中国农业银行
AGRICULTURAL BANK OF CHINA

Agricultural Bank of China Limited

(A joint stock company incorporated in the People's Republic of China with limited liability)
Stock Code: 1288

2024 INTERIM REPORT

耕耘 美丽中国 共创幸福生活

中国农业银行
AGRICULTURAL BANK OF CHINA
乡村振兴 共富未来
智慧农业
智慧政务
智慧生活

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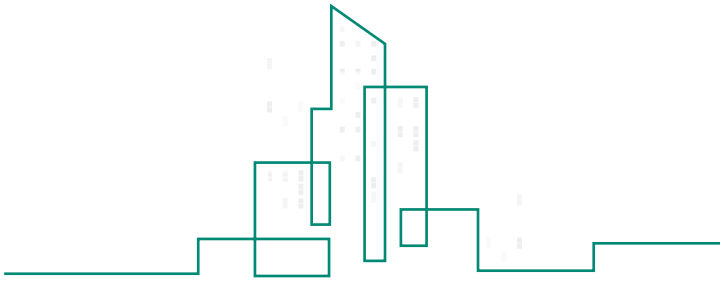


Definitions

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

1.	ABC/Agricultural Bank of China/the Bank/the Group/We	Agricultural Bank of China Limited, or Agricultural Bank of China Limited and its subsidiaries
2.	ABC-CA	ABC-CA Fund Management Co., Ltd.
3.	ABC Financial Leasing	ABC Financial Leasing Co., Ltd.
4.	ABC International	ABC International Holdings Limited
5.	ABC Investment	ABC Financial Asset Investment Co., Ltd.
6.	ABC Life Insurance	ABC Life Insurance Co., Ltd.
7.	ABC Wealth Management	ABC Wealth Management Co., Ltd.
8.	A Share(s)	Ordinary shares listed domestically which are subscribed and traded in Renminbi
9.	CASs/PRC GAAP	The Accounting Standards for Enterprises promulgated on 15 February 2006 by the Ministry of Finance of the People's Republic of China and other related rules and regulations subsequently issued
10.	County Area Banking Division	An internal division with management mechanism adopted by us for specialized operation of financial services provided to Sannong and the County Areas, as required under our restructuring into a joint stock limited liability company, which focuses on the County Area Banking Business with independence in aspects such as governance mechanism, operational decision making, financial accounting as well as incentive and constraint mechanism to a certain extent
11.	CSRC	China Securities Regulatory Commission
12.	Global Systemically Important Banks	Banks recognized as key players in the financial market with global features as announced by the Financial Stability Board
13.	Green Finance	Economic activities designed to support environmental improvement, respond to climate change and efficient use of resources, that is, financial services provided for project investment and financing, project operation, risk management, etc. in the fields of environmental protection, energy saving, clean energy, green transportation, green building, etc.
14.	H Share(s)	Shares listed on The Stock Exchange of Hong Kong Limited and subscribed and traded in Hong Kong Dollars, the nominal value of which are denominated in Renminbi
15.	Hong Kong Listing Rules	The *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*
16.	Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
17.	Huijin	Central Huijin Investment Ltd.

18.	Independent Director	The independent director referred to in the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, as well as the independent non-executive director referred to in the Hong Kong Listing Rules
19.	MOF	Ministry of Finance of the People's Republic of China
20.	NFRA	National Financial Regulatory Administration, or the former China Banking and Insurance Regulatory Commission
21.	PBOC	The People's Bank of China
22.	Sannong	Agriculture, rural areas and rural people
23.	SSF	National Council for Social Security Fund of the People's Republic of China

Basic Corporate Information and Major Financial Indicators

Basic Corporate Information

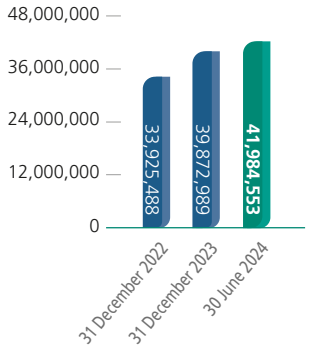
Legal name in Chinese	中國農業銀行股份有限公司
Abbreviation	中國農業銀行
Legal name in English	AGRICULTURAL BANK OF CHINA LIMITED
Abbreviation	AGRICULTURAL BANK OF CHINA (ABC)
Legal representative	GU Shu
Authorized representative	LIU Qing
Secretary to the Board of Directors and Company Secretary	LIU Qing Address: No. 69, Jianguomen Nei Avenue, Dongcheng District, Beijing, PRC Tel: 86-10-85109619 (Investors Relations) Fax: 86-10-85126571 E-mail: ir@abchina.com
Selected media and websites for information disclosure	*China Securities Journal* (www.cs.com.cn) *Shanghai Securities News* (www.cnstock.com) *Securities Times* (www.stcn.com) *Securities Daily* (www.zqrb.cn)
Website of Shanghai Stock Exchange publishing the interim report (A Shares)	www.sse.com.cn
Website of Hong Kong Stock Exchange publishing the interim report (H Shares)	www.hkexnews.hk
Location where copies of the interim report are kept	Office of the Board of Directors of the Bank
Listing exchange of A Shares	Shanghai Stock Exchange
Stock name	農業銀行
Stock code	601288
Share registrar	China Securities Depository and Clearing Corporation Limited, Shanghai Branch (Address: No. 188 South Yanggao Road, Pudong New Area, Shanghai, PRC)
Listing exchange of H Shares	The Stock Exchange of Hong Kong Limited
Stock name	ABC
Stock code	1288
Share registrar	Computershare Hong Kong Investor Services Limited (Address: Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, PRC)

Trading exchange and platform of preference shares	The Integrated Business Platform of Shanghai Stock Exchange
Stock name (stock code)	農行優1 (360001), 農行優2 (360009)
Share registrar	China Securities Depository and Clearing Corporation Limited, Shanghai Branch (Address: No. 188 South Yanggao Road, Pudong New Area, Shanghai, PRC)
Legal advisor as to laws of Chinese mainland	King & Wood Mallesons
Address	17-18/F, East Tower, World Financial Centre 1, No. 1, Dongsanhuan Zhong Road, Chaoyang District, Beijing, PRC
Legal advisor as to laws of Hong Kong	Clifford Chance
Address	27/F, Jardine House, 1 Connaught Place, Central, Hong Kong, PRC
Domestic auditor	KPMG Huazhen LLP
Address	8/F, Office Tower E2, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing, PRC
Name of the undersigned accountants	SHI Jian, HUANG Aizhou
International auditor	KPMG
Address	8/F, Prince's Building, 10 Chater Road, Central, Hong Kong, PRC
Name of the undersigned accountant	Wong Yuen Shan

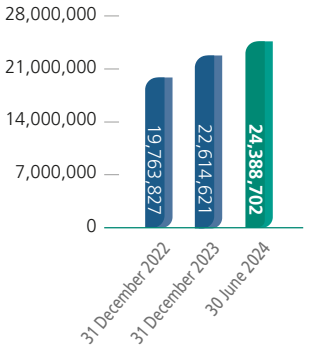
Financial Highlights

(Financial data and indicators recorded in this report are prepared in accordance with the International Financial Reporting Standards (the "**IFRSs**") and denominated in RMB, unless otherwise stated)

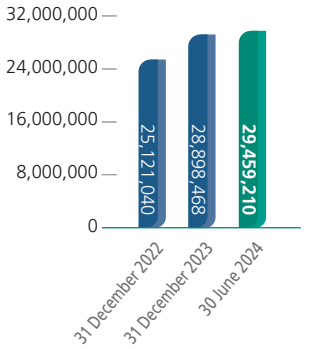
Total assets
(in millions of RMB)



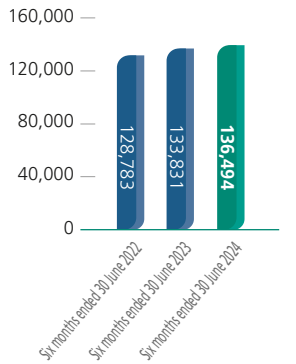
Total loans and advances to customers
(in millions of RMB)



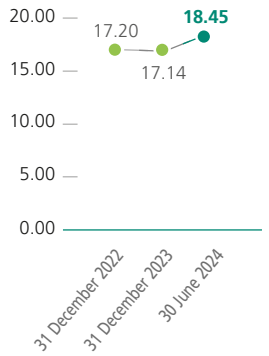
Deposits from customers
(in millions of RMB)



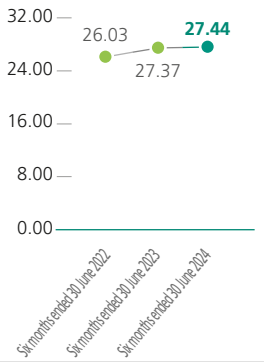
Net profit
(in millions of RMB)



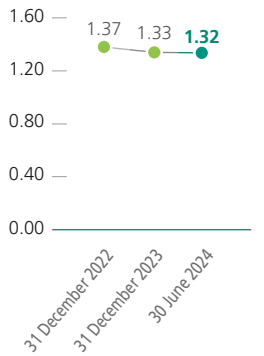
Capital adequacy ratio
(%)



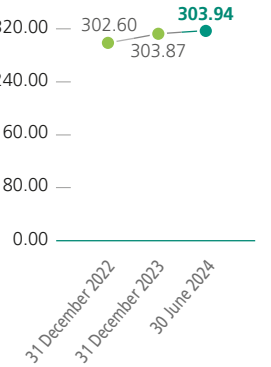
Cost-to-income ratio
(%)



Non-performing loan ratio
(%)



Allowance to non-performing loans
(%)



Major Financial Data

	30 June 2024	31 December 2023	31 December 2022
At the end of the reporting period (in millions of RMB)			
Total assets	**41,984,553**	39,872,989	33,925,488
Total loans and advances to customers	**24,388,702**	22,614,621	19,763,827
Including: Corporate loans	**14,336,725**	12,791,116	10,741,230
Discounted bills	**934,971**	1,310,747	1,007,548
Retail loans	**8,652,093**	8,059,915	7,545,282
Overseas and others	**410,076**	402,491	426,847
Allowance for impairment losses on loans	**949,968**	882,855	782,854
Loans and advances to customers, net	**23,438,734**	21,731,766	18,980,973
Financial investments	**12,853,509**	11,213,713	9,530,163
Cash and balances with central banks	**3,037,305**	2,922,047	2,549,130
Deposits and placements with and loans to banks and other financial institutions	**1,095,542**	1,596,257	1,131,215
Financial assets held under resale agreements	**740,355**	1,809,559	1,172,187
Total liabilities	**38,928,090**	36,976,122	31,251,728
Deposits from customers	**29,459,210**	28,898,468	25,121,040
Including: Corporate deposits	**10,311,827**	10,477,286	9,032,456
Retail deposits	**17,844,268**	17,109,711	14,977,766
Overseas and others	**844,168**	852,298	727,212
Deposits and placements from banks and other financial institutions	**5,063,713**	4,035,787	2,792,933
Financial assets sold under repurchase agreements	**114,326**	100,521	43,779
Debt securities issued	**2,580,025**	2,295,921	1,869,398
Equity attributable to equity holders of the Bank	**3,049,778**	2,889,248	2,668,063
Net capital[1]	**4,080,093**	3,828,171	3,416,349
Common Equity Tier 1 (CET1) capital, net[1]	**2,461,676**	2,394,940	2,215,612
Additional Tier 1 capital, net[1]	**579,565**	480,009	440,009
Tier 2 capital, net[1]	**1,038,852**	953,222	760,728
Risk-weighted assets[1]	**22,109,317**	22,338,078	19,862,505

Basic Corporate Information and Major Financial Indicators

	Six months ended 30 June 2024	Six months ended 30 June 2023	Six months ended 30 June 2022
Interim operating results (in millions of RMB)			
Operating income	**367,140**	365,794	363,195
Net interest income	**290,848**	290,421	300,177
Net fee and commission income	**46,736**	50,731	49,489
Operating expenses	**108,679**	107,678	101,730
Credit impairment losses	**100,998**	102,352	105,529
Total profit before tax	**157,471**	155,969	156,049
Net profit	**136,494**	133,831	128,783
Net profit attributable to equity holders of the Bank	**135,892**	133,234	128,752
Net cash flows generated from operating activities	**291,380**	1,353,499	908,785

Financial Indicators

	Six months ended 30 June 2024	Six months ended 30 June 2023	Six months ended 30 June 2022
Profitability (%)			
Return on average total assets[2]	**0.67***	0.74*	0.84*
Return on weighted average net assets[3]	**10.75***	11.43*	11.92*
Net interest margin[4]	**1.45***	1.66*	2.02*
Net interest spread[5]	**1.30***	1.49*	1.86*
Return on risk-weighted assets[1,6]	**1.23***	1.23*	1.36*
Net fee and commission income to operating income	**12.73**	13.87	13.63
Cost-to-income ratio[7]	**27.44**	27.37	26.03
Data per share (RMB Yuan)			
Basic earnings per share[3]	**0.37**	0.37	0.35
Diluted earnings per share[3]	**0.37**	0.37	0.35
Net cash flows per share generated from operating activities	**0.83**	3.87	2.60

	30 June 2024	31 December 2023	31 December 2022
Asset quality (%)			
Non-performing loan ratio[8]	**1.32**	1.33	1.37
Allowance to non-performing loans[9]	**303.94**	303.87	302.60
Allowance to loan ratio[10]	**4.00**	4.05	4.16
Capital adequacy (%)			
Common Equity Tier 1 (CET1) capital adequacy ratio[1]	**11.13**	10.72	11.15
Tier 1 capital adequacy ratio[1]	**13.76**	12.87	13.37
Capital adequacy ratio[1]	**18.45**	17.14	17.20
Risk-weighted assets to total assets ratio[1]	**52.66**	56.02	58.55
Total equity to total assets ratio	**7.28**	7.27	7.88
Data per share (RMB Yuan)			
Net assets per ordinary share[11]	**7.06**	6.88	6.37

Notes:

1. *Since 1 January 2024, figures were calculated in accordance with the Rules on Capital Management of Commercial Banks and other relevant regulations; before 1 January 2024, figures were calculated in accordance with the Rules on Capital Management of Commercial Banks (Provisional) and other relevant regulations.*
2. *Calculated by dividing net profit by the average balances of total assets at the beginning and the end of the period.*
3. *Calculated in accordance with the Rules for the Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public No. 9 — Computation and Disclosure of Return on Net Assets and Earnings per Share (2010 Revision) issued by the CSRC and International Accounting Standard 33 — Earnings per Share.*
4. *Calculated by dividing net interest income by the average balances of interest-earning assets.*
5. *Calculated as the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities.*
6. *Calculated by dividing net profit by risk-weighted assets at the end of the period. The risk-weighted assets are calculated in accordance with the relevant regulations of the NFRA.*
7. *Calculated by dividing operating and administrative expenses by operating income in accordance with CASs, which is consistent with the corresponding figures as stated in the financial report of the Bank prepared in accordance with CASs.*
8. *Calculated by dividing the balance of non-performing loans (excluding accrued interest) by the balance of total loans and advances to customers (excluding accrued interest).*
9. *Calculated by dividing the balance of allowance for impairment losses on loans by the balance of non-performing loans (excluding accrued interest), among which, the balance of allowance for impairment losses on loans includes the allowance for impairment losses on bills and forfeiting recognized in other comprehensive income.*
10. *Calculated by dividing the balance of allowance for impairment losses on loans by the balance of total loans and advances to customers (excluding accrued interest), among which, the balance of allowance for impairment losses on loans includes the allowance for impairment losses on bills and forfeiting recognized in other comprehensive income.*
11. *Calculated by dividing equity attributable to ordinary equity holders of the Bank (excluding other equity instruments) at the end of the period by the total number of ordinary shares at the end of the period.*

* *Annualized figures.*

Operation Overview

In the face of new situations and challenges this year, the Bank insisted on being guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, further upheld the political and people-oriented nature of financial work, faithfully implemented the decisions and plans of the Central Committee of the Communist Party of China (CPC) and the State Council, and fully implemented the plans and requirements of the Central Financial Work Conference in all aspects. Focusing on the key tasks of "Three Stabilizations and Two Advancements", we served Sannong and the real economy precisely and efficiently, achieved sound results in businesses and operations, and made solid strides in high-quality development.

