



吉林九台農村商業銀行股份有限公司*
JILIN JIUTAI RURAL COMMERCIAL BANK CORPORATION LIMITED*

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

Stock Code : 6122

2024

Interim Report

**Jilin Jiutai Rural Commercial Bank Corporation Limited is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking/deposit-taking business in Hong Kong.*



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Chapter 1 Definitions and Glossary

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

“Anci District Huimin Village and Township Bank”	Huimin Village Bank Company Limited of Anci, Langfang (廊坊市安次區惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 6 December 2011, in which the Bank holds 51.00% equity interest. The remaining 56 shareholders hold 49.00% equity interest in Anci District Huimin Village and Township Bank
“Anping Huimin Village and Township Bank”	Anping Huimin Village Bank Co., Ltd. (安平惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 24 December 2013, in which the Bank holds 28.17% equity interest. The remaining 97 shareholders hold 71.83% equity interest in Anping Huimin Village and Township Bank. The Bank and 4 other shareholders (holding an aggregate of 24.63% equity interest in Anping Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Anping Huimin Village and Township Bank. Anping Huimin Village and Township Bank is deemed to be under the Bank’s control and is the Group’s subsidiary
“Articles of Association”	the articles of association of the Bank
“Baicheng Taobei Huimin Village and Township Bank”	Baicheng Taobei Huimin Village Bank Co., Ltd. (白城洮北惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 23 November 2015, in which the Bank holds 49.00% equity interest. The remaining 24 shareholders hold 51.00% equity interest in Baicheng Taobei Huimin Village and Township Bank. The Bank and 4 other shareholders (holding an aggregate of 14.00% equity interest in Baicheng Taobei Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Baicheng Taobei Huimin Village and Township Bank. Baicheng Taobei Huimin Village and Township Bank is deemed to be under the Bank’s control and is the Group’s subsidiary
“Bank”	Jilin Jiutai Rural Commercial Bank Corporation Limited, a joint stock company incorporated in the PRC on 16 December 2008 with limited liability in accordance with PRC laws, including its predecessors, but excluding its subsidiaries
“Board” or “Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“former CBIRC”	the former China Banking and Insurance Regulatory Commission (原中國銀行保險監督管理委員會)

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“former CBIRC Jilin Bureau”	the former China Banking and Insurance Regulatory Commission Jilin Bureau (原中國銀行保險監督管理委員會吉林監管局)
“Changchun Gaoxin Huimin Village and Township Bank”	Changchun Gaoxin Huimin Village Bank Co., Ltd. (長春高新惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on 24 September 2013, in which the Bank holds 40.00% equity interest. The remaining 12 shareholders hold 60.00% equity interest in Changchun Gaoxin Huimin Village and Township Bank. The Bank and 3 other shareholders (holding an aggregate of 20.00% equity interest in Changchun Gaoxin Huimin Village and Township Bank) entered into an agreement to act in concert with respect to their voting rights to be exercised at board meetings and shareholders' general meetings of Changchun Gaoxin Huimin Village and Township Bank. Changchun Gaoxin Huimin Village and Township Bank is deemed to be under the Bank's control and is the Group's subsidiary
“Changchun Nanguan Huimin Village and Township Bank”	Changchun Nanguan Hui Min Village Bank Co., Ltd. (長春南關惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on 11 January 2011, in which the Bank holds 51.20% equity interest. The remaining 34 shareholders hold 48.80% equity interest in Changchun Nanguan Huimin Village and Township Bank
“Da'an Huimin Village and Township Bank”	Da'an Huimin Village Bank Co., Ltd. (大安惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on 26 January 2011, in which the Bank holds 51.46% equity interest. The remaining 13 shareholders hold 48.54% equity interest in Da'an Huimin Village and Township Bank
“Director(s)”	the director(s) of the Bank
“Domestic Shares”	ordinary shares issued by the Bank in the PRC, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi

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“Fuyu Huimin Village and Township Bank”	Fuyu Huimin Village Bank Co., Ltd. (扶餘惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 14 December 2015, in which the Bank holds 42.85% equity interest. The remaining 46 shareholders hold 57.15% equity interest in Fuyu Huimin Village and Township Bank. The Bank and 5 other shareholders (holding an aggregate of 13.41% equity interest in Fuyu Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Fuyu Huimin Village and Township Bank. Fuyu Huimin Village and Township Bank is deemed to be under the Bank’s control and is the Group’s subsidiary
“Gaomi Huimin Village and Township Bank”	Gaomi Huimin Village and Township Bank Co., Ltd. (高密惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on 25 May 2011, in which the Bank holds 56.70% equity interest. The remaining 46 shareholders hold 43.30% equity interest in Gaomi Huimin Village and Township Bank
“Group”	the Bank and its consolidated subsidiaries
“Guangzhou Huangpu Huimin Village and Township Bank”	Guangzhou Huangpu Huimin Village and Township Bank Co., Ltd. (廣州黃埔惠民村鎮銀行股份有限公司) (formerly known as Guangzhou Luogang Huimin Village Bank Co., Ltd. (廣州蘿崗惠民村鎮銀行股份有限公司)), a joint stock company with limited liability incorporated in the PRC on 7 February 2014, in which the Bank holds 51.00% equity interest. The remaining 7 shareholders hold 49.00% equity interest in Guangzhou Huangpu Huimin Village and Township Bank
“H Shares”	the ordinary shares issued by the Bank in Hong Kong with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars
“Hanshan Huimin Village and Township Bank”	Hanshan Huimin Town Bank Co., Ltd. (含山惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on 30 December 2010, in which the Bank holds 78.51% equity interest. The remaining 45 shareholders hold 21.49% equity interest in Hanshan Huimin Village and Township Bank

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“Heyang Huimin Village and Township Bank”	Heyang Huimin Village Bank Co., Ltd. (合陽惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 16 December 2013, in which the Bank holds 42.68% equity interest. The remaining 35 shareholders hold 57.32% equity interest in Heyang Huimin Village and Township Bank. The Bank and 2 other shareholders (holding an aggregate of 14.02% equity interest in Heyang Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Heyang Huimin Village and Township Bank. Heyang Huimin Village and Township Bank is deemed to be under the Bank’s control and is the Group’s subsidiary
“Hong Kong dollars”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as may be amended, supplemented or otherwise modified from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huadian Huimin Village and Township Bank”	Huadian Huimin Village Bank Co., Ltd. (樺甸惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 29 October 2013, in which the Bank holds 51.00% equity interest. The remaining 17 shareholders hold 49.00% equity interest in Huadian Huimin Village and Township Bank
“Huidong Huimin Village and Township Bank”	Huidong Huimin Village Bank Co., Ltd. (惠東惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 21 November 2014, in which the Bank holds 35.00% equity interest. The remaining 11 shareholders hold 65.00% equity interest in Huidong Huimin Village and Township Bank. The Bank and 3 other shareholders (holding an aggregate of 30.00% equity interest in Huidong Huimin Village and Township Bank) entered into an agreement to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Huidong Huimin Village and Township Bank. Huidong Huimin Village and Township Bank is deemed to be under the Bank’s control and is the Group’s subsidiary
“IFRS”	the International Accounting Standards, International Financial Reporting Standards, amendments and the related interpretations issued by the International Accounting Standards Board

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“Jilin Chuanying Huimin Village and Township Bank”	Jilin Chuanying Huimin Village Bank Co., Ltd. (吉林船營惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 21 January 2016, in which the Bank holds 46.00% equity interest. The remaining 27 shareholders hold 54.00% equity interest in Jilin Chuanying Huimin Village and Township Bank. The Bank and another shareholder (holding 5.00% equity interest in Jilin Chuanying Huimin Village and Township Bank) entered into an agreement to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Jilin Chuanying Huimin Village and Township Bank. Jilin Chuanying Huimin Village and Township Bank is deemed to be under the Bank’s control and is the Group’s subsidiary
“Jilin Fengman Huimin Village and Township Bank”	Jilin Fengman Huimin Village Bank Co., Ltd. (吉林豐滿惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 16 December 2013, in which the Bank holds 46.00% equity interest. The remaining 15 shareholders hold 54.00% equity interest in Jilin Fengman Huimin Village and Township Bank. The Bank and another shareholder (holding 4.50% equity interest in Jilin Fengman Huimin Village and Township Bank) entered into an agreement to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Jilin Fengman Huimin Village and Township Bank. Jilin Fengman Huimin Village and Township Bank is deemed to be under the Bank’s control and is the Group’s subsidiary
“Jilin Jiuyin Financial Leasing Co., Ltd.”	Jilin Jiuyin Financial Leasing Co., Ltd. (吉林九銀金融租賃股份有限公司), a joint stock company with limited liability incorporated in the PRC on 20 February 2017, in which the Bank holds 60.00% equity interest. The remaining 4 shareholders hold 40.00% equity interest in Jilin Jiuyin Financial Leasing Co., Ltd.

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“Jingmen Dongbao Huimin Village and Township Bank”

Jingmen Dongbao Huimin Village Bank Co., Ltd. (荊門東寶惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 21 December 2011, in which the Bank holds 31.19% equity interest. The remaining 52 shareholders hold 68.81% equity interest in Jingmen Dongbao Huimin Village and Township Bank. The Bank and 5 other shareholders (holding an aggregate of 22.25% equity interest in Jingmen Dongbao Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders' general meetings of Jingmen Dongbao Huimin Village and Township Bank. Jingmen Dongbao Huimin Village and Township Bank is deemed to be under the Bank's control and is the Group's subsidiary

“Jiutai Longjia Village and Township Bank”

Jiutai Longjia Village Bank Co., Ltd. (九台龍嘉村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 12 October 2010, in which the Bank holds 15.00% equity interest. The remaining 10 shareholders hold 85.00% equity interest in Jiutai Longjia Village and Township Bank. The Bank and 4 other shareholders (holding an aggregate of 40.00% equity interest in Jiutai Longjia Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders' general meetings of Jiutai Longjia Village and Township Bank. Jiutai Longjia Village and Township Bank is deemed to be under the Bank's control and is the Group's subsidiary

“Latest Practicable Date”

19 September 2024, being the latest practicable date for ascertaining certain information in this interim report before its publication

“Leizhou Huimin Village and Township Bank”

Leizhou Huimin Village Bank Co., Ltd. (雷州惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 25 March 2015, in which the Bank holds 17.87% equity interest. The remaining 28 shareholders hold 82.13% equity interest in Leizhou Huimin Village and Township Bank. The Bank and 7 other shareholders (holding an aggregate of 33.82% equity interest in Leizhou Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders' general meetings of Leizhou Huimin Village and Township Bank. Leizhou Huimin Village and Township Bank is deemed to be under the Bank's control and is the Group's subsidiary

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“Lingshui Huimin Village and Township Bank”	Lingshui Huimin Village Bank Co., Ltd. (陵水惠民村鎮銀行股份有限公司) (formerly known as Lingshui Dasheng Company Bank Co., Ltd. (陵水大生村鎮銀行股份有限公司)), a joint stock company with limited liability incorporated in the PRC on 16 May 2011, in which the Bank holds 20.00% equity interest. The remaining 27 shareholders hold 80.00% equity interest in Lingshui Huimin Village and Township Bank. The Bank and 7 other shareholders (holding an aggregate of 33.40% equity interest in Lingshui Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Lingshui Huimin Village and Township Bank. Lingshui Huimin Village and Township Bank is deemed to be under the Bank’s control and is the Group’s subsidiary
“Lujiang Huimin Village and Township Bank”	Lu Jiang Hui Min Town Bank Co., Ltd. (廬江惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on 28 December 2010, in which the Bank holds 60.00% equity interest. The remaining 49 shareholders hold 40.00% equity interest in Lujiang Huimin Village and Township Bank
“non-performing loans”	non-performing loans, and for the purpose of this interim report, means such loans that are classified as substandard, doubtful and loss according to the five-category loans classification system the Bank and each subsidiary adopted pursuant to applicable PRC guidelines
“non-performing loan ratio”	the percentage ratio calculated by dividing non-performing loans by total loans
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC” or “China”	the People’s Republic of China, but for the purposes of this interim report, excluding Hong Kong, Macau and Taiwan, unless otherwise indicated
“PRC GAAP”	the PRC Accounting Standards for Business Enterprises (中國企業會計準則) promulgated by the Ministry of Finance of the PRC on 15 February 2006 and its supplementary regulations, as amended, supplemented or otherwise modified from time to time
“Qianan Huimin Village and Township Bank”	Qianan Huimin Village Bank Co., Ltd. (乾安惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on 28 December 2010, in which the Bank holds 45.25% equity interest. The remaining 23 shareholders hold 54.75% equity interest in Qianan Huimin Village and Township Bank. The Bank and 2 other shareholders (holding an aggregate of 6.40% equity interest in Qianan Huimin Village and Township Bank) entered into an agreement to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Qianan Huimin Village and Township Bank. Qianan Huimin Village and Township Bank is deemed to be under the Bank’s control and is the Group’s subsidiary

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“Qingdao Jimo Huimin Village and Township Bank”	Qingdao Jimo Huimin Village Bank Co., Ltd. (青島即墨惠民村鎮銀行股份有限公司) (formerly known as Qingdao Jimo Jingdu Village and Township Bank Co., Ltd. (青島即墨京都村鎮銀行股份有限公司)), a joint stock company with limited liability incorporated in the PRC on 14 October 2008, in which the Bank holds 59.00% equity interest. The remaining 5 shareholders hold 41.00% equity interest in Qingdao Jimo Huimin Village and Township Bank
“Qingdao Pingdu Huimin Village and Township Bank”	Qingdao Pingdu Huimin Village Bank Co., Ltd. (青島平度惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 23 December 2010, in which the Bank holds 58.82% equity interest. The remaining 92 shareholders hold 41.18% equity interest in Qingdao Pingdu Huimin Village and Township Bank
“Qingyuan Qingxin Huimin Village and Township Bank”	Qingyuan Qingxin Huimin Village Bank Co., Ltd. (清遠清新惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 23 January 2014, in which the Bank holds 58.42% equity interest. The remaining 14 shareholders hold 41.58% equity interest in Qingyuan Qingxin Huimin Village and Township Bank
“Reporting Period”	the six months ended 30 June 2024 (from 1 January 2024 to 30 June 2024)
“RMB” or “Renminbi”	the lawful currency of the PRC
“Sanya Huimin Village and Township Bank”	Sanya Huimin Village Bank Co., Ltd. (三亞惠民村鎮銀行股份有限公司) (formerly known as Sanya Phoenix County Village and Township Bank Co., Ltd. (三亞鳳凰村鎮銀行股份有限公司)), a joint stock company with limited liability incorporated in the PRC on 16 May 2011, in which the Bank holds 20.00% equity interest. The remaining 33 shareholders hold 80.00% equity interest in Sanya Huimin Village and Township Bank. The Bank and 14 other shareholders (holding an aggregate of 40.50% equity interest in Sanya Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Sanya Huimin Village and Township Bank. Sanya Huimin Village and Township Bank is deemed to be under the Bank’s control and is the Group’s subsidiary
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Shares”	ordinary shares in the share capital of the Bank with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Shares

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“Shuangcheng Huimin Village and Township Bank”	Shuangcheng Huimin Village Bank Co., Ltd. (雙城惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on 25 January 2010, in which the Bank holds 62.26% equity interest. The remaining 28 shareholders hold 37.74% equity interest in Shuangcheng Huimin Village and Township Bank
“Songyuan Ningjiang Huimin Village and Township Bank”	Songyuan Ningjiang Huimin Village Bank Company Limited (松原寧江惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 19 January 2011, in which the Bank holds 40.80% equity interest. The remaining 110 shareholders hold 59.20% equity interest in Songyuan Ningjiang Huimin Village and Township Bank. The Bank and 4 other shareholders (holding an aggregate of 10.07% equity interest in Songyuan Ningjiang Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Songyuan Ningjiang Huimin Village and Township Bank. Songyuan Ningjiang Huimin Village and Township Bank is deemed to be under the Bank’s control and is the Group’s subsidiary
“Supervisor(s)”	the supervisor(s) of the Bank
“Taonan Huimin Village and Township Bank”	Taonan Huimin Village Bank Co., Ltd. (洮南惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 11 December 2015, in which the Bank holds 40.83% equity interest. The remaining 16 shareholders hold 59.17% equity interest in Taonan Huimin Village and Township Bank. The Bank and 3 other shareholders (holding an aggregate of 19.99% equity interest in Taonan Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Taonan Huimin Village and Township Bank. Taonan Huimin Village and Township Bank is deemed to be under the Bank’s control and is the Group’s subsidiary
“three rurals”	a short term for the issues related to agriculture, rural areas and rural households
“Tianjin Binhai Huimin Village and Township Bank”	Tianjin Binhai Huimin Village Bank Co., Ltd. (天津濱海惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 11 June 2014, in which the Bank holds 47.00% equity interest. The remaining 85 shareholders hold 53.00% equity interest in Tianjin Binhai Huimin Village and Township Bank. The Bank and 5 other shareholders (holding an aggregate of 6.10% equity interest in Tianjin Binhai Huimin Village and Township Bank) entered into an agreement to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Tianjin Binhai Huimin Village and Township Bank. Tianjin Binhai Huimin Village and Township Bank is deemed to be under the Bank’s control and is the Group’s subsidiary

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“Tongcheng Huimin Village and Township Bank”	Tongcheng Huimin Village Bank Co., Ltd. (通城惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on 19 September 2012, in which the Bank holds 75.76% equity interest. The remaining 33 shareholders hold 24.24% equity interest in Tongcheng Huimin Village and Township Bank
“Wenan County Huimin Village and Township Bank”	Huimin Village Bank of Wenan (文安縣惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 23 December 2011, in which the Bank holds 32.01% equity interest. The remaining 70 shareholders hold 67.99% equity interest in Wenan County Huimin Village and Township Bank. The Bank and 6 other shareholders (holding an aggregate of 20.08% equity interest in Wenan County Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Wenan County Huimin Village and Township Bank. Wenan County Huimin Village and Township Bank is deemed to be under the Bank’s control and is the Group’s subsidiary
“Wuchang Huimin Village and Township Bank”	Wuchang Huimin Village Bank Co., Ltd. (五常惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on 11 November 2010, in which the Bank holds 66.67% equity interest. The remaining 25 shareholders hold 33.33% equity interest in Wuchang Huimin Village and Township Bank
“Wuhua Huimin Village and Township Bank”	Wuhua Huimin Village Bank Co., Ltd. (五華惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 13 January 2014, in which the Bank holds 39.23% equity interest. The remaining 44 shareholders hold 60.77% equity interest in Wuhua Huimin Village and Township Bank. The Bank and 2 other shareholders (holding an aggregate of 17.52% equity interest in Wuhua Huimin Village and Township Bank) entered into an agreement to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Wuhua Huimin Village and Township Bank. Wuhua Huimin Village and Township Bank is deemed to be under the Bank’s control and is the Group’s subsidiary
“Yun’an Huimin Village and Township Bank”	Yun’an Huimin Village Bank Co., Ltd. (雲安惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on 27 January 2014, in which the Bank holds 61.00% equity interest. The remaining 5 shareholders hold 39.00% equity interest in Yun’an Huimin Village and Township Bank

In this interim report:

- 1. any discrepancies in any table between totals and sums of the amounts listed are due to rounding; and*
- 2. if there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail.*

Chapter 2 Company Profile

I. BASIC INFORMATION OF THE BANK

Registered Name in Chinese:

吉林九台農村商業銀行股份有限公司 (abbreviated as “九台農商銀行”)

Registered Name in English:

Jilin Jiutai Rural Commercial Bank Corporation Limited (abbreviated as “Jiutai Rural Commercial Bank”)

Legal Representative:

Guo Ce (郭策)

Authorized Representatives:

Yuan Chunyu (袁春雨), Lau Kwok Yin (劉國賢)

Board Secretary:

Yuan Chunyu (袁春雨)

Joint Company Secretaries:

Yuan Chunyu (袁春雨), Lau Kwok Yin (劉國賢)

Registered Office Address of the Bank:

No. 504 Xinhua Main Street
Jiutai District, Changchun
Jilin Province, the PRC

Principal Office Address of the Bank:

No. 2559 Wei Shan Road
High-tech Zone, Changchun
Jilin Province, the PRC

Chapter 2 Company Profile

Customer Service Hotline:

+86 (431) 96888

Telephone:

+86 (431) 8925 0628

Facsimile:

+86 (431) 8925 0628

The Bank's Website:

www.jtnsh.com

Principal Place of Business in Hong Kong:

Room 15, 11th Floor, Tower 2, Admiralty Centre
18 Harcourt Road
Admiralty, Hong Kong

H Share Disclosure Websites:

The Stock Exchange of Hong Kong Limited's HKEXnews website at www.hkexnews.hk
The Bank's website at www.jtnsh.com

Listing Place:

The Stock Exchange of Hong Kong Limited

Stock Short Name:

JIUTAI RCB

Stock Code:

06122

Chapter 2 Company Profile

H Share Registrar:

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

PRC Legal Adviser:

King & Wood Mallesons
17-18/F, East Tower
World Financial Center
1 Dongsanhuan Zhonglu
Chaoyang District, Beijing, the PRC

Hong Kong Legal Adviser:

Clifford Chance
27/F, Jardine House
One Connaught Place
Central, Hong Kong

Auditors of the Bank:

Domestic Auditor:

Da Hua Certified Public Accountants (Special General Partnership)
Room 1101, Building 7
Yard 16, Middle West Fourth Ring Road
Haidian District, Beijing, the PRC

International Auditor:

Crowe (HK) CPA Limited
9/F, Leighton Centre
77 Leighton Road
Causeway Bay, Hong Kong

II. HISTORY OF THE BANK

On 15 December 2008, upon the approval of the former CBRC Jilin Bureau, the Bank was promoted and established as a joint stock commercial bank named “Jilin Jiutai Rural Commercial Bank Corporation Limited” (吉林九台農村商業銀行股份有限公司) by qualified natural person shareholders of the former Jiutai Rural Credit Cooperative (九台市農村信用合作聯社), newly introduced natural person shareholders and legal person shareholders. On 16 December 2008, the Bank was formally incorporated.

The Bank’s current registered address is No. 504 Xinhua Main Street, Jiutai District, Changchun, Jilin Province, the PRC. The Bank has established a place of business in Hong Kong at Room 15, 11th Floor, Tower 2, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong and registered as a non-Hong Kong company in Hong Kong on 17 February 2016 under Part XVI of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The Bank appointed Mr. Lau Kwok Yin (劉國賢) as the Bank’s authorized representative for the acceptance of service of process and notices in Hong Kong. The address for service of process on the Bank in Hong Kong is at 40th Floor, Dah Sing Financial Centre, 248 Queen’s Road East, Wanchai, Hong Kong. As the Bank was established in the PRC, the Bank’s corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC.

The Bank’s H Shares were listed on the Main Board of the Hong Kong Stock Exchange on 12 January 2017.

The Bank is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking/deposit-taking business in Hong Kong.

Chapter 3 Financial Summary

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June			Year ended
	2024	2023	Change in percentage (%)	31 December 2023
Operating results				
Interest income	5,670.3	6,533.5	(13.2)	13,674.5
Interest expenses	(3,877.6)	(4,116.4)	(5.8)	(8,146.1)
Net interest income	1,792.7	2,417.1	(25.8)	5,528.4
Fee and commission income	82.6	39.4	109.6	98.4
Fee and commission expenses	(33.4)	(31.7)	5.4	(78.8)
Net fee and commission income	49.2	7.7	539.0	19.6
Net trading gains	41.7	43.1	(3.2)	154.9
Dividend income	0.8	0.9	(11.1)	7.8
Net gains arising from investment securities	178.1	80.1	122.3	(47.5)
Net exchange gains	2.4	2.4	–	3.5
Other operating expenses, net	(19.7)	(33.8)	(41.7)	(152.4)
Operating income	2,045.2	2,517.5	(18.8)	5,514.3
Operating expenses	(1,292.7)	(1,380.2)	(6.3)	(3,338.9)
Impairment losses on assets, net of reversals	(616.0)	(1,043.9)	(41.0)	(2,109.8)
Operating profit	136.5	93.4	46.1	65.6
Share of results of associates	(2.5)	2.4	(204.2)	0.8
Profit before tax	134.0	95.8	39.9	66.4
Income tax (expense)/credit	(3.8)	32.3	(111.8)	112.0
Profit for the period/end of year	130.2	128.1	1.6	178.4
Profit/(loss) for the year attributable to:				
– Owners of the Bank	126.5	149.3	(15.3)	168.3
– Non-controlling interests	3.7	(21.2)	(117.5)	10.1
Profit for the period/end of year	130.2	128.1	1.6	178.4
Basic earnings per share (RMB)	0.02	0.03	(33.3)	0.03
Diluted earnings per share (RMB)	0.02	0.03	(33.3)	0.03

Chapter 3 Financial Summary

(Expressed in millions of RMB, unless otherwise stated)	As at 30 June 2024	As at 31 December 2023	Change in percentage (%)
Major indicators of assets/liabilities			
Total assets	265,068.0	269,775.0	(1.7)
Of which: loans and advances to customers	181,551.8	176,431.7	2.9
Total liabilities	245,917.8	250,910.5	(2.0)
Of which: deposits from customers	237,977.7	242,206.6	(1.7)
Total equity	19,150.2	18,864.5	1.5

	Six months ended 30 June 2024	2023	Change in percentage (%)
Profitability indicators (%)			
Return on assets ⁽¹⁾⁽¹⁵⁾	0.05%	0.10%	(50.0)
Return on capital ⁽²⁾⁽¹⁵⁾	0.69%	1.37%	(49.6)
Net interest spread ⁽³⁾⁽¹⁵⁾	1.34%	1.74%	(23.0)
Net interest margin ⁽⁴⁾⁽¹⁵⁾	1.34%	1.83%	(26.8)
Net fee and commission income to operating income ratio ⁽⁵⁾	2.40%	0.31%	674.2
Cost-to-income ratio ⁽⁶⁾	61.79%	53.18%	16.2

	As at 30 June 2024	As at 31 December 2023	Change in percentage (%)	As at 30 June 2023
Capital adequacy indicators (%)				
Core tier-one capital adequacy ratio ⁽⁷⁾	8.85%	8.72%	1.5	8.51%
Tier-one capital adequacy ratio ⁽⁸⁾	8.94%	8.81%	1.5	8.60%
Capital adequacy ratio ⁽⁹⁾	11.41%	11.35%	0.5	10.98%
Shareholders' equity to total assets ratio	7.22%	6.99%	3.3	7.03%
Assets quality indicators (%)				
Non-performing loan ratio ⁽¹⁰⁾	2.44%	2.34%	4.3	2.28%
Provision coverage ratio ⁽¹¹⁾	153.66%	156.98%	(2.1)	150.19%
Provision to total loan ratio ⁽¹²⁾	3.75%	3.68%	1.9	3.42%
Other indicators⁽¹³⁾ (%)				
Loan to deposit ratio ⁽¹⁴⁾	77.90%	75.26%	3.5	76.87%

Chapter 3 Financial Summary

Notes:

- (1) Calculated by dividing the net profit for the period/year by the average balance of total assets at the beginning and the end of that period/year.
- (2) Calculated by dividing the net profit for the period/year by the average balance of total equity at the beginning and the end of that period/year.
- (3) Calculated based on the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.
- (4) Calculated by dividing net interest income by average interest-earning assets.
- (5) Calculated by dividing net fee and commission income by operating income.
- (6) Calculated by dividing total operating expenses (net of tax and surcharges) by operating income.
- (7) Core tier-one capital adequacy ratio = (core tier-one capital – corresponding capital deductions)/risk-weighted assets*100%.
- (8) Tier-one capital adequacy ratio = (tier-one capital – corresponding capital deductions)/risk-weighted assets*100%.
- (9) Capital adequacy ratio = (total capital – corresponding capital deductions)/risk-weighted assets*100%.
- (10) Non-performing loan ratio = non-performing loans and advances to customers/gross loans and advances to customers*100%.
- (11) Provision coverage ratio = provision for impairment losses on loans/total non-performing loans and advances to customers*100%.
- (12) Provision to total loan ratio = provision for impairment losses on loans/gross loans and advances to customers*100%.
- (13) These indicators refer to the ratios the Bank reports to the former China Banking and Insurance Regulatory Commission (the “**former CBIRC**”, currently known as the National Financial Regulatory Administration) and calculated in accordance with PRC GAAP and relevant requirements of the former CBIRC regarding financial data.
- (14) According to the revised PRC Commercial Banking Law which became effective on 1 October 2015, loan to deposit ratio is no longer applicable to the PRC Commercial Banks as a regulatory ratio.
- (15) Ratios for the six months ended 30 June 2023 and 2024 are calculated on an annualized basis.

Chapter 4 Management Discussion and Analysis

1 Environment and Outlook

So far this year, while the global economy has been recovering moderately, the external environment has become more complex, severe and uncertain. China's economic performance is generally stable and making progress, with production growing steadily and demand continuing to recover, demonstrating strong resilience and great potential.

In the second half of the year, China's economy will continue its upward trend. The Third Plenary Session of the 20th CPC Central Committee will further deepen reforms around the promotion of Chinese-style modernisation, which will deeply stimulate the market's endogenous dynamics and innovation vitality, opening up broader development prospects for China's economy. Driven by the sustained strength of macro policies, the pace of building a strong financial country will be further accelerated. With the further increase in support for the "five articles" and other areas, financial institutions will have a great opportunity to support the development of new productive forces and accelerate the process of Chinese-style modernisation.

As a next step, the Bank will organically combine the implementation of the spirit of the Third Plenary Session of the 20th CPC Central Committee with the work of serving the real economy and accelerating the transformation and development, striving to promote high-quality development and better serve the overall situation of regional economic and social development.

2 Development Strategies

The Group's strategic goal is to position itself as a professional financial services provider with unique values and strong competitiveness and to build a modern agricultural and commercial bank with appropriate scale, reasonable structure, excellent assets and sound governance. In order to realize its objectives, the Group plans to: (i) insist on serving the entities and continue to reinforce advantages in banking services for the "three rurals" and micro, small and medium-sized enterprises, so as to resonate with the development of the local economy and society and to thrive together with the local economy and society; (ii) speed up the retail transformation, improve and upgrade the concepts, mechanisms, products, channels and technologies, and promote the transformation of the mode of growth; (iii) adhere to quality improvement and efficiency enhancement, optimize the operating and business structure, and promote the scientific and standardized operation and management; (iv) adhere to safety and soundness, coordinate development and safety, improve internal control and compliance, and strengthen overall risk management; and (v) strengthen technological empowerment, optimize talent support, and create corporate culture, so as to enhance the sense of customer satisfaction and employees' happiness.

3 Overall Business Review

The Group recorded a total operating income of RMB2,045.2 million for the six months ended 30 June 2024, representing a decrease of 18.8% as compared to RMB2,517.5 million for the six months ended 30 June 2023. The Group's net profit increased by 1.6% from RMB128.1 million for the six months ended 30 June 2023 to RMB130.2 million for the six months ended 30 June 2024. The net interest income of the Group decreased by 25.8% from RMB2,417.1 million for the six months ended 30 June 2023 to RMB1,792.7 million for the six months ended 30 June 2024.

Chapter 4 Management Discussion and Analysis

As at 30 June 2024, the Group's total assets amounted to RMB265,068.0 million, representing a decrease of 1.7% as compared with the beginning of the year; net loans and advances to customers amounted to RMB181,551.8 million, representing an increase of 2.9% as compared with the beginning of the year; the non-performing loan ratio was 2.44%, representing an increase of 0.1 percentage points as compared with the beginning of the year; gross deposits from customers amounted to RMB232,586.4 million, representing a decrease of 1.7% as compared with the beginning of the year.

(a) Analysis of the Consolidated Statement of Profit or Loss

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June			
	2024	2023	Change in amount	Change in percentage (%)
Interest income	5,670.3	6,533.5	(863.2)	(13.2)
Interest expenses	(3,877.6)	(4,116.4)	238.8	(5.8)
Net interest income	1,792.7	2,417.1	(624.4)	(25.8)
Fee and commission income	82.6	39.4	43.2	109.6
Fee and commission expenses	(33.4)	(31.7)	(1.7)	5.4
Net fee and commission income	49.2	7.7	41.5	539.0
Net trading gains	41.7	43.1	(1.4)	(3.2)
Dividend income	0.8	0.9	(0.1)	(11.1)
Net gains arising from investment securities	178.1	80.1	98.0	122.3
Net exchange gains	2.4	2.4	–	–
Other operating expenses, net	(19.7)	(33.8)	14.1	(41.7)
Operating income	2,045.2	2,517.5	(472.3)	(18.8)
Operating expenses	(1,292.7)	(1,380.2)	87.5	(6.3)
Impairment losses on assets, net of reversals	(616.0)	(1,043.9)	427.9	(41.0)
Operating profit	136.5	93.4	43.1	46.1
Share of results of associates	(2.5)	2.4	(4.9)	(204.2)
Profit before tax	134.0	95.8	38.2	39.9
Income tax (expense)/credit	(3.8)	32.3	(36.1)	(111.8)
Profit for the period	130.2	128.1	2.1	1.6
Profit/(loss) for the period attributable to:				
– Owners of the Bank	126.5	149.3	(22.8)	(15.3)
– Non-controlling interests	3.7	(21.2)	24.9	(117.5)
Profit for the period	130.2	128.1	2.1	1.6

Chapter 4 Management Discussion and Analysis

For the six months ended 30 June 2024, the Group's operating income was RMB2,045.2 million, representing a year-on-year decrease of 18.8%; profit before tax was RMB134.0 million, representing a year-on-year increase of 39.9%; profit for the period was RMB130.2 million, representing a year-on-year increase of 1.6%. It was primarily due to the Group's efforts to support regional economic development by reducing fees and making concessions to entities, as well as the decrease in interest income as a result of the impact of the short-term repayment ability difficulties of some customers, which was partially offset by the increase in net fee and commission income and the decrease in operating expenses and impairment losses on assets.

(i) Net interest income

Net interest income was the largest component of the Group's operating income, representing 96.0% and 87.7% of operating income for the six months ended 30 June 2023 and 2024, respectively. The table below sets forth the interest income, interest expenses and net interest income for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June			
	2024	2023	Change in amount	Change in percentage (%)
Interest income	5,670.3	6,533.5	(863.2)	(13.2)
Interest expenses	(3,877.6)	(4,116.4)	238.8	(5.8)
Net interest income	1,792.7	2,417.1	(624.4)	(25.8)

The table below sets forth the average balance of the Group's interest-earning assets and interest-bearing liabilities, the related interest income or expenses and the average yield or average cost for the periods indicated. The average balance of interest-earning assets and interest-bearing liabilities are the average of the daily balances.

