	0.34	0.25
– Over 12 months	0.45	0.42
Total	1.45	1.38

(2) Overdue and restructured loans

	As at 30 June 2024	As at 31 December 2023
Total restructured loans and advances to customers	60,749	40,836
<i>Including: Restructured loans and advances to customers overdue above 3 months</i>	<i>6,120</i>	<i>6,306</i>
Percentage of restructured loans and advances to customers overdue above 3 months in total loans	0.07	0.08

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024

4 SEGMENTAL INFORMATION OF LOANS

(1) Impaired loans and advances to customers by geographical area

	As at 30 June 2024		As at 31 December 2023	
	Impaired loans and advances to customers	Allowance for impairment losses	Impaired loans and advances to customers	Allowance for impairment losses
Chinese mainland				
– Yangtze River Delta	21,841	(12,646)	20,563	(11,492)
– Bohai Rim Economic Zone	13,945	(7,563)	16,472	(10,418)
– Central China	13,922	(7,218)	13,311	(7,048)
– Pearl River Delta	13,841	(8,462)	12,214	(7,065)
– Head Office	11,542	(10,355)	9,392	(8,118)
– North Eastern China	10,808	(7,884)	11,221	(8,406)
– Western China	8,781	(5,239)	9,443	(5,473)
Subtotal	94,680	(59,367)	92,616	(58,020)
Hong Kong, Macau, Taiwan and overseas regions	14,274	(10,269)	13,053	(9,805)
Total	108,954	(69,636)	105,669	(67,825)

(2) Overdue loans and advances to customers by geographical area

	As at 30 June 2024		As at 31 December 2023	
	Overdue loans	Allowance for impairment losses	Overdue loans	Allowance for impairment losses
Chinese mainland				
– Head Office	31,532	(24,311)	28,064	(20,774)
– Yangtze River Delta	16,757	(8,999)	14,191	(7,624)
– Central China	16,395	(7,507)	14,155	(6,568)
– Pearl River Delta	13,437	(7,976)	11,803	(6,546)
– Western China	12,292	(4,933)	8,184	(3,652)
– Bohai Rim Economic Zone	7,697	(4,634)	13,302	(8,181)
– North Eastern China	6,823	(4,773)	7,697	(5,667)
Subtotal	104,933	(63,133)	97,396	(59,012)
Hong Kong, Macau, Taiwan and overseas regions	14,588	(10,182)	12,725	(9,366)
Total	119,521	(73,315)	110,121	(68,378)

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024

5 LOANS AND ADVANCES TO CUSTOMERS

(1) The risk concentration analysis for loans and advances to customers by industry sectors (gross)

Hong Kong	As at 30 June 2024			As at 31 December 2023		
		%	Amount covered by collaterals		%	Amount covered by collaterals
Corporate loans						
Real estate	74,019	34.67	25,420	75,477	33.58	23,943
Manufacturing	20,285	9.50	3,051	21,120	9.40	3,519
Leasing and commercial services	10,229	4.79	3,962	10,562	4.70	3,855
Wholesale and retail	9,959	4.66	3,617	11,372	5.06	3,615
Transportation, storage and postal service	9,413	4.41	2,115	12,411	5.52	2,966
Construction	6,554	3.07	1,632	6,619	2.94	1,562
Finance	5,246	2.46	1,458	7,000	3.11	1,150
Information transmission, software and IT services	4,670	2.19	51	6,592	2.93	42
Accommodation and catering	2,168	1.02	2,168	2,153	0.96	2,153
Production and supply of power, heat, gas and water	-	-	-	149	0.07	149
Others	14,287	6.69	1,502	14,902	6.63	1,262
Total corporate loans	156,830	73.46	44,976	168,357	74.90	44,216
Personal loans						
Mortgage	43,071	20.18	42,999	41,652	18.53	41,580
Personal consumption loans	9,659	4.52	9,214	10,708	4.77	10,087
Personal business loans	322	0.15	322	301	0.13	300
Credit cards	113	0.05	-	121	0.05	-
Others	3,497	1.64	3,472	3,649	1.62	3,628
Total personal loans	56,662	26.54	56,007	56,431	25.10	55,595
Gross amount of loans and advances to customers before impairment allowance	213,492	100.00	100,983	224,788	100.00	99,811
Outside Hong Kong	8,054,242			7,732,297		

Note: The classification of industries is consistent with the latest national standards for industry classification (*Industrial Classification for National Economic Activities (GB/T 4754-2017)* issued by SAC and AQSIQ in 2017).

The risk concentration analysis for loans and advances to customers by industry sectors is based on the Group's internal classification system.

The ratio of collateral and pledge loans to the total loans of the Group was 47% as at 30 June 2024 (As at 31 December 2023: 48%).

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2024

5 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(2) Allowance on loans and advances to customers by type of loan

	As at 30 June 2024		As at 31 December 2023	
	Impaired loans	Allowance for impairment losses	Impaired loans	Allowance for impairment losses
Corporates	83,797	(51,640)	85,546	(53,567)
Personals	25,157	(17,996)	20,123	(14,258)
Total	108,954	(69,636)	105,669	(67,825)

The amount of new provisions charged to statement of profit or loss, and the amount of loans and advances written off during the period are disclosed below:

	Six months ended 30 June 2024			Six months ended 30 June 2023		
	New provisions	Loans and advances written off as uncollectible	Recoveries of loans and advances written off in previous years	New provisions	Loans and advances written off as uncollectible	Recoveries of loans and advances written off in previous years
Corporates	18,093	(7,141)	1,053	20,533	(4,658)	1,598
Personals	13,149	(9,242)	1,348	12,880	(7,201)	1,206
Total	31,242	(16,383)	2,401	33,413	(11,859)	2,804



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