The quality and efficiency of our operations continued to improve. Adhering to the general principle of pursuing progress while ensuring stability and through balancing functionality and profitability, we achieved steady growth in the scale of assets and liabilities, maintained stable asset quality, continuously improved operating performance, and properly coordinated serving the real economy and sustainable development of the Bank. In the first half of 2024, we recorded operating income of RMB367.1 billion and net profit of RMB136.5 billion, representing a year-on-year increase of 0.4% and 2.0%, respectively. With return on average total assets of 0.67%, return on weighted average net assets of 10.75% and cost-to-income ratio of 27.44%, the operating performance was generally positive. As at the end of June 2024, the Group's total assets amounted to RMB42 trillion, representing an increase of 5.3% as compared to the end of the previous year; of which, total loans and advances to customers amounted to RMB24.4 trillion, representing an increase of 7.8% as compared to the end of the previous year. Total liabilities amounted to RMB38.9 trillion, representing an increase of 5.3% as compared to the end of the previous year; of which, the all-system deposits from customers amounted to RMB34.1 trillion. The non-performing loan ratio was 1.32%, representing a decrease of 0.01 percentage point as compared to the end of the previous year. The overdue loan ratio was 1.07%, representing a decrease of 0.01 percentage point as compared to the end of the previous year. The allowance to non-performing loans was 303.94%, and the capital adequacy ratio was 18.45%.

Our financial services for Sannong and County Areas achieved new results. We remained committed to our primary responsibilities and core business, and supported all-round rural revitalization and the building of a strong agricultural sector with greater efforts. As at the end of June 2024, total loans in County Areas amounted to RMB9.60 trillion, representing an increase of 9.4% as compared to the end of the previous year, with a rising proportion in our domestic loans to 40.1%. The balance of loans for sufficient supply of food and major agricultural products and related fields, rural industries, and rural construction and related fields amounted to RMB994.5 billion, RMB2.26 trillion, RMB2.22 trillion, respectively, representing an increase of 17.8%, 22.8% and 13.6%, respectively, as compared to the end of the previous year. The balance of loans in 832 counties lifted out of poverty and 160 key national counties receiving assistance in pursuing rural revitalization amounted to RMB2.21 trillion and RMB413.8 billion, respectively, representing an increase of 10.0% and 8.7%, respectively, as compared to the end of the previous year, both higher than the growth of total loans of the Bank. We continuously increased credit supply to farmers by the promotion of "Huinong E-loan". The balance of "Huinong E-loan" exceeded RMB1.4 trillion, representing an increase of 29.5% as compared to the end of the previous year, continuously meeting the needs of farmers for operation and production, and increasing incomes. We innovatively launched a number of featured products and modes such as "Fertile Farmland Loan" and "Cold Chain Loan for Farmers". "ABC Huinong Cloud", our digital platform targeting rural areas, had more than 6 million customers, and the breadth and depth of our services expanded continuously.

The services in the Five Priorities were elevated to new heights. Focusing on the primary task of promoting high-quality development, we made efforts to optimize and strengthen financial services for major strategies, key areas and weak links. Focusing on fostering new quality productive forces, we improved the service system of technology finance. As at the end of June 2024, the balance of loans for strategic emerging industries amounted to RMB2.63 trillion, representing an increase of 25.0% as compared to the end of previous year. Focusing on the green and low-carbon transition of the economy and society on all fronts, we thoroughly implemented the strategy of green finance, with the balance of green credit exceeded RMB4.8 trillion. We continued to optimize inclusive finance services. The balance of loans to inclusive finance amounted to RMB4.51 trillion according to PBOC's caliber, and the balance of loans granted to private enterprises amounted to RMB6.24 trillion, representing an increase of 25.8% and 14.4%, respectively, as compared to the end of the previous year, both higher than the growth of total loans of the Bank. We endeavored to improve the peoples' wellbeing, actively explored and promoted the development of pension finance, constantly refined the product and service system, and completed the age-friendly transformation at over 20 thousand outlets. We actively engaged in the building of digital China, and continuously enhanced our digital finance service capacity, with more than 45 thousand Internet high-frequency scenarios built and the number of monthly active users of mobile banking reaching 231 million. Meanwhile, we adapted precise measures to improve financial services for the key areas of stabilizing investment and stimulating consumption, actively served large-scale equipment renewals and trade-ins of consumer goods, and fully supported the work to ensure the delivery of housing projects, facilitating the sustained economic recovery and growth.

The reform momentum in key areas continued to grow. Adhering to reform as the primary driving force for development, we continuously deepened the system and mechanism reform and financial service innovation, and iteratively and innovatively promoted the implementation of reforms through a project-based system. As a result, the benefits of reforms continued to be released. We further deepened the digital transformation, and the effectiveness of precision marketing and targeted risk control were significantly enhanced. We made a solid start of the construction of smart banking, and the capability of technological empowerment was continuously strengthened. We continuously improved the organizational structure of the County Area Banking Division, constantly consolidated the results of the credit approval mechanism reform, and boosted the efficiency of our services for Sannong and the real economy. We achieved new results in optimizing operating processes, further expanded the coverage of cross-regional handling of all retail banking services, and implemented the promotion of a new process for opening corporate customer accounts across the Bank. The reforms resulted in continuous improvements of both foundation-level branch outlet satisfaction and customer satisfaction.

Risk control and case prevention were further strengthened. We made the prevention and mitigation of financial risks the primary task throughout the year, continuously improved the comprehensive risk management system, coordinated the management and control of traditional risks and new types of risks, and adhered to the bottom line of risk management. We endeavored to resolve credit risks in key areas such as real estate, local government debts and group customers with large loan balances, and stepped up the disposal of non-performing loans and the collection of overdue loans. While increasing credit support for the real economy, we achieved continuous upturns of forward-looking risk indicators such as the overdue loan ratio and the scissors difference between overdue loans and non-performing loans, and maintained generally stable asset quality. We actively responded to the fluctuations in the financial market, strengthened penetration monitoring of business, dynamically adjusted and improved investment portfolios and risk exposures, and thereby achieved stable operation of our market-related business. We launched the campaign of boosting the quality and striving for excellence of compliance, and took more solid steps to advance case prevention and compliance management. We prudently and consistently advanced the building of the disaster recovery system, and built a strong barrier to protect network security, so that our technological security base was further reinforced.

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Situation and Prospects

In the first half of 2024, China's overall economy was generally stable with steady progress, and continued the trend of sustained recovery and growth. The gross domestic product (GDP) of China grew by 5.0% year on year. The consumer prices rebounded moderately, with the consumer price index (CPI) rising by 0.1% year on year. With a reasonably ample liquidity, the broad money (M2) amounted to RMB305 trillion, representing an increase of 6.2% year on year, and the aggregate financing to the real economy (flow) amounted to RMB18.1 trillion. The overall RMB exchange rate remained basically stable at a reasonably balanced level.

In the first half of 2024, to deal with complex domestic and international environments, the Chinese government intensified the implementation of macro policies, took preemptive steps to expand domestic demand, bolster confidence and prevent risks, and accelerated the promotion of a number of well-targeted and highly integrated policies and measures. The intensity of proactive fiscal policy was appropriately enhanced and the quality and effectiveness were improved. Initiatives such as supporting a new round of large-scale equipment renewals and trade-ins of consumer goods, and issuance of ultra-long-term special treasury bonds were put in place. A combination of a variety of policy tools such as deficits, special-purpose bonds, financial subsidies and interest discounts was applied. As a result, the economic recovery and growth continued to be boosted. The prudent monetary policies were flexible, appropriate, precise and effective. Counter-cyclical adjustments were enhanced. Tools were comprehensively used to maintain reasonably ample liquidity, which included the reserve requirement ratio cut, open market operations, re-lending and re-discounting facilities. The effectiveness of loan prime rate (LPR) reform and the market-based adjustment mechanism for deposit rates continued to be unleashed, promoting that the financing costs for businesses and the borrowing costs for residents remain stable with a slight decline.

In the first half of 2024, China's banking industry continuously increased support for the real economy, achieved growth of total assets, maintained generally stable asset quality and remained resilient against risks. As at the end of June 2024, the total assets of Chinese commercial banks reached RMB370.02 trillion, representing an increase of 7.3% year on year. The non-performing loan ratio was 1.56%, and the allowance to non-performing loans was 209.32%. The capital adequacy ratio reached 15.53%.

Looking ahead to the second half of 2024, the stable operation and long-term positive growth trend of China's economy will not change. The Chinese government will intensify macro regulations, strengthen counter-cyclical adjustments, implement proactive fiscal policies and prudent monetary policies, accelerate the comprehensive implementation of established policies and measures, and prepare in advance and launch a number of incremental policy initiatives when appropriate.

The Bank will closely focus on the implementation of the decisions and plans of the third plenary session of the 20th Central Committee of the Communist Party of China, enhance our capacity to serve high-quality development with a reforming spirit, and make contributions to advancing the Chinese modernization through high-quality financial services. Firstly, we will optimise the services for Sannong, which is our primary responsibilities and core business, continue to deepen the reform of the operation mechanism of the County Area Banking Division, enhance financial services for key areas such as food security and rural industries, consolidate and expand poverty alleviation achievements, and make comprehensive contributions to the integrated urban-rural development. Secondly, we will continue to optimise and strengthen financial services for the real economy, improve the service system, fully support the construction of major projects, actively serve large-scale equipment renewals and trade-ins of consumer goods, contribute to the construction of a new mode for real estate development, and promote the expansion and enhancement of the quality of green finance, inclusive finance, and pension finance. Thirdly, we will accelerate the development of the service system adaptive to the development of new quality productive forces, continue to improve specialized policies, products and organization systems, deepen the building of smart bank, and innovatively improve the service quality and efficiency of technology finance. Fourthly, we will consistently take risk prevention as our primary task, improve the comprehensive risk management system, make continuous efforts to precisely resolve the credit risks in key areas such as real estate and local government debts, continuously deepen the reform to lay a solid foundation for credit management, so as to ensure stable asset quality.

Financial Statement Analysis

Income Statement Analysis

In the first half of 2024, we achieved a net profit of RMB136,494 million, representing an increase of RMB2,663 million or 2.0%, as compared to the first half of the previous year.

Changes of Significant Income Statement Items

In millions of RMB, except for percentages

Item	Six months ended 30 June 2024	Six months ended 30 June 2023	Increase/ (decrease)	Growth rate (%)
Net interest income	**290,848**	290,421	427	0.1
Net fee and commission income	**46,736**	50,731	(3,995)	-7.9
Other non-interest income	**29,556**	24,642	4,914	19.9
Operating income	**367,140**	365,794	1,346	0.4
Less: Operating expenses	**108,679**	107,678	1,001	0.9
Credit impairment losses	**100,998**	102,352	(1,354)	-1.3
Impairment losses on other assets	**33**	28	5	17.9
Operating profit	**157,430**	155,736	1,694	1.1
Share of results of associates and joint ventures	**41**	233	(192)	-82.4
Profit before tax	**157,471**	155,969	1,502	1.0
Less: Income tax expense	**20,977**	22,138	(1,161)	-5.2
Net profit	**136,494**	133,831	2,663	2.0
Attributable to: Equity holders of the Bank	**135,892**	133,234	2,658	2.0
Non-controlling interests	**602**	597	5	0.8

Net interest income

RMB **290,848** million

an increase of **0.1**%

Operating income

RMB **367,140** million

an increase of **0.4**%

Net profit

RMB **136,494** million

an increase of **2.0**%

Net Interest Income

Net interest income was the largest component of our operating income, accounting for 79.2% of the operating income in the first half of 2024. Our net interest income was RMB290,848 million in the first half of 2024, representing an increase of RMB427 million as compared to the first half of the previous year, among which, an increase of RMB32,223 million resulted from the increase in volume and a decrease of RMB31,796 million resulted from the changes in interest rates. In the first half of 2024, our net interest margin and net interest spread were 1.45% and 1.30%, representing a decrease of 21 and 19 basis points as compared to the first half of the previous year, respectively. The year-on-year decreases in net interest margin and net interest spread were primarily due to the decrease in the yield on interest-earning assets as a result of our support for the real economy, the LPR cut, and the overall downward movement of the market interest rates.

The table below presents the average balance, interest income/expense, and average yield/cost of interest-earning assets and interest-bearing liabilities.