Chapter 4 Management Discussion and Analysis

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Interest-earning assets						
Loans and advances to customers	181,415.2	4,713.5	5.20	178,191.6	5,458.5	6.13
Investment securities and other financial assets ⁽¹⁾	38,961.1	579.2	2.97	35,328.7	646.0	3.66
Deposits with banks and other financial institutions	23,351.5	157.1	1.35	17,716.0	127.8	1.44
Financial assets held under resale agreements	7,707.8	106.9	2.77	15,447.3	171.2	2.22
Deposits with the central bank ⁽²⁾	15,565.2	105.4	1.35	16,968.4	112.2	1.32
Placements with banks and other financial institutions	763.6	8.2	2.15	1,028.8	17.8	3.46
Total interest-earning assets	267,764.4	5,670.3	4.24	264,680.8	6,533.5	4.94

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Average balance	Interest expenses	Average cost (%)	Average balance	Interest expenses	Average cost (%)
Interest-bearing liabilities						
Deposits from customers	252,066.9	3,677.6	2.92	235,227.2	3,829.0	3.26
Financial assets sold under repurchase agreements	6,885.6	62.5	1.82	9,426.9	75.5	1.60
Deposits from banks and other financial institutions	1,638.4	1.3	0.16	2,650.8	38.4	2.90
Debt securities issued ⁽³⁾	2,891.1	73.6	5.09	4,821.2	102.9	4.27
Placements from banks and other financial institutions	3,438.4	49.7	2.89	2,023.9	28.9	2.86
Borrowings from the central bank	526.7	5.2	1.97	3,107.4	32.8	2.11
Lease liabilities	394.2	7.7	3.91	405.9	8.9	4.39
Total interest-bearing liabilities	267,841.3	3,877.6	2.90	257,663.3	4,116.4	3.20
Net interest income		1,792.7			2,417.1	
Net interest spread⁽⁴⁾			1.34			1.74
Net interest margin⁽⁵⁾			1.34			1.83

Notes:

- (1) Investment securities and other financial assets include the investments in debt instruments at fair value through other comprehensive income and financial assets at amortized cost.
- (2) Primarily consist of statutory deposit reserves, surplus deposit reserves and fiscal deposit reserves.
- (3) Primarily consist of tier-two capital bonds and interbank certificates.
- (4) Calculated based on the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.
- (5) Calculated by dividing net interest income by the average balance of interest-earning assets (based on the daily average of the interest-earning assets).

Chapter 4 Management Discussion and Analysis

The table below sets forth the changes in the Group's interest income and interest expenses attributable to changes in volume and interest rate for the periods indicated. Changes in volume are measured by changes in the average balance, and changes in interest rate are measured by changes in the average interest rates. Changes caused by both volume and interest rate have been allocated to changes in volume.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June 2024 vs 2023		
	Volume ⁽¹⁾	Interest rate ⁽²⁾	Net increase/ (decrease) ⁽³⁾
Interest-earning assets			
Loans and advances to customers	83.8	(828.8)	(745.0)
Investment securities and other financial assets	54.0	(120.8)	(66.8)
Deposits with banks and other financial institutions	37.9	(8.6)	29.3
Financial assets held under resale agreements	(107.3)	43.0	(64.3)
Deposits with the central bank	(9.5)	2.7	(6.8)
Placements with banks and other financial institutions	(2.8)	(6.8)	(9.6)
Changes in interest income	56.1	(919.3)	(863.2)
Interest-bearing liabilities			
Deposits from customers	245.7	(397.1)	(151.4)
Financial assets sold under repurchase agreements	(23.1)	10.1	(13.0)
Deposits from banks and other financial institutions	(0.8)	(36.3)	(37.1)
Debt securities issued	(49.1)	19.8	(29.3)
Placements from banks and other financial institutions	20.4	0.4	20.8
Borrowings from the central bank	(25.5)	(2.1)	(27.6)
Lease liabilities	(0.2)	(1.0)	(1.2)
Changes in interest expenses	167.4	(406.2)	(238.8)
Changes in net interest income	(111.3)	(513.1)	(624.4)

Notes:

- (1) Represents the average balance for the period minus the average balance for the previous period, multiplied by the average yield/cost for the period.
- (2) Represents the average yield/cost for the period minus the average yield/cost for the previous period, multiplied by the average balance for the previous period.
- (3) Represents interest income/expenses for the period minus interest income/expenses for the previous period.

Chapter 4 Management Discussion and Analysis

(ii) Interest income

The table below sets forth the principal components of interest income for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June			
	2024		2023	
	Amount	% of total	Amount	% of total
Loans and advances to customers	4,713.5	83.1	5,458.5	83.5
Investment securities and other financial assets	579.2	10.2	646.0	9.9
Deposits with banks and other financial institutions	157.1	2.8	127.8	2.0
Financial assets held under resale agreements	106.9	1.9	171.2	2.6
Deposits with the central bank	105.4	1.9	112.2	1.7
Placements with banks and other financial institutions	8.2	0.1	17.8	0.3
Total	5,670.3	100.0	6,533.5	100.0

The Group's interest income decreased by 13.2% from RMB6,533.5 million for the six months ended 30 June 2023 to RMB5,670.3 million for the six months ended 30 June 2024, and the decrease was primarily due to the decrease in the average yield on interest-earning assets from 4.94% for the six months ended 30 June 2023 to 4.24% for the six months ended 30 June 2024, which was partially offset by the increase in the average balance of interest-earning assets from RMB264,680.8 million for the six months ended 30 June 2023 to RMB267,764.4 million for the six months ended 30 June 2024. The decrease in the average yield on interest-earning assets was primarily due to the decrease in the average yields on loans and advances to customers, investment securities and other financial assets, deposits with banks and other financial institutions and placements with banks and other financial institutions, which was partially offset by the increase in the average yields on financial assets held under resale agreements and deposits with the central bank. The increase in the average balance of interest-earning assets was primarily due to the increase in the average balance of loans and advances to customers, investment securities and other financial assets and deposits with banks and other financial institutions, which was partially offset by the decrease in the average balance of financial assets held under resale agreements, placements with banks and other financial institutions and deposits with the central bank.

Chapter 4 Management Discussion and Analysis

(A) Interest income from loans and advances to customers

Interest income from loans and advances to customers represented 83.5% and 83.1% of the Group's total interest income for the six months ended 30 June 2023 and 2024, respectively. The table below sets forth the average balance, interest income and average yield on loans and advances to customers by product for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June			2023		
	Average balance	2024 Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	153,373.6	3,877.3	5.06	150,693.7	4,584.2	6.08
Retail loans	27,993.2	835.8	5.97	27,426.8	873.6	6.37
Discounted bills	48.4	0.4	1.65	71.1	0.7	1.97
Total loans and advances to customers	181,415.2	4,713.5	5.20	178,191.6	5,458.5	6.13

Interest income from loans and advances to customers constitutes the largest portion of the interest income of the Group, which decreased by 13.6% from RMB5,458.5 million for the six months ended 30 June 2023 to RMB4,713.5 million for the six months ended 30 June 2024. The decrease was primarily due to the decrease in average yield on loans and advances to customers from 6.13% for the six months ended 30 June 2023 to 5.20% for the six months ended 30 June 2024, which was partially offset by the increase in the average balance of such assets from RMB178,191.6 million for the six months ended 30 June 2023 to RMB181,415.2 million for the six months ended 30 June 2024. The decrease in the average yield on these assets was mainly due to the Group's efforts to support regional economic development by reducing fees and making concessions to lower the finance costs of customers, as well as the short-term operation difficulties and decline in repayment ability of some customers during the period of transformation from old to new drivers of economic growth. The increase in the average balance of such assets was primarily due to the fact that the Group focused on serving the real economy, and increased financial supply in an orderly manner through measures such as serving rural revitalization, serving private small and micro enterprises and promoting inclusive finance.

Chapter 4 Management Discussion and Analysis

(B) Interest income from investment securities and other financial assets

Interest income from investment securities and other financial assets decreased by 10.3% from RMB646.0 million for the six months ended 30 June 2023 to RMB579.2 million for the six months ended 30 June 2024. This was primarily due to the decrease in the average yield on investment securities and other financial assets from 3.66% for the six months ended 30 June 2023 to 2.97% for the six months ended 30 June 2024, which was partially offset by the increase in the average balance of such assets from RMB35,328.7 million for the six months ended 30 June 2023 to RMB38,961.1 million for the six months ended 30 June 2024. The decrease in the average yield on such assets was primarily due to changes in the type and maturity structure of investment assets and changes in market interest rates. The increase in the average balance of such assets was primarily due to the reasonable adjustment to the size and structure of these assets by the Group based on business operation needs.

(C) Interest income from deposits with banks and other financial institutions

Interest income from deposits with banks and other financial institutions increased by 22.9% from RMB127.8 million for the six months ended 30 June 2023 to RMB157.1 million for the six months ended 30 June 2024. This was primarily due to the increase in the average balance of deposits with banks and other financial institutions from RMB17,716.0 million for the six months ended 30 June 2023 to RMB23,351.5 million for the six months ended 30 June 2024, which was partially offset by the decrease in the average yield on such assets from 1.44% for the six months ended 30 June 2023 to 1.35% for the six months ended 30 June 2024. The increase in the average balance of such assets was primarily due to the increase in the size of the Group's deposits with banks and other financial institutions based on operational needs. The decrease in the average yield on such assets was primarily due to changes in the maturity structure of the asset portfolio and changes in market interest rates.

(D) Interest income from financial assets held under resale agreements

Interest income from financial assets held under resale agreements decreased by 37.6% from RMB171.2 million for the six months ended 30 June 2023 to RMB106.9 million for the six months ended 30 June 2024. This was primarily due to the decrease in the average balance of financial assets held under resale agreements from RMB15,447.3 million for the six months ended 30 June 2023 to RMB7,707.8 million for the six months ended 30 June 2024, which was partially offset by the increase in the average yield on such assets from 2.22% for the six months ended 30 June 2023 to 2.77% for the six months ended 30 June 2024. The decrease in the average balance of such assets was primarily due to the Group's initiative to decrease the size of such assets based on operation and management needs. The increase in the average yield on such assets was primarily due to changes in the maturity structure of the assets.

Chapter 4 Management Discussion and Analysis

(E) Interest income from deposits with the central bank

Interest income from deposits with the central bank decreased by 6.1% from RMB112.2 million for the six months ended 30 June 2023 to RMB105.4 million for the six months ended 30 June 2024. This was primarily due to the decrease in the average balance of such assets from RMB16,968.4 million for the six months ended 30 June 2023 to RMB15,565.2 million for the six months ended 30 June 2024, which was partially offset by the increase in the average yield on deposits with the central bank from 1.32% for the six months ended 30 June 2023 to 1.35% for the six months ended 30 June 2024. The decrease in the average balance of such assets was primarily due to the changes in the statutory deposit reserve ratio. The increase in the average yield on such assets was primarily due to changes in the structure of statutory deposit reserves and surplus deposit reserves.

(F) Interest income from placements with banks and other financial institutions

Interest income from placements with banks and other financial institutions decreased by 53.9% from RMB17.8 million for the six months ended 30 June 2023 to RMB8.2 million for the six months ended 30 June 2024. This was primarily due to the decrease in the average balance of placements with banks and other financial institutions from RMB1,028.8 million for the six months ended 30 June 2023 to RMB763.6 million for the six months ended 30 June 2024, and the decrease in average yield on such assets from 3.46% for the six months ended 30 June 2023 to 2.15% for the six months ended 30 June 2024. The decrease in the average balance of such assets was primarily due to the Group's timely adjustment to the size of such assets based on liquidity management needs. The decrease in the average yield on such assets was primarily due to the changes in market interest rates.

Chapter 4 Management Discussion and Analysis

(iii) Interest expenses

The table below sets forth the principal components of the Group's interest expenses for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June			
	2024		2023	
	Amount	% of total	Amount	% of total
Deposits from customers	3,677.6	94.9	3,829.0	93.0
Financial assets sold under repurchase agreements	62.5	1.6	75.5	1.8
Deposits from banks and other financial institutions	1.3	0.0	38.4	0.9
Debt securities issued	73.6	1.9	102.9	2.5
Placements from banks and other financial institutions	49.7	1.3	28.9	0.7
Borrowings from the central bank	5.2	0.1	32.8	0.9
Lease liabilities	7.7	0.2	8.9	0.2
Total	3,877.6	100.0	4,116.4	100.0

Chapter 4 Management Discussion and Analysis

(A) Interest expenses on deposits from customers

The table below sets forth the average balance, interest expenses and average cost for the components of deposits from customers for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June			Average balance	2023 Interest expenses	Average cost (%)
	2024 Average balance	2024 Interest expenses	2024 Average cost (%)			
Corporate deposits						
Time	6,383.4	95.5	2.99	8,900.4	116.1	2.61
Demand	32,755.4	321.5	1.96	40,797.6	570.2	2.80
Subtotal	39,138.8	417.0	2.13	49,698.0	686.3	2.76
Retail deposits						
Time	196,920.7	3,165.3	3.21	169,791.8	3,037.2	3.58
Demand	16,007.4	95.3	1.19	15,737.4	105.5	1.34
Subtotal	212,928.1	3,260.6	3.06	185,529.2	3,142.7	3.39
Total deposits from customers	252,066.9	3,677.6	2.92	235,227.2	3,829.0	3.26

Interest expenses on deposits from customers decreased by 4.0% from RMB3,829.0 million for the six months ended 30 June 2023 to RMB3,677.6 million for the six months ended 30 June 2024. This was primarily due to the decrease in the average cost on deposits from customers from 3.26% for the six months ended 30 June 2023 to 2.92% for the six months ended 30 June 2024, which was partially offset by the increase in the average balance of such liabilities from RMB235,227.2 million for the six months ended 30 June 2023 to RMB252,066.9 million for the six months ended 30 June 2024. The increase in the average balance of such liabilities was primarily due to the Group's focus on tapping the potential of deposits and expanding scope of services, enhancement of marketing customer base capabilities, and improvement in customer loyalty through customer acquisition and engagement. The decrease in the average cost on such liabilities was primarily due to the decrease in deposit interest rates.

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(B) Interest expenses on financial assets sold under repurchase agreements

Interest expenses on financial assets sold under repurchase agreements decreased by 17.2% from RMB75.5 million for the six months ended 30 June 2023 to RMB62.5 million for the six months ended 30 June 2024. This was primarily due to the decrease in the average balance of financial assets sold under repurchase agreements from RMB9,426.9 million for the six months ended 30 June 2023 to RMB6,885.6 million for the six months ended 30 June 2024, which was partially offset by the increase in the average cost on such liabilities from 1.60% for the six months ended 30 June 2023 to 1.82% for the six months ended 30 June 2024. The decrease in the average balance of such liabilities was primarily due to the reasonable decrease in the size of such liabilities by the Group based on operational needs. The increase in the average cost on such liabilities was primarily due to changes in the maturity structure of such liabilities.

(C) Interest expenses on deposits from banks and other financial institutions

Interest expenses on deposits from banks and other financial institutions decreased by 96.6% from RMB38.4 million for the six months ended 30 June 2023 to RMB1.3 million for the six months ended 30 June 2024. This was primarily due to the decrease in the average balance of the deposits from banks and other financial institutions from RMB2,650.8 million for the six months ended 30 June 2023 to RMB1,638.4 million for the six months ended 30 June 2024 and the decrease in the average cost on such liabilities from 2.90% for the six months ended 30 June 2023 to 0.16% for the six months ended 30 June 2024. The decrease in the average balance of such liabilities was primarily due to the Group's timely adjustment to the size of such liabilities based on liquidity management needs. The decrease in the average yield on such liabilities was primarily due to the changes in the maturity structure of such liabilities.

(D) Interest expenses on debt securities issued

Interest expenses on debt securities issued decreased by 28.5% from RMB102.9 million for the six months ended 30 June 2023 to RMB73.6 million for the six months ended 30 June 2024. This was primarily due to the decrease in the average balance of debt securities issued from RMB4,821.2 million for the six months ended 30 June 2023 to RMB2,891.1 million for the six months ended 30 June 2024, which was partially offset by the increase in the average cost on such liabilities from 4.27% for the six months ended 30 June 2023 to 5.09% for the six months ended 30 June 2024. The decrease in the average balance of such liabilities was primarily due to the decrease in the size of interbank certificates. The increase in the average cost on such liabilities was primarily due to structure changes in such liabilities.

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(E) Interest expenses on placements from banks and other financial institutions

Interest expenses on placements from banks and other financial institutions increased by 72.0% from RMB28.9 million for the six months ended 30 June 2023 to RMB49.7 million for the six months ended 30 June 2024. This was primarily due to the increase in the average balance of placements from banks and other financial institutions from RMB2,023.9 million for the six months ended 30 June 2023 to RMB3,438.4 million for the six months ended 30 June 2024, and the increase in the average cost on such liabilities from 2.86% for the six months ended 30 June 2023 to 2.89% for the six months ended 30 June 2024. The increase in the average balance of such liabilities was primarily due to the reasonable adjustment to the size of such liabilities by the Group based on operational needs. The increase in the average cost on such liabilities was primarily due to the changes in the maturity structure of such liabilities.

(F) Interest expenses on borrowings from the central bank

The interest expenses on borrowings from the central bank decreased by 84.1% from RMB32.8 million for the six months ended 30 June 2023 to RMB5.2 million for the six months ended 30 June 2024. This was primarily due to the decrease in the average balance of borrowings from the central bank from RMB3,107.4 million for the six months ended 30 June 2023 to RMB526.7 million for the six months ended 30 June 2024, and the decrease in the average cost on such liabilities from 2.11% for the six months ended 30 June 2023 to 1.97% for the six months ended 30 June 2024. The decrease in the average balance of such liabilities was primarily due to the maturity of the repayment of borrowings from the central bank in previous years. The decrease in the average cost on such liabilities was primarily due to the changes in the maturity structure of such liabilities.

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(iv) Net interest spread and net interest margin

Net interest spread is the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities. Net interest margin is the ratio of net interest income to the average balance of interest-earning assets.

Net interest spread decreased by 0.40 percentage points from 1.74% for the six months ended 30 June 2023 to 1.34% for the six months ended 30 June 2024. Net interest margin decreased by 0.49 percentage points from 1.83% for the six months ended 30 June 2023 to 1.34% for the six months ended 30 June 2024. This was primarily due to the decrease of 0.70 percentage points in the average yield on interest-earning assets compared with the same period of the previous year, which was partially offset by the decrease of 0.30 percentage points in the average cost on interest-bearing liabilities compared with the same period of the previous year. The decrease in the average yield on interest-earning assets was primarily due to the reduction in the financing costs of customers by the Group, the decline in short-term repayment ability of some customers, and the decrease in the average yield on loans and advances to customers, as well as the decrease in the average yield on investment securities and other financial assets, deposits with banks and other financial institutions and placements with banks and other financial institutions as a result of changes in the maturity structure of assets and changes in market interest rates, which was partially offset by the increase in the average yields on financial assets held under resale agreements and deposits with the central bank. The decrease in the average cost on interest-bearing liabilities was primarily due to the adjustment to deposit pricing policy by the Group and the decrease in average cost on deposits, and the decrease in the average cost on deposits from banks and other financial institutions, borrowings from the central bank and lease liabilities as a result of changes in the maturity structure of liabilities and changes in market interest rates, which was partially offset by the increase in the average cost on financial assets sold under repurchase agreements, debt securities issued and placements from banks and other financial institutions.

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(v) Non-interest income

(A) Net fee and commission income

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June			
	2024	2023	Change in amount	Change in percentage (%)
Fee and commission income				
Advisory fees	6.0	13.2	(7.2)	(54.5)
Settlement and clearing fees	18.2	11.4	6.8	59.6
Agency services fees	6.9	6.1	0.8	13.1
Wealth management service fees	46.6	5.1	41.5	813.7
Bank card service fees	0.8	1.0	(0.2)	(20.0)
Others ⁽¹⁾	4.1	2.6	1.5	57.7
Subtotal	82.6	39.4	43.2	109.6
Fee and commission expenses	(33.4)	(31.7)	(1.7)	5.4
Net fee and commission income	49.2	7.7	41.5	539.0

Note:

- (1) Primarily consist of fee income from loan business, fee and commission of guarantees and commitments and income from safe deposit box business.

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Net fee and commission income increased by 539.0% from RMB7.7 million for the six months ended 30 June 2023 to RMB49.2 million for the six months ended 30 June 2024, mainly due to the increase in settlement and clearing fees income, agency service fees income, wealth management service fees income and other service fees income, which was partially offset by the decrease in advisory fees income and bank card service fees income.

Advisory fees income decreased by 54.5% from RMB13.2 million for the six months ended 30 June 2023 to RMB6.0 million for the six months ended 30 June 2024, mainly due to the decrease in consultancy services provided by the Group to customers.

Settlement and clearing fees income increased by 59.6% from RMB11.4 million for the six months ended 30 June 2023 to RMB18.2 million for the six months ended 30 June 2024, mainly due to the increase in the volume of settlement business..

Agency service fees income increased by 13.1% from RMB6.1 million for the six months ended 30 June 2023 to RMB6.9 million for the six months ended 30 June 2024, mainly due to the increase in the volume of agency service.

Wealth management service fees income increased by 813.7% from RMB5.1 million for the six months ended 30 June 2023 to RMB46.6 million for the six months ended 30 June 2024, mainly due to the collection of service fees upon maturity of the issuance of wealth management products.

Bank card service fees income decreased by 20.0% from RMB1.0 million for the six months ended 30 June 2023 to RMB0.8 million for the six months ended 30 June 2024, mainly due to the decrease in the amount of bank card transactions.

Fee and commission expenses mainly included fees paid to third parties for settlement, clearing and agency services. Fee and commission expenses increased by 5.4% from RMB31.7 million for the six months ended 30 June 2023 to RMB33.4 million for the six months ended 30 June 2024, which was mainly due to the increase in expenses on agency service fees.

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(B) Net gains arising from investment securities

Net gains arising from investment securities included net gains from disposal of investment securities and other financial assets and revaluation gains resulting from the reclassification from other comprehensive income to profits or losses upon the disposal of assets.

Net gains arising from investment securities increased by 122.3% from RMB80.1 million for the six months ended 30 June 2023 to RMB178.1 million for the six months ended 30 June 2024. This was mainly due to the Group's timely disposal of bond assets held by it based on its asset portfolio investment strategy and operational needs.

(C) Dividend income

Dividend income decreased by 11.1% from RMB0.9 million for the six months ended 30 June 2023 to RMB0.8 million for the six months ended 30 June 2024. This was mainly due to the decrease in dividend payment from holding companies.

(D) Net trading gains

Net trading gains decreased by 3.2% from RMB43.1 million for the six months ended 30 June 2023 to RMB41.7 million for the six months ended 30 June 2024, mainly due to the decrease in interest income from trading financial assets as a result of changes in size and interest rates, which was partially offset by the increase in the fair value of trading financial assets.

(E) Net exchange gains

Net exchange gains mainly included net gains arising out of foreign exchange settlement and foreign exchange transactions. Net exchange gains increased by 0.8% from RMB2.37 million for the six months ended 30 June 2023 to RMB2.39 million for the six months ended 30 June 2024, which was generally stable.

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(F) Other operating expenses, net

Other operating expenses, net mainly included non-recurring income such as government subsidies and insurance claim, net of non-recurring expenses such as charitable donation. Other operating expenses, net decreased by 41.7% from RMB33.8 million for the six months ended 30 June 2023 to RMB19.7 million for the six months ended 30 June 2024, which was mainly due to the decrease in expenses on external donations.

(vi) Operating expenses

Operating expenses decreased by 6.3% from RMB1,380.2 million for the six months ended 30 June 2023 to RMB1,292.7 million for the six months ended 30 June 2024. The decrease was primarily due to the fact that the Group enhanced the refined cost management and control, strictly controlled expense budgets, and steadily reduced expenses and costs.

The table below sets forth the principal components of operating expenses for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June			
	2024	2023	Change in amount	Change in percentage (%)
Staff costs	878.0	921.6	(43.6)	(4.7)
Property and equipment expenses	225.0	253.5	(28.5)	(11.2)
General management and administrative expenses	160.7	163.6	(2.9)	(1.8)
Tax and surcharges	29.0	41.5	(12.5)	(30.1)
Total	1,292.7	1,380.2	(87.5)	(6.3)

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(A) Staff costs

The table below sets forth the components of staff costs for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June			
	2024	2023	Change in amount	Change in percentage (%)
Salaries and bonuses	576.9	640.3	(63.4)	(9.9)
Social insurance	166.1	151.3	14.8	9.8
Staff welfares	53.0	51.7	1.3	2.5
Housing allowances	70.1	65.4	4.7	7.2
Labor union and staff education expenses	11.4	12.9	(1.5)	(11.6)
Others	0.5	–	0.5	–
Total staff costs	878.0	921.6	(43.6)	(4.7)

Staff costs decreased by 4.7% from RMB921.6 million for the six months ended 30 June 2023 to RMB878.0 million for the six months ended 30 June 2024. The decrease in staff costs was primarily due to the decrease in salaries and bonuses.

(B) Property and equipment expenses

Property and equipment expenses decreased by 11.2% from RMB253.5 million for the six months ended 30 June 2023 to RMB225.0 million for the six months ended 30 June 2024. The decrease in property and equipment expenses was mainly due to the expiration of depreciation period of some of the Group's owned properties, and the decrease in rental and property management fees.

(C) General management and administrative expenses

General management and administrative expenses mainly included business promotion fees, transportation fee in relation to the delivery of cash, repair expenses and others. General management and administrative expenses decreased by 1.8% from RMB163.6 million for the six months ended 30 June 2023 to RMB160.7 million for the six months ended 30 June 2024. The decrease in general management and administrative expenses was mainly due to the Group's efforts to reduce costs and cut down general management and administrative expenses.

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(D) Tax and surcharges

Tax and surcharges decreased by 30.1% from RMB41.5 million for the six months ended 30 June 2023 to RMB29.0 million for the six months ended 30 June 2024. The decrease in tax and surcharges was primarily due to the decrease in VAT resulting in a corresponding decrease in such expenses.

(vii) Impairment losses on assets, net of reversals

The table below sets forth the principal components of impairment losses on assets for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June			
	2024	2023	Change in amount	Change in percentage (%)
Loans and advances to customers	367.4	805.8	(438.4)	(54.4)
Debt securities financial assets at fair value through other comprehensive income	(0.1)	(0.1)	–	–
Financial assets measured at amortized cost	216.8	230.2	(13.4)	(5.8)
Deposits with banks and other financial institutions	0.6	(1.1)	1.7	(154.5)
Placements with banks and other financial institutions	–	(0.1)	0.1	(100.0)
Other receivables and repossessed assets	10.3	8.4	1.9	22.6
Provision for credit commitments and financial guarantees	28.9	(0.5)	29.4	(5,880.0)
Interest receivables (included in other assets)	(7.9)	1.3	(9.2)	(707.7)
Total	616.0	1,043.9	(427.9)	(41.0)

Impairment losses on assets, net of reversals decreased by 41.0% from RMB1,043.9 million for the six months ended 30 June 2023 to RMB616.0 million for the six months ended 30 June 2024, mainly due to the Group's enhancement of the refined risk management assessment in response to the changes in external market environment, the decrease in impairment losses on assets for loans and advances to customers, financial assets at amortized cost and interest receivables, which was partially offset by the increase in impairment losses on assets for deposits with banks and other financial institutions, placements with banks and other financial institutions, other receivables and repossessed assets, and provision for credit commitments and financial guarantees.

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(viii) Income tax (expense)/credit

Income tax (expense)/credit decreased by 111.8% from RMB32.3 million for the six months ended 30 June 2023 to RMB(3.8) million for the six months ended 30 June 2024. The decrease in income tax (expense)/credit was mainly due to the decrease in deferred income tax expense.

(b) Analysis of the Consolidated Statement of Financial Position

(i) Assets

As of 30 June 2024 and 31 December 2023, the Group's total assets amounted to RMB265,068.0 million and RMB269,775.0 million, respectively. Major components of total assets include (i) loans and advances to customers; (ii) investment securities and other financial assets; (iii) cash and deposits with the central bank; (iv) deposits with banks and other financial institutions; and (v) financial assets held under resale agreements. The table below sets forth the components of total assets as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 30 June 2024		As of 31 December 2023	
	Amount	% of total	Amount	% of total
Assets				
Total loans and advances to customers	181,173.5	68.4	178,111.4	66.0
Accrued interest on loans and advances to customers	7,169.8	2.7	4,874.8	1.8
Provision for impairment losses	(6,791.5)	(2.6)	(6,554.5)	(2.4)
Loans and advances to customers, net	181,551.8	68.5	176,431.7	65.4
Investment securities and other financial assets ⁽¹⁾	35,890.9	13.5	38,696.0	14.3
Cash and deposits with the central bank	22,188.3	8.4	27,149.6	10.1
Deposits with banks and other financial institutions	14,905.1	5.6	12,144.9	4.5
Placements with banks and other financial institutions	479.7	0.2	372.9	0.1
Financial assets held under resale agreements	2,674.9	1.0	7,543.6	2.8
Other assets ⁽²⁾	7,377.3	2.8	7,436.3	2.8
Total assets	265,068.0	100.0	269,775.0	100.0

Notes:

- (1) Include financial assets at amortized cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.
- (2) Primarily consist of property and equipment, goodwill, other receivables and prepayments, interest receivables, deferred tax assets, repossessed assets, interests in associates, tax recoverable and right-of-use assets.

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(A) Loans and advances to customers

As of 30 June 2024, the Group's total loans and advances to customers was RMB181,173.5 million, representing an increase of 1.7% as compared to 31 December 2023. Net loans and advances to customers accounted for 68.5% of the Group's total assets, representing an increase of 3.1 percentage points as compared to 31 December 2023.

The table below sets forth loans and advances to customers by product as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 30 June 2024		As of 31 December 2023	
	Amount	% of total	Amount	% of total
Corporate loans and advances				
– Loans	150,799.1	83.2	149,660.1	84.0
– Finance lease loans	2,696.8	1.5	2,701.5	1.5
Retail loans	27,677.6	15.3	25,749.8	14.5
Total loans and advances to customers	181,173.5	100.0	178,111.4	100.0

Loans and advances to customers are the largest component of total assets. The Group offers a variety of loan products, substantially all of which are denominated in Renminbi. Loans and advances to customers, net of provision for impairment losses, represented 65.8% and 63.6% of total assets as of 30 June 2024 and 31 December 2023, respectively.

The Group's corporate loans increased by 0.7% from RMB152,361.6 million as of 31 December 2023 to RMB153,495.9 million as of 30 June 2024, primarily due to the fact that the Group closely followed the national policy direction, based on regional development, continuously broadened its service areas under the premise of effective risk prevention, increased support for the real economy, satisfied the effective credit needs of the corporate loan customers and increased the scale of credit investment.

The Group's retail loans mainly comprise of personal business loans, personal consumption loans, residential and commercial mortgage loans and credit card overdrafts. The Group's retail loans increased by 7.5% from RMB25,749.8 million as of 31 December 2023 to RMB27,677.6 million as of 30 June 2024, primarily due to the Group's comprehensive acceleration of the transformation and development of its retail business based on the retail digitalization system, which facilitated a steady growth in the scale of retail loans.

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Loans by collateral

Collateralized loans, pledged loans and guaranteed loans in the aggregate represented 97.9% and 98.0% of total loans and advances to customers as of 30 June 2024 and 31 December 2023, respectively. If a loan is secured by more than one form of collateral, the classification is based on the primary form of collateral. The table below sets forth loans and advances to customers by the type of collateral as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 30 June 2024		As of 31 December 2023	
	Amount	% of total	Amount	% of total
Collateralized loans	68,368.4	37.7	67,612.6	38.0
Pledged loans	12,416.1	6.9	12,566.1	7.1
Guaranteed loans	96,499.8	53.3	94,268.7	52.9
Unsecured loans	3,889.2	2.1	3,664.0	2.0
Total loans and advances to customers	181,173.5	100.0	178,111.4	100.0

Collateralized loans and pledged loans as a percentage of total loans and advances to customers was 45.1% as of 31 December 2023 and 44.6% as of 30 June 2024, respectively.

The Group has adopted more stringent credit assessment criteria for extending guaranteed loans. Corporate loans are generally guaranteed by listed companies or guarantee companies. The Bank and each subsidiary bank consider the size, credit history and risk-resistance level of a guarantee company to decide whether or not to accept its guarantees. Guaranteed loans as a percentage of total loans and advances to customers was 52.9% as of 31 December 2023 and 53.3% as of 30 June 2024.

The Bank and each subsidiary bank extend unsecured loans to customers with relatively high credit ratings based on their internal credit risk rating system. As of 31 December 2023 and 30 June 2024, unsecured loans represented 2.0% and 2.1% of total loans and advances to customers.

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Movements of provision for impairment losses on loans and advances to customers

(Expressed in millions of RMB, unless otherwise stated)	As of 30 June 2024	As of 31 December 2023
As at the beginning of the period/year	6,554.5	5,359.5
Charge for the period/year	367.4	1,380.1
Amounts written off as uncollectible	(131.3)	(198.4)
Recoveries of loans and advances previously written off	0.9	13.3
As of June 30/December 31	6,791.5	6,554.5

Provision for impairment losses on loans and advances to customers increased by 3.6% from RMB6,554.5 million as of 31 December 2023 to RMB6,791.5 million as of 30 June 2024, mainly due to the increase in the provision for impairment on loans by the Group based on changes in the size of loans and advances to customers and the degree of potential risks.

(B) Investment securities and other financial assets

As of 30 June 2024 and 31 December 2023, the Group had investment securities and other financial assets of RMB35,890.9 million and RMB38,696.0 million, respectively, representing 13.5% and 14.3% of its total assets, respectively.

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Investment securities and other financial assets primarily include debt securities, asset management plans, trust plans, funds and equity investments.

(Expressed in millions of RMB, unless otherwise stated)	As of 30 June 2024		As of 31 December 2023	
	Amount	% of total	Amount	% of total
Debt securities investments				
Financial assets at fair value through other comprehensive income	14,122.4	39.3	14,290.0	36.9
Financial assets at amortized cost	11,118.5	31.0	13,779.5	35.6
Subtotal	25,240.9	70.3	28,069.5	72.5
Asset management plans and trust plans				
Asset management plans	2,558.9	7.1	2,579.2	6.7
Trust plans	5,308.6	14.8	5,333.6	13.8
Subtotal	7,867.5	21.9	7,912.8	20.5
Equity investments				
Financial assets at fair value through other comprehensive income	144.7	0.4	144.7	0.4
Financial assets at fair value through profit or loss	670.1	1.9	667.4	1.7
Subtotal	814.8	2.3	812.1	2.1
Accrued interest	1,967.7	5.5	1,901.6	4.9
Total investment securities and other financial assets, net	35,890.9	100.0	38,696.0	100.0

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Investment securities and other financial assets decreased by 7.2% from RMB38,696.0 million as of 31 December 2023 to RMB35,890.9 million as of 30 June 2024. The decrease in investment securities and other financial assets was primarily due to the Group's timely decrease in the scale of debt securities investments, asset management plans and trust plans in accordance with the liquidity adequacy situation and market changes and taking into account the actual operating condition.