In millions of RMB, except for percentages

Item	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Average balance	Interest income/ expense	Average yield/cost[6] (%)	Average balance	Interest income/ expense	Average yield/cost[6] (%)
Assets						
Loans and advances to customers	23,465,528	413,628	3.54	20,938,357	401,431	3.87
Debt securities investments[1]	11,531,323	176,700	3.08	9,041,431	148,893	3.32
Non-restructuring-related debt securities	11,147,107	171,906	3.10	8,657,205	144,124	3.36
Restructuring-related debt securities[2]	384,216	4,794	2.51	384,226	4,769	2.50
Balances with central banks	2,487,449	19,785	1.60	2,459,558	19,205	1.57
Amounts due from banks and other financial institutions[3]	2,765,822	33,935	2.47	2,864,612	31,552	2.22
Total interest-earning assets	40,250,122	644,048	3.22	35,303,958	601,081	3.43
Allowance for impairment losses	(785,528)			(861,033)		
Non-interest-earning assets	1,697,767			1,629,347		
Total assets	41,162,361			36,072,272		
Liabilities						
Deposits from customers	28,960,679	244,427	1.70	26,108,588	228,559	1.77
Amounts due to banks and other financial institutions[4]	4,591,560	60,207	2.64	3,335,094	41,949	2.54
Other interest-bearing liabilities[5]	3,513,075	48,566	2.78	2,866,291	40,152	2.82
Total interest-bearing liabilities	37,065,314	353,200	1.92	32,309,973	310,660	1.94
Non-interest-bearing liabilities	1,224,673			1,129,439		
Total liabilities	38,289,987			33,439,412		
Net interest income		290,848			290,421	
Net interest spread			1.30			1.49
Net interest margin			1.45			1.66

Notes:

1. *Debt securities investments include debt securities investments at fair value through other comprehensive income and debt securities investments at amortized cost.*
2. *Restructuring-related debt securities include the receivable from the MOF and the special government bonds.*
3. *Amounts due from banks and other financial institutions primarily include deposits with banks and other financial institutions, placements with and loans to banks and other financial institutions and financial assets held under resale agreements.*
4. *Amounts due to banks and other financial institutions primarily include deposits from banks and other financial institutions, placements from banks and other financial institutions as well as financial assets sold under repurchase agreements.*
5. *Other interest-bearing liabilities primarily include debt securities issued and borrowings from central banks.*
6. *Annualized figures.*

The table below presents the changes in net interest income due to changes in volume and interest rate.

In millions of RMB

Item	Increase/(decrease) due to		Net increase/ (decrease)
	Volume	Interest rate	
Assets			
Loans and advances to customers	44,547	(32,350)	12,197
Debt securities investments	38,154	(10,347)	27,807
Balances with central banks	222	358	580
Amounts due from banks and other financial institutions	(1,212)	3,595	2,383
Changes in interest income	81,711	(38,744)	42,967
Liabilities			
Deposits from customers	24,072	(8,204)	15,868
Amounts due to banks and other financial institutions	16,475	1,783	18,258
Other interest-bearing liabilities	8,941	(527)	8,414
Changes in interest expense	49,488	(6,948)	42,540
Changes in net interest income	**32,223**	**(31,796)**	**427**

Note: Changes caused by both volume and interest rate have been allocated to changes in volume.

Interest Income

We achieved interest income of RMB644,048 million in the first half of 2024, representing an increase of RMB42,967 million as compared to the first half of the previous year, which was primarily due to an increase of RMB4,946,164 million in the average balance of interest-earning assets.

Interest Income from Loans and Advances to Customers

Interest income from loans and advances to customers increased by RMB12,197 million, or 3.0%, to RMB413,628 million as compared to the first half of the previous year, which was primarily due to an increase in the scale of loans and advances to customers.

The table below presents the average balance, interest income and average yield of loans and advances to customers by business type.

In millions of RMB, except for percentages

Item	Six months ended 30 June 2024 Average balance	Interest income	Average yield[1] (%)	Six months ended 30 June 2023 Average balance	Interest income	Average yield[1] (%)
Corporate loans	**13,818,086**	**235,593**	**3.43**	11,927,106	216,892	3.67
Short-term corporate loans	**3,679,139**	**61,964**	**3.39**	3,413,727	56,938	3.36
Medium- and long-term corporate loans	**10,138,947**	**173,629**	**3.44**	8,513,379	159,954	3.79
Discounted bills	**852,096**	**5,407**	**1.28**	810,642	5,567	1.38
Retail loans	**8,381,397**	**162,716**	**3.90**	7,741,712	169,240	4.41
Overseas and others	**413,949**	**9,912**	**4.82**	458,897	9,732	4.28
Total loans and advances to customers	**23,465,528**	**413,628**	**3.54**	20,938,357	401,431	3.87

Note: 1. Annualized figures.

Interest Income from Debt Securities Investments

Interest income from debt securities investments was the second largest component of interest income. In the first half of 2024, interest income from debt securities investments increased by RMB27,807 million to RMB176,700 million as compared to the first half of the previous year, which was primarily due to an increase in the scale of debt securities investments.

Interest Income from Balances with Central Banks

Interest income from balances with central banks increased by RMB580 million to RMB19,785 million as compared to the first half of the previous year, which was primarily due to an increase in the average yield and scale of balances with central banks.

Interest Income from Amounts Due from Banks and Other Financial Institutions

Interest income from amounts due from banks and other financial institutions increased by RMB2,383 million to RMB33,935 million as compared to the first half of the previous year, which was primarily due to an increase in the average yield on amounts due from banks and other financial institutions.

Interest Expense

Interest expense increased by RMB42,540 million to RMB353,200 million as compared to the first half of the previous year, which was mainly due to an increase of RMB4,755,341 million in the average balance of interest-bearing liabilities.

Interest Expense on Deposits from Customers

Interest expense on deposits from customers increased by RMB15,868 million to RMB244,427 million as compared to the first half of the previous year, which was primarily due to an increase in the scale of deposits from customers.

Analysis of Average Cost of Deposits by Product Type

In millions of RMB, except for percentages

Item	Six months ended 30 June 2024 Average balance	Interest expense	Average cost[1] (%)	Six months ended 30 June 2023 Average balance	Interest expense	Average cost[1] (%)
Corporate deposits						
Time	**5,788,635**	**72,711**	**2.53**	4,682,349	63,828	2.75
Demand	**5,617,971**	**31,312**	**1.12**	5,688,291	32,436	1.15
Sub-Total	**11,406,606**	**104,023**	**1.83**	10,370,640	96,264	1.87
Retail deposits						
Time	**10,932,690**	**132,661**	**2.44**	9,444,994	124,360	2.66
Demand	**6,621,383**	**7,743**	**0.24**	6,292,954	7,935	0.25
Sub-Total	**17,554,073**	**140,404**	**1.61**	15,737,948	132,295	1.70
Total deposits from customers	**28,960,679**	**244,427**	**1.70**	26,108,588	228,559	1.77

Note: 1. Annualized figures.

Interest Expense on Amounts Due to Banks and Other Financial Institutions

Interest expense on amounts due to banks and other financial institutions increased by RMB18,258 million to RMB60,207 million as compared to the first half of the previous year, primarily due to an increase in the deposits from banks and other financial institutions.

Interest Expense on Other Interest-bearing Liabilities

Interest expense on other interest-bearing liabilities increased by RMB8,414 million to RMB48,566 million as compared to the first half of the previous year, which was primarily due to an increase in the scale of interbank certificates of deposit.

Net Fee and Commission Income

In the first half of 2024, we generated net fee and commission income of RMB46,736 million, representing a decrease of RMB3,995 million or 7.9% as compared to the first half of the previous year. In particular, consultancy and advisory fees increased by 6.6%, which was primarily due to an increase in the fee income from syndicated loans; agency commissions decreased by 28.8%, mainly due to a phased reduction in agency insurance income as a result of the requirement that the commission rates reported by insurers to regulators for filing shall be consistent with the actual situation.

Composition of Net Fee and Commission Income

In millions of RMB, except for percentages

Item	Six months ended 30 June 2024	Six months ended 30 June 2023	Increase/ (decrease)	Growth rate (%)
Agency commissions	**9,738**	13,669	(3,931)	-28.8
Settlement and clearing fees	**6,288**	7,139	(851)	-11.9
Bank card fees	**8,398**	8,285	113	1.4
Consultancy and advisory fees	**11,230**	10,531	699	6.6
Electronic banking service fees	**14,822**	14,013	809	5.8
Custodian and other fiduciary service fees	**2,237**	2,361	(124)	-5.3
Credit commitment fees	**754**	1,321	(567)	-42.9
Others	**216**	302	(86)	-28.5
Fee and commission income	**53,683**	57,621	(3,938)	-6.8
Less: Fee and commission expenses	**6,947**	6,890	57	0.8
Net fee and commission income	**46,736**	50,731	(3,995)	-7.9

Other Non-interest Income

In the first half of 2024, other non-interest income amounted to RMB29,556 million, representing an increase of RMB4,914 million, as compared to the first half of the previous year. In particular, net gain on derecognition of financial assets measured at amortized cost increased by RMB4,065 million, mainly due to the increase in the disposal income of bond investments.

Composition of Other Non-interest Income

In millions of RMB

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Net trading gain	**15,758**	15,814
Net gain on financial investments	**11,054**	10,714
Net gain on derecognition of financial assets measured at amortized cost	**4,300**	235
Other operating expense, net	**(1,556)**	(2,121)
Total	**29,556**	24,642

Operating Expenses

In the first half of 2024, operating expenses increased by RMB1,001 million to RMB108,679 million as compared to the first half of the previous year; cost-to-income ratio increased by 0.07 percentage point to 27.44% as compared to the first half of the previous year.

Composition of Operating Expenses

In millions of RMB, except for percentages

Item	Six months ended 30 June 2024	Six months ended 30 June 2023	Increase/ (decrease)	Growth rate (%)
Staff costs	**65,691**	65,576	115	0.2
General operating and administrative expenses	**23,800**	24,044	(244)	-1.0
Insurance benefits and claims	**2,939**	2,811	128	4.6
Depreciation and amortization	**11,152**	10,479	673	6.4
Tax and surcharges	**3,843**	3,547	296	8.3
Others	**1,254**	1,221	33	2.7
Total	**108,679**	107,678	1,001	0.9

Credit Impairment Losses

In the first half of 2024, our credit impairment losses decreased by RMB1,354 million to RMB100,998 million. In particular, impairment losses on loans increased by RMB1,864 million to RMB98,632 million as compared to the first half of the previous year.

Income Tax Expense

In the first half of 2024, our income tax expense decreased by RMB1,161 million, or 5.2%, to RMB20,977 million as compared to the first half of the previous year. The effective tax rate was 13.32%, which was lower than the statutory tax rate. This was primarily because the interest income from the PRC treasury bonds and local government bonds held by the Bank was exempted from enterprise income tax by the relevant tax laws.

Segment Information

We assessed our performance and determined the allocation of resources based on the segment reports. Segment information has been presented in the same manner with that of internal management and reporting. At present, we manage our segments from the aspects of business lines, geographical regions and the County Area Banking Business.

The table below presents our operating income by business segment during the periods indicated.

In millions of RMB, except for percentages

Item	Six months ended 30 June 2024		Six months ended 30 June 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate banking business	**152,123**	**41.4**	151,118	41.3
Retail banking business	**203,769**	**55.5**	195,458	53.4
Treasury operations	**185**	**0.1**	7,543	2.1
Other business	**11,063**	**3.0**	11,675	3.2
Total operating income	**367,140**	**100.0**	365,794	100.0

The table below presents our operating income by geographic segment during the periods indicated.

In millions of RMB, except for percentages

Item	Six months ended 30 June 2024 Amount	Percentage (%)	Six months ended 30 June 2023 Amount	Percentage (%)
Head Office	**(27,537)**	**(7.5)**	(26,001)	(7.1)
Yangtze River Delta	**92,468**	**25.2**	90,500	24.7
Pearl River Delta	**60,650**	**16.5**	62,872	17.2
Bohai Rim	**59,349**	**16.2**	57,785	15.8
Central Region	**68,616**	**18.7**	67,718	18.5
Western Region	**85,765**	**23.4**	86,091	23.5
Northeastern Region	**14,093**	**3.8**	13,705	3.7
Overseas and others	**13,736**	**3.7**	13,124	3.7
Total operating income	**367,140**	**100.0**	365,794	100.0

The table below presents our operating income from the County Area Banking Business and Urban Area Banking Business during the periods indicated.

In millions of RMB, except for percentages

Item	Six months ended 30 June 2024 Amount	Percentage (%)	Six months ended 30 June 2023 Amount	Percentage (%)
County Area Banking Business	**182,912**	**49.8**	179,334	49.0
Urban Area Banking Business	**184,228**	**50.2**	186,460	51.0
Total operating income	**367,140**	**100.0**	365,794	100.0

Balance Sheet Analysis

Assets

At 30 June 2024, our total assets amounted to RMB41,984,553 million, representing an increase of RMB2,111,564 million, or 5.3%, as compared to the end of the previous year. In particular, net loans and advances to customers increased by RMB1,706,968 million, or 7.9%; financial investments increased by RMB1,639,796 million, or 14.6%; cash and balances with central banks increased by RMB115,258 million, or 3.9%; deposits and placements with and loans to banks and other financial institutions decreased by RMB500,715 million, or 31.4%, which was primarily due to a decrease in cooperative deposits with banks and other financial institutions; financial assets held under resale agreements decreased by RMB1,069,204 million, or 59.1%, which was primarily due to a decrease in debt securities held under resale agreements.

Key Items of Assets

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Total loans and advances to customers	**24,388,702**	**–**	22,614,621	–
Less: Allowance for impairment losses on loans	**949,968**	**–**	882,855	–
Loans and advances to customers, net	**23,438,734**	**55.8**	21,731,766	54.5
Financial investments	**12,853,509**	**30.6**	11,213,713	28.1
Cash and balances with central banks	**3,037,305**	**7.2**	2,922,047	7.3
Deposits and placements with and loans to banks and other financial institutions	**1,095,542**	**2.6**	1,596,257	4.0
Financial assets held under resale agreements	**740,355**	**1.8**	1,809,559	4.5
Others	**819,108**	**2.0**	599,647	1.6
Total assets	**41,984,553**	**100.0**	39,872,989	100.0

Loans and Advances to Customers

At 30 June 2024, our total loans and advances to customers amounted to RMB24,388,702 million, representing an increase of RMB1,774,081 million, or 7.8%, as compared to the end of the previous year.