(ii) Liabilities

As of 30 June 2024 and 31 December 2023, total liabilities amounted to RMB245,917.8 million and RMB250,910.5 million, respectively. Major components of liabilities include (i) deposits from customers; (ii) debt securities issued; (iii) deposits from banks and other financial institutions; (iv) placements from banks and other financial institutions; (v) borrowings from the central bank; and (vi) financial assets sold under repurchase agreements. The table below sets forth the components of total liabilities as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 30 June 2024		As of 31 December 2023	
	Amount	% of total	Amount	% of total
Deposits from customers	237,977.7	96.7	242,206.6	96.5
Debt securities issued	2,898.4	1.2	3,375.2	1.4
Deposits from banks and other financial institutions	154.2	0.1	111.3	0.0
Placements from banks and other financial institutions	1,586.6	0.6	3,064.5	1.2
Borrowings from the central bank	503.2	0.2	535.5	0.2
Financial assets sold under repurchase agreements	1,652.9	0.7	220.1	0.1
Other liabilities ⁽¹⁾	1,144.8	0.5	1,397.3	0.6
Total liabilities	245,917.8	100.0	250,910.5	100.0

Note:

(1) Primarily consist of accrued staff costs, taxes payable, interest payable, estimated liabilities and lease liabilities.

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(A) Deposits from customers

The Group provides demand and time deposit products to corporate and retail customers. The table below sets forth deposits from customers by product and customer type as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 30 June 2024		As of 31 December 2023	
	Amount	% of total	Amount	% of total
Corporate deposits				
Demand deposits	20,501.3	8.6	31,437.0	13.0
Time deposits	9,226.9	3.9	8,020.7	3.3
Subtotal	29,728.2	12.5	39,457.7	16.3
Retail deposits				
Demand deposits	15,749.8	6.6	16,001.9	6.6
Time deposits	184,654.7	77.6	178,048.5	73.5
Subtotal	200,404.5	84.2	194,050.4	80.1
Others⁽¹⁾	2,453.7	1.0	3,146.0	1.3
Gross deposits from customers	232,586.4	97.7	236,654.1	97.7
Accrued interest	5,391.3	2.3	5,552.5	2.3
Total deposits from customers	237,977.7	100.0	242,206.6	100.0

Note:

(1) Primarily consist of pledged deposits held as collateral and fiscal deposits.

Gross deposits from customers decreased by 1.7% from RMB236,654.1 million as of 31 December 2023 to RMB232,586.4 million as of 30 June 2024. This was primarily due to the Group's optimisation of its interest rate pricing policy by proactively adjusting deposit rates and the decrease in the scale of some deposits with higher interest rates, which was partially offset by the increase in deposits as a result of the Group's focus on serving customers, accelerating the transformation and upgrading of business outlets and digital construction, and increasing customer loyalty through customer acquisition and engagement.

Chapter 4 Management Discussion and Analysis

(B) Debts securities issued

In April 2015, the Bank issued tier-two capital bonds in an aggregate principal amount of RMB800.0 million. The bonds have a term of 10 years and bear interest at the rate of 6.30% per annum.

In July 2021, the Bank issued 10-year tier-two capital bonds at par value of RMB2,000.0 million at fixed rate of 4.80% per annum.

From 1 January 2023 to 31 December 2023, the Bank issued one tranche of zero-coupon interbank certificates, with an aggregate face value of RMB500.0 million. The interbank certificates have a term of one year and bear interest at the effective rate of 2.85%.

From 1 January 2024 to 30 June 2024, the Bank did not issue any debt securities or interbank certificates.

(iii) Shareholders' equity

The table below sets forth the changes in Shareholders' equity as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 30 June 2024		As of 31 December 2023	
	Amount	% of total	Amount	% of total
Share capital	5,074.2	26.5	5,074.2	26.9
Capital reserve	4,256.8	22.2	4,256.8	22.6
Investment revaluation reserve	241.6	1.3	107.6	0.6
Surplus reserve	1,237.3	6.5	1,237.3	6.5
General reserve	2,747.6	14.3	2,747.2	14.6
Retained earnings	2,810.3	14.7	2,684.2	14.2
Non-controlling interests	2,782.4	14.5	2,757.2	14.6
Total equity	19,150.2	100.0	18,864.5	100.0

Chapter 4 Management Discussion and Analysis

(c) Assets Quality Analysis

(i) Breakdown of loans by the five-category classification

The non-performing loans of the Group are classified as substandard, doubtful and loss. As of 30 June 2024, the Group's non-performing loans amounted to RMB4,419.9 million. The following table sets forth loans and advances to customers by loan classification as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 30 June 2024		As of 31 December 2023	
	Amount	% of total	Amount	% of total
Normal	164,846.6	91.0	163,372.4	91.7
Special mention	11,907.0	6.6	10,563.5	5.9
Substandard	1,318.5	0.7	1,311.8	0.7
Doubtful	2,350.8	1.3	2,224.6	1.3
Loss	750.6	0.4	639.1	0.4
Total loans and advances to customers	181,173.5	100.0	178,111.4	100.0
Non-performing loan and non-performing loan ratio⁽¹⁾	4,419.9	2.44	4,175.5	2.34

Note:

(1) Calculated by dividing non-performing loans by total loans and advances to customers.

The non-performing loan ratio of the Group increased by 0.10 percentage points as of 30 June 2024 compared with that as of 31 December 2023, which was primarily due to the macroeconomic recovery under pressure, the structural differentiation of industry economy, weak market demand, and the fact that production and operation in the region did not meet expectations, the operating conditions and debt repayment ability of some corporate loan customers had not yet improved, and the ability of some personal loan customers to repay principal and interest has not recovered as a result of the slow growth in their income.

Chapter 4 Management Discussion and Analysis

(ii) Concentration of loans

(A) Concentration by industry and distribution of non-performing loans

The table below sets forth the breakdown of loans and non-performing loans by industry as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 30 June 2024				As of 31 December 2023			
	Loan amount	% of total	Non-performing loan amount	Non-performing loan ratio ⁽¹⁾ (%)	Loan amount	% of total	Non-performing loan amount	Non-performing loan ratio ⁽¹⁾ (%)
Corporate loans								
Wholesale and retail	31,679.9	17.4	739.4	2.33	32,971.0	18.5	754.8	2.29
Leasing and business services	27,004.0	14.9	289.5	1.07	24,820.4	13.9	275.6	1.11
Construction	18,840.8	10.4	208.6	1.11	18,676.7	10.5	195.9	1.05
Manufacturing	17,541.5	9.7	602.1	3.43	18,368.2	10.3	634.0	3.45
Agriculture, forestry, animal husbandry and fishery	14,124.7	7.8	284.2	2.01	14,520.9	8.2	312.2	2.15
Real estate	8,956.9	4.9	162.8	1.82	9,215.5	5.2	162.8	1.77
Transportation, storage and postal services	8,468.5	4.7	68.5	0.81	7,577.2	4.3	65.2	0.86
Scientific research, technical services and geological prospecting	8,026.4	4.4	33.9	0.42	7,885.1	4.4	28.9	0.37
Information transmission, computer services and software	4,634.9	2.6	48.7	1.05	4,598.1	2.6	44.8	0.97
Water, environment and public facility management	4,397.2	2.4	39.0	0.89	3,946.7	2.2	39.0	0.99
Accommodation and catering	3,204.9	1.8	34.1	1.06	3,098.8	1.7	40.8	1.32
Education	1,741.9	1.0	2.7	0.16	1,804.2	1.0	-	-
Health and social work	1,553.8	0.9	3.2	0.21	1,452.2	0.8	-	-
Electricity, gas and water production and supply	1,500.6	0.8	66.8	4.45	1,456.9	0.8	83.9	5.76
Resident and other services	762.3	0.4	79.2	10.39	930.0	0.5	69.4	7.46
Cultural, sports and entertainment	563.6	0.3	32.9	5.84	545.2	0.3	29.7	5.45
Mining	312.0	0.2	9.6	3.08	310.6	0.2	7.7	2.48
Public administration, social security and social organizations	151.0	0.1	-	-	151.0	0.1	-	-
Finance	31.0	-	-	-	32.9	0.0	-	-
Retail loans	27,677.6	15.3	1,714.7	6.20	25,749.8	14.5	1,430.8	5.56
Total	181,173.5	100.0	4,419.9	2.44	178,111.4	100.0	4,175.5	2.34

Note:

- (1) Non-performing loan ratio of an industry is calculated by dividing the balance of non-performing loans of the industry by the balance of loans granted to the industry.

Chapter 4 Management Discussion and Analysis

Loans to borrowers in the wholesale and retail, leasing and business services, construction, manufacturing, and agriculture, forestry, animal husbandry and fishery industries represented the largest components of the Group's corporate loans portfolio. Loans to these industries accounted for 71.1% and 71.8% of total corporate loans as of 30 June 2024 and 31 December 2023, respectively.

As of 30 June 2024, the non-performing loans of the Group's corporate loans were mainly concentrated in the wholesale and retail, manufacturing, leasing and business services industries. The non-performing loans amounted to RMB739.4 million, RMB602.1 million and RMB289.5 million, respectively.

(B) Borrower concentration

Loans to the Top Ten Single Borrowers

The table below sets forth the balance of loans to the top ten single borrowers (excluding group borrowers) (on a consolidated or group basis) as of 30 June 2024. All of these loans were classified as normal.

(Expressed in millions of RMB, unless otherwise stated)		As of 30 June 2024	
		Amount	% of total
Customer	Industry		
Borrower A	Leasing and business services	1,099.3	0.61
Borrower B	Construction	1,075.6	0.59
Borrower C	Real estate	1,059.7	0.58
Borrower D	Accommodation and catering	1,000.0	0.55
Borrower E	Leasing and business services	995.1	0.55
Borrower F	Transportation, storage and postal services	964.8	0.53
Borrower G	Water, environment and public facility management	942.5	0.52
Borrower H	Leasing and business services	849.6	0.47
Borrower I	Leasing and business services	843.6	0.47
Borrower J	Manufacturing	841.5	0.46
Total		9,671.7	5.33

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(C) Distribution of non-performing loans by product

The table below sets forth the loans and non-performing loans by product as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 30 June 2024			As of 31 December 2023		
	Loan amount	Non- performing loan amount	Non- performing loan ratio (%)	Loan amount	Non- performing loan amount	Non- performing loan ratio (%)
Corporate loans						
Small and micro enterprises ⁽¹⁾	114,637.4	2,221.2	1.94	108,206.5	2,291.3	2.12
Medium enterprises ⁽¹⁾	25,030.6	394.6	1.58	27,669.5	390.6	1.41
Large enterprises ⁽¹⁾	13,191.5	86.7	0.66	14,044.4	55.0	0.39
Others ⁽²⁾	636.4	2.7	0.42	2,441.2	7.8	0.32
Subtotal	153,495.9	2,705.2	1.76	152,361.6	2,744.7	1.80
Retail loans						
Personal business loans	20,722.0	1,425.9	6.88	18,970.7	1,107.7	5.84
Personal consumption loans	3,214.9	247.6	7.70	3,204.0	286.9	8.95
Residential and commercial mortgage loans	3,726.6	39.8	1.07	3,560.0	35.3	0.99
Credit card overdrafts	14.1	1.4	9.93	15.1	0.9	5.96
Subtotal	27,677.6	1,714.7	6.20	25,749.8	1,430.8	5.56
Total loans	181,173.5	4,419.9	2.44	178,111.4	4,175.5	2.34

Notes:

- (1) The classification for large, medium, small and micro enterprises is based on the Provisions on the Standards for the Classification of Small and Medium Enterprises (《中小企業劃型標準規定》).
- (2) Mainly consist of public services institutions and social organizations.

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The non-performing loan ratio of corporate loans decreased from 1.80% as of 31 December 2023 to 1.76% as of 30 June 2024, primarily due to the increase in the scale of new corporate loans on the basis of strict control of new non-performing loans.

The non-performing loan ratio of retail loans increased from 5.56% as of 31 December 2023 to 6.20% as of 30 June 2024, primarily due to the pressure on the recovery of the macro-economy, the structural differentiation of industry economy, the weak market demand, and the slow growth in the income of some personal loan customers and their ability to repay debts has not yet recovered.

(D) Loan aging schedule

The table below sets forth the loan aging schedule for loans and advances to customers as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 30 June 2024		As of 31 December 2023	
	Amount	% of total	Amount	% of total
Loans not overdue	171,526.5	94.7	169,896.0	95.4
Loans past due for:				
1 to 90 days	1,934.2	1.1	2,404.6	1.3
91 days to 1 year	3,059.9	1.7	3,167.0	1.8
1 to 3 years	2,879.2	1.6	1,258.4	0.7
3 years or more	1,773.7	0.9	1,385.4	0.8
Subtotal	9,647.0	5.3	8,215.4	4.6
Total loans and advances to customers	181,173.5	100.0	178,111.4	100.0

Chapter 4 Management Discussion and Analysis

(d) Segment Information

(i) Summary of geographical segment information

In presenting information on the basis of geographical segments, operating income is allocated based on the places of registration of the respective bank that generate the income. The table below sets forth the operating income attributable to each of the geographical segments for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June			
	2024		2023	
	Amount	% of total	Amount	% of total
Jilin Province	1,661.0	81.2	2,093.9	83.2
Other regions ⁽¹⁾	384.2	18.8	423.6	16.8
Total operating income	2,045.2	100.0	2,517.5	100.0

Note:

- (1) Primarily include provinces and municipalities such as Heilongjiang, Guangdong, Hebei, Shandong, Anhui, Hubei, Hainan, Tianjin and Shaanxi.

(ii) Summary of business segments

The Group operates three principal lines of business: corporate banking, retail banking and treasury operations. The table below sets forth the Group's operating income for each of its principal business segments for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June			
	2024		2023	
	Amount	% of total	Amount	% of total
Corporate banking	1,195.6	58.5	1,664.3	66.1
Retail banking	1,209.6	59.1	1,308.0	52.0
Treasury operations	(342.8)	(16.8)	(424.3)	(16.9)
Others ⁽¹⁾	(17.2)	(0.8)	(30.5)	(1.2)
Total	2,045.2	100.0	2,517.5	100.0

Note:

- (1) Primarily represent assets, liabilities, income and expenses which cannot be directly and reasonably attributable or cannot be allocated to a segment.

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(e) Off-balance Sheet Commitments

Off-balance sheet commitments primarily consist of bank acceptances, letters of credit, letters of guarantee and unused limits of credit cards. The table below sets forth the contractual amounts of off-balance sheet commitments as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 30 June 2024	As of 31 December 2023
Credit commitments		
Bank acceptances ⁽¹⁾	1,755.2	1,716.6
Letters of credit ⁽²⁾	12.0	2.0
Letters of guarantee ⁽²⁾	2,860.5	2,911.4
Unused limits of credit cards	163.5	163.8
Total	4,791.2	4,793.8

Notes:

- (1) Bank acceptances refer to the Group's undertakings to pay bank bills drawn on its customers.
- (2) The Group issues letters of credit and guarantee to third parties to guarantee its customers' contractual obligations.

Off-balance sheet commitments decreased by 0.1% from RMB4,793.8 million as of 31 December 2023 to RMB4,791.2 million as of 30 June 2024. The decrease in off-balance sheet commitments was mainly due to the Group's moderate adjustment to off-balance sheet business structure and scale based on operational needs.

Chapter 4 Management Discussion and Analysis

4 Business Review

(a) Corporate Banking

The Group offers corporate customers a broad range of financial products and services, including loans, bill discounting, deposits and fee- and commission-based products and services. The Group's corporate customers primarily include state-owned enterprises, private enterprises, foreign-invested enterprises, government authorities, financial institutions, public services institutions and non-profit organizations. As of 30 June 2024, the Group had approximately 4,883 corporate borrowers with loans totalling RMB153,495.9 million. For the six months ended 30 June 2023 and 2024, operating income from the Group's corporate banking business accounted for 66.1% and 58.5% of total operating income, respectively.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June		
	2024	2023	Change in percentage (%)
External interest income, net ⁽¹⁾	3,450.2	3,895.3	(11.4)
Inter-segment interest expenses, net ⁽²⁾	(2,250.2)	(2,233.5)	0.7
Net interest income	1,200.0	1,661.8	(27.8)
Net fee and commission income	(4.4)	2.5	(276.0)
Operating income	1,195.6	1,664.3	(28.2)
Operating expenses	(600.8)	(714.8)	(15.9)
Impairment losses on assets, net of reversals	(101.7)	(715.6)	(85.8)
Profit before tax	493.1	233.9	110.8

Notes:

- (1) Refers to net income and expenses from third parties.
- (2) Refers to inter-segment expenses and transfer pricing.

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(i) Corporate loans

The Group offers loans to corporate customers to satisfy their capital needs for operations, machinery and equipment procurement and for infrastructure and real estate development. As of 30 June 2024 and 31 December 2023, the Group's corporate loans totalled RMB153,495.9 million and RMB152,361.6 million, respectively, accounting for 84.7% and 85.5% of the Group's total loans and advances to customers, respectively.

(ii) Discounted bills

The Group purchases bank and commercial acceptance bills at discounted prices from corporate customers to fund their working capital needs. These discounted bills generally have a remaining maturity of less than six months. The Group may re-discount these bills to the People's Bank of China ("PBOC") or other financial institutions. As of 30 June 2024, the Group had a balance of RMBnil in discounted bills.

(iii) Corporate deposits

The Group accepts time and demand deposits from corporate customers in Renminbi and major foreign currencies, such as U.S. dollars and Euros. The terms of corporate time deposits generally range from three months to three years. The Group's corporate deposit customers include state-owned enterprises, financial and government authorities and institutions, private enterprises, foreign-invested enterprises and non-profit organizations. As of 30 June 2024 and 31 December 2023, the Group's corporate deposits totalled RMB29,728.2 million and RMB39,457.7 million, respectively, accounting for 12.8% and 16.7% of gross deposits from customers, respectively.

(iv) Fee- and commission-based products and services

The Group offers corporate customers a wide range of fee- and commission-based products and services, primarily including consulting and financial advisory services, syndicated loans services, settlement and clearing services, entrusted loans, agency services and wealth management services.

(A) Consulting and financial advisory services

The Group's consulting and financial advisory services primarily include financing solution structuring and asset management services to corporate customers. For the six months ended 30 June 2024 and 2023, the Group's income from consulting and financial advisory services was RMB6.0 million and RMB13.2 million, respectively.

Chapter 4 Management Discussion and Analysis

(B) Syndicated loans services

The Group acts as lead manager, agent and lender bank for syndicated loans to corporate customers to meet their larger financing needs. For the six months ended 30 June 2024 and 2023, the Group earned service fees for syndicated loans of RMBnil and RMBnil, respectively.

(C) Settlement and clearing services

The Group offers settlement services, including fund remittance and transfer, drafts, cheques and other negotiable instruments, to corporate customers.

(D) Entrusted loans

The Group provides entrusted loans to borrowers designated by corporate customers in accordance with the uses of proceeds, principal amounts and interest rates determined by corporate customers. The Group also supervises borrowers' uses of loans and assists in collection of loans. The Group charges agency fees based on the principal amount of entrusted loans. The Group's corporate customers bear the risks of default under entrusted loans.

(E) Agency services

The Group provides fee collection services for corporate customers (including enterprises and public services institutions). The Group believes this enables it to maintain close relationships with customers and enhance brand recognition.

(F) Wealth management services

The Bank offers corporate customers a variety of wealth management products based on their risk and return appetites, including non-net worth wealth management products and net worth wealth management products. Such wealth management products primarily invest in bonds, interbank deposits, money market instruments and investment portfolios of other fixed-income products.

Chapter 4 Management Discussion and Analysis

(b) Retail Banking

The Group offers a broad range of products and services to retail customers, including loans, deposits, debit cards and fee- and commission-based products and services. As of 30 June 2024, the Group had 72,723 retail borrowers with total loans and advances to customers of RMB27,677.6 million. For the six months ended 30 June 2024 and 2023, the operating income from the Group's retail banking business amounted to RMB1,209.6 million and RMB1,308.0 million, respectively, accounting for 59.1% and 52.0% of total operating income of the Group, respectively. The table below sets forth the financial performance of the Group's retail banking business for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June		
	2024	2023	Change in percentage (%)
External interest expenses, net ⁽¹⁾	(2,422.9)	(2,274.5)	6.5
Inter-segment interest income, net ⁽²⁾	3,631.6	3,578.7	1.5
Net interest income	1,208.7	1,304.2	(7.3)
Net fee and commission income	0.9	3.8	(76.3)
Operating income	1,209.6	1,308.0	(7.5)
Operating expenses	(615.7)	(654.1)	(5.9)
Impairment losses on assets, net of reversals	(294.6)	(89.7)	228.4
Profit before tax	299.3	564.2	(47.0)

Notes:

(1) Refers to net income and expenses from third parties.

(2) Refer to inter-segment income and transfer pricing.

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(i) Retail loans

For the six months ended 30 June 2024, net interest income of the Group's retail bank business decreased by 7.3% when compared with that for the six months ended 30 June 2023, which was mainly due to the higher growth rate of retail deposits than retail loans.

Retail loans consist primarily of personal business loans, personal consumption loans, residential and commercial mortgage loans and credit card overdrafts. As of 30 June 2024 and 31 December 2023, the Group's retail loans totalled RMB27,677.6 million and RMB25,749.8 million, respectively, accounting for 15.3% and 14.5% of total loans and advances to customers, respectively.

(ii) Retail deposits

The Group offers retail customers a variety of demand deposit and time deposit products denominated in Renminbi and foreign currencies. The Group's retail time deposits denominated in Renminbi generally have maturities ranging from three months to five years. Retail time deposits denominated in foreign currencies (primarily U.S. dollars and Euros) have maturities ranging from one month to two years. As of 30 June 2024 and 31 December 2023, the Group's retail deposits totalled RMB200,404.5 million and RMB194,050.4 million, respectively, accounting for 86.2% and 82.0% of gross deposits from customers, respectively.

(iii) Bank cards services

The Group issues Renminbi-denominated debit cards to retail customers who maintain deposit accounts with the Group. Customers may use debit cards for a variety of financial services, including cash deposits and withdrawal, transfers, settlement and bill payment. The Group's debit cards are classified into platinum, gold and basic cards based on customers' daily average financial asset balances. The Group also issues specialized debit cards with added features, and timely launches theme cards for different market segments and co-branded cards offering preferential value-added services. For example, the Bank cooperates with Changchun Federation of Trade Unions (長春市總工會) to issue service cards for trade union members and offer cardholders comprehensive financial services, including membership management, subsidies and allowances. As of 30 June 2024, the Group had issued approximately 5.0 million debit cards.

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(iv) Fee- and commission-based products and services

The Group offers retail customers a wide range of fee- and commission-based products and services, primarily including wealth management services, private banking services and transfer and remittances.

(A) Wealth management services

The Bank offers retail customers a variety of wealth management products based on their risk and return appetites, primarily including net worth wealth management products and non-net worth wealth management products. Funds raised from wealth management products are primarily invested in bonds, interbank deposits, money market instruments and other fixed-income products. For the six months ended 30 June 2024 and 2023, the Bank's sales of wealth management products to retail customers totalled RMB2,921.3 million and RMB2,892.5 million, respectively.

(B) Other fee- and commission-based products and services

The Group provides retail customers with other fee- and commission-based products and services, including transfer and remittances, collection and bank drafts.

(c) Treasury Operations

The Group's treasury operations consist primarily of money market transactions, investments in securities and other financial assets and treasury operations conducted on behalf of customers. In response to the complicated and ever-changing economic and financial environment as well as changes in policies and market, the Bank placed an emphasis on optimization of the assets and liabilities structure and improvement in the yield of our treasury operations. The Bank capitalized on investment opportunities through timely adjustment of its investment strategies and compliant and prudent development of the treasury operations. For the six months ended 30 June 2024 and 2023, operating income from the Group's treasury operations was RMB(342.8) million and RMB(424.3) million, accounting for (16.8)% and (16.9)% of its total operating income, respectively. The table below sets forth the financial performance of the Group's treasury operations for the periods indicated.

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(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June		
	2024	2023	Change in percentage (%)
External interest income, net ⁽¹⁾	766.1	796.3	(3.8)
Inter-segment interest expenses, net ⁽²⁾	(1,381.3)	(1,345.2)	2.7
Net interest income	(615.2)	(548.9)	12.1
Net fee and commission income	52.6	1.4	3,657.1
Net income from other businesses ⁽³⁾	219.8	123.2	78.4
Operating income	(342.8)	(424.3)	(19.2)
Operating expenses	(58.3)	(10.6)	450.0
Impairment losses on assets, net of reversals	(217.3)	(228.9)	(5.1)
Profit before tax	(618.4)	(663.8)	(6.8)

Notes:

- (1) Refers to net income from third parties.
- (2) Refers to inter-segment expenses and transfer pricing.
- (3) Primarily includes net trading gains and losses and net gains/(expenses) from financial assets investments.

(i) Money market transactions

Money market transactions play a significant role in liquidity management. The Group also earns interest income from money market transactions. Money market transactions mainly include (i) interbank deposits with other domestic banks and non-banking financial institutions; (ii) interbank placements; and (iii) interbank repurchase and reverse repurchase transactions.

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(A) Interbank deposits

The Group accepts deposits from banks and other financial institutions and deposit funds in other financial institutions to adjust its asset and liability structure. As of 30 June 2024 and 31 December 2023, the balance of Group's deposits from banks and other financial institutions totalled RMB154.2 million and RMB111.3 million, respectively, and the balance of Group's deposits at banks and other financial institutions totalled RMB14,905.1 million and RMB12,144.9 million, respectively.

(B) Interbank placements

As of 30 June 2024 and 31 December 2023, the balance of Group's placements with banks and other financial institutions totalled RMB479.7 million and RMB372.9 million, respectively, and the balance of Group's placements from banks and other financial institutions totalled RMB1,586.6 million and RMB3,064.5 million, respectively.

(C) Interbank repurchase and reverse repurchase transactions

The securities underlying the Group's repurchase and reverse repurchase transactions are mainly RMB-denominated treasury bonds and policy-oriented financial bonds. As of 30 June 2024 and 31 December 2023, the Group's financial assets held under resale agreements totalled RMB2,674.9 million and RMB7,543.6 million, respectively, and the Group's financial assets sold under repurchase agreements totalled RMB1,652.9 million and RMB220.1 million, respectively.

(ii) Investments in securities and other financial assets

The Group's investment portfolio consists primarily of bonds and debt instruments issued by other financial institutions.

While reducing buy-back financing cost by taking various measures, the Bank selectively allocated some bond assets with relatively suitable maturity and yield to improve returns on assets.

Chapter 4 Management Discussion and Analysis

(A) Securities investment by business model and characteristics of cash flow of assets of the Group

(Expressed in millions of RMB, unless otherwise stated)	As of ended 30 June 2024		As of 31 December 2023	
	Amount	% of total	Amount	% of total
Financial assets at fair value through profit or loss	670.1	1.9	667.4	1.7
Financial assets at fair value through other comprehensive income	14,476.8	40.3	14,572.1	37.7
Financial assets at amortized cost	20,744.0	57.8	23,456.5	60.6
Total investment securities and other financial assets	35,890.9	100.0	38,696.0	100.0

Total investment securities and other financial assets decreased by 7.2% from RMB38,696.0 million as of 31 December 2023 to RMB35,890.9 million as of 30 June 2024.

(B) Maturity profile of the Group's investment portfolio

The table below sets forth investment securities and other financial assets by remaining maturity as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of ended 30 June 2024		As of 31 December 2023	
	Amount	% of total	Amount	% of total
Immediately due	4,511.4	12.6	7,212.0	18.6
Due in 3 months	3,267.2	9.1	2,148.8	5.6
Due between 3 and 12 months	2,096.4	5.8	6,503.2	16.8
Due between 1 and 5 years	16,064.2	44.8	13,680.9	35.4
Due over 5 years	9,136.9	25.4	8,339.0	21.5
Undefined	814.8	2.3	812.1	2.1
Total	35,890.9	100.0	38,696.0	100.0

The Bank's securities investment with a remaining maturity ranging from one to five years represented the largest portion.

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(C) Holding of government bonds

As of 30 June 2024, the balance of face value of the government bonds held by the Bank amounted to RMB29,909.3 million. The table below sets out the top 10 government bonds with the highest face value held by the Group as of 30 June 2024.

Name of the bond	Face value (RMB in millions)	Coupon rate (%)	Maturity date
23 Interest-bearing treasury bond 23	5,250.0	3.00	15 October 2053
23 Interest-bearing treasury bond 17	2,050.0	2.18	15 August 2026
23 Interest-bearing treasury bond 09	1,570.0	3.19	15 April 2053
22 Interest-bearing treasury bond 20	1,450.0	1.99	15 September 2024
21 Interest-bearing treasury bond 09	1,130.0	3.02	27 May 2031
23 Interest-bearing treasury bond 20	1,120.0	2.22	25 September 2025
23 Interest-bearing treasury bond 21	830.0	2.48	25 September 2028
23 Interest-bearing treasury bond 26	790.0	2.67	25 November 2033
23 Interest-bearing treasury bond 11	760.0	2.30	15 May 2026
19 Interest-bearing treasury bond 10	650.0	3.86	22 July 2049
Total	15,600.0		

(D) Holding of financial bonds

As of 30 June 2024, the balance of face value of the financial bonds (mainly the financial bonds and interbank certificates issued by policy-oriented banks, banks and other financial institutions in China) held by the Group amounted to RMB3,851.0 million. The table below sets out the 10 financial bonds with the highest face value held by the Group as of 30 June 2024.

Name of the bond	Face value (RMB in millions)	Coupon rate (%)	Maturity date
22 Guo Kai 15	820.0	2.96	18 July 2032
21 Guo Kai 03	550.0	3.30	3 March 2026
23 Guo Kai 08	430.0	2.52	25 May 2028
23 Guo Kai 10	400.0	2.82	22 May 2033
19 Guo Kai 05	370.0	3.48	8 January 2029
22 Guo Kai 20	200.0	2.77	24 October 2032
22 Guo Kai 10	120.0	2.98	22 April 2032
23 Guo Kai 15	120.0	2.69	11 September 2033
24 Nong Fa 05	120.0	2.22	9 April 2029
24 Guo Kai 05	100.0	2.63	8 January 2034
Total	3,230.0		

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(iii) Treasury operations conducted on behalf of customers

In the Bank's treasury operations conducted on behalf of customers, the Bank manages funds received from the issuance of wealth management products to corporate and retail customers. For the six months ended 30 June 2024 and 2023, the Bank sold wealth management products totalling RMB2,921.3 million and RMB2,892.5 million, respectively.

(d) Distribution Network

(i) Physical outlets

As of 30 June 2024, the Group had an aggregate of 353 outlets, of which 165 outlets, including three branches in Changchun, Songyuan and Tonghua, were operated by the Bank and the rest by the Group's subsidiaries under their own names.

The Group has solidly promoted the optimization of outlets and channel upgrading to continuously enhance the competitiveness of its outlets. On the one hand, we focused on cost reduction and efficiency enhancement, and while continuing to optimize the outlet layout and reduce operating costs, we accelerated the pace of transformation and upgrading, and actively explored the development path of outlet characteristics to promote differentiated operations. On the other hand, we focused on empowerment when opportunity arises, realized the full coverage of smart counters in our outlets, continuously improving the functions of mobile banking, online banking and WeChat banking, strengthened the support of online services, and actively created digital application scenarios, thus promoting the in-depth fusion of consumption and finance.

(ii) Electronic banking

(A) Self-service banking

The Group provides convenient banking services to customers at lower operation costs by using self-service facilities. Self-service facilities are available at service outlets, self-service zones, commercial complexes, hospitals, schools and other public places. As of 30 June 2024, the Group had 347 self-service outlets, 46 self-service zones and 852 self-service facilities.

(B) Telephone and SMS banking

The Group provides customers with account management, status reminders, transfer and remittance and consultation and other services around the clock through an interactive self-service voice system, live customer service, and SMS interaction. As of 30 June 2024, the Group had 3,517,409 phone and SMS banking customers.

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(C) Internet banking

The Group provides customers with account management, transfer and remittance, interbank receipt, online loan application and online payment services through the Internet. As of 30 June 2024, the Group had 512,978 internet banking customers.

(D) Mobile banking

The Group provides customers with mobile banking services, including account inquiry and management, transfer and remittance, fee payment and mobile payment services. As of 30 June 2024, the Group had 1,221,110 mobile banking customers.

(E) WeChat banking

Through WeChat, the Group's customers can access information relating to its products, services and promotions, manage accounts, search for its outlet locations and reserve counter services. As of 30 June 2024, the Group had 198,465 WeChat banking customers.

(e) Information on the Subsidiaries

(i) Jilin Jiuyin Financial Leasing Co., Ltd.

The Bank, as the main promoter, established Jilin Jiuyin Financial Leasing Co., Ltd. (“**Jilin Jiuyin**”) after obtaining approval from the former CBRC. The registered address of Jilin Jiuyin is in Changchun, Jilin Province, and its total share capital is RMB525.0 million, RMB315.0 million of which is held by the Bank, accounting for 60.00%. Jilin Jiuyin obtained the business license on 20 February 2017 from the Administration for Industry and Commerce of Jilin Province. Its scope of business includes financial leasing business, transferring assets under financial leases as transferor and transferee, fixed-income securities investment business, accepting deposits as guarantee from the lessee, taking deposits of 3 months or above from non-bank Shareholders, interbank placements, obtaining loans from financial institutions, offshore lending, disposal and handling of leased articles and economic consulting. As at 30 June 2024, total assets of Jilin Jiuyin amounted to RMB3,000.2 million. For the six months ended 30 June 2024, the operating income from Jilin Jiuyin amounted to RMB49.2 million, accounting for 2.4% of total operating income of the Group.

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(ii) Village and township banks

As of 30 June 2024, the Bank controlled and consolidated a total of 34 village and township banks in Jilin province, Heilongjiang, Hebei, Tianjin, Shandong, Anhui, Hubei, Shaanxi, Guangdong and Hainan.

As of 30 June 2024, these village and township banks had total assets of RMB62,758.1 million, total deposits of RMB58,421.5 million and total loans of RMB35,576.2 million. For the six months ended 30 June 2024, the operating income of these village and township banks was RMB709.6 million, accounting for 34.7% of the Group's total operating income.

The Bank's village and township banks provide local corporate and retail customers with a broad range of financial products and services. These products and services include commercial and consumer loans, bill discounting, deposits from customers and fee- and commission-based products and services, such as settlement services, remittance services and bank card services. Some village and township banks also engage in money market transactions and invest in debt securities.

In 2010, the Bank established a village and township bank management department to help village and township banks to establish strategic development plans, provide research, technology and human resource support and supervise their risk management. In addition, the Group and other banks in China have formed a strategic development alliance for village and township banks headquartered in Tianjin Municipality to promote information exchange and resource sharing among village and township banks in China. The Bank has also established six service centers in Jilin, Tianjin, Anhui, Guangdong and Hainan to support the Bank's village and township bank operations.

(f) Operation and Safety of IT Systems

In the first half of 2024, the Bank carried out IT work through four focuses, including improving the financial technology governance system, enhancing the efficiency and capacity of financial technology services, continuously perfecting the digital infrastructure, and consolidating the foundation for sustainable development, in order to promote digital transformation of the Bank and provide effective support for the innovative development of various businesses.

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(i) Improved the financial technology governance system

In order to effectively implement relevant requirements in the Guiding Opinions on the Digital Transformation of the Banking and Insurance Industry (《關於銀行業保險業數字化轉型的指導意見》) and the Financial Technology Development Plan (2022-2025) (《金融科技發展規劃(2022-2025年)》), fully implement the financial technology innovation implementation plan, promote the Bank's high-quality development through financial technology innovation, adapt to the new pattern of digital finance in the development of modern economy, and improve the ability and level of serving the real economy, the Bank revised and improved 5 information technology policies such as the Electronic Equipment Management Measures (《電子設備管理辦法》) and the Data Assets Hierarchical Management Measures (《數據資產分級管理辦法》), perfected the information technology management and control system, and improved the ability to prevent information technology risks and supply chain risks. The Bank organized and carried out the publicity activities of the "Technology Activities Week", publicized financial technology knowledge to the outlet customers, employees and the public focusing on the publicity theme and through a variety of publicity methods, to enhance the information security consciousness of the whole society. Through carrying out skills training for scientific and technological personnel and on-site inspection of outlets, the Bank strengthened the cybersecurity management and guarantee ability, implemented the cybersecurity management policies, strengthened the cybersecurity awareness of all staff and the information security skills of scientific and technological personnel of the Bank.

(ii) Enhanced the efficiency and capacity of financial technology services

The Bank always adhered to use financial technology means to actively support business development and management improvement, explored the development trend and scenario application of financial technology, and accelerated the transformation of digital innovation. In the first half of 2024, the Bank dedicated to improving the structural system of the "Cloud Credit (雲信貸)" comprehensive financial service platform, completed the launch and iterative optimization and upgrading of the "Jiu e Loan (久e貸)", the "Labor Union Loan (工會貸)", the "Cloud Vehicle Loan (雲車貸)" and other products. The Bank built the "Jiu Shang You Xiang (九商優享)" equity platform, to improve the customers' satisfaction and stickiness, and provide financial and value-added services to the customers of the Bank through platform operation and targeted marketing to customers. The Bank attached importance to the protection of intellectual property rights and actively carried out the summarization of scientific and technological achievements. As of the end of June 2024, 34 software copyrights have been approved.

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(iii) Continuously improving the digital infrastructure

In the first half of 2024, the server rooms of the information center of the Bank maintained satisfactory operation overall. The Bank applied software-defined networking (SDN) structure, realized the unified management, integration and virtualization of network resources, provided on-demand allocation of network resources and services, macro-controlled network traffic, rationally allocated network resources and improved the utilization rate of network resources in overall. The Bank adopted SVC storage virtualization technology to integrate the heterogeneous storage units, and improved the high availability, utilization and business continuity of the storage structure. Under the guidance of ISO22301 system, the Bank continuously optimized the automatic operation and maintenance platform, improved the work efficiency of network operation and maintenance, host operation and maintenance, monitoring system, ITSM process, etc., and realized the standardized and systematic management of IT operation and maintenance and business continuity. Meanwhile, the Bank conducted the cybersecurity optimization, terminal security protection, system security reinforcement, backup management optimization and other work to guarantee the safe and reliable operation of the business system.

(iv) Strengthened the foundation of sustainable development

In order to guarantee and guide the digital transformation of the Bank, the Bank focused on strengthening the construction of financial technology talents. On the one hand, the Bank organized the communication with peers, attended the digital transformation conference of the industry, continuously improved the skills of employees in the fields of project management, system research and development, quality control and cybersecurity; on the other hand, the Bank cultivated the digital thinking and execution ability integration with financial scenarios of employees, to follow the development trend of the era and the demand of talent development. In the first half of 2024, 2 employees of the Bank have obtained the BI data analyst honorary certificates. As of the end of June 2024, the Bank had one person who is a senior engineer and 17 people with 9 senior certifications such as System Analyst, Information Systems Project Manager, Project Management Professional (PMP), Certified Information Systems Auditor (CISA), Certified Information Security Professional (CISP), Certified Information Systems Security Specialist (CISSP), etc.

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5 Risk Management

(a) Risk Management of the Bank

The Bank is committed to building a comprehensive risk management system to eliminate the impact of various uncertainties on the Bank's strategy and business objectives. The Bank's comprehensive risk management has a hierarchical structure. As the highest decision-making body of risk management, the Board is responsible for establishing and maintaining an effective comprehensive risk management system. The Bank has established a sound risk management system. Risk management procedures are adopted at all managerial levels and good risk management culture is cultivated to achieve the overall objectives of risk management. The comprehensive risk management of the Bank covers all major risks, including the credit, market, operating, liquidity, reputational, legal and compliance, IT, anti-money laundering and anti-terrorist financing management.

(i) Credit risk management

Credit risk is the risk of loss related to failure by a debtor or counterparty to meet its contractual obligations or to changes in their credit ratings. The Bank's credit risks arise mainly from corporate loans, personal loans and treasury operations.

The Bank's credit risk management organization includes its president, the Risk Management and Control Committee, the Credit Approval Committee, the risk management department, the credit approval department, the front desk business department, branches and the audit department.

The Bank prepares annual credit approval plans, credit limit plans and credit policies based on national and regional economic development plans, financial market conditions, austerity requirements, its asset and liability structure and deposit and loan growth trends.

The Bank manages credit risks through the following mechanisms:

- Customer screening mechanism – The Bank determines the target customers based on its market positioning and screen credit customers based on its credit policies.

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- Credit exit mechanism – The Bank regularly reassesses its outstanding credit risk based on customer, industry and market conditions. The Bank reassesses the credit rating for short-term loans if there are interest payment defaults. The Bank reassesses the credit rating for medium and long-term loans annually. The Bank also adopts measures to manage potential credit risk, including increasing the frequency of post-disbursement examination, requesting additional collateral or guarantees, and ceasing to extend new loans. The Bank determines whether or not to exit a credit based on the severity of adverse changes in the borrower’s circumstances, such as its (1) financial condition; (2) substantial Shareholders; (3) key managers and technicians; (4) customers quality; (5) payment ability; and (6) business environment.
- Risk alert mechanism – The Bank continually monitors outstanding credit and overall credit quality. The Bank carries out standardized management of risk alerts through the use of the post-disbursement management function of its credit system and promptly provides advices to deal with the issue.
- Non-performing asset disposal mechanism – The Bank has established an accountability mechanism for the disposal of non-performing assets.

The Bank has established a system to manage the provision of corporate and personal loans. As part of this system, the Bank has taken measures to improve credit risk management, including risk identification and monitoring policies and dividing responsibilities among its credit investigation, approval and execution departments. The Bank also sets departmental authorization limits and monitors the use of loans.

In the first half of 2024, the Bank seriously complied with the national financial policies and industrial policies and strictly implemented the regulatory requirements. The Bank further optimized its credit risk management procedures and measures, and strengthened the centralized management of credit risk, so as to effectively improve its credit risk management. Firstly, the Bank earnestly promoted the implementation of Risk Classification Measures of Financial Assets of Commercial Banks within the Bank, carried out asset quality risk categorization and monitoring alert to take the initiative in identifying and solving credit risk in a timely manner. The Bank performed credit assets quality management and implemented its policies precisely, effectively prevent and control credit risks. Secondly, the Bank focused on its principal business to support the development of the real economy. The Bank adjusted its credit policy and effectively determined its credit approval plan accordingly to further refine the credit structure.

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Thirdly, the Bank further standardized credit management. The Bank strictly conducted due and diligent investigation, unified the credit and credit review and other credit risk control system and mechanism. The Bank approved the credit limit scientifically and provided credit in reasonable forms. Potential risk of new credit products was assessed scientifically in order to determine the access criteria in a rational manner. Fourthly, the Bank reinforced the rating management and implemented stringent approval procedures for industry access and customer access, enhanced loan risk mitigation measures to ensure the quality of new loans. Fifthly, the Bank continued to monitor and analyze significant risk and strictly complied with the prevention and control requirement of significant risks for various businesses. Through effective identification, measurement and monitoring, significant risks were prevented and controlled.

(ii) Market risk management

Market risk is the risk of loss in on- and off-balance sheet positions arising from fluctuations in market prices due to changes in interest rates, exchange rates and other market factors. The Bank is exposed to market risk primarily through its banking and trading business portfolios. The market risks associated with the banking business portfolio of the Bank include interest rate risk and exchange rate risk. The primary market risks associated with the Bank's trading business portfolio are fluctuations in the market value of trading positions, which are affected by movements in observable market variables, such as interest and exchange rates. The principal objective of the Bank's market risk management is to limit potential market losses to acceptable levels based on its risk appetite while seeking to maximize risk adjusted returns.

The Bank's organizational structure for market risk management includes its front, middle and back offices. The Board of the Bank assumes ultimate responsibility for management of market risk. The Bank's senior management implements market risk management strategies and policies approved by its Board. The Bank's business departments implement market risk management measures in their daily operations.

In the first half of 2024, the Bank closely monitored market changes and further refined the market risk management system. Market risks were fully measured based on sensitivity analysis, duration, value at risk (VaR) and other tools. Abilities of identification, evaluation and prevention of market risks were further strengthened. The Bank strictly managed market risk limits and continued to monitor transaction limits, stop-loss limits and risk limits. The Bank also provided early warning and took effective measures for potential risks. Based on the results of its regular stress tests, market risk management strategies and methods were adjusted in a timely manner to further enhance the market risk management level.

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(A) Interest rate risk management

Interest rate risk refers to the possibility that uncertainty in changes in market interest rates may cause losses to commercial banks. Changes in interest rates may cause changes in future replacement cash flows or their discounted values for on- and off-balance sheet operations, resulting in a decline in the Bank's overall economic value, which may cause the Bank to suffer losses. Based on a variety of sources, interest rate risk can be categorized into repricing risk, yield curve risk, benchmark risk and optionality risk. The interest rate risk of the Bank mainly includes re-pricing risk (also known as maturity mismatch risk), which is due to the difference between the maturity dates of assets, liabilities and off-balance sheet positions of the Bank (for fixed interest rate) or the re-pricing period (for floating interest rate). The Bank has established a banking book interest rate risk management system in line with the risk profile and business complexity, which is consistent with the Bank's overall development strategy and overall risk management system. The goal of banking book interest rate risk management is, according to the risk management level and risk preference of the Bank, to ensure the controllability of adverse impact of interest rate changes on the Bank's returns and value, achieve an effective balance of income, risk and capital within the tolerable interest rate risk limit, pursue reasonable benefits, mitigate the adverse impact of market fluctuations and better respond to the challenges from external risks.

The Bank has established a governance structure compatible with its interest rate risk management, which mainly comprises the Board and its Risk Management Committee, the senior management and its Asset and Liability Management Committee, departments at the front and middle offices, branches and subsidiaries. Such governance structure is also under the supervision of the Board of Supervisors and subject to audit by the audit department. The senior management is responsible for the specific management of the interest rate risk of the Bank, while the Asset and Liability Management Committee performs relevant functions as authorized by senior management, including the formulation, evaluation, supervision and implementation of interest rate risk preferences and interest rate risk management strategies, policies and procedures. Each management level has clear division of work, ensuring that the interest rate risk management can be carried out independently and effectively with sufficient resources.

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In the first half of 2024, the Bank continued to follow the operation principle of security and stability, formulated banking book interest rate risk management strategies based on factors such as risk preference, risk profile, macroeconomic and market changes, and defined management objectives and management modes, and adopted multiple measures to enhance the interest rate management of the Bank. Firstly, the Bank perfected the interest rate risk management strategy. The Bank formulated and implemented corresponding management policies based on the forecast of interest rate trend and measurement results of changes in overall return and economic value to ensure that the interest rate risk level actually borne by the Bank is consistent with the risk tolerance. Secondly, the Bank continued to optimize the maturity structure of assets and liabilities. The Bank strengthened the gap risk management, built a reasonable portfolio maturity profile, appropriately adjusted the business contract term and repricing term, to reduce the impact of interest rate changes on the banking book interest rate risk. Thirdly, the Bank established and improved the pricing management system. The Bank continued to enhance the management of the internal funds transfer pricing system (FTP) and loan rate pricing mechanism (RPM), scientifically formulated the pricing strategies, improved deposit and loan pricing management methods, continuously enhanced pricing capabilities, objectively evaluated the interest rate situation of each institution and product and its ability to generate profits, played the role of price leverage in guiding business strategies and business development, realized the optimal allocation of resources and structure, enhanced the market competitiveness, and continuously improved the ability to manage and control interest rate risk. Fourthly, the Bank comprehensively improved the level of interest rate risk management. The Bank strengthened the identification, measurement, monitoring and control of interest rate risk and regularly conducted stress tests of banking book interest rate risk. Based on statistics of the maturity mix of repricing of rate-sensitive assets and liabilities, the Bank designed different interest rate shock scenarios and pressure scenarios to measure the impact of interest rate fluctuation on its economic value under specific interest rate shock scenarios and analyze the potential interest rate risk level of banking books of the Bank based on the changes in economic values. The Bank reduced the impact of banking book interest rate risk on businesses of the Bank without prejudicing its revenue and comprehensively enhanced the risk management level of the Bank's banking book interest rate. Fifthly, the Bank set up the interest rate risk management system. The Bank has set up the interest rate management system adaptable to the requirements of development strategies, risk management capabilities and Shareholders' returns of value of the Bank, to effectively balance the asset and liability coordinated development demands, market competition and tolerance level of financial indicators, ensure the match of business growth with price changes under the general principle of quantity and price balance, realizing the effective balance among benefits, risks and capital. Sixthly, the Bank unified and balanced the stabilizing of growth and risk prevention and control. The Bank adhered to the sound and prudent interest rate risk appetite, intensified the analysis of macro policies and interest rate trends, improved the forward looking, scientific, initiative control mechanism of interest rate risk management strategies accurately controlled the assets and liabilities layout and interest rate risk exposure, scientifically formulated the interest rate preference and strategies, optimized the interest rate risk monitoring system, maintained regulatory indicators and interest rate risk controllable, realized the balanced growth of the Bank's revenue for the period and long-term value, and improved the overall value creation level.

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(B) Exchange rate risk management

Exchange rate risk is the risk of loss to on- and off-balance sheet businesses of the Bank due to adverse changes in exchange rate. The exchange rate risk of the Bank is mainly due to mismatches in the currency denominations of its assets and liabilities and the maturity profile of foreign exchange transactions. The Bank manages exchange rate risk by reasonably matching the source and utilization of funds. The Bank applies foreign exchange exposure analysis and sensitivity analysis to measure exchange rate risk. It also seeks to minimize the management cost of exchange rate risk and impact of exchange rate fluctuations and to maintain exchange rate risk within an acceptable range by managing risk exposure limits and choosing appropriate transaction currency.

In the first half of 2024, the Bank adhered to the management philosophy of neutral exchange rate risk. The Bank avoided transactions with high exchange rate risks, monitored foreign exchange positions on a real-time basis, settled major transactions in a timely manner, implemented zero position management on a daily basis, to effectively reduce exchange rate risk. The Bank revalued monetary balance sheet items and non-monetary items at fair value daily to prevent the foreign exchange risk on translation. The Bank has reasonably arranged the utilization of foreign currency funds, matched currency, maturity of transactions, to obtain stable returns. The Bank has fully studied the effect of exchange rate changes in the foreign exchange market on revenue for the current period to proactively avoid potential systematic risks, and comprehensively improve the exchange rate risk management level of the Bank.

(iii) Operational risk management

Operational risk refers to the risk of loss caused by incomplete corporate governance structure, defective internal control procedures, failures of employees and IT systems or external events. Operational risk events include risk of internal and external fraud, risk relating to customers, products and operations and risk of errors and malfunctions of IT systems.

The Board of the Bank is ultimately responsible for operational risk management and reviewing operational risk policies. The Bank's senior management is responsible for coordinating daily operational risk management. The Bank's legal compliance department mainly leads the management of operational risks and is responsible for the daily monitoring, identification, evaluation and control of operational risks and reporting to senior management. The risk management department, all business departments, branches and sub-branches are integral to the Bank's operational risk management framework. The Bank manages and controls operational risks through reporting, balancing authority and supervision systems.

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In the first half of 2024, the Bank implemented various measures to continuously optimize the operational risk management and enhance its risk management and control capability. Firstly, the Bank conducted investigation on abnormal behavior of employees. Quarterly inspections were carried out in respect of labor discipline, leave taking, shift duty, mandatory leave, avoidance of duty performance and abnormal behavior of employees, which have effectively forestalled and resolved existing abnormal behavior among all employees of the Bank. Secondly, the Bank implemented self-inspection and monitoring of accounting works. Quarterly inspections were carried out in nine aspects including duty performance of account management officers, basic accounting work, cashier management, negotiable certificates and important blank vouchers management. Separate records with clear guidelines on rectifications and designated person-in-charge were issued for each of the inspections. Thirdly, systems related to consumer rights protection were refined. The Bank strengthened its product and service management and proactively held various promotional activities to spread financial knowledge and basic legal knowledge to the public to enhance their awareness of legal system and capability of self-protection, which have effectively fulfilled the responsibility in protecting consumer rights. Fourthly, the information management system was enhanced. The key tasks in 2024 include 20 items in 4 aspects. Firstly, continue to consolidate infrastructure construction and continue to provide high-performance and high-reliability flexible resources; secondly, focus on ensuring information security, continuously improve various emergency proposals and conduct drills, and establish an all-round and three-dimensional information security system; thirdly, optimize the application structural system and promote the construction of key projects such as the operation of the Cloud Credit (雲信貸) and the Labor Union Card (公會卡); fourthly, improve the digital operation support and give full play to the value of data in business fields and operation and management.

(iv) Liquidity risk management

Liquidity risk refers to the risk of failure to secure sufficient funds to fulfil payment obligations at reasonable cost and in a timely manner. Liquidity risk is largely affected by external factors such as macroeconomic policies, changes in financial markets and competitive strengthens of the banking industry. Liquidity risk is also affected by internal factors such as maturity profile of assets and liabilities business structure, deposit stability, financing capability. Under extreme circumstances, inadequate liquidity will result in settlement risk of commercial banks. The Bank's liquidity risk management aims to establish and continuously improve the strategy, policy and procedure of liquidity risk management and to specify the organization structure and responsibilities of the relevant functional departments so as to effectively identify, measure, monitor and control liquidity risks. The objective of liquidity risk management is to maintain the balance of safety, liquidity and efficiency of its operation.

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The Bank has established an effective liquidity management framework, decision-making system and related procedures. The Board of the Bank is ultimately responsible for liquidity risk management, and shall review and approve the policy, strategy and procedure relating to the liquidity management of the Bank and limit of liquidity risk according to its risk appetite. The Board will receive regular reports on the major and potential changes of the Bank's liquidity risks. The Assets and Liabilities Management Committee under the senior management is responsible for the implementation of the strategies and policies and procedures of liquidity risk management. The planning financial department is responsible for the daily liquidity risk management and to cooperate with business departments to orderly and efficiently manage the liquidity risk management system.

In the first half of 2024, by continuously adhering to the four operating principles of unified management, security and prudence, forward-looking management and full coverage, the Bank strengthened the prospective and proactive management of liquidity. The Bank's operations and liquidity management were effectively integrated, and overall liquidity remained stable. Firstly, the Bank strengthened the construction of the liquidity risk management system. According to relevant requirements of liquidity risk management, in combination with the actual business development condition and organizational structure adjustment of the Bank, the Bank further revised the Management Measures for Liquidity Risk (《流動性風險管理暫行辦法》), the Management Measures for Liquidity Risk Limit (《流動性風險限額管理辦法》), the Management Measures for Capital Position (《資金頭寸管理暫行辦法》) and the Emergency Response Plan for Liquidity Risks (《流動性風險應急處置預案》), promoted the liquidity risk management of the Group with clear responsibilities and obligations, standardized procedures and effective control and management. Secondly, the Bank conducted emergency drills. In April, the Bank conducted the liquidity risk emergency drills. In the course of drills, the management team could respond rapidly and appropriately, and members of various teams could coordinated and cooperated to conduct emergency collaboration in a prompt manner according to the emergency plan and functional requirements, and smoothly completed the drill tasks including financing and fund allocation, further improved the emergency response capability, enhanced the liquidity risk prevention awareness, and strengthened the liquidity risk management level. Thirdly, the Bank strictly enforced its liquidity risk management policies and preferences. In the first half of the year, the central bank lowered the RMB statutory reserve requirement ratio by 0.25 percentage points, which made the Bank's liquidity more abundant. Meanwhile, in response to changes in internal and external circumstances, such as monetary policy adjustments and operational structural adjustments, the Bank coordinated the relationship between safety, liquidity and efficiency, and played its role in supporting the development of the real economy. Fourthly, the Bank conducted liquidity risk stress tests on a quarterly basis. The Bank developed appropriate stress scenarios and scientifically set up stress test parameters according to actual condition and the study on market environment, to fully reflect the cash flow gap and financing extension capability after risk mitigation, and put forward relevant proposed measures based on test results, which provided basis for improving liquidity risk management system, strategy and emergency management, and effectively improved the response ability to the liquidity risk under extreme circumstances.

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(v) Reputational risk management

Reputational risk is the risk of negative evaluation of the Bank by stakeholders resulting from the Bank's operations, management, other activities or external events. The Bank's reputational risk management aims to identify, monitor, manage and mitigate reputational risk through the establishment of a proactive, reasonable and efficient reputational risk management mechanism. These efforts allow the Bank to establish and maintain a positive image for its sustainable, steady and healthy development.

The Board of the Bank bears ultimate responsibility for reputational risk management. The Risk Management Committee under the Board is responsible for the monitoring and evaluation of the Bank's reputational risk management and providing opinions for the Board to make decisions on reputational risk management. The senior management is responsible for taking the lead in the specific reputational risk management of the Bank and implementing the reputational risk management strategies and policies formulated by the Board. The senior management is also responsible for approving systems, methods, operational procedures and handling plans of reputational events related to reputational risk management to ensure smooth and effective operation of the reputational risk management system.

In the first half of 2024, the Bank strictly complied with relevant requirements, continuously pushed ahead the normal management of reputational risk, and continuously improved the quality and efficiency of reputational risk management. Firstly, the Bank improved the mechanism and system. Combined with the actual condition of the Bank, the Bank revised the Management Measures for Reputational Risk (《聲譽風險管理辦法》), the Emergency Response Plan for Reputational Risk (《聲譽風險應急處置工作預案》) and other policies, further optimized the management procedures and improved the management efficiency. Meanwhile, the Bank incorporated the reputational risk into the consolidated management system of the Group, guided subsidiaries to revise the management policies and emergency response plan of reputational risk in a timely manner, further broadened the coverage of reputational risk management and achieved smooth and consistent channels. Secondly, the Bank perfected the evaluation mechanism. The Bank adhered to the prevention-oriented management concept, continuously improved the pre-assessment mechanism, fully assessed internal and external risk factors, studied and judged public opinion risk exposure, scientifically formulated countermeasures and enhanced the initiative of reputational risk management. Thirdly, the Bank strengthened the public opinion management. The Bank standardized the information disclosure and improved the quality of information disclosure. The Bank improved the 7×24-hour public opinion information monitoring mechanism, increased the monitoring and analysis frequency of information. The Bank intensified the publicity efforts, reflected the implementation, experience and results of key tasks of the Bank in a timely and accurately manner, and established a good brand image. Fourthly, the Bank carried out emergency drills. The Bank and its subsidiaries organized reputational risk emergency response drills to further standardize the reputational risk emergency response procedures and enhance emergency response capabilities.

Chapter 4 Management Discussion and Analysis

(vi) Legal and compliance risk management

Legal and compliance risk refers to the risk of legal sanctions, regulatory penalties and significant financial losses resulting from the failure to comply with laws and regulations. The Bank's legal and compliance risk management aims to establish an effective and comprehensive compliance risk management structure, specify the obligation of risk management, promote the culture of compliance, improve the comprehensive risk management system to ensure the compliance of operation.

The Bank incorporates legal and compliance risk management in the development of its corporate culture as well as its comprehensive risk management system in order to establish a top-down compliance risk management system. In the first half of 2024, adhering to the principle of achieving growth in compliance with the regulations, the Bank prioritized internal control and further improved the effectiveness of its compliance management. Firstly, in order to establish a sound system and strengthen the construction of internal control and compliance engineering, the Bank initiated system governance in accordance with the requirements of the provincial federation. In the first half of the year, the work entered the stage of establishing and interpreting regulations. The Bank completed the formulation, amendment and reviewing of relevant systems in an orderly manner in accordance with the System Construction Planning Table (《制度建設規劃表》) and the Basic Regulations for System Management of Rural Credit Cooperatives in Jilin Province (《吉林省農村信用社制度管理基本規定》). Secondly, in order to strengthen the Bank's compliance construction, cultivate a sound and prudent business culture, consolidate the foundation of high-quality development, achieve the construction goals of "improved internal control system, continuously enhanced internal control efficiency, stronger consciousness of compliance, and continuous cultivation of compliance culture", and promote the deepening of "reforming to reduce risks, improving quality and efficiency", the Bank strengthened the compliance foundation work and organized the "Year of Internal Control and Compliance Management Construction" activity. Thirdly, the Bank strengthened case risk investigation on major entities, major business sectors and employees in major positions to achieve comprehensive prevention. The Bank paid high attention to case prevention and eliminated potential problems in a timely manner to effectively mitigate risks. In the first half of the year, case risk investigations for the first and second quarters and rectification of unlawful fundraising related to pension were carried out. Fourthly, the Bank consolidated its foundation to strengthen compliant operation of grassroots institutions. The Bank instructed grassroots institutions to enhance the study of rules and regulations and conduct warning education, which further raised the compliance awareness of all employees.

Chapter 4 Management Discussion and Analysis

(vii) IT risk management

IT risk refers to the operational, reputational, legal and other risks arising from the use of information technologies due to natural factors, human factors, technical constraints, management defects and other factors. The Bank's IT risk management aims to identify, measure, monitor and control IT risks through the development of effective systems. In doing so, the Bank seeks to ensure its safe and stable operation and promote business innovation through the application of advanced information technology, improve the use of information technology to enhance core competitiveness and sustainable development.

The Bank has established the IT Committee responsible for overseeing and guiding the work of IT. The Bank has included IT risks in its comprehensive risk management system while the IT department is responsible for implementation of specific IT risk management policies, plans and programs.

In the first half of 2024, through measures such as perfecting the IT risk management system, enhancing the security and protection capability of FinTech, and consolidating the management capability of business continuity, the Bank strengthened identification, measurement, monitoring and control of IT risks and realized a comprehensive and integrated IT risk management mechanism. Firstly, the Bank improved IT risk management system. The Bank revised and improved 5 IT systems, including the Electronic Equipment Management Regulations (《電子設備管理辦法》) and Data Asset Classification Management Regulations (《數據資產分級管理辦法》), to further strengthen the risk management, effectively prevent IT risks, and ensure the safe and stable operation of the information system. The Bank launched regularly IT risk assessment to comprehensively analyze and evaluate IT risks and their management from the dimensions of IT management, IT critical infrastructure management, information security management, outlet security management, network security management, host security management, system development and testing management, business continuity management, and IT outsourcing management. The Bank enhanced the level of risk identification and risk control, and established a good IT risk assessment mechanism. The Bank organized and launched 5 IT project inspections and reviews covering IT organization structure, system development, system changes, data backup, business continuity and outsourcing management. Through launching skills training for technical staff and on-site inspections of outlets, the Bank strengthened network security management and protection capabilities, implemented the security management system for outlets.

Chapter 4 Management Discussion and Analysis

Through a combination of online and offline approaches, the Bank strengthened the cyber security awareness of all staff and the information security skills of technology personnel. Secondly, the Bank enhanced the financial technology security protection capability. By strengthening security protection, improving systems and standards, enhancing security awareness, and establishing and improving information security protection mechanisms, the Bank continued to intensify its efforts in fintech security management, constructed an all-round, full-process cybersecurity technology protection system, and enhanced its ability to respond to major cyberthreats, major disasters, and unforeseen events. Guided by the ISO 27001 system, the Bank has formulated information security work plan for 2024, implemented key tasks such as network architecture optimization and data management, and continuously optimized its technology internal control management strategies and processes. The Bank carried out network security optimization, terminal security protection, system security reinforcement, backup management optimization, and monitoring system optimization to ensure the safe and reliable operation of the business systems, and to provide adequate protection for the rapid uploading of the business systems. The Bank implemented network security optimization, upgraded the versions of security equipment such as IPS, WAF, IDS, log audit, anti-virus wall, and improved the security principles. The Bank continued to optimize the network big data analysis platform, realized proactive and intelligent analysis of massive security alarms, and realized intelligent, automated and integrated management. Thirdly, the Bank strengthened its business continuity management capabilities. Guided by the ISO 22301 system, the Bank further improved the construction of information security and operation and maintenance system, realized the standardization and systematic management of IT operation and maintenance and business continuity, and formed an emergency response mechanism with prevention as the mainstay and continuous improvement, so as to better provide high-efficiency IT services and business continuity protection. On the basis of business impact analysis, the Bank improved various contingency plans and formulated contingency drill plans. In the first half of 2024, the Bank organized and launched 7 contingency drills for the data center's electrical system, air-conditioning system, outbound leased line switching, data platform database and data backup. The Bank improved its emergency response capability, verified the effectiveness of emergency plans and the completeness of emergency resources, enhanced the risk awareness of the emergency response team and its emergency response capability in handling unexpected events, and ensured the safe and reliable operation of the data center and business systems.

Chapter 4 Management Discussion and Analysis

(viii) Anti-money laundering and anti-terrorism financing management

Anti-money laundering management refers to the measures for preventing money laundering activities related to cover up and conceal of drugs dealing, organized crime, terrorism, smuggling, corruption and bribery, breaking the order of financial management and financial fraud.

The Bank has included anti-money laundering risk management into its comprehensive risk management system, and the Board bears the ultimate responsibilities of anti-money laundering risk management. The Board has established the management culture of anti-money laundering, reviewed and decided the strategies of anti-money laundering management and reviewed and approved the policies and procedures for anti-money laundering management. The Board receives periodic anti-money laundering report to understand major anti-money laundering events and the treatments in a timely manner. The senior management of the Bank is responsible for the implementation of anti-money laundering management and the execution of the Board's resolutions. The legal compliance department is the Bank's specific management department for anti-money laundering, which is responsible for the identification, assessment, supervision, reporting, inspection and control of anti-money laundering.

In the first half of 2024, the Bank duly performed its responsibilities in anti-money laundering and anti-terrorism financing, and continued to enhance the anti-money laundering risk management. Firstly, the Bank improved its systems and policies. In strict compliance with the regulatory requirement, the Bank further improved its anti-money laundering system and enhanced the effectiveness and comprehensiveness of the anti-money laundering management system. The Bank further consolidated the internal mechanism for anti-money laundering and coordinated the work of different departments and organizations to ensure the performance of anti-money laundering tasks in high quality. Secondly, the Bank further strengthened its building of teams. The Bank conducted regular special training on anti-money laundering to promote employees' awareness of compliance with anti-money laundering requirements and strengthen their professional skills, so as to enhance their duty performance. Thirdly, the Bank implemented more effective monitoring and management. In order to prevent money laundering risk, the Bank further improved the internal control level, strengthened the risk prevention and control ability of anti-money laundering and ensured the order and stability of the economy and financial market through regular internal self-investigation of anti-money laundering and comprehensive customer management covering the whole process from pre-loan management and loan extension to post-loan management. The Bank conducted comprehensive anti-money laundering investigation and data monitoring and analysis and further refined the management of customer identification information in order to prevent and eliminate money-laundering crimes. Fourthly, the Bank developed the culture of anti-money laundering. The Bank proactively carried out anti-money laundering promotion with innovative methods, expanded coverage and extended promotion period to further strengthen the public knowledge and participation in anti-money laundering, thereby creating a good social atmosphere valuing anti-money laundering.

Chapter 4 Management Discussion and Analysis

(ix) Internal audit

The Bank's internal audit is risk prevention oriented and includes independent, objective supervision, assessment and consultancy. It reviews, assesses and supervises the improvement of business operation, risk management, internal control and compliance and effectiveness of corporate governance of the Bank through systemized and standardized methods in order to promote the sound development of the Bank and the realization of the strategic targets of the Board.

The work objective of the Bank's internal audit is to promote the implementation of government's economic and financial laws and regulations, guidelines and policies, rules of regulatory authorities and various rules and regulations of the Bank. It raises opinions and makes suggestions on risk management, internal control and compliance and the effectiveness of corporate governance of the Bank within the Bank's risk management framework so that risks can be controlled at an acceptable level. The internal audit is also aimed at continuous improvement of the Bank's business operation, and management, and the enhancement of values.

The Bank's internal audit mainly consists of an internal audit organization system and an internal audit system at both the Group and subsidiary levels. A relatively independent and vertically managed internal audit organization has been established under the organizational system, with audit supervision covering all businesses and organizations of the Group. The independent and vertical internal audit management system at the Group level consists of the Board of Directors of the Bank, the Audit Committee, the audit department, the audit center and the audit staff under the Board of Directors of the Head Office, which are responsible for the corresponding division of responsibilities at the Group level. The audit department centrally organizes and manages the Group's audit work. The independent and vertical internal audit management system of village and township banks consists of the board of directors and supervisors of village and township banks and the specialized and independent audit positions, which are responsible for the corresponding division of responsibilities at their respective levels. Each village and township bank has set up a dedicated and independent audit position, which is subject to the dual management of the third center of on-site auditing of the audit department and the village and township banks, and the third center of on-site auditing of the audit department will make uniform arrangements for the deployment and organization of the auditing work.

The Bank's internal audit is independent from its business operation, risk management and internal control and compliance, and does not bear the responsibility of designing and operating the business system, fulfilling operational function, preparing financial statements, or initiating or approving business affairs. It is responsible for the evaluation of the performance of business operation, risk management, internal control and compliance and other functions and overseeing the rectification process in order to ensure the independence and effectiveness of audit.

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The Bank's internal audit performs its duties through on-site audits, off-site audits, scheduled audits, non-scheduled audits, pre-notice audits, ad-hoc audits, comprehensive audits, special audits and audit investigation, to conduct audits for audit supervision and inspection, risk management review, case risk investigation, audit supervision and evaluation, and audit supervision and rectification, and achieved the business target of the year of promoting operation and management activities, effectively preventing operation risks, promoting case prevention and control, promoting the authenticity and effectiveness of internal control evaluation, and correcting violations in a timely manner.

The Bank's internal audit audits and evaluates the Bank's operation management, practices, and performances through routine audit, including comprehensive audits, authenticity of final accounting and economic responsibility auditing, as well as audits and evaluations on the performance of key positions; strengthens the audits and supervision of the business practices and daily operations of the Bank's staff through position exchanges or ad-hoc audits to prevent operational risks and ethical risks. The Bank has also strengthened the implementation of rules and regulations and the audits have fulfilled the functions to identify, remedy and prevent errors, deviations, faults and omissions.

(b) Risk Management of the Subsidiaries

As a separate legal entity, each subsidiary has established a risk management and internal control system in accordance with the applicable regulatory requirements.