Distribution of Loans and Advances to Customers by Business Type

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Domestic loans	**23,923,789**	**98.3**	22,161,778	98.2
Corporate loans	**14,336,725**	**58.9**	12,791,116	56.7
Discounted bills	**934,971**	**3.8**	1,310,747	5.8
Retail loans	**8,652,093**	**35.6**	8,059,915	35.7
Overseas and others	**410,076**	**1.7**	402,491	1.8
Sub-Total	**24,333,865**	**100.0**	22,564,269	100.0
Accrued interest	**54,837**	**–**	50,352	–
Total	**24,388,702**	**–**	22,614,621	–

Distribution of Corporate Loans by Maturity

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Short-term corporate loans	**3,810,791**	**26.6**	3,310,005	25.9
Medium- and long-term corporate loans	**10,525,934**	**73.4**	9,481,111	74.1
Total	**14,336,725**	**100.0**	12,791,116	100.0

Distribution of Corporate Loans by Industry[1]

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Manufacturing	**2,522,390**	**17.6**	2,234,938	17.6
Production and supply of electricity, heating, gas and water	**1,532,840**	**10.7**	1,412,944	11.0
Real estate	**892,258**	**6.2**	860,705	6.7
Transportation, storage and postal services	**2,860,384**	**19.9**	2,674,184	20.9
Wholesale and retail	**896,075**	**6.3**	784,495	6.1
Water, environment and public utilities management	**1,297,092**	**9.0**	1,144,252	8.9
Construction	**611,192**	**4.3**	478,260	3.7
Mining	**288,895**	**2.0**	263,786	2.1
Leasing and commercial services	**2,416,982**	**16.9**	2,105,404	16.5
Finance	**350,345**	**2.4**	227,750	1.8
Information transmission, software and IT services	**111,911**	**0.8**	101,143	0.8
Others[2]	**556,361**	**3.9**	503,255	3.9
Total	**14,336,725**	**100.0**	12,791,116	100.0

Notes: 1. *Classification of the loans in the above table is based on the industries in which the borrowers operate.*
2. *Others mainly include agriculture, forestry, animal husbandry, fishery, public health, and social work, etc.*

At 30 June 2024, the top five major industries for our corporate loans include: (1) transportation, storage and postal services; (2) manufacturing; (3) leasing and commercial services; (4) production and supply of electricity, heating, gas and water; and (5) water, environment and public utilities management. Aggregate loan balance of the top five major industries accounted for 74.1% of our total corporate loans, representing a decrease of 0.8 percentage point as compared to the end of the previous year.

Distribution of Retail Loans by Product Type

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Residential mortgage loans	**5,070,154**	**58.6**	5,170,822	64.1
Personal consumption loans	**431,067**	**5.0**	340,865	4.2
Loans to private business	**957,859**	**11.1**	745,993	9.3
Credit card balances	**773,214**	**8.9**	700,031	8.7
Huinong E-loan	**1,404,922**	**16.2**	1,085,255	13.5
Others	**14,877**	**0.2**	16,949	0.2
Total	**8,652,093**	**100.0**	8,059,915	100.0

At 30 June 2024, retail loans increased by RMB592,178 million or 7.3% as compared to the end of the previous year. In particular, personal consumption loans increased by 26.5% as compared to the end of the previous year, primarily because we actively explored consumption scenarios, which improved coverage and convenience of our consumer finance; loans to private business increased by 28.4% as compared to the end of the previous year, primarily due to the continuous increase in inclusive loans to support the development of inclusive self-employed businesses; credit card balances increased by 10.5% as compared to the end of the previous year, primarily because we fully supported the trade-ins of consumer goods and continued to enhance the marketing and expansion of credit card installment products to better meet the diversified consumption needs of urban and rural residents; Huinong E-loan increased by 29.5% as compared to the end of the previous year, primarily because we increased credit support in key areas such as food security and rural industries, and strengthened technological empowerment to effectively enhance the convenience of financial services for farmers.

Distribution of Loans and Advances to Customers by Geographic Region

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Head Office	**679,735**	**2.8**	559,735	2.5
Yangtze River Delta	**5,994,123**	**24.6**	5,538,283	24.5
Pearl River Delta	**3,860,490**	**15.9**	3,682,226	16.3
Bohai Rim	**3,342,775**	**13.7**	3,142,457	13.9
Central Region	**3,995,756**	**16.4**	3,620,517	16.1
Northeastern Region	**750,469**	**3.1**	704,525	3.1
Western Region	**5,300,441**	**21.8**	4,914,035	21.8
Overseas and others	**410,076**	**1.7**	402,491	1.8
Sub-Total	**24,333,865**	**100.0**	22,564,269	100.0
Accrued interest	**54,837**	**–**	50,352	–
Total	**24,388,702**	**–**	22,614,621	–

Financial Investments

At 30 June 2024, our financial investments amounted to RMB12,853,509 million, representing an increase of RMB1,639,796 million or 14.6% as compared to the end of the previous year. In particular, investments in non-restructuring-related debt securities increased by RMB1,627,136 million as compared to the end of the previous year, mainly due to the increase in the investment in government bonds.

Distribution of Financial Investments by Product Type

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Non-restructuring-related debt securities	**12,059,703**	**95.2**	10,432,567	94.4
Restructuring-related debt securities	**384,218**	**3.0**	384,217	3.5
Equity instruments	**132,574**	**1.0**	130,277	1.2
Others	**99,265**	**0.8**	98,804	0.9
Sub-Total	**12,675,760**	**100.0**	11,045,865	100.0
Accrued interest	**177,749**	**–**	167,848	–
Total	**12,853,509**	**–**	11,213,713	–

Distribution of Non-restructuring-related Debt Securities Investments by Issuer

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Government bonds	**8,030,736**	**66.7**	6,847,278	65.7
Bonds issued by policy banks	**1,885,262**	**15.6**	2,069,693	19.8
Bonds issued by banks and other financial institutions	**1,703,966**	**14.1**	1,088,501	10.4
Bonds issued by entities in public sectors	**246,621**	**2.0**	226,657	2.2
Corporate bonds	**193,118**	**1.6**	200,438	1.9
Total	**12,059,703**	**100.0**	10,432,567	100.0

Distribution of Non-restructuring-related Debt Securities Investments by Remaining Maturity

In millions of RMB, except for percentages

Remaining Maturity	30 June 2024 Amount	30 June 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Overdue	**17**	**–**	17	–
Less than 3 months	**866,888**	**7.2**	607,664	5.8
3-12 months	**1,784,487**	**14.8**	1,203,315	11.5
1-5 years	**3,576,364**	**29.7**	3,070,284	29.4
Over 5 years	**5,831,947**	**48.3**	5,551,287	53.3
Total	**12,059,703**	**100.0**	10,432,567	100.0

Distribution of Non-restructuring-related Debt Securities Investments by Currency

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
RMB	**11,637,538**	**96.5**	9,959,034	95.5
USD	**347,206**	**2.9**	378,964	3.6
Other foreign currencies	**74,959**	**0.6**	94,569	0.9
Total	**12,059,703**	**100.0**	10,432,567	100.0

Distribution of Financial Investments by Business Models and Characteristics of Contractual Cash Flows

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Financial assets at fair value through profit or loss	**480,391**	**3.8**	547,407	5.0
Debt investments at amortized cost	**8,883,902**	**70.1**	8,312,467	75.2
Other debt instruments and other equity investments at fair value through other comprehensive income	**3,311,467**	**26.1**	2,185,991	19.8
Sub-Total	**12,675,760**	**100.0**	11,045,865	100.0
Accrued interest	**177,749**	**–**	167,848	–
Total	**12,853,509**	**–**	11,213,713	–

Investment in Financial Bonds

Financial bonds refer to securities issued by policy banks, banks and other financial institutions, the principals and interests of which are to be repaid pursuant to a pre-determined schedule. At 30 June 2024, the balance of financial bonds held by the Bank was RMB3,589,228 million, including bonds of RMB1,885,262 million issued by policy banks and bonds of RMB1,703,966 million issued by banks and other financial institutions.

The table below presents the top ten financial bonds held by the Bank in terms of face value at 30 June 2024.

In millions of RMB, except for percentages

Bond	Face value	Annual interest rate	Maturity date	Allowance[1]
2022 policy bank bond	71,372	3.18%	2032-03-11	–
2021 policy bank bond	50,951	3.38%	2031-07-16	–
2020 policy bank bond	49,381	3.74%	2030-11-16	–
2020 policy bank bond	46,980	3.79%	2030-10-26	–
2021 policy bank bond	46,691	3.30%	2031-11-05	–
2022 policy bank bond	42,154	2.90%	2032-08-19	–
2021 policy bank bond	41,688	3.52%	2031-05-24	–
2021 policy bank bond	40,561	3.22%	2026-05-14	–
2022 policy bank bond	38,350	3.06%	2032-06-06	–
2023 policy bank bond	38,260	3.10%	2033-02-13	–

Note: 1. Allowance in this table refers to allowance for impairment losses in stage II and stage III, not including allowance for impairment losses in stage I.

Liabilities

At 30 June 2024, our total liabilities amounted to RMB38,928,090 million, representing an increase of RMB1,951,968 million, or 5.3%, as compared to the end of the previous year. In particular, deposits from customers increased by RMB560,742 million, or 1.9%. The deposits and placements from banks and other financial institutions increased by RMB1,027,926 million, or 25.5%, mainly due to an increase in deposits from banks and other financial institutions. The financial assets sold under repurchase agreements increased by RMB13,805 million, or 13.7%. The debt securities issued increased by RMB284,104 million, or 12.4%, mainly due to an increase in the issuance volume of interbank certificates of deposit.

Key Items of Liabilities

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Deposits from customers	**29,459,210**	**75.7**	28,898,468	78.2
Deposits and placements from banks and other financial institutions	**5,063,713**	**13.0**	4,035,787	10.9
Financial assets sold under repurchase agreements	**114,326**	**0.3**	100,521	0.3
Debt securities issued	**2,580,025**	**6.6**	2,295,921	6.2
Other liabilities	**1,710,816**	**4.4**	1,645,425	4.4
Total liabilities	**38,928,090**	**100.0**	36,976,122	100.0

Deposits from Customers

At 30 June 2024, the balance of deposits from customers of the Bank amounted to RMB29,459,210 million, representing an increase of RMB560,742 million, or 1.9%, as compared to the end of the previous year. In terms of customer structure, the proportion of retail deposits increased by 1.2 percentage points to 61.4% as compared to the end of previous year. In terms of maturity structure, the proportion of demand deposits decreased by 1.9 percentage points to 41.0% as compared to the end of previous year.

Distribution of Deposits from Customers by Business Type

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Domestic deposits	**28,838,429**	**99.4**	28,299,687	99.5
Corporate deposits	**10,311,827**	**35.6**	10,477,286	36.8
Time	**5,017,256**	**17.3**	4,950,362	17.4
Demand	**5,294,571**	**18.3**	5,526,924	19.4
Retail deposits	**17,844,268**	**61.4**	17,109,711	60.2
Time	**11,223,454**	**38.7**	10,444,611	36.7
Demand	**6,620,814**	**22.7**	6,665,100	23.5
Other deposits[1]	**682,334**	**2.4**	712,690	2.5
Overseas and others	**161,834**	**0.6**	139,608	0.5
Sub-Total	**29,000,263**	**100.0**	28,439,295	100.0
Accrued interest	**458,947**	**–**	459,173	–
Total	**29,459,210**	**–**	28,898,468	–

Note: 1. Including margin deposits, remittance payables and outward remittance.

Distribution of Deposits from Customers by Geographic Region

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Head Office	**78,761**	**0.3**	63,045	0.2
Yangtze River Delta	**6,990,685**	**24.1**	6,984,641	24.6
Pearl River Delta	**4,164,520**	**14.4**	4,275,204	15.0
Bohai Rim	**5,101,079**	**17.6**	4,957,855	17.4
Central Region	**5,070,991**	**17.4**	4,768,008	16.8
Northeastern Region	**1,447,582**	**5.0**	1,416,178	5.0
Western Region	**5,984,811**	**20.6**	5,834,756	20.5
Overseas and others	**161,834**	**0.6**	139,608	0.5
Sub-Total	**29,000,263**	**100.0**	28,439,295	100.0
Accrued interest	**458,947**	**–**	459,173	–
Total	**29,459,210**	**–**	28,898,468	–

Distribution of Deposits from Customers by Remaining Maturity

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Demand	**12,984,346**	**44.7**	14,135,872	49.7
Less than 3 months	**2,386,293**	**8.2**	2,618,990	9.2
3-12 months	**6,026,965**	**20.8**	4,445,284	15.6
1-5 years	**7,584,248**	**26.2**	7,231,506	25.4
Over 5 years	**18,411**	**0.1**	7,643	0.1
Sub-Total	**29,000,263**	**100.0**	28,439,295	100.0
Accrued interest	**458,947**	**–**	459,173	–
Total	**29,459,210**	**–**	28,898,468	–

Shareholders' Equity

At 30 June 2024, our shareholders' equity amounted to RMB3,056,463 million, representing an increase of RMB159,596 million, as compared to the end of the previous year. Net assets per ordinary share were RMB7.06, representing an increase of RMB0.18 as compared to the end of the previous year.

Composition of Shareholders' Equity

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Ordinary shares	**349,983**	**11.5**	349,983	12.1
Other equity instruments	**580,000**	**19.0**	480,000	16.6
Capital reserve	**173,423**	**5.7**	173,425	6.0
Surplus reserve	**273,947**	**9.0**	273,558	9.4
General reserve	**532,458**	**17.4**	456,200	15.7
Retained earnings	**1,086,394**	**35.5**	1,114,576	38.5
Other comprehensive income	**53,573**	**1.7**	41,506	1.4
Non-controlling interests	**6,685**	**0.2**	7,619	0.3
Total	**3,056,463**	**100.0**	2,896,867	100.0

Off-balance Sheet Items

Off-balance sheet items primarily include derivative financial instruments, contingent liabilities and commitments. The Bank enters into derivative transactions related to exchange rates, interest rates and precious metals for the purposes of trading, assets and liabilities management and business on behalf of customers. The Bank's contingent liabilities and commitments include credit commitments, capital expenditure commitments, bond underwriting and redemption commitments, mortgaged and pledged assets, legal proceedings and other contingencies. Credit commitments are the major components of off-balance sheet items and comprise loan commitments, bank acceptances, letters of guarantee and guarantees, letters of credit and credit card commitments.

Composition of Credit Commitments

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Loan commitments	**265,151**	**10.5**	365,847	12.8
Bank acceptances	**786,715**	**31.1**	1,024,150	35.8
Letters of guarantee and guarantees	**389,506**	**15.3**	373,915	13.1
Letters of credit	**229,798**	**9.1**	218,824	7.7
Credit card commitments	**861,480**	**34.0**	873,029	30.6
Total	**2,532,650**	**100.0**	2,855,765	100.0

Other Financial Information

Changes in Accounting Policies

There were no significant changes in accounting policies during the reporting period.

Differences between the Consolidated Financial Statements Prepared under IFRSs and those Prepared under CASs

There were no differences in the net profit or shareholders' equity between the Consolidated Interim Financial Statements of the Bank prepared under IFRSs and the corresponding figures prepared in accordance with CASs.