The Bank participates in formulating the risk management policies and strategies of each subsidiary through the Board representatives of the subsidiaries. The Bank supervises and monitors the implementation of the risk management processes of the subsidiaries through the risk management personnel sent or designated by the Bank and through the Bank's village and township bank management department.

(i) Credit risk management

The respective policies of the subsidiaries provide for the management of credit risk through various mechanisms, including customer screening mechanism, credit exit mechanism, risk alert mechanism and non-performing asset disposal mechanism.

Chapter 4 Management Discussion and Analysis

(ii) Market risk management

The respective policies require each subsidiary to manage interest rate risks arising from its banking accounts by adjusting the mix of assets and liabilities through interest rates adjustment for different types of products and developing new products. Each subsidiary also revalues its trading account positions on a regular basis, closely monitors trading limits, stop-loss limits and risk limits, and monitors market risks using measures such as stress tests.

(iii) Operational risk management

Each subsidiary has established an operational risk management system and related policies and procedures to strictly divide the duties of front, middle and back offices.

(iv) Liquidity risk management

The respective policies of each subsidiary provide for the management of liquidity risk through (i) a reporting system for large fund movement and a reasonable allocation of funds to increase returns on assets; (ii) closely monitoring movements in key liquidity indicators; (iii) adjusting the maturity profile of assets and liabilities; and (iv) conducting periodic cash flow analyzes and liquidity stress tests.

(v) Reputational risk management

The respective policies of each subsidiary provide for the management of reputational risk through (i) a system framework that clearly defines duties and responsibilities; (ii) a public opinion reporting system and classification systems for reputational events and public opinion; and (iii) contingency plans with specific procedures for handling reputational risk.

(vi) Legal and compliance risk management

The respective policies of each subsidiary provide for the management of legal and compliance risk through (i) regular compliance training; and (ii) a whistle-blower system to encourage employees to report non-compliance events.

Chapter 4 Management Discussion and Analysis

(vii) IT risk management

Each subsidiary has formulated comprehensive procedures and policies to manage IT risks. Each of them has also established business continuity management and contingency plans to manage the risk of business interruption.

(viii) Anti-money laundering and anti-terrorism financing management

Each subsidiary has established comprehensive anti-money laundering and antiterrorism financing management rules and procedures in accordance with the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》) and regulations promulgated by the PBOC, including, among others, customer identification, an anti-money laundering information monitoring and reporting system and mandatory anti-money laundering training. Each subsidiary is required to report suspicious transactions to the China Anti-Money Laundering Monitoring and Analyzing Center (中國反洗錢監測分析中心) individually as a separate legal entity in accordance with the relevant regulatory requirements.

(ix) Internal audit

Each subsidiary has designated auditors to perform independent audits, supervision and assessments and provide independent advice.

6 Analysis on Capital Adequacy Ratio

All commercial banks in China are required to comply with the capital adequacy ratio requirements promulgated by the National Financial Regulatory Administration (the former CBIRC). Since 1 January 2024, the Group has calculated and disclosed capital adequacy ratios in accordance with the Administrative Measures for the Capital of Commercial Banks (《商業銀行資本管理辦法》) (previously in accordance with the Administrative Measures for the Capital of Commercial Banks (Trial) (《商業銀行資本管理辦法(試行)》)). The capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio of commercial banks in China (except systematically important banks) shall not be no lower than 10.5%, 8.5% and 7.5%, respectively.

Chapter 4 Management Discussion and Analysis

The following table sets forth certain information relating to the Group's capital adequacy ratio as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 30 June 2024	As of 31 December 2023
Core capital		
Paid-up capital	5,074.2	5,074.2
Qualifying portions of capital reserve	4,256.8	4,256.8
Surplus reserve	1,237.3	1,237.3
General risk reserve	2,747.6	2,747.2
Investment revaluation reserve	241.6	107.6
Retained earnings	2,810.3	2,684.2
Qualifying portions of non-controlling interests	1,476.2	1,483.4
Core tier-one capital deductions ⁽¹⁾	(501.6)	(561.5)
Net core tier-one capital	17,342.4	17,029.2
Other tier-one capital ⁽²⁾	183.1	184.8
Net tier-one capital	17,525.5	17,214.0
Tier-two capital		
Qualifying portions of tier-two capital instruments issued	2,160.0	2,320.0
Surplus reserve for loan impairment	2,304.6	2,267.0
Qualifying portions of non-controlling interests	374.9	362.9
Net capital	22,365.0	22,163.9
Total risk-weighted assets	195,962.7	195,300.0
Core tier-one capital adequacy ratio (%)	8.85%	8.72%
Tier-one capital adequacy ratio (%)	8.94%	8.81%
Capital adequacy ratio (%)	11.41%	11.35%

Notes:

(1) Primarily includes other intangible assets excluding land use rights, goodwill and deferred tax recognized for tax losses.

(2) Primarily includes tier-one capital instruments such as preferred shares and their premiums and qualifying portions of non-controlling interests.

Chapter 5 Changes in Share Capital and Particulars of Shareholders

I. Changes in Share Capital of the Bank during the Reporting Period

As of 30 June 2024, the share capital of the Bank was as follows:

Description of Shares	Number of Shares	Approximate percentage in issued share capital (%)
Domestic Shares	4,107,690,457	81.0
H Shares	966,501,112	19.0
Total	5,074,191,569	100.0

Chapter 5 Changes in Share Capital and Particulars of Shareholders

II. Particulars of Shareholders

(I) Particulars of Shareholdings of the Top Ten Holders of the Domestic Shares of the Bank

As of 30 June 2024, the top ten holders of the Domestic Shares of the Bank are set out as follows:

Number	Name of Shareholder	Total number of Shares held at 30 June 2024	Approximate percentage in the total issued share capital of the Bank at 30 June 2024 (%)	Pledged or frozen
1	Jilin Province Trust Co., Ltd. (吉林省信託有限責任公司)	487,618,170	9.61	240,000,000
2	Changchun Huaxing Construction Co., Ltd. (長春華星建築有限責任公司)	417,742,818	8.23	–
3	Changchun Huamei Tourism and Culture Media Co., Ltd. (長春市華美旅遊文化傳媒有限公司)	231,580,506	4.56	–
4	Changchun Dingxing Construction Engineering Co., Ltd. (長春鼎興建築工程有限公司)	140,805,193	2.77	–
5	Changchun Longde Real Estate Development Co., Ltd. (長春市隆德房地產開發有限公司)	129,825,167	2.56	95,700,000
6	China Wood (Group) Co., Ltd. (中國木材(集團)有限公司)	127,786,982	2.52	127,786,982
7	Jilin Province Longyuan Agricultural Production Group Co., Ltd. (吉林省隆源農業生產資料集團有限公司)	125,552,340	2.47	–
8	Jishi Media Co., Ltd. (吉視傳媒股份有限公司)	111,599,871	2.20	–
9	Jilin Province Jiapeng Group Co., Ltd. (吉林省嘉鵬集團有限公司)	106,067,642	2.09	–
10	Changchun Changqing Pharmaceutical Group Co., Ltd. (長春長慶藥業集團有限公司)	97,955,688	1.93	–
Total		1,976,534,377	38.94	463,486,982

Chapter 5 Changes in Share Capital and Particulars of Shareholders

(II) Interests and Short Positions of Substantial Shareholders and Other Persons

To the best knowledge of the Bank, as at 30 June 2024, the following persons (other than the Bank's Directors, Supervisors and chief executive) had or be deemed or taken to have interests and/or short positions in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Bank pursuant to Section 336 of Part XV of the SFO and which would be required to be disclosed to the Bank and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, were interested in 5% or more of the nominal value of any class of the Bank's share capital carrying rights to vote in all circumstances at the shareholders' general meetings of any other member of the Bank:

Name of Shareholder	Nature of Interests	Class of Shares	Number of Shares directly or indirectly held ⁽⁶⁾	Approximate percentage of the total issued share capital of the Bank (%)	Approximate percentage of the relevant class of Shares of the Bank (%)
Domestic Shares					
Jilin Province Trust Co., Ltd. (吉林省信託有限責任公司)	Beneficial owner	Domestic Shares	487,618,170(L)	9.61	11.87
Changchun Huaxing Construction Co., Ltd. (長春華星建築有限責任公司)	Beneficial owner	Domestic Shares	417,742,818(L)	8.23	10.17
Changchun Huamei Tourism and Culture Media Co., Ltd. (長春市華美旅遊文化傳媒有限公司)	Beneficial owner	Domestic Shares	231,580,506(L)	4.56	5.64
Jilin Province He'an Automobile Leasing Co., Ltd. (吉林省和安汽車租賃有限公司) ⁽¹⁾	Interest in controlled corporation	Domestic Shares	231,580,506(L)	4.56	5.64
Li Wei (李偉), Wang Xiangli (王祥力) ⁽²⁾	Interest in controlled corporation	Domestic Shares	231,580,506(L)	4.56	5.64
H Shares					
China Create Capital Limited	Beneficial owner	H Shares	179,778,119(L)	3.54	18.60
Wang Tao (王濤) ⁽³⁾	Interest in controlled corporation	H Shares	179,778,119(L)	3.54	18.60
China Huarong Overseas Investment Holdings Co., Ltd.	Beneficial owner	H Shares	125,245,750(L)	2.47	12.96
Huarong Huaqiao Asset Management Co., Ltd. (華融華僑資產管理股份有限公司) ⁽⁴⁾	Interest in controlled corporation	H Shares	125,245,750(L)	2.47	12.96
China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司) ⁽⁵⁾	Interest in controlled corporation	H Shares	125,245,750(L)	2.47	12.96
China Asset Management (Hong Kong) Limited	Investment manager	H Shares	125,245,750(L)	2.47	12.96
Longyuan International (Hongkong) Limited	Beneficial owner	H Shares	127,891,523(L)	2.52	13.23
Aurum Thrive Limited (金隆有限公司)	Beneficial owner	H Shares	57,232,401(L)	1.13	5.92
Zhang Dan (張丹) ⁽⁶⁾	Interest in controlled corporation	H Shares	57,232,401(L)	1.13	5.92
Huijin Capital Limited	Beneficial owner	H Shares	60,167,559(L)	1.19	6.22
Mia Chen ⁽⁷⁾	Interest in controlled corporation	H Shares	60,167,559(L)	1.19	6.22

Chapter 5 Changes in Share Capital and Particulars of Shareholders

Notes:

- (1) Jilin Province He'an Automobile Leasing Co., Ltd. holds 100% equity interest in Changchun Huamei Tourism and Culture Media Co., Ltd. According to the SFO, Jilin Province He'an Automobile Leasing Co., Ltd. is deemed to be interested in the Shares held by Changchun Huamei Tourism and Culture Media Co., Ltd.
- (2) Jilin Province He'an Automobile Leasing Co., Ltd. holds 100% equity interest in Changchun Huamei Tourism and Culture Media Co., Ltd., and Ms. Li Wei and Mr. Wang Xiangli directly hold 50% of the total issued share capital of Jilin Province He'an Automobile Leasing Co., Ltd., respectively. According to the SFO, Ms. Li Wei and Mr. Wang Xiangli are deemed to be interested in the Shares held by Changchun Huamei Tourism and Culture Media Co., Ltd.
- (3) Wang Tao holds 100% of the total issued share capital in China Create Capital Limited. According to the SFO, Wang Tao is deemed to be interested in the Shares held by China Create Capital Limited.
- (4) China Huarong Overseas Investment Holdings Co., Ltd. is a wholly-owned subsidiary of Huarong Huaqiao Asset Management Co., Ltd. According to the SFO, Huarong Huaqiao Asset Management Co., Ltd. is deemed to be interested in the Shares held by China Huarong Overseas Investment Holdings Co., Ltd..
- (5) China Huarong Overseas Investment Holdings Co., Ltd. is a wholly-owned subsidiary of Huarong Huaqiao Asset Management Co., Ltd. Huarong Zhiyuan Investment & Management Co., Ltd. is a majority shareholder of Huarong Huaqiao Asset Management Co., Ltd. Huarong Zhiyuan Investment & Management Co., Ltd. is a wholly-owned subsidiary of China Huarong Asset Management Co., Ltd. According to the SFO, China Huarong Asset Management Co., Ltd. is deemed to be interested in the Shares held by China Huarong Overseas Investment Holdings Co., Ltd..
- (6) Zhang Dan holds the entire issued share capital of Aurum Thrive Limited. Aurum Thrive Limited directly holds 57,232,401 H Shares. According to the SFO, Zhang Dan is deemed to be interested in the Shares held by Aurum Thrive Limited.
- (7) Mia Chen holds 100% equity interest in Huijin Capital Limited. Huijin Capital Limited directly holds 60,167,559 H Shares. According to the SFO, Mia Chen is deemed to be interested in the Shares held by Huijin Capital Limited.
- (8) L represents long positions.
- (9) Under Part XV of the SFO, disclosure of interest forms shall be submitted by Shareholders of the Bank upon satisfaction of certain conditions. If there are changes in the Shareholders' shareholdings in the Bank, Shareholders are not required to inform the Bank and the Hong Kong Stock Exchange, except where certain conditions have been satisfied. Therefore, there could be a difference between the substantial Shareholders' latest shareholdings in the Bank and the information on their shareholdings submitted to the Hong Kong Stock Exchange. Information set out in the above table is mainly based on the disclosure of interests forms submitted by the relevant Shareholders.

Save as disclosed above, as at 30 June 2024, the Bank is not aware of any other person, other than the Directors, Supervisors and chief executive of the Bank, who had interests or short positions in the Shares and underlying Shares of the Bank, which were required to be recorded in the register of interests maintained by the Bank pursuant to section 336 of Part XV of the SFO, and which would be required to be disclosed to the Bank and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Chapter 5 Changes in Share Capital and Particulars of Shareholders

(III) Shareholders Holding 5% or More of the Share Capital

Please refer to “II. Particulars of Shareholders – (II) Interests and Short Positions of Substantial Shareholders and Other Persons” of this chapter for information on Shareholders holding 5% or more of the share capital of the Bank.

(IV) Particulars of Controlling Shareholder and Actual Controller

The shareholding structure of the Bank is diversified and the Bank does not have a controlling Shareholder or actual controller.

As of the Latest Practicable Date, the largest Shareholder of the Bank is Jilin Province Trust Co., Ltd. (吉林省信託有限責任公司), holding 487,618,170 Domestic Shares of the Bank and representing 9.61% of the total issued share capital of the Bank.

Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

I. Information on Directors, Supervisors and Senior Management Members

As at the Latest Practicable Date, the information of the Directors, Supervisors and senior management members of the Bank is as follows:

Directors

Name	Age	Position	Date of appointment as Director	Expiration of the term of office	Responsibilities
Mr. Guo Ce (郭策)	56	Chairman, Executive Director	September 2023	May 2027	Responsible for overall operations and strategic management, make material decisions and develop the business strategy
Mr. Liang Xiangmin (梁向民)	58	Vice Chairman, Executive Director	April 2016	May 2027	Participate in making material business decisions and developing the business development strategy
Mr. Yuan Chunyu (袁春雨)	52	Executive Director, Vice President, Secretary to the Board and Joint Company Secretary	December 2012	May 2027	Participate in making material business decisions and developing the business development strategy, in charge of the management of the Board's office, general office, management department of village and township banks and other departments
Mr. Liu Xiangzhi (劉向植)	39	Non-executive Director	August 2024	May 2027	Participate in making material business decisions and advise on issues relating to audit, related party transactions and nomination and remuneration of Directors, Supervisors and senior management
Mr. Zhang Yusheng (張玉生)	74	Non-executive Director	April 2015	May 2027	Same as above
Mr. Wu Shujun (吳樹君)	65	Non-executive Director	December 2012	May 2027	Same as above
Mr. Zhang Lixin (張立新)	47	Non-executive Director	August 2021	May 2027	Same as above
Ms. Wang Ying (王瑩)	40	Non-executive Director	August 2021	May 2027	Same as above

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Name	Age	Position	Date of appointment as Director	Expiration of the term of office	Responsibilities
Mr. Sun Jiafu (孫甲夫)	52	Independent Non-executive Director	August 2021	May 2027	Participate in making material business decisions, developing the business development strategy and advise on issues relating to related party transactions, audit and nomination and remuneration of Directors, Supervisors and senior management
Mr. Fong Wai Kuk Dennis (方緯谷)	47	Independent Non-executive Director	September 2021	May 2027	Same as above
Ms. Jin Xiaotong (金曉彤)	60	Independent Non-executive Director	August 2021	May 2027	Same as above
Mr. An Mingyou (安明友)	52	Independent Non-executive Director	August 2024	May 2027	Same as above
Mr. Yin Xiaoping (尹小平)	62	Independent Non-executive Director	August 2024	May 2027	Same as above

Supervisors

Name	Age	Position	Date of appointment as Supervisor	Expiration of the term of office	Responsibilities
Mr. Luo Hui (羅輝)	52	Chairman of the Board of Supervisors, Employee Supervisor	December 2008	May 2027	Take charge of the work of the Board of Supervisors and supervise the Board of Directors and senior management on behalf of the employees
Mr. Wang Enjiu (王恩久)	55	Employee Supervisor	December 2008	May 2027	Supervise the Board of Directors and senior management on behalf of the employees
Ms. Tang Kun (唐坤)	52	Employee Supervisor	May 2024	May 2027	Same as above
Ms. Dai Yundi (戴昀弟)	61	Non-employee Supervisor	June 2021	May 2027	Supervise the Board of Directors and senior management
Mr. Liu Jianxin (劉建新)	54	Non-employee Supervisor	June 2021	May 2027	Same as above
Mr. Dong Shuaibing (董帥兵)	52	Non-employee Supervisor	June 2021	May 2027	Same as above
Ms. Hu Guohuan (胡國環)	61	Shareholder Supervisor	June 2021	May 2027	Same as above

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Senior Management

Name	Age	Position	Date of appointment as senior management	Expiration of the term of office	Responsibilities
Mr. Chen Xinzhe (陳新哲)	53	President	June 2021	May 2027	Responsible for the overall management of the business operations, and take charge of planning and finance, human resources, the Party affairs departments and offices, etc.
Mr. Yuan Chunyu (袁春雨)	52	Executive Director, Vice President, Secretary to the Board and Joint Company Secretary	December 2012	May 2027	Participate in making material business decisions and developing the business development strategy, and take charge of the Board's office, general office and management department of village and township banks and other departments
Ms. Sun Haijuan (孫海娟)	51	Vice President	September 2023	May 2027	Take charge of personal finance, retail credit, business channels, technology information and other departments
Mr. Cong Jingtai (丛景泰)	52	Vice President	June 2024	May 2027	Take charge of risk management, credit approval, legal compliance, operation and management and other departments
Mr. Qin Lei (秦磊)	41	Assistant to the President	August 2022	May 2027	Responsible for the operation and management of the operation department
Ms. Ding Wei (丁巍)	46	Assistant to the President	October 2023	May 2027	Assist in management of corporate finance, inclusive finance, financial market and other departments

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II. The Sixth Session of the Board and the Board of Supervisors

The Sixth Session of the Board

In view of the expiration of the fifth session of the Board, according to the provisions of the Articles of Association, the new session of the Board has been elected. All of 13 candidates for Directors of the sixth session of the Board of the Bank submitted by the Board for consideration at the annual general meeting of 2023 held on 23 May 2024 were formally approved by the Shareholders.

The term of office of the Directors of the sixth session of the Board of the Bank will be three years, which commenced in May 2024 and will end on the expiry of the term of the sixth session of the Board.

As at the Latest Practicable Date, the members of the sixth session of the Board of the Bank include:

- Mr. Guo Ce (Chairman, executive Director)
- Mr. Liang Xiangmin (Vice Chairman, executive Director)
- Mr. Yuan Chunyu (executive Director, Vice President, Secretary to the Board and Joint Company Secretary)
- Mr. Liu Xiangzhi (non-executive Director)
- Mr. Zhang Yusheng (non-executive Director)
- Mr. Wu Shujun (non-executive Director)
- Mr. Zhang Lixin (non-executive Director)
- Ms. Wang Ying (non-executive Director)
- Mr. Sun Jiafu (independent non-executive Director)
- Mr. Fong Wai Kuk Dennis (independent non-executive Director)

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- Ms. Jin Xiaotong (independent non-executive Director)
- Mr. An Mingyou (independent non-executive Director)
- Mr. Yin Xiaoping (independent non-executive Director)

The Sixth Session of the Board of Supervisors

In view of the expiration of the fifth session of the Board of Supervisors, according to the provisions of the Articles of Association, the new session of the Board of Supervisors has been elected. All of 4 candidates for non-employee Supervisors of the sixth session of the Board of Supervisors of the Bank submitted by the Board of Supervisors for consideration at the annual general meeting of 2023 held on 23 May 2024 were formally approved by the Shareholders. In addition, the Bank convened the employee representative meeting of the Bank on 16 May 2024, at which Mr. Luo Hui, Mr. Wang Enjiu and Ms. Tang Kun were elected as the employee Supervisors of the sixth session of the Board of Supervisors of the Bank. Accordingly, the sixth session of the Board of Supervisors of the Bank has been formally established.

The term of office of the Supervisors of the sixth session of the Board of Supervisors of the Bank is three years, which commenced in May 2024 and will end on the expiry of the term of the sixth session of the Board of Supervisors.

As at the Latest Practicable Date, the members of the sixth session of the Board of Supervisors of the Bank include:

- Mr. Luo Hui (Chairman of the Board of Supervisors, employee Supervisor)
- Mr. Wang Enjiu (employee Supervisor)
- Ms. Tang Kun (employee Supervisor)
- Ms. Dai Yundi (non-employee Supervisor)
- Mr. Liu Jianxin (non-employee Supervisor)
- Mr. Dong Shuaibing (non-employee Supervisor)
- Ms. Hu Guohuan (Shareholder Supervisor)

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III. Changes in Directors, Supervisors and Senior Management Members

(I) Changes in Directors

Election of the new session of the Board of Directors

At the thirteenth meeting of the fifth session of the Board held on 27 March 2024, a resolution was passed proposing the nomination of Mr. Guo Ce, Mr. Liang Xiangmin, Mr. Yuan Chunyu, Mr. Liu Xiangzhi, Mr. Zhang Yusheng, Mr. Wu Shujun, Mr. Zhang Lixin, Ms. Wang Ying, Mr. Sun Jiafu, Mr. Fong Wai Kuk Dennis, Ms. Jin Xiaotong, Mr. An Mingyou and Mr. Yin Xiaoping as the candidates for Directors of the sixth session of the Board of the Bank (the “**Sixth Session of the Board**”), which was put forward to the annual general meeting of 2023 of the Bank for election. On 23 May 2024, the Bank held the annual general meeting of 2023, and all of 13 candidates for Directors submitted for consideration at the annual general meeting of 2023 were duly approved by the Shareholders.

On 23 May 2024, the Bank also held the first meeting of the Sixth Session of the Board and appointed Mr. Guo Ce, an executive Director of the Bank, as the Chairman of the Sixth Session of the Board. Besides, the appointment of members and the chairman of each committee of the Sixth Session of the Board was also considered and approved at the meeting.

The terms of office of the ten candidates for Directors, namely Mr. Guo Ce, Mr. Liang Xiangmin, Mr. Yuan Chunyu, Mr. Zhang Yusheng, Mr. Wu Shujun, Mr. Zhang Lixin, Ms. Wang Ying, Mr. Sun Jiafu, Mr. Fong Wai Kuk Dennis and Ms. Jin Xiaotong, commence on the date when their elections as Directors of the Bank were approved at the general meeting and end on the expiry of the term of the Sixth Session of the Board. On 2 August 2024, the qualifications of Mr. Liu Xiangzhi, Mr. An Mingyou and Mr. Yin Xiaoping as Directors were approved by regulatory authorities, and they have officially assumed their duties. Since 2 August 2024, Mr. Cui Qiang, Ms. Zhang Qihua and Ms. Han Lirong have ceased to serve as non-executive Directors or independent non-executive Directors of the Bank, and have also ceased to serve as members of relevant special committees of the Board.

For details of the above matters, please refer to the announcements of the Bank dated 27 March 2024, 23 May 2024 and 2 August 2024, and the circular dated 26 April 2024.

Save as disclosed above, there were no other changes in Directors of the Bank during the Reporting Period and as of the Latest Practicable Date.

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(II) Changes in Supervisors

Election of the new session of the Board of Supervisors

At the thirteenth meeting of the fifth session of the Board of Supervisors held on 27 March 2024, a resolution was passed proposing the nomination of Ms. Dai Yundi, Mr. Liu Jianxin, Mr. Dong Shuaibing and Ms. Hu Guohuan as the candidates for non-employee Supervisors of the sixth session of the Board of Supervisors of the Bank (the “**Sixth Session of the Board of Supervisors**”), which was put forward to the annual general meeting of 2023 of the Bank for election. On 16 May 2024, the Bank convened the employee representative meeting at which Mr. Luo Hui, Mr. Wang Enjiu and Ms. Tang Kun were elected as the employee Supervisors of the Sixth Session of the Board of Supervisors of the Bank. On 23 May 2024, the Bank held the annual general meeting of 2023, and all of 4 candidates for non-employee Supervisors submitted for consideration at the annual general meeting of 2023 were duly approved by the Shareholders.

On 23 May 2024, the Bank also held the first meeting of the Sixth Session of the Board of Supervisors and appointed Mr. Luo Hui, an employee Supervisor of the Bank, as the chairman of the Sixth Session of the Board of Supervisors. Besides, the appointment of members and the chairman of each committee of the Sixth Session of the Board of Supervisors was also considered and approved at the meeting.

The terms of office of the Supervisors of the Sixth Session of the Board of Supervisors shall be three years commencing on the date when their elections as Supervisors of the Bank were approved at the employee representative meeting and the general meeting, and they shall be eligible for re-election and re-appointment upon expiry of their terms of office subject to compliance with the relevant provisions.

For details of the above matters, please refer to the announcements of the Bank dated 27 March 2024 and 23 May 2024, and the circular dated 26 April 2024.

Save for the above changes, there were no other changes in the Supervisors of the Bank during the Reporting Period and as of the Latest Practicable Date.

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(III) Changes in Senior Management Members

On 23 May 2024, the Board of the Bank resolved to appoint Mr. Cong Jingtai as the vice president of the Bank with his term of office commencing from the date of approval of his qualification by the regulatory authority until the date of expiration of the sixth session of the Board. Mr. Cong Jingtai's qualification as the vice president has been approved by Jilin Bureau of the National Financial Regulatory Administration on 4 June 2024.

On 28 March 2024, due to work reasons, Mr. Li Guoqiang tendered his resignation letter to the Board to resign from the position as the vice president, with effective immediately.

Save for the above changes, there were no other changes in the Bank's senior management members during the Reporting Period and as of the Latest Practicable Date.

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IV. Changes in Directors, Supervisors and President Required to be Disclosed under Rule 13.51B(1) of the Hong Kong Listing Rules

The Bank is not aware of any changes in Directors, Supervisors or president required to be disclosed under Rule 13.51B(1) of the Hong Kong Listing Rules during the Reporting Period and as of the Latest Practicable Date.

V. Remuneration Policies for Directors, Supervisors, Senior Management Members and Employees

Under the guidance of the relevant policies of the PRC, the Bank continues to improve the performance-based remuneration system for Directors, Supervisors, senior management members and employees. The Board is responsible for design of the Bank's remuneration management system and policies. The Remuneration Committee under the Board is responsible for the formulation of remuneration policies and systems, and is responsible for evaluating the performance of senior management and overseeing the implementation of the compensation system. The remuneration at each level of the Bank is linked to the operating performance and risk control assessment results, and the Board issues an operating target plan to the management every year. By setting the operating targets, the Board conveys the Board's strategic development guidance and risk appetite to the management to ensure sound development and stable operation. The management decomposes and implements the management targets to the business departments and branches, and links the remuneration to the management targets, and pays the remuneration according to the assessment results after level-by-level assessment.

The remuneration system for the Directors, Supervisors and senior management members of the Bank adheres to the principle of unifying their responsibilities, authorities and interests, combing incentives and restraints and focusing on both short-term and long-term incentives. The Bank insists on conducting remuneration system reform complementary with the relevant reform and promoting the marketization, monetization and standardization of the income allocation of the Group's senior management.

The Bank offers its executive Directors, employee representative Supervisors and senior management members, who are also the Bank's employees, compensation in the form of salaries, bonuses, social insurances, housing provident fund plans and other benefits. The independent non-executive Directors and external Supervisors receive compensation based on their responsibilities.

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The Bank strictly adheres to relevant regulatory provisions when making remuneration payments. The Bank implements the management of deferred performance pay for senior management and employees in positions that have significant risk impact. The proportion of deferred payment of remuneration for senior management is 50% of the performance remuneration in the year, and the proportion of deferred payment of performance remuneration for other employees is 40% of the performance remuneration in the year. The period of deferred payment of performance remuneration is generally three years. The deferred performance compensation is paid in 3-year installments in the ratio of 3:3:4 from the following year onwards. During the Reporting Period, there was no withholding for any reason.

VI. Other Information Required under Rule 13.51(2) of the Hong Kong Listing Rules

Mr. Zhang Yusheng (張玉生) was a director of Jilin Huaxing New Construction Materials Co., Ltd. (吉林華星新型建築材料有限責任公司), a limited liability company incorporated in the PRC on 25 April 2006, which was mainly engaged in the production, wholesale and retail of non-burnt bricks and wall panels and dissolved by way of deregistration on 2 September 2015. Mr. Zhang confirmed that there is no wrongful act on his part leading to the dissolution, nor is he aware of any actual or potential claim that has been or will be made against him as a result of the dissolution, that his involvement in the operation of the above company was mainly due to his duties as a director of the company and that no misconduct or misfeasance had been involved in the dissolution of the company, and the company was solvent at the time of dissolution or deregistration.

VII. Securities Transactions by Directors, Supervisors and Senior Management

The Bank has adopted, in respect of securities transactions by Directors, Supervisors and senior management members, a code of conduct on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Hong Kong Listing Rules.

Having made specific enquiries to all Directors, Supervisors and senior management members of the Bank, the Bank confirmed that they had complied with the Model Code during the Reporting Period.

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VIII. Interests and Short Positions of Directors, Supervisors and Chief Executive in Shares, Underlying Shares and Debentures of the Bank and Its Associated Corporations

Save as disclosed below, as of the end of the Reporting Period, none of the Directors, Supervisors or chief executive of the Bank had any interests and short positions in the Shares, underlying Shares or debentures of the Bank or any associated corporations (within the meaning of Part XV of the SFO) which shall be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which are taken or deemed to be held under such provisions of the SFO), or interests and/or short positions which would be 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 or interests and/or short positions which would be required, pursuant to section 352 of the SFO, to be recorded in the register maintained by the Bank referred to therein.

Name	Position in the Bank	Class of Shares	Nature of Interest	Number of Shares	Percentage of Domestic Shares ⁽¹⁾ (%)	Percentage of the total share capital of the Bank ⁽¹⁾ (%)
Yuan Chunyu	Executive Director, Vice President, Secretary to the Board and Joint Company Secretary	Domestic Shares	Beneficial owner	60,815 (L) ⁽²⁾	0.00 ⁽³⁾	0.00 ⁽³⁾
Zhang Yusheng	Non-executive Director	Domestic Shares	Interest in controlled corporation	417,742,818 (L) ⁽²⁾	10.17	8.23
Wu Shujun	Non-executive Director	Domestic Shares	Interest in controlled corporation	140,805,193 (L) ⁽²⁾	3.43	2.77
Hu Guohuan	Shareholder Supervisor	Domestic Shares	Beneficial owner	4,001,953 (L) ⁽²⁾	0.10	0.08

Notes:

- (1) As at 30 June 2024, the Bank had a total of 5,074,191,569 Shares in issue, including 4,107,690,457 Domestic Shares and 966,501,112 H Shares.
- (2) L represents long positions.
- (3) The percentage is rounded to two decimals.

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IX. Employee, Employee Compensation Policy and Employee Training Program

(I) Staff Composition

As at 30 June 2024, the Group had 6,624 employees. The table below sets forth its number of full-time employees by function as of the same date:

	Number of Employees	Percentage (%)
Retail banking	3,653	55.15
Management	740	11.17
Finance and accounting	365	5.52
Corporate banking	649	9.80
Risk management, internal audit and legal and compliance	293	4.42
Treasury operations	44	0.66
Information technology	59	0.89
Others	821	12.39
Total	6,624	100.00

As at 30 June 2024, more than 60% of the Group's employees had a bachelor's degree or higher.

In addition to full-time employees, as of 30 June 2024, the Group also had 138 contract staff from third-party human resources agencies. These contract staff are not the Group's employees. Instead, they have entered into employment contracts with third-party human resources agencies. They generally serve in non-key positions, such as bank tellers and customer service officers. The Bank and the subsidiaries make advance payments to the third-party agencies, which then pay salaries to and make social security contributions for contract staff.

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(II) Employee Remuneration

The Group conducts performance evaluations of employees annually to provide feedback on performance. Compensation for full-time employees of the Group typically consists of a basic salary and a discretionary bonus. The Group determines employee discretionary bonuses at the end of each year based on employee performance and its results of operations.

The Group's full-time employees participate in various employee benefit plans, such as pension insurance, medical insurance, work related injury insurance, unemployment insurance, maternity insurance, housing funds and corporate annuity funds. In addition, the Group provides supplementary medical insurance to its employees.

According to the relevant regulations, the premiums and welfare benefit contributions borne by the Group are calculated regularly on a certain percentage of the remuneration cost and paid to the relevant labor and social welfare authorities. The Group cannot withdraw or utilize its fund contribution made to the defined contribution plans under any circumstance.

(III) Employee Training Program

The Group focuses on employee career development and provide training programs tailored to employees in different business lines. The Bank has built a specific team of internal trainers. The Bank also collaborates with PRC institutions of higher education to recruit and train employees. The Bank emphasizes internal recruiting and employee training. The Bank has launched various initiatives to select and train outstanding management personnel and provide employees with opportunities to enhance professional knowledge and develop vocational skills.

(IV) Labor Union

The Bank and each subsidiary have a labor union established in accordance with PRC laws and regulations. The Bank believes that the Bank and each subsidiary have maintained a good working relationship with its employees. As of the Latest Practicable Date, none of the Bank nor any of the Group's subsidiaries had experienced any labor strikes or other labor disturbances that materially affected the Group's operations or public image.