Other Financial Indicators

		Regulatory Standard	**30 June 2024**	31 December 2023	31 December 2022
Liquidity ratio[1] (%)	RMB	≥25	**80.35**	75.42	64.21
	Foreign currency	≥25	**151.52**	182.67	235.12
Percentage of loans to the largest single customer[2] (%)		≤10	**2.23**	1.99	2.59
Percentage of loans to the top ten customers[3] (%)			**13.55**	12.02	13.54
Loan migration ratio[4] (%)	Normal		**1.47**	1.39	1.30
	Special mention		**28.51**	23.85	25.77
	Substandard		**64.70**	35.45	46.35
	Doubtful		**27.86**	17.29	6.03

Notes:
1. *Calculated by dividing current assets by current liabilities in accordance with the relevant regulations of the NFRA.*
2. *Calculated by dividing total loans to the largest single customer (excluding accrued interest) by net capital.*
3. *Calculated by dividing total loans to the top ten customers (excluding accrued interest) by net capital.*
4. *The data at 30 June 2024 was annualized.*

Business Review

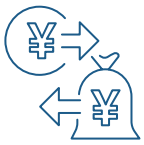
Five Priorities

We thoroughly implemented the decisions and plans of the CPC Central Committee and the State Council, comprehensively implemented the guiding principles of the Central Financial Work Conference, and developed a follow-up implementation plan to carry out the guiding principles of the Central Financial Work Conference. We provided high-quality financial services to promote high-quality development of the economy and society, made solid headway in the "Five Priorities" (technology finance, green finance, inclusive finance, pension finance and digital finance), adhered to our role as the national team and main force serving all-round rural revitalization and a major bank serving the real economy. We gradually improved the service system of technology finance, increasingly enriched service models of green finance, continuously improved the quality and efficiency of service in inclusive finance, accelerated the development of pension finance, and steadily enhanced the service capabilities of digital finance.

Technology Finance

We actively innovated financial products and service mechanisms to provide more effective financial resources for technological innovation. With a focus on national scientific and technological strategies and layouts, we accelerated the establishment and continuously improved a three-tiered and multi-dimensional professional service network comprising "Service Center for Technology Finance – Technology Finance Division or Specialized Team – Professional Sub-branch for Technology Finance". In view of the characteristics of science and technology enterprises, such as high technology, strong innovation capability, light assets and high risks, we established and continuously optimized the exclusive credit service system, and matched the differentiated credit support policies. We created a full life cycle product matrix and actively researched and developed exclusive credit products, striving to achieve full coverage of the life cycle, the credit demands and the typical customer groups. We innovatively launched the Emerging Industries Empowerment Loan, explored the business model of "loans + external direct investments", and cultivated an ecosystem for technology finance that connects "governments, financial institutions and enterprises; industries, universities and research institutes; and investments, services and innovations". As at the end of June 2024, the balance of loans to strategic emerging industries reached RMB2.63 trillion.

The balance of loans to strategic emerging industries



RMB**2.63** trillion

Green Finance

We identified green finance as one of our three major strategies. We continuously improved the governance structure, service system and risk control mechanism tailored for the requirements of eco-civilization construction and green and low-carbon development, to promote the high-quality development of green finance. We refined our multi-tiered policy system, continued to incorporate the requirements of green and low-carbon development into our credit policies and guidelines, and optimized industrial credit policies, to guide the investment of green funds. We improved the mechanism for the pool of major green finance projects, focused on key areas including clean energy, green upgrading of infrastructure, and energy conservation and environmental protection, and increased the supply of green credit. We actively underwrote the issuance of green bonds, carried out green bond investment, deepened our cooperation with the National Green Development Fund, and innovated ESG-themed wealth management products, to improve our multi-tiered and multi-dimensional green finance service system. As at the end of June 2024, the balance of green credit exceeded RMB4.8 trillion.

The balance of green credit

exceeded RMB**4.8** trillion

Inclusive Finance

We comprehensively implemented the rural and inclusive finance strategy, and promoted the high-quality development of inclusive finance. We strengthened and improved the inclusive finance service system propelled by "County Area Banking Division + Inclusive Finance Division" with our own features, and refined the long-term effective mechanisms to maintain the courage, willingness, ability and expertise in granting loans, to enhance the quality and efficiency of service in inclusive finance. Focusing on small and micro enterprises, agriculture-related business entities and targeted groups in need, we increased credit supply, and continued to boost inclusive loans in both quantities and coverage. We strengthened technological empowerment, improved "Small and Micro E-loan", our online product system, in an innovative manner, and iteratively upgraded "Inclusive E-station", our online service channel, to provide broad inclusive customer groups with professional, differentiated and convenient financial services. As at the end of June 2024, the balance of loans to inclusive finance was RMB4.51 trillion and the balance of inclusive loans to small and micro enterprises was RMB3.06 trillion, providing credit support for 4.43 million small and micro enterprises.

The balance of loans to inclusive finance

RMB**4.51** trillion

Pension Finance

Based on customers' full life cycle, we made a prospective and systematic layout, leveraged the synergy and collaboration of the Group, and offered differentiated products and comprehensive services for two major customer groups of elderly customers and customers preparing for elderly life, to build a bank featuring pension finance. We supported the building of a multi-tiered and multi-pillared pension system. As at the end of June 2024, the number of users of social security cards, electronic social security cards and medical insurance QR codes amounted to 272 million, 143 million and 72.01 million, respectively, all holding a leading position among peers. We achieved steady growth in the number of annuity customers and the scale of annuity business, and ranked among the top in the industry in terms of the number of personal pension accounts and cumulative contributions. We optimized pension service finance, and enhanced age-friendly services in our outlets. As at the end of June 2024, we completed the age-friendly transformation at over 20 thousand outlets. We increased financial support for the pension industry, and gradually established a diversified financial service system including credit, investment and leasing for the pension industry.

Outlets which have undergone the age-friendly transformation

over **20** thousand

Digital Finance

We continued to deepen digital transformation, accelerated the building of a new smart banking model led by technology, empowered by data and based on digitalization to continuously improve the quality and efficiency of services in digital finance. We refined the features of "ABC Huinong Cloud", our digital platform targeting rural areas, expanded the financial scenarios in key fields such as agriculture-related scenarios and smart parks in an orderly manner, and enriched the services of mobile banking in high-frequency scenarios such as campuses, healthcare and travel, to continuously refine our ecosystem of financial digital services. We improved the online "ABC E-loan" product system, promoted the innovation of products such as "Huinong E-loan" and "Huinong Internet Loan", and further optimized the processes of loans, making financial services much more diversified, inclusive and accessible. We continued to accumulate high-quality data assets, deepened the application of label centers, decision engines and other data services, and efficiently advanced work in key areas including the construction of distributed core architecture, disaster recovery projects, and network and information security, further reinforcing data and technology support. As at the end of June 2024, the balance of "ABC E-loan" exceeded RMB5.1 trillion, including over RMB1.4 trillion in the balance of "Huinong E-loan", and the number of our monthly active users of retail mobile banking amounted to 231 million.

Monthly active users of retail mobile banking

231 million

Corporate Banking

During the reporting period, we adhered to the positioning of "a major bank serving the real economy", took the initiative to integrate into national strategies, and had a profound insight into new quality productive forces. We made solid headway in the "Five Priorities", and increased credit supply to key areas and weak links of the national economy. We further advanced the digitalization, and optimized operation and service systems in online and offline scenarios. Being customer-centric, we improved our comprehensive financial service capability and customer satisfaction focusing on customers' diversified financial needs, so as to promote the high-quality development of our corporate banking business. As at the end of June 2024, the balance of domestic corporate loans and discounted bills amounted to RMB15,271,696 million. In the first half of 2024, the average daily balance of domestic corporate deposits (including insurance companies) amounted to RMB11.9 trillion, ranking first in banking industry in terms of the increment. As at the end of June 2024, we had 11,566.2 thousand corporate banking customers, among which 600.9 thousand customers had outstanding loan balances, representing an increase of 78.6 thousand customers as compared to the end of the previous year.

- We implemented the national strategy of building a manufacturing powerhouse. Focusing on the key tasks of new industrialization, we strengthened policy support and resource guarantee, optimized financial products and service models, increased financial supply for advanced manufacturing, industrial transformation and upgrading, industrial green development, industrial chain and supply chain and other fields, and actively supported enterprises' equipment renewals and technological updates. As at the end of June 2024, the balance of loans granted to the manufacturing industry (based on the distribution of loans) exceeded RMB3.2 trillion. Among them, the balance of medium- and long-term loans granted to the manufacturing industry reached RMB1.41 trillion, representing an increase of RMB199.0 billion or 16.4% as compared to the end of the previous year, while the loans granted to high-tech manufacturing industries such as electronics and communication equipment, computer, pharmaceutical and aerospace equipment increased by RMB58.1 billion as compared to the end of the previous year.

- We served national strategies of regional development. We took advantage of our omni-channel, full range of products and multiple licenses to comprehensively serve national strategies of regional development, such as Coordinated Development of the Beijing-Tianjin-Hebei Region, Integrated Development of the Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area and Chengdu-Chongqing Economic Circle, with an increase of RMB785.5 billion in loans to corporate customers in the first half of 2024.

- We supported the development of private enterprises. We strengthened policy support and allocated special credit resources to actively meet the financing needs of private enterprises in areas such as technological innovation, green and low-carbon development, and projects for upgrading foundational industrial infrastructure, and supported private enterprises to participate in high-quality private investment projects under the investment-lending linkage mechanism of National Development and Reform Commission. As at the end of June 2024, the balance of loans granted to private enterprises was RMB6.24 trillion, representing an increase of RMB786.7 billion or 14.4% as compared to the end of the previous year.

- We promoted digital transformation. We continuously promoted the construction of corporate customers marketing management system. We iteratively updated a series of digital marketing management tools focusing on targeted chain marketing, business opportunity management, value enhancement of key corporate customer groups, and intelligent customer management. We accelerated the layout of scenarios in government, transportation, tourism, pension and consumption finance, and continued to enrich the application of online credit, transaction banking and other products.

Transaction Banking

We continued to improve the transaction banking system based on accounts and payment settlement. With the focus on key areas, industries and customers, we strengthened product innovation, accelerated online penetration, deepened differentiated integrated marketing, and increased traffic through scenarios, to facilitate the high-quality development of transaction banking business.

- We deepened the technological empowerment, strengthened online-offline synergy, and constantly optimized the corporate account opening process. In response to the new business modalities and demands of the market, we innovated a new model of "account-opening service at any outlet nationwide" for systematic and group customers, in an effort to improve corporate account service capabilities. As at the end of June 2024, we had 14,178.2 thousand corporate RMB-denominated settlement accounts, with the RMB-denominated corporate settlement transaction volume of RMB464.18 trillion in the first half of 2024.

- We continued to innovate the "ABC Treasury Reach" treasury product lineup. We launched the "ABC Treasury Reach" mobile treasury service to assist enterprises in improving management and operation efficiency. We strengthened the comprehensive service capability of "Bill Connect" and developed whole-chain and intelligent bill service. We created a new model of bank-enterprise direct link, achieving efficient connections between the Bank and enterprises. As at the end of June 2024, the Bank had 3,614.8 thousand active transaction banking customers.

Institutional Banking

Adhering to the customers-centered principle, we promoted the smart scenarios construction, and improved the customer service efficiency to promote the high-quality development of institutional banking. As at the end of June 2024, we had 725.5 thousand institutional banking customers, representing an increase of 38.1 thousand customers as compared to the end of the previous year.

- In terms of financial services to the governments, we deepened the intelligent services for government affairs, and promoted the extension of them to County Areas and foundation-level governments. The independently developed "Smart County" platform has been launched and taken effect in 630 counties of 31 provinces (including autonomous regions and municipalities directly under the central government) to help improve the efficiency of the county-level governments' performance of duties, optimize the business environment, and render public services.

- In terms of fiscal and social security, we provided high-quality and efficient financial services for central and local budgetary entities. For two consecutive years, we ranked first in the correspondent banks of centralized payment for the central treasury of the MOF and in the special evaluation of the medical insurance QR codes operation channels of the National Healthcare Security Administration. We were also awarded excellent correspondent bank for central non-tax revenue collection by the MOF for 14 consecutive years.

- In terms of services to people's livelihood, we cooperated with over 32 thousand schools on our smart campus, and over 6.3 thousand hospitals on our smart hospital.

- In terms of services to financial institutions, the contracted customers for third-party depository services exceeded 77.72 million, representing an increase of 5.13 million as compared to the end of the previous year.

Investment Banking

Persisting in serving the real economy, we continued to improve the "financing + advisory" and "commercial banking + investment banking" service solutions to meet the diversified financing needs of customers. In the first half of 2024, the income from our investment banking business was RMB10,084 million.

- We enhanced product innovation to serve the diversified financing needs of customers. We deeply cultivated the service scenarios of syndicated loans and M&A loans to meet large-scale financing needs in key areas such as infrastructure construction and emerging industries, with the balance of syndicated loans reaching RMB2.98 trillion. We served the integration of industrial chain and the high-quality development of listed companies, with the balance of M&A loans exceeding RMB230.0 billion. We underwrote the first equity asset-backed debt financing instrument as well as the first batch of bonds for large-scale equipment renewals and trade-ins of consumer goods in the market, to facilitate investment and construction, and technological upgrading in key areas.

- We sped up digital transformation and improved the quality and efficiency of investment banking services. We rolled out the ABC SISON (Version 2.0), upgraded access path, improved online interactive experience, and extended core functions. We introduced the "Inclusive Zone" function to provide one-stop free online integrated advisory services for inclusive users.

Retail Banking

We continued to deepen the development strategy of "One Main Body with Two Wings" for retail banking (namely, customer construction as the main body, unswervingly promoting "broad wealth management" and digital transformation as the two wings). Driven by innovation, technology and services, we improved our capability to provide refined services to customers, strengthened "broad wealth management" and digital transformation, to upgrade the driving force and engine of the high-quality development of retail banking. We continued to increase supply of retail loans to meet the diverse financing demands of residents. We enhanced financial supply in the fields related to people's livelihoods, including pension, rural revitalization and new urban residents, expanded the boundary of our services, and delivered more considerate services. We took the first place in the ranking of the Global Retail Banking Brands for three consecutive years.

Customer Management

Based on differentiated customer demands, we followed the strategy of classifying customers by layers and groups, integrated online and offline service channels to further refine customer services. As at the end of June 2024, the total number of our retail banking customers reached 871 million, maintaining the first in banking industry.

- We deeply proceeded with the integration and complementation between 7-star-level customer services and the management of "6+N" customer groups (six major customer groups and N featured customer groups), to meet both the financial and non-financial demands of customers.

- We continued to deepen technological empowerment, advanced the construction and application of channels such as WeCom and smart outbound calls, created diverse financial scenarios for customers on mobile banking, and leveraged AI to empower the whole process of online services, which enabled us to identify customers more precisely, provide more suitable products and services and make more intelligent and convenient experience to customers.

- We actively transformed offline service models, proactively expanded the boundary of services, and delivered high-quality products and services to customers through tools like "Full-scenario Marketing Service Platform for Rural Revitalization" and "Into Enterprise Application". We provided services for new urban residents, built featured outlets, and promoted exclusive products such as the Delivery Driver Card and Small and Micro Businesses Card, taking a leading position in the market in terms of the issuance volume.

Broad Wealth Management

We developed broad wealth management based on the philosophy of platformization, specialization, comprehensiveness and inclusiveness, aiming to serve as a wealth manager for customers and a major driver of industrial development. As at the end of June 2024, the asset under management of our retail banking customers reached RMB21.18 trillion, ranking among the top in banking industry. In the first half of 2024, the average daily balance of domestic retail deposits amounted to RMB17.5 trillion, ranking first in banking industry in terms of the increment.

- We leveraged our platform advantages, pursued extensive collaboration with wealth management institutions both inside and outside the Group to connect with more customers with quality services. We built a multi-tiered investment research team that covered the Head Office, branches and outlets to establish stronger professional forces in areas such as market insight, institutional cooperation, product screening and customer services.

- We vigorously promoted asset allocation, and comprehensively provided wealth growth solutions of "deposits + wealth management + other products/services" based on customers' demands and risk appetites, to accompany customers in wealth growth and through economic cycles. We actively optimized products deployment, lowered the threshold for wealth investment, and promoted products such as "Low Volatility" wealth management product, exclusive commercial pension insurance, bond funds and low-price precious metal products to make wealth management services accessible to more customers.

Retail Loans

Adhering to the people-centered philosophy and focusing on benefiting people's livelihood and serving the high-quality development of the real economy, we further increased supply of retail loans. As at the end of June 2024, the balance of domestic retail loans was RMB8,652,093 million, representing an increase of RMB592,178 million as compared to the end of the previous year, taking a leading position in banking industry.

- We resolutely implemented policies of financial support for real estate, actively adapted to the new changes in the supply-demand relationship in the real estate market, and facilitated the steady and healthy development of the real estate market. In the first half of 2024, we granted retail residential mortgage loans of RMB309.6 billion.

- We served for "expanding domestic demand, stimulating consumption and benefiting people's livelihood", improved consumer financial services, and further increased marketing and supply of personal consumption loans. As at the end of June 2024, the balance of personal consumption loans, including credit card loans, amounted to RMB1.20 trillion, representing an increase of RMB163.4 billion as compared to the end of the previous year.

- We made persistent efforts on inclusive finance, optimized our credit products, precisely implemented differentiated policies, and increased credit support for the key areas and weak links such as wholesale and retail, agriculture, forestry, animal husbandry and fishery, and logistics and transport. As at the end of June 2024, the balance of loans to private business, including Huinong E-loan, amounted to RMB2.36 trillion, representing an increase of RMB531.5 billion as compared to the end of the previous year.

Bank Card Business

- We sped up the digital transformation and innovation of the debit card business, and launched the customized debit card service. We carried out consumption promotions targeting daily life scenarios such as vehicle refueling and supermarket shopping. We constantly implemented various policies of fee reduction and interest concession. As at the end of June 2024, we had 1,096 million existing debit cards.

- We optimized the credit card product lines, and launched products such as UnionPay Zunran Platinum Card, MasterCard Global Payment Platinum Card and Visa Global Payment Platinum Card (Olympic Version). We enhanced penetration into key customer groups, laid out in culture and tourism scenarios and online scenarios, and refined the management of credit card customer groups. We increased the supply of consumption loans, and carried out marketing and services with the theme of trade-ins of goods in key consumption scenarios such as automobiles, home decoration and appliances, and mobile phones and digital products. We also organized special marketing activities such as "One Thousand Cities and Ten Thousand Stores: ABC Automobile Festival" and "ABC Home Decoration Festival". We advanced the spending on new energy vehicles in rural areas, and innovated and promoted the instalment products for benefiting farmers. In the first half of 2024, the transaction volume of credit cards amounted to RMB1,113.0 billion, representing a year-on-year increase of 3.3%.

Private Banking Business

- We improved the pyramid-type professional service system, carried out benchmark construction of private banking center led by 100 private banking centers at Head Office level and 100 private banking centers at branch level, covering all key cities nationwide. We promoted the establishment of sub-branch level wealth management centers to lower-tiered regions. The number of private banking customers in counties increased by 12% as compared to the end of the previous year, and the assets under management of private banking customers in counties exceeded RMB1 trillion. We cultivated core talents of private banking business represented by private bankers and top wealth management advisors, and improved the professional service capability of our wealth management advisory team. We made efforts to build an integrated financial service ecosystem for private banking customers' families and enterprises, with the increase in the scale of family trusts exceeding RMB20.0 billion. We provided services with synergies between corporate and retail business for micro, small and medium-sized enterprises, including specialized and sophisticated enterprises that produce new and unique products, and acquired nearly 10 thousand new private banking customers who were entrepreneurs. We continued to improve public welfare financial services, and launched the charitable trust activity themed "Charity Journey". The private banking public welfare trusts have benefited 17 thousand people accumulatively.

- As at the end of June 2024, the number of our private banking customers reached 247.5 thousand and the balance of assets under management amounted to RMB2.85 trillion.

Treasury Operations

Treasury operations of the Bank include money market activities and investment portfolio management. We adhered to serving the high-quality development of real economy and supporting the green and low-carbon development. We flexibly adjusted investment strategies on the basis of ensuring the security of bank-wide liquidity. Our investment return on assets remained at a relatively high level among peers.

Money Market Activities

- We strengthened the research on monetary policies and forecasts of market liquidity, comprehensively used financing instruments such as placement and lending, repurchases, certificates of deposit and deposits and optimized the allocation structure of short-term assets to improve the efficiency of fund utilization on the basis of ensuring the security of our liquidity.

- We effectively fulfilled the responsibilities as a primary dealer of open market operations, and efficiently assisted in the transmission of prudent monetary policies. In the first half of 2024, the volume of our RMB-denominated financing transactions amounted to RMB106.99 trillion.

Investment Portfolio Management

As at 30 June 2024, our financial investments amounted to RMB12,853,509 million, representing an increase of RMB1,639,796 million or 14.6% as compared to the end of the previous year.

Trading Book Activities

- We continuously improved the share of the bond market-making business in the interbank market. We put more efforts into the market-making quotation in the interbank bond market, with steady growth in the number of market-making quotations and trading volume of bonds such as green bonds, rural revitalization bonds and small and micro bonds. We actively contributed to the opening-up of the bond market, and our Bond Connect business maintained a leading position in the market.

- We dynamically adjusted the bond trading portfolio. In the first half of 2024, the yields of domestic bond market slid down with fluctuation. Considering the market trend, we flexibly adjusted the positions of portfolio, and improved the portfolio profitability while strictly controlling the impact of market volatility.

Banking Book Activities

- We optimized investment strategies in the context of declining market interest rates, and rationalized the investment pace comprehensively considering both the trends in the bond market and the needs of portfolio management. We coordinated asset returns and risk prevention and control to enhance the quality and effectiveness of investment operations.

- We maintained our investment in government bonds and optimized the investment structure of credit bonds. We invested in ultra-long special treasury bonds and increased the positions of government bonds to support major national strategies and the construction of security capacities in key areas, and to facilitate the construction in transportation, industrial parks and other infrastructure sectors. The scale of investments in local government bonds and national bonds maintained a leading position among peers. Aiming to serve the high-quality development of the real economy, we actively invested in credit bonds, and supported the financing needs of green industries and strategic emerging industries such as new infrastructure construction and new energy.

Asset Management

Wealth Management

As at the end of June 2024, the balance of the Group's wealth management products reached RMB1,802,475 million, of which RMB74,812 million was generated from the Bank and RMB1,727,663 million was generated from ABC Wealth Management.

Wealth Management Products of the Bank

During the reporting period, all of the existing wealth management products of the Bank were non-principal guaranteed and publicly offered wealth management products. As at the end of June 2024, the balance of our wealth management products amounted to RMB74,812 million, representing a decrease of RMB23,178 million as compared to the end of the previous year.

The table below presents the issuance, maturity and existence of wealth management products of the Bank

In 100 million of RMB, except for tranches

Item	31 December 2023		Issuance		Maturity		30 June 2024	
	Tranche	Amount	Tranche	Amount	Tranche	Amount	Tranche	Amount
Non-principal guaranteed wealth management	9	979.90	–	1,159.02	1	1,404.20	**8**	**748.12**

Note: The amount of maturity included redemption and maturity amount of wealth management products during the reporting period; net worth wealth management products were measured at net assets.

The table below presents the balances of direct and indirect investment assets under the Bank's wealth management business

In 100 million of RMB, except for percentages

Item	30 June 2024	
	Amount	Percentage (%)
Cash, deposits and interbank certificates of deposit	**108.30**	**12.3**
Debt securities	**344.33**	**39.1**
Non-standard debt-based assets	**278.08**	**31.6**
Other assets	**149.97**	**17.0**
Total	**880.68**	**100.0**

Wealth Management Products of ABC Wealth Management

As at the end of June 2024, the balance of the wealth management products of ABC Wealth Management amounted to RMB1,727,663 million. These were all net worth wealth management products, among which publicly offered wealth management products accounted for 96.5% while privately offered wealth management products accounted for 3.5%.

Custody Service

- We successfully marketed over 130 industrial funds, with more than 1,000 industrial funds under custody, and achieved two publicly offered REITs under custody. We newly won the bids for 18 individual enterprise annuity plans, marketed a number of semi-annuity custody projects, and the scale of pension target funds under custody maintained a leading position in the market. The scale of insurance under custody exceeded RMB7 trillion, the scale of publicly offered funds under custody increased by RMB248.6 billion and the scale of bank wealth management products under custody increased by RMB266.3 billion as compared to the end of the previous year. The competitiveness of our key products achieved new improvement.

- We were awarded the "Excellent ETF Custodian" of the Yinghua Award by *China Fund*.

- As at the end of June 2024, our assets under custody amounted to RMB16,633,807 million, representing an increase of 10.8% as compared to the end of the previous year.

Precious Metals

- In the first half of 2024, we traded 3,059.62 tons of gold and 7,574.79 tons of silver for our own account as well as on behalf of customers, and maintained a leading position in the industry in terms of transaction volume.

- We steadily developed the precious metals leasing and lending business, and further increased support for quality enterprises producing or using gold. We actively met the gold stocking needs of jewelry enterprises, and greatly supported the high-quality development of green mining enterprises.

Treasury Transactions on Behalf of Customers

- We continuously promoted the popularization of the concept of exchange rate risk neutrality, and provided enterprises with forwards, swaps, option products and other exchange rate hedging products, to help improve the quality and stabilize the volume of foreign trade. In the first half of 2024, the transaction volume of foreign exchange sales and settlements as well as foreign exchange trading on behalf of customers amounted to USD265,328 million.

- We steadily developed the counter bond (Zhaishibao) business. In the first half of 2024, the amount of counter distribution of bonds exceeded RMB30.0 billion, supporting major national strategies and making more efforts to serve the real economy. We continued to optimize the functions of our system, and provided individuals, enterprises and financial institutional investors with financial products that combined safety, liquidity and profitability.

Agency Insurance Business

- We enriched the system of agency insurance products and continued to improve our service capability to effectively meet the diversified insurance needs of customers. Our agency insurance business achieved healthy growth, with both agency insurance premium and commission income holding a leading position in the industry. We actively advanced agency sales of commercial pension insurance, and our agency sales of long-term pension insurance premiums amounted to RMB19.2 billion in the first half of 2024.

Agency Distribution of Fund Products

- With a clear understanding of market situations, we actively deployed bond funds and monetary funds, strengthened equity fund reserves, promoted the issuance of innovation funds, continuously enriched fund product lines, and implemented the operating strategy that lays equal emphasis on fund issuance and continuous marketing. We carried out specialized training on wealth management themed "Golden Leading Geese", to advance the building of the talent team. In the first half of 2024, the sales volume of publicly offered funds distributed by the Bank amounted to RMB149,038 million, representing a year-on-year increase of RMB32,751 million.

Agency Sales of PRC Government Bonds

- In the first half of 2024, we, as an agent, distributed eight tranches of PRC government savings bonds with the sales amount of RMB19,477 million, including four tranches of PRC government savings bonds (in certificate form) with the sales amount of RMB7,704 million, and four tranches of PRC government savings bonds (in electronic form) with the sales amount of RMB11,773 million.

Internet Finance

Upholding the service principles of "finance for the people", the Bank continuously improved the digital service channels, continued to expand online traffic, and advanced the digital transformation in depth.

Smart Mobile Banking

We launched the 9.2 version of mobile banking. Driven by data, we optimized users' experience, created a pension service ecology and provided inclusive and convenient financial services. As at the end of June 2024, we had 231 million of monthly active users (MAU) of mobile banking, representing an increase of 18.28 million MAU as compared to the end of the previous year, maintaining the leading position among the comparable peers.

- We improved the smart mobile banking system. We unveiled the English version of mobile banking, providing account inquiry, transfer, cross-border remittance, credit card repayment, phone top-up and foreign exchange price listing and other services for overseas visitors to China. We released the HarmonyOS version of mobile banking, adapting to HarmonyOS, a domestic operating system.

- We delivered exclusive pension services. We created a "pension zone", which provided one-stop pension services by integrating entrances of social security, enterprise annuity and personal pension. We enriched pension finance services, launching features such as pension benefits estimation and pension contributions.

- We continued to empower rural revitalization. We promoted the construction of the rural revitalization channel, providing featured services like high-quality rural stores and trade-ins of home appliances. We upgraded the "Rural Version" of mobile banking, launching Huinong Lectures in the Huinong zone for the concentrated publicity of financial products, Huinong policies and anti-fraud knowledge, etc. As at the end of June 2024, we had over 40 million of MAU of the "Rural Version" of mobile banking.

Online Corporate Banking

- We upgraded the corporate financial service platform. We unveiled features such as intelligent input for transfer and speedy interbank remittance to further optimize the transaction process. We launched the intelligent Q&A assistant to help customers address problems arising in daily use.

- We iteratively upgraded mobile corporate banking. We refined the processes for high-frequency transactions, such as transfer and details inquiry, tightened safety control in login, jump to external links and other features, and realized one-stop processing of services for corporate customers.

- We optimized the "Salary Manager" service. We enabled intelligent identification of employee card numbers, refined the solutions related to personnel, attendance, salary & tax, welfare and reimbursement, and upgraded the features of electronic payslips and the salary zone.

Smart Scene-based Finance

- We continued to improve scene-based financial services. In terms of campuses, we upgraded functions related to payment, teaching and academic administration to help to promote informationization construction capabilities in campuses. In terms of canteens, we launched services like monthly food ordering and menu comments to help enterprises achieve efficient catering management. In terms of government affairs, we optimized social security and medical insurance services, and enabled mobile payment by scanning medical insurance QR codes. In terms of travel, we focused on green travelling, introducing a new service that allows customers to pay for electrical bicycle charging by scanning QR codes on charging piles.