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X. SUBSIDIARIES

Subsidiaries	Places of business	Remarks
Hanshan Huimin Town Bank Co., Ltd. (含山惠民村鎮銀行有限責任公司)	2# Floor, Zone C, Jinxiu Huacheng, North Baochanshan Road, Huanfeng Town, Hanshan County, Ma'anshan City, Anhui Province, the PRC	5 sub-branches
Shuangcheng Huimin Village Bank Co., Ltd. (雙城惠民村鎮銀行有限責任公司)	Building Complex, Longsheng South District, Fada Road, Shuangcheng City, Heilongjiang Province, the PRC	4 sub-branches
Tongcheng Huimin Village Bank Co., Ltd. (通城惠民村鎮銀行有限責任公司)	59 Jiefang East Road, Junshui Town, Tongcheng County, Hubei Province, the PRC	2 sub-branches
Gaomi Huimin Village and Township Bank Co., Ltd. (高密惠民村鎮銀行有限責任公司)	No. 1567, Kangcheng Street East, Chaoyang Street, Gaomi City, Weifang City, Shandong Province, the PRC	8 sub-branches
Wuchang Huimin Village Bank Co., Ltd. (五常惠民村鎮銀行有限責任公司)	Block 1, Guanye International Block, Yachen Road, Wuchang City, Heilongjiang Province, the PRC	3 sub-branches
Yun'an Huimin Village Bank Co., Ltd. (雲安惠民村鎮銀行股份有限公司)	62 Jixiang Road, Yun'an District, Yunfu City, Guangdong Province, the PRC	
Lu Jiang Hui Min Town Bank Co., Ltd. (廬江惠民村鎮銀行有限責任公司)	Block 18, Fenghuang City, Jun'er West Road, Lujiang County, Hefei City, Anhui Province, the PRC	5 sub-branches
Qingdao Pingdu Huimin Village Bank Co., Ltd. (青島平度惠民村鎮銀行股份有限公司)	27 Hongqi Road, Pingdu City, Qingdao City, Shandong Province, the PRC	8 sub-branches
Da'an Huimin Village Bank Co., Ltd. (大安惠民村鎮銀行有限責任公司)	54 Renmin Road, Da'an City, Jilin Province, the PRC	4 sub-branches
Changchun Nanguan Hui Min Village Bank Co., Ltd. (長春南關惠民村鎮銀行有限責任公司)	Shops 105-111 of Block 32, Shops 105-106 of Block 33, Haojing Villa, Yatai Street, Nanguan District, Changchun City, Jilin Province, the PRC	4 sub-branches
Huimin Village Bank Company Limited of Anci, Langfang (廊坊市安次區惠民村鎮銀行股份有限公司)	Building 4, Zijingyuan Commercial Building, 101 Nanlong Road, Anci District, Langfang City, Hebei Province, the PRC	3 sub-branches
Guangzhou Huangpu Huimin Village and Township Bank Co., Ltd. (廣州黃埔惠民村鎮銀行股份有限公司)	Unit 101 of No. 10, Unit 201 of No. 10, Unit 201 of No. 12, Kehui Fourth Street, Huangpu District, Guangzhou City, Guangdong Province, the PRC	3 sub-branches
Heyang Huimin Village Bank Co., Ltd. (合陽惠民村鎮銀行股份有限公司)	North of East Section, Fenghuang West Road, Heyang County, Weinan City, Shaanxi Province, the PRC	4 sub-branches

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Subsidiaries	Places of business	Remarks
Huadian Huimin Village Bank Co., Ltd. (樺甸惠民村鎮銀行股份有限公司)	316 Huadian Street, Huadian City, Jilin Province, the PRC	5 sub-branches
Jilin Fengman Huimin Village Bank Co., Ltd. (吉林豐滿惠民村鎮銀行股份有限公司)	121 Jilin Street, Fengman District, Jilin City, Jilin Province, the PRC	10 sub-branches
Jingmen Dongbao Huimin Village Bank Co., Ltd. (荊門東寶惠民村鎮銀行股份有限公司)	82 Xiangshan Street, Dongbao District, Jingmen City, Hubei Province, the PRC	4 sub-branches
Qingyuan Qingxin Huimin Village Bank Co., Ltd. (清遠清新惠民村鎮銀行股份有限公司)	102#, 66 Qingxin Street, Taihe Town, Qingxin District, Qingyuan City, Guangdong Province, the PRC	
Wenan Huimin Village Bank Co., Ltd. (文安縣惠民村鎮銀行股份有限公司)	West of Min'an Road and North of Gucheng South Street, Wen'an County, Langfang City, Hebei Province, the PRC	8 sub-branches
Wuhua Huimin Village Bank Co., Ltd. (五華惠民村鎮銀行股份有限公司)	Headquarters business building, the side of Jincheng Avenue (Daling village), Shuizhai Town, Wuhua County, Meizhou City, Guangdong Province, the PRC	4 sub-branches
Qianan Huimin Village Bank Co., Ltd. (乾安惠民村鎮銀行有限責任公司)	Caishui Jiayuan Neighborhood, Yuzhou West Road, Qian'an County, Jilin Province, the PRC	5 sub-branches
Changchun Gaoxin Huimin Village Bank Co., Ltd. (長春高新惠民村鎮銀行有限責任公司)	Room 101, Block 16a, Baolai Yaju, 999 Guanggu Street, Gaoxin District, Changchun City, Jilin Province, the PRC	5 sub-branches
Baicheng Taobei Huimin Village Bank Co., Ltd. (白城洮北惠民村鎮銀行股份有限公司)	Block 2, Siji Huacheng, 299 Guangming South Street, Taobei District, Baicheng City, Jilin Province, the PRC (Shops 4, 5 and 6, District A, Zuanshi Siji Huacheng)	4 sub-branches
Fuyu Huimin Village Bank Co., Ltd. (扶餘惠民村鎮銀行股份有限公司)	222 Yucai South Street, Fuyu City, Jilin Province, the PRC	4 sub-branches
Taonan Huimin Village Bank Co., Ltd. (洮南惠民村鎮銀行股份有限公司)	1098 Tuanjie West Road, Taonan City, Jilin Province, the PRC	3 sub-branches
Tianjin Binhai Huimin Village Bank Co., Ltd. (天津濱海惠民村鎮銀行股份有限公司)	322-324 East Century Street, Binhai New District, Tianjin City, the PRC	12 sub-branches
Jilin Chuanying Huimin Village Bank Co., Ltd. (吉林船營惠民村鎮銀行股份有限公司)	Outlets Nos. 1, 3, 4, 116 Guangze Zijingcheng, 8 Huangqi Road, Chuanying District, Jilin City, Jilin Province, the PRC	5 sub-branches

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Subsidiaries	Places of business	Remarks
Leizhou Huimin Village Bank Co., Ltd. (雷州惠民村鎮銀行股份有限公司)	021 Leihu South Road, Leicheng Town, Leizhou City, Guangdong Province, the PRC	
Songyuan Ningjiang Huimin Village Bank Company Limited (松原寧江惠民村鎮銀行股份有限公司)	2099 Wulan Street, Ningjiang District, Songyuan City, Jilin Province, the PRC	10 sub-branches
Anping Huimin Village Bank Co., Ltd. (安平惠民村鎮銀行股份有限公司)	8 Xima Road, Anping County, Hebei Province, the PRC	4 sub-branches
Huidong Huimin Village Bank Co., Ltd. (惠東惠民村鎮銀行股份有限公司)	66-71 Jinzuan Street, OCT Zhonghang City, Pingshan Town, Huidong County, Huizhou City, Guangdong Province, the PRC	5 sub-branches
Lingshui Huimin Village Bank Co., Ltd. (陵水惠民村鎮銀行股份有限公司)	No. 102, Erheng Road, Binhe South, Lingshui County, Hainan Province, the PRC	2 sub-branches
Sanya Huimin Village Bank Co., Ltd. (三亞惠民村鎮銀行股份有限公司)	Dongdu Mansion, 1350 Jiefang Fourth Road, Sanya City, Hainan Province, the PRC	
Qingdao Jimo Huimin Village Bank Co., Ltd. (青島即墨惠民村鎮銀行股份有限公司)	878 Heshan Road, Jimo City, Shandong Province, the PRC	5 sub-branches
Jiutai Longjia Village Bank Co., Ltd. (九台龍嘉村鎮銀行股份有限公司)	Block 4, Sunshine Garden, Intersection of Shuguang Street and Qianjin Road, Jiutai City, Jilin Province, the PRC	4 sub-branches
Jilin Jiuyin Financial Leasing Co., Ltd. (吉林九銀金融租賃股份有限公司)	5-7/F, Block 2, Changchun Zhengda Lifang Tower, Jingyue High-tech Industrial Development Zone, Changchun City, Jilin Province, the PRC	

Chapter 7 Significant Events

I. Corporate Governance Code

The Bank firmly believes that maintaining good corporate governance with high standards is the key to enhance the Bank's core competitiveness and to develop a modern rural commercial bank. Therefore, the Bank has been committed to a high-level corporate governance, and actively follows the best corporate governance practices, domestic and overseas, in order to safeguard the interest of Shareholders and enhance the corporate value.

The Bank has established a modern corporate governance structure in line with the requirements of its Articles of Association, PRC laws and regulations and the Hong Kong Listing Rules. The Board of Directors is accountable to the Shareholders as a whole and is responsible for, among others, determining the Group's business development strategies, business plans and investment proposals, appointing or removing senior management, and deciding matters such as the establishment of internal management structure. The Board of Directors has established committees to perform specified functions, namely the Strategy and Development Committee, the Related-party Transactions Control Committee, the Remuneration Committee, the Nomination Committee, the Risk Management Committee, the Audit Committee, the Consumer Rights Protection Committee and the Three Rurals Financial Services Committee. The Board of Supervisors is accountable to the Shareholders as a whole and has the responsibility and power to supervise the Directors and senior management and oversee the Bank's financial activities, risk management and internal control.

The Bank has incorporated the Corporate Governance Code (the “**Corporate Governance Code**”) as set out in Part II of Appendix C1 to the Hong Kong Listing Rules and the Corporate Governance Guidelines for Banking and Insurance Institutions (the “**Guidelines**”) issued by the former CBIRC into the Bank's governance structure and policies. The Corporate Governance Code and the Guidelines are well reflected in the Articles of Association and the rule of procedure for the Shareholders' general meeting, meetings of the Board of Directors and the committees under the Board of Directors. The Bank's Shareholders' general meeting, the Board of Directors and the Board of Supervisors perform their respective duties and form good corporate governance structure. The Bank closely monitors its operation to ensure it complies with the relevant requirements under applicable laws, regulations, codes, guidelines and the Bank's internal policies.

During the Reporting Period, the Bank has fully complied with all applicable code provisions contained in the Corporate Governance Code. The Directors are not aware of any information which indicates any non-compliance of the Bank with the code provisions contained in the Corporate Governance Code. The Bank has also strictly complied with the provisions regarding management of inside information required by applicable laws and regulations and the Hong Kong Listing Rules.

The Bank will review its corporate governance and strengthen management constantly to ensure compliance with the Corporate Governance Code and the Guidelines and meet the higher expectations from its Shareholders and potential investors.

Chapter 7 Significant Events

II. Earnings and Dividends

(I) Final dividends for 2023

The Board does not recommend any distribution of final dividends for the year ended 31 December 2023.

(II) Interim dividends for 2024

Revenue of the Bank during the Reporting Period and the financial position of the Bank as at 30 June 2024 are set out in the financial statements in this interim report.

The Board does not recommend any distribution of interim dividends for 2024.

III. Amendments to the Articles of Association

In light of the actual development, the Bank submitted the application for deregistration of the business license for the sales business of public securities investment fund to the China Securities Regulatory Commission (the “**CSRC**”). On 21 June 2023, the CSRC Jilin Bureau issued the Announcement on Deregistration of the Business License for the Sales Business of Public Securities Investment Fund of Jilin Jiutai Rural Commercial Bank Corporation Limited. Pursuant to which, the Bank shall delete the “selling funds” business from the business scope. In view of the above change, on 27 March 2024, the Board considered and approved the resolution regarding the proposed amendments to the article of “business scope” as set out in the existing Articles of Association. Such amendments were approved by the Shareholders at the annual general meeting of 2023 held on 23 May 2024.

The above amendments to the Articles of Association has been approved by the Jilin Supervisory Bureau of the National Financial Regulatory Administration with effect from 25 July 2024. For details of the amendments, investors may refer to the circular of the Bank dated 26 April 2024 and the announcement dated 30 July 2024 on the website of the Bank (www.jtnsh.com) and the designated website of the Hong Kong Stock Exchange (www.hkexnews.hk).

Chapter 7 Significant Events

IV. Issuance of Bonds

During the Reporting Period, the Bank did not issue bonds and interbank certificates of deposit.

V. Purchase, Sale and Redemption of Listed Securities of the Bank

During the Reporting Period, the Bank and any of its subsidiaries had not purchased, sold or redeemed any of the Bank's listed securities (including treasury shares (as defined in the Hong Kong Listing Rules)). At the end of the Reporting Period, the Bank did not hold any treasury shares.

VI. Related Party Transactions

During the Reporting Period, there was no material related party transaction which had adversely affected the operating results and financial condition of the Bank.

VII. Material Litigations and Arbitrations

The Bank and each of its subsidiary banks are involved in legal disputes in the ordinary course of business, which primarily include actions against borrowers for the recovery of loans. As of the Latest Practicable Date, none of the Bank or any of its subsidiary banks was involved in any material pending lawsuits as a defendant.

VIII. Penalty against the Bank and the Directors, Supervisors and Senior Management of the Bank

During the Reporting Period, none of the Bank or any of its Directors, Supervisors, or senior management had been subject to any investigation, administrative penalty or criticism by the National Financial Regulatory Administration and public condemnation by the Hong Kong Stock Exchange, or any penalty imposed by other regulators which had material impact on the Bank's operation.

IX. Public Float

During the initial public offering of the Bank's H Shares, the Bank has applied to the Hong Kong Stock Exchange to ask the Hong Kong Stock Exchange to exercise its discretion to waive the requirements under Rule 8.08(1)(d) of the Hong Kong Listing Rules, and the Hong Kong Stock Exchange has granted the Bank a waiver from strict compliance with the requirements under Rule 8.08(1)(a) of the Hong Kong Listing Rules. According to the waiver granted by the Hong Kong Stock Exchange, the minimum public float of the Bank will be the highest of:

- (1) 16.9% of the Bank's total issued share capital;
- (2) such percentage of H Shares to be held by the public immediately after the completion of the global offering (assuming the over-allotment option has not been exercised); and
- (3) such percentage of H Shares to be held by the public immediately after the completion of the global offering (assuming the over-allotment option has been exercised).

Immediately after the issue and allotment by the Bank and the sale by the selling Shareholders of the over-allotment Shares due to full exercise of the over-allotment option, the number of H Shares in public hands represents 19.05% of the total issued share capital of the Bank, which satisfies the minimum percentage prescribed in the conditions imposed in the waiver granted by the Hong Kong Stock Exchange from strict compliance with Rule 8.08(1)(a) of the Hong Kong Listing Rules.

Based on the publicly available information and as far as the Directors were aware, as of the Latest Practicable Date, the public float of H Shares of the Bank was 19.05%, which was in compliance with the requirement specified in the waiver granted by the Hong Kong Stock Exchange.

Chapter 7 Significant Events

X. Appointment of External Auditor

As considered and approved at the annual general meeting of 2023 of the Bank, the Bank engaged Da Hua Certified Public Accountants (Special General Partnership) as the domestic external auditor of the Bank for 2024 to provide auditing services in the PRC in accordance with the PRC GAAP, and engaged Crowe (HK) CPA Limited as the international external auditor of the Bank for 2024 to provide auditing and review services overseas in accordance with the IFRS.

The terms of office of the above two external auditors shall commence from the date of approval of the resolution on the engagement of external auditing firms for 2024 by the annual general meeting of 2023 (i.e. 23 May 2024) and shall expire at the conclusion of the Bank's annual general meeting of 2024.

XI. Acquisitions and Disposals of Assets and Business of Subsidiaries and Associates/ Corporate Mergers

During the Reporting Period, the Bank had not conducted significant and other acquisition or disposal of assets/businesses of its subsidiaries or associates/corporate mergers.

XII. Event after the Reporting Period

Save as disclosed in this report, no event of significance occurred subsequent to the Reporting Period.

XIII. Review of Interim Report

The financial statements disclosed in this interim report have not been audited. The interim financial statements for the six months ended 30 June 2024 prepared by the Bank under the IFRS issued by the International Accounting Standards Board have been reviewed by Crowe (HK) CPA Limited in accordance with the Hong Kong Standard on Review Engagements 2410. This interim report has been reviewed and adopted by the Board and the audit committee under the Board.

Chapter 7 Significant Events

XIV. Publication of 2024 Interim Report

The Bank has prepared its 2024 interim report in accordance with the Hong Kong Listing Rules and the IFRS, which is available on the HKEXnews website of Hong Kong Stock Exchange (www.hkexnews.hk) and website of the Bank (www.jtnsh.com).

In this interim report, the financial data for the six months ended 30 June 2023 and the six months ended 30 June 2024 have not been audited, while the financial data for the year ended 31 December 2023 have been audited.

Chapter 8 Report on Review of Condensed Consolidated Financial Statements



國富浩華(香港)會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

TO THE BOARD OF DIRECTORS OF JILIN JIUTAI RURAL COMMERCIAL BANK CORPORATION LIMITED

吉林九台農村商業銀行股份有限公司

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

Introduction

We have reviewed the accompanying interim financial information set out on pages 116 to 196, which comprises the condensed consolidated statement of financial position of Jilin Jiutai Rural Commercial Bank Corporation Limited (the “Bank”) and its subsidiaries as at 30 June 2024, and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and 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*” (“IAS 34”) issued by the International Accounting Standards Board.

The directors of the Bank are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Chapter 8 Report on Review of Condensed Consolidated Financial Statements (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

CROWE (HK) CPA Limited

Certified Public Accountants

Chiu Lung Sang

Practising Certificate Number: P08091

Hong Kong, 29 August 2024

Chapter 9 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Interest income		5,670,338	6,533,555
Interest expenses		(3,877,550)	(4,116,446)
Net interest income	4	1,792,788	2,417,109
Fee and commission income		82,580	39,414
Fee and commission expenses		(33,420)	(31,745)
Net fee and commission income	5	49,160	7,669
Net trading gains	6	41,696	43,142
Dividend income		837	854
Net gains arising from investment securities	7	178,092	80,138
Net exchange gains		2,390	2,368
Other operating expenses, net	8	(19,691)	(33,811)
Operating income		2,045,272	2,517,469
Operating expenses	9	(1,292,698)	(1,380,141)
Impairment losses on assets, net of reversals	10	(616,043)	(1,043,898)
Operating profit		136,531	93,430
Share of results of associates	21	(2,537)	2,337
Profit before tax		133,994	95,767
Income tax (expenses)/credit	11	(3,789)	32,304
Profit for the period		130,205	128,071

Chapter 9 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the period ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Other comprehensive income/(loss) for the period:			
Items that may be reclassified subsequently to profit or loss:			
– Financial assets at fair value through other comprehensive income			
– Changes in fair value of debt investments		219,950	65,032
– Income tax relating to item that may be reclassified subsequently		(54,961)	(16,243)
– Changes in allowance for expected credit loss		(106)	(61)
– Share of other comprehensive income of associates	21	5,567	498
		170,450	49,226
Items that will not be reclassified subsequently to profit or loss:			
– Financial assets at fair value through other comprehensive income			
– Changes in fair value of investments in equity investments		–	(4,558)
– Income tax relating to item that will not be reclassified subsequently		–	1,139
		–	(3,419)
Other comprehensive income for the period, net of tax		170,450	45,807
Total comprehensive income for the period		300,655	173,878

Chapter 9 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the period ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Profit/(loss) for the period attributable to:			
– Owners of the Bank		126,494	149,235
– Non-controlling interests		3,711	(21,164)
		130,205	128,071
Total comprehensive income/(loss) for the period attributable to:			
– Owners of the Bank		260,448	174,268
– Non-controlling interests		40,207	(390)
		300,655	173,878
Earnings per share			
– Basic earnings per share (RMB cents)	12	2.49	2.94

Chapter 9 Condensed Consolidated Statement of Financial Position

At 30 June 2024

	Notes	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Assets			
Cash and deposits with the central bank	13	22,188,335	27,149,571
Deposits with banks and other financial institutions	14	14,905,083	12,144,867
Placements with banks and other financial institutions	15	479,725	372,934
Financial assets held under resale agreements	16	2,674,895	7,543,621
Financial assets at fair value through profit or loss	17	670,056	667,376
Loans and advances to customers	18	181,551,840	176,431,732
Financial assets at fair value through other comprehensive income	19	14,476,791	14,572,090
Financial assets measured at amortised cost	20	20,744,000	23,456,566
Interests in associates	21	1,306,860	1,303,830
Property and equipment	22	2,461,717	2,578,671
Right-of-use assets	23	433,846	451,452
Goodwill		15,133	15,133
Deferred tax assets	24	1,634,606	1,644,222
Tax recoverable		2,163	–
Other assets	25	1,522,915	1,442,925
Total assets		265,067,965	269,774,990
Liabilities and equity			
Liabilities			
Borrowings from the central bank	27	503,217	535,455
Deposits from banks and other financial institutions	28	154,233	111,306
Placements from banks and other financial institutions	29	1,586,575	3,064,537
Financial assets sold under repurchase agreements	30	1,652,851	220,057
Deposits from customers	31	237,977,731	242,206,613
Accrued staff costs	32	90,162	187,110
Tax payable		–	75,200
Debts securities issued	33	2,898,434	3,375,210
Lease liabilities	23	350,378	371,797
Other liabilities	34	704,169	763,168
Total liabilities		245,917,750	250,910,453

Chapter 9 Condensed Consolidated Statement of Financial Position (continued)

At 30 June 2024

	Notes	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Equity			
Share capital	35	5,074,192	5,074,192
Capital reserve	36	4,256,757	4,256,757
Investment revaluation reserve		241,569	107,615
Surplus reserve	37	1,237,348	1,237,348
General reserve	37	2,747,583	2,747,228
Retained earnings		2,810,311	2,684,172
Total equity attributable to owners of the Bank		16,367,760	16,107,312
Non-controlling interests		2,782,455	2,757,225
Total equity		19,150,215	18,864,537
Total liabilities and equity		265,067,965	269,774,990

The condensed consolidated financial statements on pages 116 to 196 were approved and authorised for issue by the board of directors of the Bank on 29 August 2024 and are signed on its behalf by:

Mr. GUO Ce
Director

Mr. YUAN Chunyu
Director

Chapter 9 Condensed Consolidated Statement of Changes in Equity

For the period ended 30 June 2024

	Attributable to owners of the Bank									
	Share capital RMB'000	Capital reserve RMB'000	Investment				Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
			revaluation reserve RMB'000	Surplus reserve RMB'000	General reserve RMB'000					
At 1 January 2024 (Audited)	5,074,192	4,256,757	107,615	1,237,348	2,747,228	2,684,172	16,107,312	2,757,225	18,864,537	
Profit for the period	-	-	-	-	-	126,494	126,494	3,711	130,205	
Other comprehensive income for the period	-	-	133,954	-	-	-	133,954	36,496	170,450	
Total comprehensive income for the period	-	-	133,954	-	-	126,494	260,448	40,207	300,655	
Appropriation of profits										
- Appropriation to general reserve	-	-	-	-	355	(355)	-	-	-	
- Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(14,977)	(14,977)	
At 30 June 2024 (Unaudited)	5,074,192	4,256,757	241,569	1,237,348	2,747,583	2,810,311	16,367,760	2,782,455	19,150,215	

	Attributable to owners of the Bank									
	Share capital RMB'000	Capital reserve RMB'000	Investment				Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
			revaluation reserve RMB'000	Surplus reserve RMB'000	General reserve RMB'000					
At 1 January 2023 (Audited)	5,074,192	4,256,757	56,566	1,223,755	2,636,746	2,639,899	15,887,915	2,731,431	18,619,346	
Profit/(loss) for the period	-	-	-	-	-	149,235	149,235	(21,164)	128,071	
Other comprehensive income for the period	-	-	25,033	-	-	-	25,033	20,774	45,807	
Total comprehensive income/(loss) for the period	-	-	25,033	-	-	149,235	174,268	(390)	173,878	
Appropriation of profits										
- Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(4,512)	(4,512)	
At 30 June 2023 (Unaudited)	5,074,192	4,256,757	81,599	1,223,755	2,636,746	2,789,134	16,062,183	2,726,529	18,788,712	

Chapter 9 Condensed Consolidated Statement of Cash Flows

For the period ended 30 June 2024

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
OPERATING ACTIVITIES		
Profit before tax	133,994	95,767
Adjustments for:		
Depreciation of property and equipment	127,935	136,144
Depreciation of right-of-use assets	75,961	81,995
Amortisation of long-term deferred expenses	7,957	7,788
Impairment losses on assets, net of reversals	616,043	1,043,898
Interest income from impaired loans and advances to customers	(111,700)	(20,920)
Interest expenses on debts securities issued	73,624	102,940
Dividend income	(837)	(854)
Gain on disposal of property and equipment	(11)	(471)
Loss/(gain) on early termination of lease agreements	1,318	(164)
Net unrealised trading (losses)/gains	(2,681)	83,691
Net gains arising from investment securities	(178,092)	(80,138)
Interest expenses on lease liabilities	7,736	8,896
Government grants	(11,680)	(9,758)
Interest income from financial investments	(579,200)	(646,002)
Share of losses/(gains) of associates	2,537	(2,337)
	162,904	800,475
Changes in operating assets		
Net decrease/(increase) in deposits with the central bank	1,009,519	(22,949)
Net increase in financial assets held under resale agreements	–	(49,875)
Net increase in deposits and placements with banks and other financial institutions	(1,011,799)	(2,358,992)
Net decrease in financial assets at fair value through profit or loss	–	999,999
Net increase in loans and advances to customers	(3,139,502)	(7,194,395)
Net (increase)/decrease in other operating assets (including interest receivables)	(2,303,287)	1,458,069
	(5,445,069)	(7,168,143)

Chapter 9 Condensed Consolidated Statement of Cash Flows (continued)

For the period ended 30 June 2024

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Changes in operating liabilities		
Net decrease in borrowings from the central bank	(32,111)	(1,551,000)
Net increase/(decrease) in deposits from banks and other financial institutions	42,586	(1,519,740)
Net decrease in placements from banks and other financial institutions	(1,469,983)	(500,000)
Net increase in financial assets sold under repurchase agreements	1,432,500	190,000
Net (decrease)/increase in deposits from customers	(4,067,717)	5,793,362
Net decrease in accrued staff costs	(96,948)	(101,321)
Net decrease in other operating liabilities (including interest payable)	(242,585)	(211,455)
	(4,434,258)	2,099,846
Cash used in operations	(9,716,423)	(4,267,822)
Income tax paid	(120,533)	(297,477)
NET CASH USED IN OPERATING ACTIVITIES	(9,836,956)	(4,565,299)
INVESTING ACTIVITIES		
Payments on acquisition of financial investments	(41,197,710)	(33,354,625)
Payments on acquisition of property and equipment	(11,152)	(40,024)
Proceeds from disposal of financial investments and interest income received from financial investments	44,720,001	31,064,805
Dividend income received	837	854
Proceeds from disposal of property and equipment and repossessed assets	1,964	595
Proceeds from disposal of land use rights	-	8
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	3,513,940	(2,328,387)

Chapter 9 Condensed Consolidated Statement of Cash Flows (continued)

For the period ended 30 June 2024

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
FINANCING ACTIVITIES		
Net proceeds from issue of new debt securities	–	486,352
Government grants received	11,680	9,758
Repayment of debt securities issued	(500,000)	(2,500,000)
Payments on lease liabilities	(74,689)	(81,671)
Interests paid on debts securities issued	(50,400)	(50,399)
Dividends paid	–	(344)
Dividends paid to non-controlling interests	(14,977)	(4,512)
Interests paid on lease liabilities	(7,736)	(8,896)
NET CASH USED IN FINANCING ACTIVITIES	(636,122)	(2,149,712)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,959,138)	(9,043,398)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	32,094,078	41,039,454
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note 42)	25,134,940	31,996,056
Interests received	3,311,395	8,060,181
Interests paid (excluding interest expenses on debts securities issued and lease liabilities)	(4,016,159)	(4,099,021)

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the period ended 30 June 2024

1. GENERAL

The Bank, formerly known as Jiutai Rural Credit Cooperative Union, is a joint stock commercial bank established on 16 December 2008 with approval of the former China Banking Regulatory Commission (the “CBRC”) (Ji Yin Jian Fu 2008 No.320) on 15 December 2008.

The Bank obtained its finance permit No. B1001H222010001 from the former China Banking and Insurance Regulatory Commission (the “CBIRC”) Jilin Bureau. The Bank obtained its business license (Unified Social Credit Code: 912200001243547911) from the Market Supervision and Administration Bureau of Jilin Province. The legal representative is Guo Ce and the address of the registered office is No. 504 Xinhua Main Street, Jiutai District, Changchun, the People’s Republic of China (the “PRC”).

As at 30 June 2024, the Bank has 3 branches, 89 sub-branches and 35 subsidiaries. The principal activities of the Bank and its subsidiaries (hereinafter collectively referred to as the “Group”) are the provision of corporate and retail deposits, loans and advances, payment and settlement services, as well as other banking services as approved by former China Banking and Insurance Regulatory Commission. The Group operates in Mainland China.

On 12 January 2017, the Bank’s H shares were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (Stock code: 6122).

The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Bank and its subsidiaries.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with the applicable disclosure provisions of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange, and with International Accounting Standard (“IAS”) 34, “*Interim Financial Reporting*”, issued by the International Accounting Standards Board (“IASB”).

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

2. BASIS OF PREPARATION (Continued)

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, that are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to IFRSs, the accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023.

Changes in Accounting Policies

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB which are effective for the Group’s financial year beginning on 1 January 2024:

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

The directors of the Bank consider that the application of the amendments to IFRSs in the current interim period has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

4. NET INTEREST INCOME

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Interest income arising from		
– Deposits with the central bank	105,431	112,193
– Deposits with banks and other financial institutions	157,144	127,756
– Placements with banks and other financial institutions	8,189	17,778
– Financial assets at fair value through other comprehensive income (“FVTOCI”)	228,935	131,391
– Financial assets measured at amortised cost	350,265	514,611
– Loans and advances to customers:		
Corporate loans and advances		
– Loans	3,802,440	4,502,952
– Finance lease loans	74,842	81,265
Personal loans and advances	835,883	873,628
Discounted bills	358	747
– Financial assets held under resale agreements	106,851	171,234
	5,670,338	6,533,555
Less: Interest expenses arising from		
– Borrowings from the central bank	(5,120)	(32,763)
– Deposits from banks and other financial institutions	(1,280)	(38,364)
– Placements from banks and other financial institutions	(49,746)	(28,906)
– Deposits from customers:		
Corporate customers	(417,025)	(686,305)
Individual customers	(3,260,560)	(3,142,688)
– Financial assets sold under repurchase agreements	(62,459)	(75,584)
– Debts securities issued	(73,624)	(102,940)
– Lease liabilities	(7,736)	(8,896)
	(3,877,550)	(4,116,446)
	1,792,788	2,417,109

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

5. NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Fee and commission income		
– Advisory fees	6,001	13,230
– Settlement and clearing fees	18,179	11,404
– Wealth management service fees	46,605	5,132
– Agency service fees	6,907	6,056
– Bank card service fees	751	955
– Others	4,137	2,637
	82,580	39,414
Fee and commission expenses		
– Settlement and clearing fees	(19,071)	(19,374)
– Others	(14,349)	(12,371)
	(33,420)	(31,745)
	49,160	7,669

Most contracts with customers have original expected duration of less than one year and therefore information about their remaining performance obligations is not disclosed.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

6. NET TRADING GAINS

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Changes in fair value of financial assets at fair value through profit or loss ("FVTPL")		
– Unlisted equity investments	2,681	(80,729)
– Other debt instruments	–	(2,962)
Interest income from financial assets at FVTPL	33,991	121,033
Net gain on disposal of financial assets at FVTPL		
– Other debt instruments	5,024	5,800
	41,696	43,142

7. NET GAINS ARISING FROM INVESTMENT SECURITIES

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Net gains on disposal of financial assets measured at amortised cost	59,087	22,343
Net gains on disposal of financial assets at FVTOCI	119,005	57,795
	178,092	80,138

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

8. OTHER OPERATING EXPENSES, NET

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Government grants (Note)	11,680	9,758
Loss on disposal of repossessed assets	(386)	(666)
Gain on disposal of property and equipment	11	471
(Loss)/gain on early termination of lease agreements	(1,318)	164
Other operating expenses	(29,678)	(43,538)
	(19,691)	(33,811)

Note:

Government grants recognised as other income are awarded to the Group by the PRC government as incentives primarily to encourage the development of the Group and the contribution to the local economic development. The government grants are one-off with no specific condition attached.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

9. OPERATING EXPENSES

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Staff costs (including directors' and supervisors' emoluments)		
– Salaries and bonuses	576,881	640,269
– Staff welfares	53,049	51,649
– Social insurance	166,073	151,307
– Housing allowances	70,077	65,434
– Labour union and staff education expenses	11,419	12,906
– Others	472	–
	877,971	921,565
Premises and equipment expenses		
– Depreciation of property and equipment	127,935	136,144
– Amortisation of long-term deferred expenses	7,957	7,788
– Rental and property management expenses	13,076	27,541
– Depreciation of right-of-use assets	75,961	81,995
	224,929	253,468
Other tax and surcharges	29,001	41,529
Other general and administrative expenses (Note)	160,797	163,579
	1,292,698	1,380,141

Note:

Auditor's remuneration for the period ended 30 June 2024 was RMB1,100,000 (six months ended 30 June 2023: RMB1,330,000).

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

10. IMPAIRMENT LOSSES ON ASSETS, NET OF REVERSALS

	Notes	Six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Loans and advances to customers	18	367,443	805,788
Financial assets measured at amortised costs	20	216,807	230,206
Debt securities financial assets at FVTOCI	19	(106)	(61)
Placements with banks and other financial institutions	15	40	(70)
Other receivables and repossessed assets	25	10,364	8,424
Deposits with banks and other financial institutions	14	567	(1,138)
Provision for credit commitments and financial guarantees	34	28,872	(514)
Interest receivables (included in other assets)	25	(7,944)	1,263
		616,043	1,043,898

11. INCOME TAX EXPENSE/(CREDIT)

Income tax:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Current tax:		
– Mainland China Enterprise Income Tax	28,450	146,686
Under provision in prior period:		
– Mainland China Enterprise Income Tax	20,684	22,505
Deferred taxation (Note 24)		
– Current period	(45,345)	(201,495)
	3,789	(32,304)

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

11. INCOME TAX EXPENSE/(CREDIT) (Continued)

Income tax: (Continued)

Under the Law of the Mainland China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Mainland China companies is 25%. During the period ended 30 June 2024, certain branches with operations in subsidiaries, Lingshui Huimin Village Bank Co., Ltd. (陵水惠民村鎮銀行股份有限公司), Heyang Huimin Village Bank Co., Ltd. (合陽惠民村鎮銀行股份有限公司), and Sanya Huimin Village Bank Co., Ltd. (三亞惠民村鎮銀行股份有限公司), obtained approvals from tax authorities to adopt the preferential income tax rate of 15%.

12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Bank is based on the following data:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Profit for the period attributable to owners of the Bank	126,494	149,235
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000)	5,074,192	5,074,192

No diluted earnings per share is presented as there were no potentially dilutive shares outstanding during the periods ended 30 June 2024 and 2023.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

13. CASH AND DEPOSITS WITH THE CENTRAL BANK

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Cash on hand	547,477	674,951
Deposits with the central bank		
– Statutory deposit reserves (Note a)	11,588,981	12,595,149
– Surplus deposit reserves (Note b)	10,051,310	13,875,553
– Fiscal deposits	567	3,918
	21,640,858	26,474,620
Accrued interest	–	–
	22,188,335	27,149,571

Notes:

- (a) The Group places statutory deposit reserves with the People's Bank of China (the "PBOC") in accordance with relevant regulations. At 30 June 2024 and 31 December 2023, the statutory deposit reserve ratios applicable to the Bank were as follows:

	At 30 June 2024	At 31 December 2023
Reserve ratio for RMB deposits	5.0%	5.3%
Reserve ratio for foreign currency deposits	4.0%	4.0%

The statutory deposit reserves are restricted balances with central bank and are not available for the Bank's daily business. The subsidiaries of the Bank are required to place statutory RMB deposits reserve at rates determined by the PBOC.

- (b) The surplus deposit reserves are maintained with the PBOC for the purpose of cash settlement and other kinds of unrestricted deposits.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

14. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparties

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Deposits in Mainland China		
– Banks	14,865,816	12,098,290
Deposits outside Mainland China		
– Banks	1,134	5,602
	14,866,950	12,103,892
Accrued interest	40,254	42,529
Less: provision for impairment losses (Note)	(2,121)	(1,554)
	14,905,083	12,144,867

Note:

As at 30 June 2024 and 31 December 2023, the Group classifies all deposits with banks and other financial institutions in Stage 1, and measures the loss allowance equal to 12-month ECL ("12m ECL") basis.

Movements of provision for impairment losses

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
At 1 January	1,554	2,477
Provision for impairment losses recognised	567	–
Reversal of impairment loss recognised	–	(923)
At 30 June/31 December	2,121	1,554

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

15. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Placements in Mainland China		
– Banks	29,718	–
– Other financial institutions	450,000	373,000
	479,718	373,000
Accrued interest	247	134
Less: provision for impairment losses (Note)	(240)	(200)
	479,725	372,934

Note:

As at 30 June 2024 and 31 December 2023, the Group classifies all placements with banks and other financial institutions in Stage 1, and measures the loss allowance equal to 12m ECL.

Movements of provision for impairment losses

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
At 1 January	200	70
Provision for impairment losses recognised	40	130
At 30 June/31 December	240	200

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

16. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by type and location of counterparties

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
In Mainland China		
– Banks	2,106,820	7,440,344
– Other financial institutions	567,600	99,475
	2,674,420	7,539,819
Accrued interest	475	3,802
	2,674,895	7,543,621

(b) Analysed by type of security held

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Debt securities		
– Corporations	67,600	99,475
– Government	2,006,860	1,238,274
– Other financial institutions	599,960	6,202,070
	2,674,420	7,539,819
Accrued interest	475	3,802
	2,674,895	7,543,621

At 30 June 2024 and 31 December 2023, the Group classifies all financial assets held under resale agreements in Stage 1, and measures the loss allowance equal to 12m ECL.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Unlisted equity investments measured at FVTPL (Note)	670,056	667,376

Note:

The above unlisted equity investments represent investments in unlisted equity securities issued by private entities established in the PRC.

18. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Gross loans and advances to customers		
Corporate loans and advances		
– Loans	150,799,092	149,660,091
– Finance lease loans	2,696,747	2,701,459
	153,495,839	152,361,550
Personal loans and advances		
– Personal business loans	20,721,991	18,970,702
– Personal consumption loans	3,214,880	3,204,004
– Credit card overdrafts	14,168	15,143
– Residential and commercial mortgage loans	3,726,590	3,560,009
	27,677,629	25,749,858
	181,173,468	178,111,408
Accrued interest	7,169,898	4,874,821
Less: Provision for impairment losses	(6,791,526)	(6,554,497)
	181,551,840	176,431,732

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Analysed by industry sector

	At 30 June 2024		
	Amount (Unaudited) RMB'000	Percentage (Unaudited)	Loans and advances secured or pledged by collaterals (Unaudited) RMB'000
Gross loans and advances to customers			
Corporate loans and advances			
– Wholesale and retail	31,679,913	17.49%	10,564,609
– Leasing and business services	27,004,042	14.91%	13,398,202
– Construction	18,840,751	10.40%	7,139,117
– Manufacturing	17,541,502	9.68%	6,712,029
– Agriculture, forestry, animal husbandry and fishery	14,124,747	7.80%	5,292,434
– Real estate	8,956,945	4.94%	7,086,046
– Transportation, storage and postal services	8,468,436	4.67%	2,073,593
– Scientific research, technical services and geological prospecting	8,026,315	4.43%	2,288,312
– Information transmission, computer services and software	4,634,922	2.56%	1,919,498
– Water, environment and public facility management	4,397,154	2.43%	1,141,580
– Accommodation and catering	3,204,939	1.77%	2,330,354
– Education	1,741,915	0.96%	1,307,901
– Health and social services	1,553,795	0.86%	1,331,786
– Electricity, gas and water production and supply	1,500,556	0.83%	598,908
– Resident and other services	762,270	0.42%	259,754
– Cultural, sports and entertainment	563,650	0.31%	357,104
– Mining	312,037	0.17%	37,142
– Public administration, social security and social organisations	151,000	0.08%	151,000
– Finance	30,950	0.01%	7,950
	153,495,839	84.72%	63,997,319
Personal loans and advances	27,677,629	15.28%	16,787,153
	181,173,468	100.00%	80,784,472
Accrued interest	7,169,898		
	188,343,366		
Less: Provision for impairment losses	(6,791,526)		
	181,551,840		

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Analysed by industry sector (Continued)

	At 31 December 2023		
	Amount (Audited) RMB'000	Percentage (Audited)	Loans and advances secured or pledged by collaterals (Audited) RMB'000
Gross loans and advances to customers			
Corporate loans and advances			
– Wholesale and retail	32,970,969	18.51%	11,029,739
– Leasing and business services	24,820,416	13.94%	12,908,764
– Construction	18,676,717	10.49%	7,020,068
– Manufacturing	18,368,150	10.31%	7,049,918
– Agriculture, forestry, animal husbandry and fishery	14,520,917	8.15%	5,388,537
– Real estate	9,215,501	5.17%	7,191,391
– Scientific research, technical services and geological prospecting	7,885,095	4.43%	2,252,502
– Transportation, storage and postal services	7,577,167	4.25%	2,119,729
– Information transmission, computer services and software	4,598,051	2.58%	1,989,712
– Water, environment and public facility management	3,946,682	2.22%	1,151,370
– Accommodation and catering	3,098,855	1.74%	2,340,557
– Education	1,804,170	1.01%	1,388,943
– Electricity, gas and water production and supply	1,456,918	0.82%	532,652
– Health and social services	1,452,174	0.82%	1,255,908
– Resident and other services	929,994	0.52%	374,014
– Cultural, sports and entertainment	545,200	0.31%	337,131
– Mining	310,624	0.17%	62,178
– Public administration, social security and social organisations	151,000	0.08%	151,000
– Finance	32,950	0.02%	14,950
	152,361,550	85.54%	64,559,063
Personal loans and advances	25,749,858	14.46%	15,619,612
	178,111,408	100.00%	80,178,675
Accrued interest	4,874,821		
	182,986,229		
Less: Provision for impairment losses	(6,554,497)		
	176,431,732		

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Analysed by industry sector (Continued)

As at 30 June 2024 and 31 December 2023, detailed information of the impaired loans and advances to customers as well as the corresponding provision for impairment losses in respect of each industry sector which constitutes 10% or more of gross loans and advances to customers are as follows:

	At 30 June 2024					
	Gross impaired loans and advances* (Unaudited) RMB'000	ECL			Impairment charged/ (reversed) during the period (Unaudited) RMB'000	Written-off during the period (Unaudited) RMB'000
		Stage 1	Stage 2	Stage 3		
		(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000		
– Wholesale and retail	1,563,744	430,051	391,466	361,726	(112,627)	1,787
– Leasing and business services	990,188	372,672	146,680	193,979	70,593	–
– Construction	516,047	412,191	114,117	135,014	5,869	–

	At 31 December 2023					
	Gross impaired loans and advances* (Audited) RMB'000	ECL			Impairment charged/ (reversed) during the year (Audited) RMB'000	Written-off during the year (Audited) RMB'000
		Stage 1	Stage 2	Stage 3		
		(Audited) RMB'000	(Audited) RMB'000	(Audited) RMB'000		
– Wholesale and retail	1,136,736	367,480	450,957	377,432	402,723	(14,500)
– Leasing and business services	316,613	287,514	272,599	82,625	123,080	–
– Construction	535,568	301,667	121,888	231,898	203,468	(3,000)
– Manufacturing	1,100,920	300,546	240,033	432,042	(1,305)	(9,844)

* The balances represents gross amount of loans and advances subject to ECL at stage 3.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Analysed by type of collateral

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Gross loans and advances to customers		
Unsecured loans	3,889,151	3,664,036
Guaranteed loans	96,499,845	94,268,697
Collateralised loans	68,368,415	67,612,560
Pledged loans	12,416,057	12,566,115
	181,173,468	178,111,408
Accrued interest	7,169,898	4,874,821
	188,343,366	182,986,229

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(d) Overdue loans analysed by overdue period

	At 30 June 2024				
	Overdue within three months (inclusive) (Unaudited) RMB'000	Overdue more than three months to one year (inclusive) (Unaudited) RMB'000	Overdue more than one year to three years (inclusive) (Unaudited) RMB'000	Overdue more than three years (Unaudited) RMB'000	Total (Unaudited) RMB'000
Unsecured loans	28,170	77,968	30,101	5,877	142,116
Guaranteed loans	891,778	1,290,765	1,504,963	637,730	4,325,236
Collateralised loans	847,056	1,221,026	1,255,054	1,034,786	4,357,922
Pledged loans	167,211	470,151	89,080	95,320	821,762
	1,934,215	3,059,910	2,879,198	1,773,713	9,647,036
As a percentage of gross loans and advances to customers (excluding accrued interests)	1.07%	1.69%	1.59%	0.98%	5.33%

	At 31 December 2023				
	Overdue within three months (inclusive) (Audited) RMB'000	Overdue more than three months to one year (inclusive) (Audited) RMB'000	Overdue more than one year to three years (inclusive) (Audited) RMB'000	Overdue more than three years (Audited) RMB'000	Total (Audited) RMB'000
Unsecured loans	86,416	5,623	23,318	5,827	121,184
Guaranteed loans	1,105,131	1,669,392	466,025	321,867	3,562,415
Collateralised loans	1,033,931	1,420,678	734,679	979,997	4,169,285
Pledged loans	179,158	71,266	34,360	77,721	362,505
	2,404,636	3,166,959	1,258,382	1,385,412	8,215,389
As a percentage of gross loans and advances to customers (excluding accrued interests)	1.35%	1.78%	0.71%	0.78%	4.62%

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

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(e) Loans and advances and provision for impairment losses

	At 30 June 2024			
	Stage 1	Stage 2	Stage 3	Total
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
Gross loans and advances to customers	161,346,201	10,747,070	9,080,197	181,173,468
Accrued interest	6,731,696	240,703	197,499	7,169,898
Less: Provision for impairment losses	(2,666,394)	(1,313,387)	(2,811,745)	(6,791,526)
	165,411,503	9,674,386	6,465,951	181,551,840

	At 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	(Audited) RMB'000	(Audited) RMB'000	(Audited) RMB'000	(Audited) RMB'000
Gross loans and advances to customers	161,976,180	9,752,309	6,382,919	178,111,408
Accrued interest	4,307,656	425,779	141,386	4,874,821
Less: Provision for impairment losses	(2,274,500)	(1,651,672)	(2,628,325)	(6,554,497)
	164,009,336	8,526,416	3,895,980	176,431,732

The Group conducts internal stratified management of asset risk characteristics according to the quality status of assets. Financial assets included in the expected credit losses are further classified into “Normal”, “Special mention”, “Substandard”, “Doubtful” and “Loss” within each stage according to internal rating scales and overdue days, the results of this layered management are used by the Bank for internal credit risk management purposes.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(f) Movements of provision for impairment losses

	As at 30 June 2024			
	Stage 1 12m ECL (Unaudited) RMB'000	Stage 2 Lifetime ECL (Unaudited) RMB'000	Stage 3 Lifetime ECL (Unaudited) RMB'000	Total (Unaudited) RMB'000
Loss allowance at 1 January 2024	2,274,500	1,651,672	2,628,325	6,554,497
Changes in the loss allowance				
– Transfer to stage 1	115,145	(87,738)	(27,407)	–
– Transfer to stage 2	(35,127)	116,894	(81,767)	–
– Transfer to stage 3	(36,733)	(299,412)	336,145	–
– Charge to profit or loss, net	348,609	(68,029)	86,863	367,443
– Recoveries of loans and advances previously written off as uncollectible	–	–	895	895
– Interest income on impaired loans and advances to customers	–	–	(111,700)	(111,700)
– Amounts written off as uncollectible	–	–	(19,609)	(19,609)
Loss allowance at 30 June 2024	2,666,394	1,313,387	2,811,745	6,791,526

	As at 31 December 2023			
	Stage 1 12m ECL (Audited) RMB'000	Stage 2 Lifetime ECL (Audited) RMB'000	Stage 3 Lifetime ECL (Audited) RMB'000	Total (Audited) RMB'000
Loss allowance at 1 January 2023	2,225,822	919,476	2,214,256	5,359,554
Changes in the loss allowance				
– Transfer to stage 1	345,878	(323,119)	(22,759)	–
– Transfer to stage 2	(68,715)	69,113	(398)	–
– Transfer to stage 3	(16,815)	(198,750)	215,565	–
– Charge to profit or loss, net	(211,670)	1,184,952	406,849	1,380,131
– Recoveries of loans and advances previously written off as uncollectible	–	–	13,297	13,297
– Interest income on impaired loans and advances to customers	–	–	(101,751)	(101,751)
– Amounts written off as uncollectible	–	–	(96,734)	(96,734)
Loss allowance at 31 December 2023	2,274,500	1,651,672	2,628,325	6,554,497

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(f) Movements of provision for impairment losses (Continued)

Note:

Analysed by movements in loss allowance

The movements of loss allowance are mainly affected by:

- Transfers between stages due to loans and advances to customers experiencing significant increases (or decreases) in credit risk or becoming credit-impaired, and the corresponding transfer of the measurement basis of the loss allowance between 12m and the Lifetime ECL;
- Allowance for new loans and advances to customers recognised;
- Remeasurement includes the impact of changes in model assumptions, updates of model parameters, changes in probability of default and loss given default; changes in ECL due to transfer of loans and advances to customers between stages; changes in ECL due to unwinding of discount over time; changes in foreign exchange translations for assets denominated in foreign currencies and other movements;
- The reversal of allowances caused by repayment, write-offs and loans and advances to customers transferred out.

(g) Analysed by geographical sector

	At 30 June 2024		
	Gross loan balance (Unaudited) RMB'000	Percentage (Unaudited)	Loan and advances secured by collaterals or pledged assets (Unaudited) RMB'000
Jilin Region	159,968,473	88.30%	69,058,607
Mainland China excluding Jilin Region	21,204,995	11.70%	11,725,865
	181,173,468	100.00%	80,784,472

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(g) Analysed by geographical sector (Continued)

	At 31 December 2023		
	Gross loan balance (Audited) RMB'000	Percentage (Audited)	Loan and advances secured by collaterals or pledged assets (Audited) RMB'000
Jilin Region	156,528,342	87.88%	68,068,325
Mainland China excluding Jilin Region	21,583,066	12.12%	12,110,350
	178,111,408	100.00%	80,178,675

(h) Finance lease receivables

The Group entered into finance leasing arrangements as a lessor for certain equipment to its retailers. The average term of finance leases entered into is 3 years (2023: 3 years). Generally, these lease contracts do not include extension or early termination options.

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Amounts receivable under finance leases:		
Within one year	443,091	794,640
After one year but within two years	706,404	996,766
After two years but within three years	746,569	574,781
After three years but within four years	–	639,196
After four years but within five years	810,920	131,138
Over five years	313,732	–
Undiscounted lease payments	3,020,716	3,136,521
Unguaranteed residual values	–	–
Gross investment in leases	3,020,716	3,136,521
Less: Unearned finance income	(323,969)	(204,374)
Present value of minimum finance lease receivables	2,696,747	2,932,147
Less: Provision for impairment losses	(159,696)	(120,861)
	2,537,051	2,811,286

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(h) Finance lease receivables (Continued)

The following table presents the amounts included in profit or loss.

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Finance income on the net investment in finance leases	74,842	81,265

The Group's finance lease arrangements do not include variable payments.

Although the risks associated with rights that the Group retains in underlying assets are not considered to be significant, the Group employs strategies to further minimise these risks by ensuring all contracts include clauses requiring the lessee to compensate the Group when an equipment has been subjected to excess wear-and tear during the lease term.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Debt securities issued by the following institutions in Mainland China		
– Government	12,645,282	13,110,818
– Banks and other financial institutions	1,476,905	1,179,079
– Corporations	150	150
	14,122,337	14,290,047
Unlisted equity investments designated at FVTOCI, in Mainland China	144,730	144,730
	14,267,067	14,434,777
Accrued interest	209,724	137,313
	14,476,791	14,572,090

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

The Group made an irrevocable election to present changes in the fair value of certain of its equity investments in other comprehensive income.

Debt securities included in FVTOCI are traded on the China Interbank Bond Market.

Provision for impairment losses for debt instruments at FVTOCI:

	At 30 June 2024			
	Stage 1 12m ECL (Unaudited) RMB'000	Stage 2 Lifetime ECL (Unaudited) RMB'000	Stage 3 Lifetime ECL (Unaudited) RMB'000	Total (Unaudited) RMB'000
	Gross debt instruments at FVTOCI	14,122,187	–	150
Accrued interest	209,724	–	–	209,724
Provision for impairment losses	(250)	–	(150)	(400)
	14,331,661	–	–	14,331,661

	At 31 December 2023			
	Stage 1 12m ECL (Audited) RMB'000	Stage 2 Lifetime ECL (Audited) RMB'000	Stage 3 Lifetime ECL (Audited) RMB'000	Total (Audited) RMB'000
	Gross debt instruments at FVTOCI	14,290,403	–	150
Accrued interest	137,313	–	–	137,313
Provision for impairment losses	(356)	–	(150)	(506)
	14,427,360	–	–	14,427,360

The movements in the impairment allowance (included in investment revaluation reserve) for the debt instruments at FVTOCI during the period are as follows:

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
At 1 January	506	309
Provision for impairment losses recognised	–	197
Reversal of impairment losses recognised	(106)	–
At 30 June/31 December	400	506

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

20. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Debt securities issued by the following institutions in Mainland China		
– Government	8,799,346	12,576,721
– Banks and other financial institutions	1,396,559	903,214
– Corporations	440,000	300,000
– Interbank certificates	483,157	–
	11,119,062	13,779,935
In Mainland China		
Trust plans	6,071,492	6,089,576
Asset management plans	3,156,277	3,167,283
	9,227,769	9,256,859
	20,346,831	23,036,794
Accrued interest	1,757,953	1,764,336
Less: Provision for impairment losses	(1,360,784)	(1,344,564)
	20,744,000	23,456,566

Notes:

- (i) The Group had an objective to hold these investments in order to collect contractual cash flows and had measured them at their amortised cost.
- (ii) All debt securities are traded with quoted price on the China Interbank Bond Market.
- (iii) At 30 June 2024 and 31 December 2023, parts of financial assets at amortised cost were pledged as securities for repurchase agreement (Note 26(a)).

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

20. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Continued)

(a) Provision for impairment losses:

	At 30 June 2024			
	Stage 1	Stage 2	Stage 3	Total
	12m ECL (Unaudited) RMB'000	Lifetime ECL (Unaudited) RMB'000	Lifetime ECL (Unaudited) RMB'000	Total (Unaudited) RMB'000
Gross financial assets measured at amortised costs	14,496,716	–	5,850,115	20,346,831
Accrued interest	675,391	–	1,082,562	1,757,953
Less: Provision for impairment losses	(41,860)	–	(1,318,924)	(1,360,784)
	15,130,247	–	5,613,753	20,744,000

	At 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	12m ECL (Audited) RMB'000	Lifetime ECL (Audited) RMB'000	Lifetime ECL (Audited) RMB'000	Total (Audited) RMB'000
Gross financial assets measured at amortised costs	17,165,473	–	5,871,321	23,036,794
Accrued interest	681,774	–	1,082,562	1,764,336
Less: Provision for impairment losses	(41,946)	–	(1,302,618)	(1,344,564)
	17,805,301	–	5,651,265	23,456,566

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

20. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Continued)

(b) Movements of allowance for impairment losses

	As at 30 June 2024			
	Stage 1 12m ECL (Unaudited) RMB'000	Stage 2 Lifetime ECL (Unaudited) RMB'000	Stage 3 Lifetime ECL (Unaudited) RMB'000	Total (Unaudited) RMB'000
Loss allowance at 1 January 2024	41,946	–	1,302,618	1,344,564
Changes in the loss allowance				
– Charge to profit or loss, net	(86)	–	216,893	216,807
– Interest income on impaired financial asset measured at amortised cost	–	–	(200,587)	(200,587)
Loss allowance at 30 June 2024	41,860	–	1,318,924	1,360,784

	As at 31 December 2023			
	Stage 1 12m ECL (Audited) RMB'000	Stage 2 Lifetime ECL (Audited) RMB'000	Stage 3 Lifetime ECL (Audited) RMB'000	Total (Audited) RMB'000
Loss allowance at 1 January 2023	40,992	–	1,003,354	1,044,346
Changes in the loss allowance				
– Transfer to stage 3	(6,406)	–	6,406	–
– Charge to profit or loss, net	7,360	–	741,303	748,663
– Interest income on impaired financial asset measured at amortised cost	–	–	(448,445)	(448,445)
Loss allowance at 31 December 2023	41,946	–	1,302,618	1,344,564

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

21. INTERESTS IN ASSOCIATES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Costs of investments in associates, unlisted	1,210,926	1,210,926
Share of post-acquisition results and other comprehensive income, net of dividends received	95,934	92,904
	1,306,860	1,303,830

As at 30 June 2024 and 31 December 2023, the Group had interests in the following associates:

Name of the bank	Form of entity	Country of incorporation/ operation	Class of shares held	Proportion of ownerships interests or participating shares held by the Group		Proportion of voting power held		Principal activity
				30 June 2024	31 December 2023	30 June 2024	31 December 2023	
				(Unaudited)	(Audited)	(Unaudited)	(Audited)	
Jilin Gongzhuling Rural Commercial Bank Co., Ltd.* (“吉林公主嶺農村商業銀行股份有限公 司”, “Jilin Gongzhuling Rural Commercial Bank”) ⁽¹⁾	Incorporated	PRC	Ordinary	20.2%	20.2%	20.2%	20.2%	Corporate and retail bank
Changbai Mountain Rural Commercial Bank Co., Ltd.* (“長白山農村商業銀行股份有限公 司”, “Changbai Mountain Rural Commercial Bank”) ⁽¹⁾	Incorporated	PRC	Ordinary	38.8%	38.8%	38.8%	38.8%	Corporate and retail bank
Haikou United Rural Commercial Bank Co., Ltd.* (“海口聯合農村商業銀行股份有限公司”, “Haikou United Rural Commercial Bank”) ⁽¹⁾	Incorporated	PRC	Ordinary	10%	10%	10%	10%	Corporate and retail bank
Liaoyuan Rural Commercial Bank Co., Ltd.* (“遼 源農村商業銀行股份有限公司”, “Liaoyuan Rural Commercial Bank”) ⁽¹⁾	Incorporated	PRC	Ordinary	35.13%	35.13%	35.13%	35.13%	Corporate and retail bank

(1) These associates are directly held by the Bank.

* The English translation is for identification only.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

21. INTERESTS IN ASSOCIATES (Continued)

Notes:

- (a) The directors of the Bank considered that Haikou United Rural Commercial Bank, in which the Bank has 10% equity interest, is still classified as an associate of the Group as the Group continues to have significant influence over Haikou United Rural Commercial Bank by virtue of its contractual right to appoint two out of nine directors to the board of directors of that associate.
- (b) The financial information and carrying amount, in aggregate, of the Group's interests in the associates that are not individually material and are accounted for using the equity method are set out below:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
The Group's share of profit for the period/year	(2,537)	781
The Group's share of other comprehensive income for the period/year	5,567	5,777
	3,030	6,558

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Carrying amount of the Group's interests in these associates	1,306,860	1,303,830

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

22. PROPERTY AND EQUIPMENT

	Premises RMB'000	Leasehold improvement RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost						
At 1 January 2023 (Audited)	2,995,629	681,198	859,070	190,658	10,302	4,736,857
Additions	22,326	21,276	28,267	11,119	2,788	85,776
Transfers in/(out) of construction in progress	148,420	–	14,481	(162,901)	–	–
Disposals	(3,291)	(172,758)	(31,434)	(823)	(1,838)	(210,144)
At 31 December 2023 and 1 January 2024 (Audited)	3,163,084	529,716	870,384	38,053	11,252	4,612,489
Additions	1	164	4,905	5,568	514	11,152
Disposals	–	–	(4,687)	–	(622)	(5,309)
Transfers in/(out) of construction in progress	3,879	–	2,002	(5,881)	–	–
At 30 June 2024 (Unaudited)	3,166,964	529,880	872,604	37,740	11,144	4,618,332
Accumulated depreciation and impairment						
At 1 January 2023 (Audited)	772,365	530,346	655,297	–	5,012	1,963,020
Provided for the year	154,012	50,566	63,950	–	2,284	270,812
Eliminated on disposals	(1,353)	(166,742)	(30,155)	–	(1,764)	(200,014)
At 31 December 2023 and 1 January 2024 (Audited)	925,024	414,170	689,092	–	5,532	2,033,818
Provided for the period	76,191	20,216	30,353	–	1,175	127,935
Eliminated on disposals	–	–	(4,534)	–	(604)	(5,138)
At 30 June 2024 (Unaudited)	1,001,215	434,386	714,911	–	6,103	2,156,615
Net book value						
At 30 June 2024 (Unaudited)	2,165,749	95,494	157,693	37,740	5,041	2,461,717
At 31 December 2023 (Audited)	2,238,060	115,546	181,292	38,053	5,720	2,578,671

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

22. PROPERTY AND EQUIPMENT (Continued)

At 30 June 2024, the net book values of premises of which title deeds were not yet finalised by the Group were approximately RMB541,268,000 (31 December 2023: approximately RMB559,015,000). Among them, the net book values of premises that the Group has obtained housing property title certificates issued by the authorities but no land use right certificates were approximately RMB267,425,000 (31 December 2023: approximately RMB276,242,000).

According to the opinions of the Group's external legal counsels, the Group is the legal owner of the aforementioned premises and entitled to occupy, use, transfer, pledge and dispose of these premises.

At 30 June 2024 and 31 December 2023, the net book values of premises are analysed by the remaining terms of the leases as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Held in Mainland China		
– Long term leases (over 50 years)	136,105	54,376
– Medium term leases (10 – 50 years)	1,976,285	2,127,491
– Short term leases (less than 10 years)	53,359	56,193
	2,165,749	2,238,060

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

23. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

	Premises RMB'000	Motor vehicles RMB'000	Land use rights RMB'000	Total RMB'000
Cost				
At 1 January 2023 (Audited)	976,317	14,181	29,990	1,020,488
Additions	110,008	1,892	–	111,900
Early termination of lease	(52,229)	(2,649)	567	(54,311)
Lease expiry	(182,898)	(6,807)	–	(189,705)
At 31 December 2023 and 1 January 2024 (Audited)	851,198	6,617	30,557	888,372
Additions	61,057	891	–	61,948
Early termination of lease	(9,713)	(417)	–	(10,130)
Lease expiry	(31,895)	(754)	–	(32,649)
At 30 June 2024 (Unaudited)	870,647	6,337	30,557	907,541
Accumulated depreciation				
At 1 January 2023 (Audited)	488,184	9,537	3,190	500,911
Provided for the year	157,044	2,425	899	160,368
Eliminated on early termination of lease	(32,260)	(1,593)	(3)	(33,856)
Lease expiry	(183,696)	(6,807)	–	(190,503)
At 31 December 2023 and 1 January 2024 (Audited)	429,272	3,562	4,086	436,920
Provided for the period	74,486	1,026	449	75,961
Eliminated on early termination of lease	(6,128)	(409)	–	(6,537)
Lease expiry	(31,895)	(754)	–	(32,649)
At 30 June 2024 (Unaudited)	465,735	3,425	4,535	473,695
Carrying amounts				
At 30 June 2024 (Unaudited)	404,912	2,912	26,022	433,846
At 31 December 2023 (Audited)	421,926	3,055	26,471	451,452

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

23. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

(i) Right-of-use assets (Continued)

As at 30 June 2024, right-of-use assets of approximately RMB26,022,000 (31 December 2023: approximately RMB26,471,000) represent land use rights located in the PRC. As at 30 June 2024, the Group is still in a process of obtaining the land certificate with the carrying amount of approximately RMB306,000 (31 December 2023: approximately RMB380,000). In the opinion of the directors, based on the advice from the Group's external legal adviser, the absence of the land certificate does not impair its carrying value to the Group.

The Group has lease arrangements for premises and motor vehicles. The lease terms are generally ranged from two to twenty years. The land is located in the PRC with lease term ranged from ten to fifty years.

Additions to the right-of-use assets for the period ended 30 June 2024 amounted to approximately RMB61,948,000 (2023: approximately RMB111,900,000), due to new leases of premises and motor vehicles (2023: premises and motor vehicles).

(ii) Lease liabilities

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Amounts payable under lease liabilities		
Within one year	7,271	56,230
After one year but within two years	30,121	55,268
After two years but within five years	205,560	224,824
After five years	107,426	35,475
	350,378	371,797

During the period ended 30 June 2024, the Group entered into a number of new lease agreements in respect of renting properties and motor vehicles (2023: properties and motor vehicles) and recognised lease liability of approximately RMB61,948,000 (2023: RMB111,900,000).

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

23. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

(iii) Amounts recognised in profit and loss

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Depreciation expenses on right-of-use assets	75,961	81,995
Interest expenses on lease liabilities	7,736	8,896
Expenses relating to short-term leases (included in rental and property management expense)	9,156	14,608

(iv) Others

As at 30 June 2024 and 31 December 2023, the Group is not committed for lease agreements not yet commenced.

During the period ended 30 June 2024, the total cash outflow for leases amount to approximately RMB91,581,000 (six months ended 30 June 2023: approximately RMB105,175,000).

24. DEFERRED TAXATION

The following is an analysis of the deferred tax balances for financial reporting purposes:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Deferred tax assets	1,723,288	1,677,917
Deferred tax liabilities	(88,682)	(33,695)
	1,634,606	1,644,222

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

24. DEFERRED TAXATION (Continued)

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current period and prior year:

	Provision for impairment losses on assets RMB'000 Note (i)	Change in fair value of financial asset at FVTOCI RMB'000 Note (ii)	Change in fair value of financial asset at FVTPL RMB'000 Note (ii)	Tax losses RMB'000 Note (iii)	Others RMB'000	Net balance of deferred tax assets RMB'000
At 1 January 2023 (Audited)	1,202,681	(11,589)	(25,566)	44,098	9,285	1,218,909
Credit to profit or loss	362,160	-	60,431	23,686	1,142	447,419
Charge to other comprehensive income	-	(22,263)	-	-	-	(22,263)
Others	-	157	-	-	-	157
At 31 December 2023 and 1 January 2024 (Audited)	1,564,841	(33,695)	34,865	67,784	10,427	1,644,222
Credit/(charge) to profit or loss	55,089	-	(670)	(9,357)	283	45,345
Credit/(charge) to other comprehensive income	26	(54,987)	-	-	-	(54,961)
At 30 June 2024 (Unaudited)	1,619,956	(88,682)	34,195	58,427	10,710	1,634,606

Notes:

- (i) The Group made provision for impairment losses on loans and advances to customers and other assets. The provision for impairment losses was determined based on the expected recoverable amounts of the relevant assets at the end of each of the reporting period. However, the amounts deductible for income tax purposes are calculated at 1% of the gross carrying amounts of qualifying assets at the end of each of the reporting period, together with write-offs which fulfill specific criteria as set out in the Mainland China tax rules and are approved by the tax authorities.
- (ii) Net gains or losses on fair value changes of financial instruments are subject to tax when realised.
- (iii) At 30 June 2024, the Group has unused tax losses of approximately RMB233,707,000 (31 December 2023: approximately RMB271,560,000), available for offset against future profits. A deferred tax asset has been recognised in respect of such losses. Such tax losses can be carried forward for five years from the year in which the respective loss arose.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

25. OTHER ASSETS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Other receivables (Note (i))	328,044	277,700
Prepayments	15,946	31,670
Repossessed assets (Note (ii))	1,013,835	917,679
Long-term deferred expenses (Note (iii))	107,625	116,402
Interest receivables (Note (iv))	40,942	91,911
Others	16,523	7,563
	1,522,915	1,442,925

Notes:

(i) Other receivables

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Other receivables	397,684	337,010
Less: Provision for impairment losses	(69,640)	(59,310)
	328,044	277,700

As at 30 June 2024, the Group has other receivables with gross amount of approximately RMB397,684,000 (31 December 2023: approximately RMB337,010,000) and measures the loss allowance comprised of 12-month ECL and lifetime ECL basis amounting to approximately RMB69,640,000 (31 December 2023: RMB59,310,000).

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

25. OTHER ASSETS (Continued)

Notes: (Continued)

(i) Other receivables (Continued)

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Movements of allowance for impairment losses		
At 1 January	59,310	60,004
Impairment losses recognised	10,333	63
Amounts written off as uncollectible	(3)	(757)
At 30 June/31 December	69,640	59,310

(ii) Repossessed assets

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Gross repossessed assets	1,030,328	934,169
Less: Provision for impairment losses	(16,493)	(16,490)
	1,013,835	917,679
Movements of allowance for impaired losses		
At 1 January	16,490	15,384
Impairment losses recognised	31	1,126
Amounts written off as uncollectible	(28)	(20)
At 30 June/31 December	16,493	16,490

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

25. OTHER ASSETS (Continued)

Notes: (Continued)

(iii) As at 30 June 2024, long-term deferred expenses represent prepayments for services with average contract terms ranging from one year to five years and are amortised at straight line basis over the contract period. Amortisation of long-term deferred expenses for the period ended 30 June 2024 was approximately RMB7,957,000 (31 December 2023: approximately RMB21,898,000).

(iv) Interests receivables

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Interests receivables	48,451	107,364
Less: Provision for impairment losses (Note)	(7,509)	(15,453)
	40,942	91,911

Note:

As at 30 June 2024, the Group has interests receivables in gross amount of approximately RMB48,451,000 (31 December 2023: RMB107,364,000), and measures the loss allowance comprised of 12-month ECL and lifetime ECL amounting to approximately RMB7,509,000 (31 December 2023: RMB15,453,000).