- We improved the service capabilities of open finance. We expanded the channels for applying for loans of consumption scenarios, and supported the whole-process handling of loans in cooperative platform. We deepened cooperation of mobile payment for medical insurance, enabling coordinated payment from the public medical insurance accounts, personal medical insurance accounts and self-funded accounts.

Digital RMB Projects

- We implemented the Multiple Central Bank Digital Currency Bridge (m-CBDC Bridge) business. As one of the first batch of banks participating in m-CBDC Bridge Project, we actively conducted development of the m-CBDC Bridge system, and helped drive m-CBDC Bridge Project into the minimum viable product (MVP) stage. We advanced the pilot in collaboration with overseas commercial banks, completing payment and settlement of the cross-border transactions under m-CBDC Bridge for several enterprises.

- We advanced scenario construction and product innovation. We aligned with the demands of local governments and enterprises in pilot areas, and promoted the use of digital RMB in non-tax payments, housing provident fund contributions, social security, disbursement for supply chain financing and other fields. Leveraging the advantages of digital RMB smart contracts, we enhanced financial service capabilities to empower digital management of governments and enterprises.

Cross-border Financial Services

We actively served the high-standard opening-up of China, and made our contributions to the Regional Comprehensive Economic Partnership (RCEP) and the Belt and Road Initiative (BRI) cooperation, RMB internationalization, the establishment of pilot free trade zone and Hainan Free Trade Port with high-quality cross-border financial services. In the first half of 2024, the volume of international settlement by domestic branches reached USD1,072.3 billion and the volume of international trade financing (including financing with domestic letters of credit) reached USD68.5 billion. As at the end of June 2024, the total assets of our overseas branches and subsidiaries reached USD175.0 billion, with net profit for the first half of 2024 amounted to USD443 million.

- We provided targeted and effective services for the real economy in foreign trade. We served trade and investment facilitation and added two new pilot branches for facilitating foreign exchange receipts and payments for trade, with 0.25 million transactions of trade facilitation business handled in the first half of 2024, representing a year-on-year increase of 54%. We supported the development of new business modalities, handling a total of USD18.8 billion of international settlement business related to new business modalities, such as new offshore international trade, overseas warehouses, market procurement trade, integrated foreign trade services, and bonded maintenance in the first half of 2024. We launched m-CBDC Bridge function and actively piloted m-CBDC Bridge business. We promoted the "ABC Cross-border Matching" service platform, with 419 domestic and foreign enterprises enrolling cumulatively. We increased financing support for small and micro foreign trade enterprises, and promoted the establishment of the risk-sharing mechanism among micro, small and medium-sized enterprises, export credit insurance companies, local governments and ABC, with an increase of 31% in export credit insurance financing business in the first half of 2024. We strengthened financial support for agricultural cooperation, optimized and improved the cross-border financial marketing mechanism for agriculture-related customers. In the first half of 2024, our domestic branches handled agriculture-related trade financing of USD4.8 billion cumulatively.

- We enhanced the quality and efficiency of cross-border financial services in key regions. We supported high-quality BRI cooperation and the enterprises' financial demands of "going global". The volume of international settlements and trade financing related to the BRI cooperation amounted to USD163.7 billion in the first half of 2024. We served cross-border trade and investment in the RCEP region, with the volume of international settlement business by domestic institutions for the RCEP region of USD117.2 billion in the first half of 2024. We promoted the development of separate accounting business for free trade (FT), with international settlement volume of USD68.1 billion under FT account in the first half of 2024, representing a year-on-year increase of 30%. Multi-functional FT account system was successfully launched and put into operation in Hainan and Hengqin, Guangdong.

- We actively developed customers of foreign-capital institutions. We organized marketing activities such as Greater Bay Area Financial Institutions Seminar with the theme of "Share Growth Opportunities Through Opening up and Win-win Cooperation", and implemented multiple cooperation projects such as bond issuance and underwriting, Bond Connect counterparties, and CIPS indirect participation.

- We developed cross-border RMB business in an orderly manner. The volume of cross-border RMB settlement reached RMB1.72 trillion in the first half of 2024, of which the volume of RMB settlement for cross-border trade and direct investment reached RMB795.4 billion.

Overseas Subsidiary Banks

Agricultural Bank of China (Luxembourg) Limited

Agricultural Bank of China (Luxembourg) Limited is a wholly-owned subsidiary of the Bank incorporated in Luxembourg, with a registered capital of EUR20.00 million. Its scope of business includes wholesale banking business such as international settlement, corporate deposits, syndicated loans, bilateral loans, trade financing and foreign exchange trading. As at the end of June 2024, its total assets and net assets amounted to USD59 million and USD25 million, respectively. It recorded a net profit of USD0.85 million for the first half of 2024.

Agricultural Bank of China (Moscow) Limited

Agricultural Bank of China (Moscow) Limited is a wholly-owned subsidiary of the Bank incorporated in Russia, with a registered capital of RUB7,556 million. Its scope of business includes wholesale banking business such as international settlement, corporate deposits, syndicated loans, bilateral loans, trade financing and foreign exchange trading. As at the end of June 2024, its total assets and net assets amounted to USD329 million and USD123 million, respectively. It recorded a net profit of USD7.04 million for the first half of 2024.

In addition, we own Agricultural Bank of China (UK) Limited in the United Kingdom, with a share capital of USD0.1 billion, and we have been undertaking the dissolution procedures of Agricultural Bank of China (UK) Limited.

Integrated Operations

We have established an integrated operation platform covering fund management, securities and investment banking, financial leasing, life insurance, debt-to-equity swap and wealth management businesses. In the first half of 2024, our six subsidiaries of integrated operations focused on the Group's overall development strategy and primary responsibilities and core business, continued to enhance human resources management, customer service, risk control, system construction, and other foundational capabilities, and coordinated with the Group in making solid headway in the "Five Priorities". The quality and efficiency of our integrated financial services have been further improved.

ABC-CA Fund Management Co., Ltd.

ABC-CA Fund Management Co., Ltd. was established in March 2008 with a registered capital of RMB1.75 billion, 51.67% of which was held by the Bank. Its businesses include fund-raising, fund distribution and asset management. Its major fund products include stock funds, index funds, mixed funds, bond funds, monetary funds and FOF funds. As at 30 June 2024, its total assets and net assets amounted to RMB4,925 million and RMB4,616 million, respectively. It recorded a net profit of RMB117 million for the first half of 2024.

ABC-CA made great efforts to enhance investment and research capabilities, optimize product layout, improve marketing and services to promote the steady development of various businesses. It continuously increased investment in fields such as technology, green development and rural revitalization, effectively serving the development of the real economy. As at the end of June 2024, the assets under management amounted to RMB256,884 million, representing an increase of RMB13,709 million as compared to the end of the previous year. It had 83 publicly offered funds, with a scale of RMB186,025 million, representing an increase of RMB19,159 million as compared to the end of the previous year.

ABC International Holdings Limited

ABC International Holdings Limited was established in Hong Kong SAR, China in November 2009 with a share capital of HKD4,113 million, 100% of which was held by the Bank. ABC International mainly engages in providing comprehensive and integrated financial services, including sponsorship and underwriting for listing, issuance and underwriting of bonds, financial consultation, asset management, direct investment, institutional sales, securities brokerage and securities consultation. As at 30 June 2024, its total assets and net assets amounted to HKD47,576 million and HKD10,682 million, respectively. It recorded a net profit of HKD112 million for the first half of 2024.

Focusing on its core business of investment banking, ABC International continued to strengthen collaboration with the Group and enhance financial services for technology, green development and other fields. In the first half of 2024, ABC International maintained a leading position among its comparable peers in terms of the underwriting of stocks and bonds. It assisted multiple sci-tech innovation companies to list on the Hong Kong Stock Exchange, and underwrote 17 green, social responsibility and sustainable development bonds, with a total issuance scale of USD5,768 million, representing a year-on-year increase of 97%. ABC International received numerous awards, including the "Best Offshore FTZ Green Bond of China" and the "Best IPO in Hong Kong" awarded by *The Asset* in 2024 and the "2023 Most Influential DCM House" awarded by CSCI Technology.

ABC Financial Leasing Co., Ltd.

ABC Financial Leasing Co., Ltd. was established in September 2010 with a registered capital of RMB9.5 billion, 100% of which was held by the Bank. Its principal scope of business includes financial leasing, transfer and acceptance of financial leasing assets, fixed-income securities investment business, acceptance of leasing deposits from lessees, absorbing time deposit with a maturity of three months or above from non-bank shareholders, interbank lending, borrowing from financial institutions, overseas borrowings, selling and disposal of leased items, economic consultation, establishment of project companies in domestic bonded zones to carry out financial leasing business, provision of guarantee for external financing of controlled subsidiaries and project companies, and other businesses approved by the regulatory authorities. As at 30 June 2024, its total assets and net assets amounted to RMB112,154 million and RMB12,749 million, respectively. It recorded a net profit of RMB478 million for the first half of 2024.

Focusing on its leasing business, ABC Financial Leasing deeply served key areas such as Sannong and County Areas, aviation and shipping, new energy, sci-tech innovation and advanced manufacturing. It accelerated the innovation of business models, and optimized investment structure to improve the quality and efficiency of financial leasing services. As at the end of June 2024, the proportion of green leasing assets accounted for 65.8%, and the proportion of the balance of direct leasing assets in the balance of financial leasing assets amounted to 42.4%, both holding a leading position among peers.

ABC Life Insurance Co., Ltd.

The registered capital of ABC Life Insurance Co., Ltd. was RMB2.95 billion, 51% of which was held by the Bank. Its principal scope of business includes various types of personal insurance such as life insurance, health insurance and accident insurance; reinsurance business for the above-mentioned businesses; businesses with the utilization of insurance funds as permitted by the laws and regulations of the PRC; and other businesses approved by the regulatory authorities. As at 30 June 2024, its total assets and net assets amounted to RMB188,319 million and RMB6,026 million, respectively. It recorded a net profit of RMB1,121 million[1] for the first half of 2024.

ABC Life Insurance continued to push forward the transformation of business structure. Its new regular premiums hit a record high, and the contributions of new business value further increased. Focusing on serving the real economy, ABC Life Insurance gave full play to the role of insurance funds as a "booster", and adopted diversified investment methods such as creditor's rights and equity to participate in rural revitalization and green industry. In line with regulatory policies and market changes, ABC Life Insurance actively promoted the development of the pension industry. In the first half of 2024, ABC Life Insurance increased investment of RMB3.19 billion and RMB0.16 billion in Sannong and green-related fields, respectively, and the number of retirement savings insurance products rose by 10.

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1 *In order to be consistent with the Group's disclosure standards, the data is in accordance with the new financial instrument standard (IFRS 9) and new insurance contract standard (IFRS 17), which is different from the data in accordance with the financial instrument standard (IAS 39) currently adopted by the insurance industry.*

ABC Financial Asset Investment Co., Ltd.

The registered capital of ABC Financial Asset Investment Co., Ltd. was RMB20.0 billion, 100% of which was held by the Bank. Its principal scope of business includes acquiring the creditor's rights of the banks to the enterprises for the purpose of debt-to-equity swap, converting the creditor's rights into equity and managing the equity; restructuring, transferring and disposing of the creditor's rights that cannot be converted into equity; investing in equities of enterprises for the purpose of debt-to-equity swap, where the invested enterprise uses all the equity investment funds to repay the existing creditor's rights; raising funds from qualified investors according to laws and regulations, issuing private asset management products to support debt-to-equity swaps; issuing financial bonds; raising funds through bond repurchase, interbank lending, interbank borrowing; conducting necessary investment management for proprietary funds and raised funds, where the proprietary funds may be used for interbank deposit taking, interbank loan, purchase of treasury bonds or other fixed income securities and other businesses, and the use of raised funds shall conform to the purposes agreed upon in fund raising; financial advisory and consulting services related to the debt-to-equity swap business; other business approved by the regulatory authorities. As at 30 June 2024, its total assets and net assets amounted to RMB123,582 million and RMB33,001 million, respectively. It recorded a net profit of RMB1,250 million for the first half of 2024.

ABC Investment focused on the primary responsibilities and core business of debt-to-equity swap, put emphasis on fields such as rural revitalization, green and low-carbon development, and scientific and technological innovation, and continued to strengthen services for new quality productive forces, with debt-to-equity swap investment of RMB3.60 billion for its own account for the first half of 2024. ABC Investment coordinated and promoted specialized construction, full-cycle risk control, optimization of incentive and constraint mechanisms, and basic management construction to foster competitive business advantages and market brands.

ABC Wealth Management Co., Ltd.

ABC Wealth Management Co., Ltd. was established in July 2019 with a registered capital of RMB12.0 billion, 100% of which was held by the Bank. Its principal scope of business includes public offering of wealth management products to the general public, investment and management of the properties entrusted by the investors; private placement of wealth management products to qualified investors, investment and management of the properties entrusted by the investors; wealth management advisory and consulting services; and other businesses approved by the regulatory authorities. As at 30 June 2024, its total assets and net assets amounted to RMB22,180 million and RMB21,384 million, respectively. It recorded a net profit of RMB1,120 million for the first half of 2024.

Upholding the concept of "Steadily Guarding Value, Professionally Driving Growth" and being customer-centric, ABC Wealth Management deepened reform, enhanced investment and research capabilities, optimized asset allocation, and strengthened risk control support to advance the high-quality development of wealth management business. It actively practiced the philosophy of green development, and continuously launched ESG-themed wealth management products, with 20 such products issued in the first half of 2024. ABC Wealth Management served the vast customers in County Areas. As at the end of June 2024, the scale of rural revitalization Huinong products amounted to RMB59.4 billion. It received the Golden Pixiu Award for "Financial Institution with Golden Brand Influence of the Year" from the *Financial Money*, and the Golden Dragon Award for the "Best Wealth Management Company of the Year" from the *Financial Times*, continuously enhancing its brand image.

Besides, we own Agricultural Finance Co., Ltd. in Hong Kong SAR, China, with a share capital of HKD589 million, 100% of which is held by the Bank. We also own six rural banks, including ABC Hubei Hanchuan Rural Bank Limited Liability Company, ABC Hexigten Rural Bank Limited Liability Company, ABC Ansai Rural Bank Limited Liability Company, ABC Jixi Rural Bank Limited Liability Company, ABC Zhejiang Yongkang Rural Bank Limited Liability Company, ABC Xiamen Tong'an Rural Bank Limited Liability Company.