Movements of allowance for impairment losses	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
At 1 January	15,453	3,355
Impairment losses recognised	–	12,098
Reversal of impairment losses recognised	(7,944)	–
At 30 June/31 December	7,509	15,453

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

26. PLEDGED ASSETS

(a) Assets pledged as collaterals

Financial assets pledged by the Group as collaterals for liabilities or contingent liabilities mainly include debt securities, which are for repurchase agreements. The carrying amounts of the financial assets pledged as collaterals as at 30 June 2024 is approximately RMB1,652,851,000 (31 December 2023: RMB220,057,000).

(b) Received pledged assets

The Group and the Bank conducts resale agreements under the usual and customary terms of placements, and holds collaterals for these transactions.

27. BORROWINGS FROM THE CENTRAL BANK

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Borrowings	503,137	535,248
Accrued interest	80	207
	503,217	535,455

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

28. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparties

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Deposits in Mainland China		
– Banks	152,673	110,087
Accrued interest	1,560	1,219
	154,233	111,306

29. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparties

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Placements in Mainland China		
– Banks	1,580,113	3,050,096
Accrued interest	6,462	14,441
	1,586,575	3,064,537

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

30. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analysed by type and location of counterparties

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
In Mainland China		
– Banks	1,652,500	220,000
Accrued interest	351	57
	1,652,851	220,057

(b) Analysed by collateral

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Debt securities	1,652,851	220,057

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

31. DEPOSITS FROM CUSTOMERS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Demand deposits		
– Corporate customers	20,501,255	31,436,997
– Individual customers	15,749,764	16,001,854
	36,251,019	47,438,851
Time deposits		
– Corporate customers	9,226,929	8,020,693
– Individual customers	184,654,725	178,048,464
	193,881,654	186,069,157
Pledged deposits		
– Acceptances	557,798	954,769
– Guarantees and letters of guarantees	1,030,893	1,149,830
	1,588,691	2,104,599
Others	865,032	1,041,506
Accrued interest	5,391,335	5,552,500
	237,977,731	242,206,613

32. ACCRUED STAFF COSTS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Salary and bonus payable	86,876	177,253
Social pension schemes payable	908	339
Other social insurances payable	173	1,662
Other staff welfare payable	2,205	7,856
	90,162	187,110

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

33. DEBTS SECURITIES ISSUED

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Tier-two capital bonds issued (Note (i))	2,796,991	2,796,672
Interbank deposits (Note (ii))	—	499,386
	2,796,991	3,296,058
Accrued interest	101,443	79,152
	2,898,434	3,375,210

Notes:

(i) Tier-two capital bonds issued

- (a) Fixed rate tier-two capital bonds at a face value of RMB800,000,000 with a term of ten years were issued on 13 April 2015. The coupon rate is 6.30% p.a.. The Group has an option to redeem the debts on 13 April 2020 at the nominal amount. The effective interest rate per annum on the Group's tier-two capital bonds issued is 6.35%. As at 30 June 2024, the outstanding balance of this fixed rate tier-two capital bonds issued is approximately RMB799,813,000 (31 December 2023: approximately RMB799,693,000).
- (b) Tier-two capital bonds at a face value of RMB2,000,000,000 with a term of ten years were issued on 20 July 2021. The coupon rate is 4.80% p.a.. The Group has an option to redeem the debts on 20 October 2026 at the nominal amount. The effective interest rate per annum on the Group's tier-two capital bonds issued is 4.82%. As at 30 June 2024, the outstanding balance of this fixed rate tier-two capital bonds issued is approximately RMB1,997,178,000 (31 December 2023: approximately RMB1,996,979,000).

(ii) Interbank deposits

- (a) The Bank issued a zero coupon interbank deposit with a nominal deposit of RMB500,000,000 in 2023 with a maturity of one year. The effective interest rates per annum on the Group's interbank deposit issued was 2.85% per annum. The zero coupon interbank deposit was fully redeemed during the period ended 30 June 2024.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

34. OTHER LIABILITIES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Other payables and accrued expenses	523,043	567,031
Clearance of inter-bank accounts	5,701	3,047
Other taxes payables	92,393	110,323
Agency business liabilities	–	57
Dividend payable	134	134
Deposits under finance lease arrangement and unearned revenue (Note (a))	11,624	40,174
Provision for credit commitments and financial guarantees (Note (b))	71,274	42,402
	704,169	763,168

Notes:

- (a) Deposits under finance lease arrangement and unearned revenue mainly represents finance leases deposits payable and deferred income received under finance leases for which the income will be amortised over the leasing periods.
- (b) As at 30 June 2024 and 31 December 2023, the Group classifies all provision for credit commitments and financial guarantees in Stage 1 and measures the loss allowance equal to 12m ECL.

Movement of provision for impairment losses:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
At 1 January	42,402	74,063
Impairment losses recognised	28,872	–
Reversal of impairment losses recognised	–	(31,661)
	71,274	42,402

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

35. SHARE CAPITAL

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

Share capital as at the end of the reporting period are as follows:

	30 June 2024 (Unaudited) '000	31 December 2023 (Audited) '000
Registered, issued and fully paid ordinary shares of RMB1 each: – Ordinary shares	5,074,192	5,074,192
At beginning and at end of the period/year	5,074,192	5,074,192

As at the end of reporting period, the Bank's issued shares (in thousands of shares) is as follows:

	30 June 2024 (Unaudited) '000	31 December 2023 (Audited) '000
Domestic shareholders	4,107,691	4,107,691
H shareholders	966,501	966,501
At end of the period/year	5,074,192	5,074,192

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

36. CAPITAL RESERVE

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Share premium	3,961,894	3,961,894
Changes in ownership in subsidiaries without changes in control	294,863	294,863
	4,256,757	4,256,757

37. SURPLUS RESERVE AND GENERAL RESERVE

(a) Surplus reserve

The surplus reserve at the end of each of the reporting period represented statutory surplus reserve fund and other surplus reserve. The statutory surplus reserve fund as at 30 June 2024 is approximately RMB1,220,689,000 (31 December 2023: approximately RMB1,220,689,000), and other surplus reserve is approximately RMB16,659,000 as at 30 June 2024 (31 December 2023: approximately RMB16,659,000). The Bank and its subsidiaries are required to appropriate 10% of its net profit, after making good prior year's accumulated loss, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital.

(b) General reserve

With effect from 1 July 2012, pursuant to the "Administrative Measures on Accrual of Provisions by Financial Institutions" issued by the Ministry of Finance of the PRC (the "MOF") in March 2012, the Group is required, in principle, to set aside a general reserve not lower than 1.5% of the balance of its gross risk-bearing assets at each year end.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

38. DIVIDENDS

Pursuant to the resolution of the annual general meeting of 2023 on 23 May 2024, the Board of the Bank does not recommend any distribution of final dividend for the year ended 31 December 2023.

Pursuant to the resolution of the annual general meeting of 2022 on 16 June 2023, the Board of the Bank does not recommend any distribution of final dividend for the year ended 31 December 2022.

No interim dividend was paid, declared or proposed during the period ended 30 June 2024 (2023: nil).

39. UNCONSOLIDATED STRUCTURED ENTITIES

(i) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Such structured entities include trust plans, asset management plans and wealth management products issued by other financial institutions.

The following table set out an analysis of the gross carrying amounts (excluding accrued interest) of interests held by the Group as at 30 June 2024 and 31 December 2023:

	30 June 2024				
	Financial assets at FVTPL (Unaudited) RMB'000	Financial assets at FVTOCI (Unaudited) RMB'000	Financial assets measured at amortised cost (Unaudited) RMB'000	Carrying amount (Unaudited) RMB'000	Maximum exposure (Unaudited) RMB'000
Trust plans	–	–	6,071,492	6,071,492	6,071,492
Asset management plans	–	–	3,156,277	3,156,277	3,156,277
	–	–	9,227,769	9,227,769	9,227,769

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

39. UNCONSOLIDATED STRUCTURED ENTITIES (Continued)

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

	31 December 2023				
	Financial assets at FVTPL (Audited) RMB'000	Financial assets at FVTOCI (Audited) RMB'000	Financial assets measured at amortised cost (Audited) RMB'000	Carrying amount (Audited) RMB'000	Maximum exposure (Audited) RMB'000
Trust plans	–	–	6,089,576	6,089,576	6,089,576
Asset management plans	–	–	3,167,283	3,167,283	3,167,283
	–	–	9,256,859	9,256,859	9,256,859

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

The types of unconsolidated structured entities sponsored by the Group include non-principal guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interest held by the Group includes investments in units issued by these structured entities and fees charged by providing wealth management services as disclosed in Note 5.

As at 30 June 2024, the amount of assets held by the unconsolidated non-principal guaranteed wealth management products, which are sponsored by the Group, are RMB3,597,620,000 (31 December 2023: approximately RMB3,607,330,000).

(iii) Unconsolidated structured entities sponsored by the Group during the period which the Group does not have an interest in as at 30 June 2024 and 31 December 2023:

During the period ended 30 June 2024, the aggregated amount of the non-principal guaranteed wealth management products sponsored and issued by the Group after 1 January, but matured before 30 June 2024 amounted to RMBnil (during the year ended 31 December 2023: approximately RMB2,427,670,000).

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

40. CAPITAL MANAGEMENT

The Group's capital management includes capital adequacy ratio management, capital financing management and economic capital management, of which the primary focus is on capital adequacy ratio management. The Group calculates the capital adequacy ratio in accordance with regulations issued by the National Financial Regulatory Administration (the former CBIRC). The capital of the Group is divided into core tier-one capital, other core tier-one capital and tier-two capital.

Capital adequacy ratio management is the key in capital management. The capital adequacy ratio reflects the soundness of the Group's operations and risk management capabilities. The main objective in capital adequacy ratio management is to set an optimal capital adequacy ratio that meets the regulatory requirements by benchmarking against the capital adequacy ratio level of leading peer banks with reference to its own business environment and conditions.

The Group considers its strategic development plans, business expansion plans and risk variables when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio.

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

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

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

40. CAPITAL MANAGEMENT (Continued)

The capital adequacy ratios and related components of the Group illustrated below are computed based on the Group's statutory financial statements prepared in accordance with the generally accepted accounting principles in the PRC. During the period/year ended 30 June 2024 and 31 December 2023, the Group has complied with all its externally imposed capital requirements.

Since 1 January 2024, the Group has calculated the capital adequacy ratios in accordance with "Administrative Measures for the Capital of Commercial Banks" (《商業銀行資本管理辦法》) issued by the National Financial Regulatory Administration (the former CBIRC) (previously in accordance with the Administrative Measures for the Capital of Commercial Banks (Trial) (《商業銀行資本管理辦法(試行)》)) as follows:

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Total core tier-one capital		
Share capital	5,074,192	5,074,192
Qualifying portion of capital reserve	4,256,757	4,256,757
Investment revaluation reserve	241,569	107,615
Surplus reserve	1,237,348	1,237,348
General reserve	2,747,583	2,747,228
Retained earnings	2,810,311	2,684,172
Qualifying portion of non-controlling interests	1,476,222	1,483,440
Core tier-one capital deductions (Note)	(501,591)	(561,553)
Net core tier-one capital	17,342,391	17,029,199
Qualifying portion of non-controlling interests	183,159	184,816
Net tier-one capital	17,525,550	17,214,015
Tier-two capital		
Qualifying portion of tier-two capital instruments issued	2,160,000	2,320,000
Surplus provision for loan impairment	2,304,582	2,266,975
Qualifying portion of non-controlling interests	374,883	362,943
Net capital base	22,365,015	22,163,933
Total risk weighted assets	195,962,749	195,299,860
Core tier-one capital adequacy ratio	8.85%	8.72%
Tier-one capital adequacy ratio	8.94%	8.81%
Capital adequacy ratio	11.41%	11.35%

Note:

Core tier-one capital deductions primarily include other intangible assets excluding land use rights, goodwill, deferred tax assets recognised for tax losses and other regulatory deductions.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

41. FINANCIAL RISK MANAGEMENT

The primary objectives of risk management of the Group are to maintain risk within acceptable parameters and satisfy the regulatory requirements.

The Group's risk management policies are designed and controls are set up to identify, analyse, monitor and report risks arising from normal operation. The Group regularly reviews its risk management policies and systems to address changes in markets, products and emerging best practices.

Details of the financial instruments are disclosed in respective notes to the condensed consolidated financial statements. The risks associated with these financial instruments include credit risk, liquidity risk and market risk (i.e. interest rate risk and exchange rate risk). The policies on how to mitigate these risks for the six-month period ended 30 June 2024 are the same as those presented in the Group's consolidated financial statements for the year ended 31 December 2023.

Credit risk

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime ECL basis rather 12m ECL.

In order to minimise credit risk, the Group has tasked to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit grading information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgment. The nature of the exposure and the type of counterparty are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The internal credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases, the difference in risk of default between grades changes. Each exposure is allocated to a credit's risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade is updated to reflect current information. The Group uses credit risk grades as a primary input into the determination of the term structure of the probability of default ("PD") for exposures. The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as qualitative information that are indicative of risk of default.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

41. FINANCIAL RISK MANAGEMENT (Continued)

Loan and advance to customers and financial assets at amortised cost

The Group has applied the general approach in IFRS 9 to measure ECL. The Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12m ECL.

Financial assets at FVTOCI

The Group has applied the general approach in IFRS 9 to measure ECL. The Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12m ECL.

Placements with banks and other financial institutions

The Group has applied the general approach in IFRS 9 to measure ECL. All placements with banks and other financial institutions is at Stage 1 of which the loss allowance is measured at 12m ECL.

Deposits with banks and other financial institutions

The Group has applied the general approach in IFRS 9 to measure ECL. All deposits with banks and other financial institutions is at Stage 1 of which the loss allowance is measured at 12m ECL.

Financial assets held under resale agreements

The Group has applied the general approach in IFRS 9 to measure ECL. All financial assets held under resale agreements is at Stage 1 of which the loss allowance is measured at 12m ECL.

Credit commitments and financial guarantees

The Group has applied the general approach in IFRS 9 to measure ECL. All financial guarantees and loans commitment is at Stage 1 of which the loss allowance is measured at 12m ECL.

Other receivables

The Group has applied the general approach in IFRS 9 to measure ECL. The Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12m ECL.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

42. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following balances with an original maturity of less than three months:

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Cash on hand	547,477	674,951
Deposits with the central bank	10,051,309	13,875,553
Deposits with banks and other financial institutions	11,382,016	9,653,805
Placements with banks and other financial institutions	479,718	349,950
Financial assets held under resale agreements	2,674,420	7,539,819
Total	25,134,940	32,094,078

43. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS

(a) Related parties of the Group

(i) Major shareholders

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

Shareholding in the Bank:

	At 30 June 2024 (Unaudited)	At 31 December 2023 (Audited)
Jilin Province Trust Co., Ltd. (“吉林省信託有限責任公司”)	9.61%	9.61%
Changchun Huaxing Construction Co., Ltd. (“長春華星建築有限責任公司”)	8.23%	8.23%

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

43. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS (Continued)

(a) Related parties of the Group (Continued)

(ii) Other related parties

Other related parties can be individuals or enterprises, which include members of the board of directors, the board of supervisors and senior management, and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the board of directors, the board of supervisors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 43(a)(i) or their controlling shareholders. Transactions with other related parties were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

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

During the period, the Group had the following material balances and entered into the following material transactions with related parties other than key management personnel under their control. These transactions were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

(i) Transactions between the Bank and subsidiaries

The subsidiaries of the Bank are its related parties. The transactions between the Bank and its subsidiaries and among the subsidiaries are eliminated on consolidation and therefore are not disclosed in this note.

(ii) Transactions between the Group and associates

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Transactions during the period		
Interest income	689	35,507
Interest expense	-	8,464

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

43. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS (Continued)

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

(ii) Transactions between the Group and associates (Continued)

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Balances at end of the period/year		
Deposits with banks and other financial institutions	18,029	2,455,064
Financial assets held under resale agreements	–	70,025
Placements from banks and other financial institutions	–	100,122

(iii) Transactions between the Group and major shareholders

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Transactions during the period		
Interest income	18,526	7,444
Interest expense	35	235

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Balances at end of the period/year		
Placements with banks and other financial institutions	–	350,136
Loans and advances to customers	547,350	547,350
Deposits from customers	12,019	60,661

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

43. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS (Continued)

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

(iv) Transactions between the Group and other related parties

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Transactions during the period		
Interest income	26,206	6,930
Interest expense	18	260

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
	Balances at end of the period/year	
Loans and advances to customers	616,689	567,799
Deposits from customers	52,333	13,532
Debt securities	240,000	240,000

(c) Key management personnel

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

(i) Transactions between the Group and key management personnel

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Transactions during the period		
Interest income	—*	52
Interest expense	320	1,058

* The balance represents an amount less than RMB500.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

43. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS (Continued)

(c) Key management personnel (Continued)

(i) Transactions between the Group and key management personnel (Continued)

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Balances at end of the period/year		
Loans and advances to customers	–	272
Deposits from customers	55,399	47,377

(ii) Key management personnel compensation

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

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Short-term staff benefits	3,483	3,504
Retirement benefits		
– Basic social pension insurance	630	874
	4,113	4,378

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

43. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS (Continued)

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

Loans and advances to directors, supervisors and officers of the Group disclosed pursuant to section 383 to the Hong Kong Companies Ordinance (Cap. 622) are as follows:

	At 30 June 2024 (Unaudited) RMB'000	Maximum balance for the period ended 30 June 2024 RMB'000	At 31 December 2023 (Audited) RMB'000	Maximum balance for the year ended 31 December 2023 RMB'000
Loans and advances to directors, supervisors and officers	–	122	272	950

44. SEGMENT REPORTING

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

Corporate banking

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

Retail banking

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

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

44. SEGMENT REPORTING (Continued)

Treasury operations

This segment covers the Group's treasury operations. The treasury operations enters into inter-bank money market transactions, repurchases transactions and investments. It also trades in debt securities. The treasury segment also covers management of the Group's overall liquidity position, including the issuance of debts.

Others

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

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

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

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income and expenses are determined before intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the reporting period to acquire property and equipment, land use rights and other long-term assets.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

44. SEGMENT REPORTING (Continued)

Others (Continued)

(a) Segment results, assets and liabilities

	Six months ended 30 June 2024				
	Corporate banking (Unaudited) RMB'000	Retail banking (Unaudited) RMB'000	Treasury operations (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
Operating income					
External net interest income/(expenses)	3,450,250	(2,422,874)	766,134	(722)	1,792,788
Internal net interest (expenses)/income	(2,250,221)	3,631,540	(1,381,319)	-	-
Net interest income/(expenses)	1,200,029	1,208,666	(615,185)	(722)	1,792,788
Net fee and commission income	(4,384)	939	52,605	-	49,160
Net trading gains	-	-	41,696	-	41,696
Dividend income	-	-	-	837	837
Net gains arising from investment securities	-	-	178,092	-	178,092
Net exchange gains	-	-	-	2,390	2,390
Other operating expenses, net	-	-	-	(19,691)	(19,691)
Operating income/(loss)	1,195,645	1,209,605	(342,792)	(17,186)	2,045,272
Operating expenses	(600,802)	(615,655)	(58,267)	(17,974)	(1,292,698)
Impairment losses on assets, net of reversals	(101,724)	(294,591)	(217,309)	(2,419)	(616,043)
Operating profit/(loss)	493,119	299,359	(618,368)	(37,579)	136,531
Share of losses of associates	-	-	-	(2,537)	(2,537)
Profit/(loss) before tax	493,119	299,359	(618,368)	(40,116)	133,994
Segment assets	159,925,897	25,494,990	75,669,521	2,342,951	263,433,359
Deferred tax assets	-	-	-	1,634,606	1,634,606
Total assets	159,925,897	25,494,990	75,669,521	3,977,557	265,067,965
Segment liabilities	(31,459,795)	(206,710,975)	(7,151,206)	(595,640)	(245,917,616)
Dividend payable	-	-	-	(134)	(134)
Total liabilities	(31,459,795)	(206,710,975)	(7,151,206)	(595,774)	(245,917,750)
Other segment information					
- Depreciation and amortisation	101,536	98,068	11,084	1,165	211,853
- Capital expenditure	6,696	3,644	435	377	11,152

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

44. SEGMENT REPORTING (Continued)

Others (Continued)

(a) Segment results, assets and liabilities (Continued)

	Six months ended 30 June 2023				
	Corporate banking (Unaudited) RMB'000	Retail banking (Unaudited) RMB'000	Treasury operations (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
Operating income					
External net interest income/(expenses)	3,895,288	(2,274,461)	796,302	(20)	2,417,109
Internal net interest (expenses)/income	(2,233,464)	3,578,646	(1,345,182)	-	-
Net interest income/(expenses)	1,661,824	1,304,185	(548,880)	(20)	2,417,109
Net fee and commission income	2,486	3,840	1,343	-	7,669
Net trading gains	-	-	43,142	-	43,142
Dividend income	-	-	-	854	854
Net gains arising from investment securities	-	-	80,138	-	80,138
Net exchange gains	-	-	-	2,368	2,368
Other operating expenses, net	-	-	-	(33,811)	(33,811)
Operating income/(loss)	1,664,310	1,308,025	(424,257)	(30,609)	2,517,469
Operating expenses	(714,818)	(654,138)	(10,596)	(589)	(1,380,141)
Impairment losses on assets, net of reversals	(715,617)	(89,655)	(228,938)	(9,688)	(1,043,898)
Operating profit/(loss)	233,875	564,232	(663,791)	(40,886)	93,430
Share of profits of associates	-	-	-	2,337	2,337
Profit/(loss) before tax	233,875	564,232	(663,791)	(38,549)	95,767
Other segment information					
- Depreciation and amortisation	115,444	107,461	2,630	392	225,927
- Capital expenditure	21,480	17,107	1,308	129	40,024

	Year ended 31 December 2023				
	Corporate banking (Audited) RMB'000	Retail banking (Audited) RMB'000	Treasury operations (Audited) RMB'000	Others (Audited) RMB'000	Total (Audited) RMB'000
Segment assets	151,418,186	29,042,178	85,455,719	2,214,685	268,130,768
Deferred tax assets	-	-	-	1,644,222	1,644,222
Total assets	151,418,186	29,042,178	85,455,719	3,858,907	269,774,990
Segment liabilities	(43,961,173)	(198,883,759)	(7,410,963)	(654,424)	(250,910,319)
Dividend payable	-	-	-	(134)	(134)
Total liabilities	(43,961,173)	(198,883,759)	(7,410,963)	(654,558)	(250,910,453)

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

44. SEGMENT REPORTING (Continued)

Others (Continued)

(b) Geographical information

The Group operates principally in Mainland China.

Non-current assets include property and equipment, right-of-use assets and long-term deferred expenses. In presenting of geographical information, non-current assets are allocated based on geographical location of the underlying assets. Operating income is allocated based on the locations of the subsidiaries which generate income. Geographical areas, as defined for management reporting purposes, are as follows:

- “Jilin Region” refers to the head quarter of the Bank and the 13 (31 December 2023: 13) subsidiaries of the Group.
- “Mainland China excluding Jilin Region” refers to the following areas serviced by the Bank and its subsidiaries: Anhui Province, Hebei Province, Hubei Province, Guangdong Province, Hainan Province, Heilongjiang Province, Shaanxi Province, Shandong Province and Tianjin City.

	Operating Income Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Jilin Region	1,661,071	2,093,848
Mainland China excluding Jilin Region	384,201	423,621
	2,045,272	2,517,469

	Non-current asset	
	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Jilin Region	2,392,813	2,387,301
Mainland China excluding Jilin Region	610,375	759,224
	3,003,188	3,146,525

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

45. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Methods and assumptions for measurement of fair value

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

(i) Debt securities

Fair values of debt securities investments are determined with reference to the available market values. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows.

(ii) Receivables and other non-derivative financial assets

Fair values are estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

(iii) Unlisted equity investments

The fair value of the unlisted equity investment has been estimated by using the market approach, recent transaction price, using ratio of price to book value ("PB Ratio") of certain listed companies in the same industry, in arriving at an indicated value of the unlisted equity interest. The valuation takes account of a discount for lack of marketability ("DLOM") on this investment.

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

Fair values of debt securities issued are based on the present value of estimated future cash flows at the end of the reporting period. The fair values of other non-derivative financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the reporting period.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

45. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Fair value measurement

(i) Financial assets

The Group's financial assets mainly consist of cash and deposits with the central bank, receivables with banks and other financial institutions, loans and advances to customers, and investments.

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

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

Financial assets at FVTPL and financial assets at FVTOCI are stated at fair value. The fair values of financial assets measured at amortised cost are estimated on the basis of pricing models or discounted cash flows in the absence of any other relevant observable market data if the market value is not available.

(ii) Financial liabilities

The Group's financial liabilities mainly include borrowings from the central bank, deposits and placements from banks and other financial institutions, financial assets sold under repurchase agreements, deposits from customers and debts securities issued.

Fair values of debt securities issued are based on quoted market prices. For debt securities where quoted market prices are not available, a discounted cash flow model is used to calculate their fair value using current market rates appropriate for debt securities with similar remaining maturities.

The carrying amounts of financial liabilities are approximate to their fair value.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

45. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(c) Fair value hierarchy

The following table presents the carrying value of financial instruments measured at fair value (excluding accrued interest) in the condensed consolidated statements of financial position across the three levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. These three types of inputs have created the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same, discounted cash flow analysis. The inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign exchange rates. Where discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

45. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(c) Fair value hierarchy (Continued)

	At 30 June 2024			
	Level 1	Level 2	Level 3	Total
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
Assets				
Financial assets at FVTPL (Note 17)				
– Unlisted equity investments measured at FVTPL	–	–	670,056	670,056
Financial assets at FVTOCI (Note 19)				
– Debt securities	–	14,332,061	–	14,332,061
– Unlisted equity investments measured at FVTOCI	–	–	144,730	144,730
	–	14,332,061	814,786	15,146,847

	At 31 December 2023			
	Level 1	Level 2	Level 3	Total
	(Audited) RMB'000	(Audited) RMB'000	(Audited) RMB'000	(Audited) RMB'000
Assets				
Financial assets at FVTPL (Note 17)				
– Unlisted equity investments measured at FVTPL	–	–	667,376	667,376
Financial assets at FVTOCI (Note 19)				
– Debt securities	–	14,290,047	–	14,290,047
– Unlisted equity investments measured at FVTOCI	–	–	144,730	144,730
	–	14,290,047	812,106	15,102,153

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

45. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(c) Fair value hierarchy (Continued)

During the period ended 30 June 2024 and year ended 31 December 2023, there were no transfers between level 1, 2 and 3 of fair value hierarchy.

- (i) The Group uses valuation techniques to determine the fair value of financial instruments when open quotation in active markets is not available. The main parameters used in valuation techniques for financial instruments held by the Group include bond prices, interest rates, foreign exchange rates, equity and stocks prices, volatilities, correlations, early repayment rates, counterparty credit spreads and others, which are basically observable and obtainable from open market.
- (ii) The valuation techniques and input used in the fair value measurements of financial instruments as set out below:

Financial assets	Fair value as at,		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of key inputs and significant unobservable inputs to fair value
	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000				
Financial assets at FVTPL						
Unlisted equity investments measured at FVTPL	386,669	383,989	Level 3	Market approach adopted. The value is based on PB Ratio, adjusted by discount for lack of marketability ("DLOM").	The PB Ratio is 0.55 (31 December 2023: 0.52). The DLOM is 10% (31 December 2023:10%)	The higher the PB Ratio, the higher the fair value. The higher the DLOM, the lower the fair value. (Note (i))
	283,387	283,387	Level 3	Based on recent transaction price.	Recent transaction price	The higher the recent transaction price, the higher the fair value
Financial assets at FVTOCI						
Debt securities – listed	14,332,061	14,290,047	Level 2	Based on valuation results provided by China Central Depository & Clearing Co., determined by using discounted cash flow model	N/A	N/A
Unlisted equity investments measured at FVTOCI	144,730	144,730	Level 3	Based on recent transaction price (Note (iii))	Recent transaction price	The higher the recent transaction price, the higher the fair value.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

45. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(c) Fair value hierarchy (Continued)

- (ii) The valuation techniques and input used in the fair value measurements of financial instruments as set out below: (Continued)

Note:

A 5% increase in PB Ratios used in isolation would result in an increase in fair value measurement of unlisted equity investments at FVTPL by approximately RMB1,543,000 (31 December 2023: approximately RMB1,314,000) and vice versa.

A 0.5% increase in DLOM used in isolation would result in a decrease in fair value measurement of unlisted equity investments at FVTPL by approximately RMB94,000 (31 December 2023: approximately RMB2,131,000) and vice versa.

Reconciliation of Level 3 fair value measurements of financial assets:

	Unlisted equity investment		Total RMB'000
	Financial assets at FVTPL RMB'000	Financial assets at FVTOCI RMB'000	
At 1 January 2023 (Audited)	906,138	141,267	1,047,405
Fair value losses recognised in profit or loss	(238,762)	–	(238,762)
Fair value gain recognised in OCI	–	3,895	3,895
Disposals	–	(432)	(432)
At 31 December 2023 and 1 January 2024 (Audited)	667,376	144,730	812,106
Fair value gain recognised in profit or loss	2,680	–	2,680
At 30 June 2024 (Unaudited)	670,056	144,730	814,786

The above fair value gains of approximately RMB2,680,000 and RMB nil (year ended 31 December 2023: fair value losses and gains of approximately RMB238,762,000 and RMB3,895,000) respectively are included in net trading gains and investment revaluation reserve for the six months period ended 30 June 2024.

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

46. ENTRUSTED LENDING BUSINESS

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

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Entrusted loans	19,851,964	18,841,234
Entrusted funds	19,852,990	18,842,260

47. COMMITMENTS

Credit commitments

The Group's credit commitments take the form of acceptances, letters of guarantees, letters of credit and unused credit card commitments.

The Group provides letters of guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise of undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers. The amounts disclosed in respect of unused credit card commitments are under the assumption that the amounts will be fully advanced.

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Acceptances	1,755,151	1,716,626
Letters of guarantees	2,860,522	2,911,364
Letters of credit	12,044	1,961
Unused credit card commitments	163,495	163,842
	4,791,212	4,793,793

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

47. COMMITMENTS (Continued)

Credit commitments (Continued)

The Group may be exposed to credit risk in all the above credit businesses. Group Management periodically assesses credit risk and makes provision for any probable losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows.

48. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flow will be, classified in the Group's condensed consolidated statement of cash flows from financing activities.

	1 January 2024 (Audited) RMB'000	Financing cash flows (Unaudited) RMB'000	Non-cash change			30 June 2024 (Unaudited) RMB'000
			Finance cost incurred (Unaudited) RMB'000	New lease entered (Unaudited) RMB'000	Early termination of lease (Unaudited) RMB'000	
Liabilities						
Debt securities issued (Note 33)	3,375,210	(550,400)	73,624	-	-	2,898,434
Dividend payable (Note 34)	134	-	-	-	-	134
Lease liabilities (Note 23)	371,797	(82,425)	7,736	61,948	(8,678)	350,378
	3,747,141	(632,825)	81,360	61,948	(8,678)	3,248,946

	1 January 2023 (Audited) RMB'000	Financing cash flows (Unaudited) RMB'000	Finance cost incurred (Unaudited) RMB'000	New lease entered (Unaudited) RMB'000	Non-cash change		30 June 2023 (Unaudited) RMB'000
					Early termination of lease (Unaudited) RMB'000	Lease modification (Unaudited) RMB'000	
Liabilities							
Debt securities issued (Note 33)	5,351,209	(2,064,047)	102,940	-	-	-	3,390,102
Dividend payable (Note 34)	478	(344)	-	-	-	-	134
Lease liabilities (Note 23)	429,046	(90,567)	8,896	67,623	(1,676)	1,778	415,100
	5,780,733	(2,154,958)	111,836	67,623	(1,676)	1,778	3,805,336

Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2024

49. NON-CASH TRANSACTIONS

Except as disclosed elsewhere in the condensed consolidated financial statements, the Group entered the following major non-cash transactions:

- (i) During the period ended 30 June 2024, the Group entered into new arrangements in respect of premises. Right-of-use assets and lease liabilities of RMB61,948,000 were recognised at the commencement of the leases.

- (ii) During the period ended 30 June 2023, the Group entered into new arrangements in respect of premises. Right-of-use assets and lease liabilities of RMB67,623,000 were recognised at the commencement of the leases.

Chapter 10 Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

The information set out below does not form part of the consolidated financial statements, and is included herein for information purpose only.

1. Leverage ratio (%)

	At June 30, 2024	At December 31, 2023
Leverage Ratio	6.51%	6.65%

Pursuant to the Administrative Measures for the Capital of Commercial Banks promulgated by the National Financial Regulatory Administration and effective since 1 January 2024, a minimum leverage ratio 4% is required.

The above leverage ratio is calculated in accordance with the formula promulgated by the National Financial Regulatory Administration and based on the financial information prepared in accordance with PRC GAAP.

Chapter 10 Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

2. Currency concentrations

	At June 30, 2024		Total
	USD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	21,466	1,231	21,466
Spot liabilities	16,038	156	16,038
Net position	5,428	1,075	5,428

	At December 31, 2023		Total
	USD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	17,122	1,287	18,409
Spot liabilities	5,662	66	5,728
Net position	11,460	1,221	12,681

The above information is computed in accordance with the provisions of the National Financial Regulatory Administration. The Group has no structural position as at the end of each Reporting Period.

Chapter 10 Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

3. International claims

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

International claims include loans and advances to customers, balances with the central bank, deposit and placement with banks and other financial institutions.

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

	At June 30, 2024	At December 31, 2023
Deposit with banks Asia Pacific excluding Mainland China	216	901

4. Loans and advances overdue for more than 90 days by geographical segments

	At June 30, 2024	At December 31, 2023
Jilin Region	6,646,777	5,148,654
Mainland China excluding Jilin Region	1,066,044	662,099
Total	7,712,821	5,810,753

Chapter 10 Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

5. Gross amount of loans and advances overdue for more than 90 days

	At June 30, 2024	At December 31, 2023
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– Between three months and six months (inclusive)	1,340,361	960,374
– Between six months and one year (inclusive)	1,719,549	2,206,585
– Between one year and three years	2,879,198	1,258,382
– Over three years	1,773,713	1,385,412
Total	7,712,821	5,810,753
As a percentage of total gross loans and advances		
– Between three months and six months (inclusive)	0.74%	0.54%
– Between six months and one year (inclusive)	0.95%	1.24%
– Between one year and three years	1.59%	0.71%
– Over three years	0.98%	0.78%
Total	4.26%	3.27%

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

6. Non-bank mainland China exposure

The Bank is a commercial bank incorporated in mainland China with its banking business conducted in mainland China. At June 30, 2024 and December 31, 2023, substantial amounts of the Bank's exposures arose from business with mainland China entities or individuals.



吉林九台農村商業銀行股份有限公司
JILIN JIUTAI RURAL COMMERCIAL BANK CORPORATION LIMITED