FinTech

During the reporting period, we continued to deepen the application of frontier technologies related to FinTech, and deeply promoted the implementation of informatization of our 14th Five-Year Plan, with regular evaluation on implementation results, to continuously improve the scientific and technological support and empowerment level.

Focusing on FinTech Innovation

Actively responding to the accelerated evolution of technology transformation, we sped up the transformation into a new-generation technology system, built a new digital infrastructure and an IT architecture base which were future-oriented, and deepened the application of FinTech to empower the high-quality development of business operations.

- Regarding the application of big data technology, the first 13 pilots for data lake scenarios were put into production, realizing the unified cloud and lake application of storage, computing, batch services, and real-time services for the big data base.

- Regarding the application of AI technology, we accelerated the development of smart banking solutions driven by AI technology, closely monitored the trend of large model technology, and continuously enhanced the software and hardware support system for AI to steadily promote the implementation of AI+ application scenarios.

- Regarding the application of cloud computing technology, we continued to advance development of cloud-native capabilities, with the proportion of PaaS-based applications reaching 88.7%.

- Regarding the application of cyber security technology, we promoted the upgrading of technology protection system, completed the promotion of cloud security protection tools, and achieved integrated on-cloud and on-premises protection. We accelerated the promotion of new technologies such as Zero Trust and Internet of Things Security, actively responding to new challenges.

- Regarding the application of network technology, our "end-to-end visual SRv6 network construction" project was selected as an excellent achievement in the IPv6 technology innovation and fusion application pilots of the Office of the Central Cyberspace Affairs Commission.

- Regarding the application of Internet of Things, we continuously promoted the integration of online and offline data, and steadily enhanced the innovation and application of the financial scenarios of the Internet of Things.

Improving the Level of Guarantee of Our Business Continuity

Our information system always maintained stable operation under the multiple challenges of relatively fast growth in trading volume and transformation and switching of technology stacks, and the technological operation system related to the distributed structure was further improved.

- We constantly strengthened the construction of disaster recovery system with high standards. We optimized disaster recovery architecture to enhance regional disaster recovery capabilities.
- Our emergency response capabilities were enhanced through normal emergency drills. We completed the "local + remote" joint switching drill of important information systems, with higher technical switching efficiency and longer business takeover time.
- We deepened the application of the integrated production, operation and maintenance platform. We comprehensively promoted configuration and monitoring automation and other functions for our branches, and enhanced the technical and operational capabilities of the front-line production and operation departments of branches.
- Our information system maintained stable operation under sustained high pressure. The average daily transaction volume processed by the core system on business days reached 1,557 million. The daily transaction peak volume through mobile banking reached 1,384 million, hitting a record high. The availability rate of the core system during main business hours reached 100%.

Human Resources Management and Institution Management

Human Resources Management

During the reporting period, we continuously optimized the organizational structure based on "Two Positionings" and "Three Major Strategies".

- We upgraded the digital business operation center (Hefei) as a tier-two department, and steadily pushed forward the construction of an enterprise-level intensive operation system.
- We reinforced the staffing of the digital risk control center (Chongqing) to further enhance the intensification and intelligence level of risk prevention and control across the Bank.
- We continuously improved the organizational structure of County Area Banking Division, and optimized the layout of operating institutions in Xiong'an New Area and technology enterprises cluster zones to strengthen the ability to serve the real economy.
- We enhanced the team building of integrated operations and overseas institutions to deepen the group integration and integrated domestic and foreign currency operations.

Information on Employees

As at the end of June 2024, we had a total of 446,023 in-service employees. Among them, 808 employees were employed by our overseas branches, subsidiary banks and representative offices, and 7,796 employees were employed by the subsidiaries with integrated operations and rural banks.

Distribution of Employees by Regions

	30 June 2024	
	Number of employees	Percentage (%)
Head Office	14,412	3.2
Yangtze River Delta	63,046	14.1
Pearl River Delta	49,559	11.1
Bohai Rim	63,390	14.2
Central Region	90,199	20.2
Northeastern Region	40,331	9.1
Western Region	116,482	26.1
Overseas Branches, Subsidiary Banks and Representative Offices	808	0.2
Subsidiaries with Integrated Operations and Rural Banks	7,796	1.8
Total	**446,023**	**100.0**

Information on Institutions

As at the end of June 2024, we had 22,863 domestic branch outlets, including the Head Office, Business Department of the Head Office, four specialized institutions managed by the Head Office, four training institutes, 37 tier-1 branches, 409 tier-2 branches, 3,315 tier-1 sub-branches, 19,050 foundation-level branch outlets and 42 other establishments. We had a total of 13 overseas branches and four overseas representative offices, including branches in Hong Kong SAR, Singapore, Seoul, New York, Dubai International Financial Centre (DIFC), Dubai, Tokyo, Frankfurt, Sydney, Luxembourg, London, Macao SAR and Hanoi, and representative offices in Vancouver, Chinese Taipei, Sao Paulo and Dushanbe. Our subsidiaries mainly included subsidiaries with integrated operations, rural banks and overseas subsidiary banks. For details please refer to "Business Review – Integrated Operations" and "Business Review – Cross-border Financial Services" under "Discussion and Analysis".

Number of Domestic Branch Outlets by Regions

	30 June 2024	
	Number of Domestic Branch Outlets	Percentage (%)
Head Office[1]	10	–
Yangtze River Delta	2,993	13.1
Pearl River Delta	2,371	10.4
Bohai Rim	3,303	14.4
Central Region	5,168	22.6
Northeastern Region	2,184	9.6
Western Region	6,834	29.9
Total	**22,863**	**100.0**

Note: 1. Organizations of the Head Office include the Head Office, Business Department of the Head Office, Private Banking Department, Credit Card Center, Bills Business Department, Capital Operation Center, Beijing Advanced-Level Training Institute, Tianjin Financial Training Institute, Changchun Financial Training Institute and Wuhan Financial Training Institute.

County Area Banking Business

We provide customers in County Areas and rural areas with a comprehensive range of financial services through all our operating institutions of the County Area Banking Division. We refer to such business as the County Area Banking Business or Sannong Banking Business. During the reporting period, we implemented the CPC Central Committee's decisions and deployments on Sannong in a conscientious manner, closely focused on our positioning of building a leading bank serving the rural revitalization, kept improving the operation system and mechanism of the County Area Banking Division and the capability and standard of financial services to rural revitalization.

Management Mechanism

- We increased the allocation of resources to County Areas. We prioritized the scale of credit in County Areas, and issued credit plans for County Areas, allocated economic capital in County Areas separately and formulated performance evaluation measures for the County Area Banking Division separately. We optimized the authorization of interest rates of loans in key areas of rural revitalization and the preferential policy of internal fund transfer pricing to encourage branches to constantly increase credit supply related to County Areas and agriculture.

- We optimized and refined the Sannong credit policy. We formulated the Sannong credit policy guidelines for 2024, which specified 43 differentiated credit policies with the focus on key areas such as production of food and major agricultural products, agricultural technology innovation, rural industries, and rural construction. We continuously improved the preferred settlement and fast completion mechanism for key businesses of rural revitalization, established a green channel for corporate credit review and approval for key credit businesses related to food security, rural industries, rural construction, areas lifted out of poverty, and key counties receiving assistance in pursuing rural revitalization.

- We improved the service channel system in County Areas. Focusing on key areas of new-type urbanization, we continued to optimize the layout of branch outlets. In the first half of 2024, 70% of new outlets and relocated outlets were placed in counties, urban-rural fringe, and key townships. We actively provided the "last mile" financial services for County Areas and rural areas. In the first half of 2024, we provided 1,484 times of mobile services for 600 townships through movable financial service vehicles, handling 71 thousand transactions.

- We strengthened the building of talent teams in County Areas. We thoroughly implemented the "Double Hundred" cardres and talents pairing assistance plan featuring collaboration between eastern and western branches, and intensified assistance for key regions of rural revitalization, northeastern region, and old revolutionary base areas. We strengthened the cultivation of young talents in County Areas, and with 320 senior young talents trained in the first half of 2024. We continued to allocate more salary resources to the front line of rural revitalization, and further increased the allocation of subsidies for employees in townships.

Financial Services for Rural Revitalization

Serving for Consolidation and Expansion of Achievements in Poverty Alleviation

- We continued to increase credit supply in areas lifted out of poverty. We optimized policies such as credit access for areas lifted out of poverty, implemented preferential interest rates and internal fund transfer pricing, and maintained our financial support policies with no overall change, no deviation in target and no reduction in effort. As at the end of June 2024, the balance of loans to 832 counties lifted out of poverty amounted to RMB2.21 trillion, representing an increase of 10.0% as compared to the end of the previous year, 2.2 percentage points higher than that of the Bank.

- We constantly enhanced financial support for key counties receiving assistance in pursuing rural revitalization. We gave preference to key counties receiving assistance in pursuing rural revitalization in our allocation of fields such as fixed assets, salaries, channel construction, and personnel recruitment. We issued separate credit plans, and implemented differentiated credit policies to increase credit support for key counties receiving assistance in pursuing rural revitalization. As at the end of June 2024, the balance of loans to 160 key counties receiving assistance in pursuing rural revitalization reached RMB413.8 billion, representing an increase of RMB33.0 billion or 8.7% as compared to the end of the previous year, 0.9 percentage point higher than that of the Bank.

- We served the people in areas lifted out of poverty with the objective of increasing their incomes and fostering prosperity. We deepened cooperation with local governments, village party branch committee and village committee, carried out registration of rural households information, provided credit support for rural households to help farmers in areas lifted out of poverty increase their income and become prosperous. The "Fumin Loan" covered 832 counties lifted out of poverty, 160 key counties receiving assistance in pursuing rural revitalization, counties in old revolutionary base areas, large counties for oil-tea camellia cultivation, and all of Xinjiang, Tibet and Ningxia. As at the end of June 2024, the balance of "Fumin Loan" reached RMB72.6 billion, representing an increase of RMB32.2 billion or 79.7% as compared to the end of the previous year.

Serving Rural Revitalization

- Financial services for key fields of rural revitalization were enhanced. We strengthened financial services for the whole industrial chain of food, issued an action plan for serving agricultural technologies, and intensified efforts to serve major agricultural and rural infrastructure projects. As at the end of June 2024, the balance of loans to the related fields in stable supply of food and important agricultural products stood at RMB994.5 billion, representing an increase of RMB149.9 billion or 17.8% as compared with the end of the previous year; the balance of loans to rural industry reached RMB2.26 trillion, representing an increase of RMB420.2 billion or 22.8% as compared to the end of the previous year; the balance of loans to rural construction and related fields amounted to RMB2.22 trillion, representing an increase of RMB265.4 billion or 13.6% as compared to the end of the previous year.

- Positive progress was achieved in digital village projects. We continuously optimized and promoted the "ABC Huinong Cloud" digital rural platform, and launched functions such as animal face recognition, customer manager behavior monitoring, and drone inspection in intelligent animal husbandry scenarios. We strengthened cooperation with external entities to facilitate the formation of an alliance for digital rural scenarios ecosystem. As at the end of June 2024, "ABC Huinong Cloud" platform had 206 thousand institutional members, covering over 2.6 thousand counties (districts) and serving more than 6 million customers.

- Innovation in Sannong products and service models was reinforced. We formulated the advice on Sannong financial products innovation for 2024, specifying innovation requirements and key directions. We continued to delegate innovation authority in key areas, optimized the layout of innovation bases for Sannong products, and created flagship products for rural revitalization. The number of our Sannong featured products reached 281. We accelerated the evaluation of credit villages and credit users. As at the end of June 2024, we had evaluated 60 thousand credit villages, and more than 5 million credit users.

Financial Position

Major Items of Assets and Liabilities of the County Area Banking Business

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Total loans and advances to customers	**9,602,699**	**–**	8,775,953	–
Allowance for impairment losses on loans	**(398,467)**	**–**	(372,043)	–
Loans and advances to customers, net	**9,204,232**	**65.2**	8,403,910	61.3
Intra-bank balance[1]	**3,694,367**	**26.2**	4,140,341	30.2
Other assets	**1,216,264**	**8.6**	1,158,521	8.5
Total assets	**14,114,863**	**100.0**	13,702,772	100.0
Deposits from customers	**12,679,424**	**96.2**	12,331,675	96.8
Other liabilities	**496,598**	**3.8**	403,384	3.2
Total liabilities	**13,176,022**	**100.0**	12,735,059	100.0

Note: 1. Intra-bank balance refers to funds provided by the County Area Banking Business to other business segments within the Bank through internal funds transfers.

Major Income Statement Items of the County Area Banking Business

In millions of RMB, except for percentages

	Six months ended 30 June 2024	Six months ended 30 June 2023	Increase/(decrease)	Growth rate (%)
External interest income	**166,802**	156,321	10,481	6.7
Less: External interest expense	**102,569**	95,345	7,224	7.6
Interest income from intra-bank balance[1]	**96,003**	95,344	659	0.7
Net interest income	**160,236**	156,320	3,916	2.5
Net fee and commission income	**19,047**	20,863	(1,816)	-8.7
Other non-interest income	**3,629**	2,151	1,478	68.7
Operating income	**182,912**	179,334	3,578	2.0
Less: Operating expenses	**49,530**	48,719	811	1.7
Credit impairment losses	**35,929**	42,282	(6,353)	-15.0
Impairment losses on other assets	**27**	7	20	285.7
Total profit before tax	**97,426**	88,326	9,100	10.3

Note: 1. Interest income from intra-bank balance represents the interest income earned on funds provided by the County Area Banking Business to other business segments of the Bank through internal funds transfer pricing, the interest rate of which is determined based on the market interest rate.

Major Financial Indicators of the County Area Banking Business

Unit: %

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Average yield of loans	**3.66***	3.99*
Average cost of deposits	**1.59***	1.65*
Net fee and commission income to operating income	**10.41**	11.63
Cost-to-income ratio	**26.28**	26.45

Item	30 June 2024	31 December 2023
Loan-to-deposit ratio	**75.73**	71.17
Non-performing loan ratio	**1.12**	1.24
Allowance to non-performing loans	**381.32**	355.32
Allowance to loan ratio	**4.27**	4.40

* *Annualized figures.*

Risk Management

In the first half of 2024, facing complex and severe internal and external situations, we continuously improved the comprehensive risk management system, balanced development and safety, and strictly adhered to the risk compliance bottom line. We updated the Group's risk appetite and comprehensive risk management strategies, and enhanced the initiative of risk management. Focusing on national strategies, we continued to optimize the credit structure, strengthened the credit risk management and control in key areas, and enhanced the digital risk control capability. We strengthened digital management and control of market risk, continuously raising the intelligence level of the market risk management system. We implemented the new regulatory requirements, improved the operational risk management mechanism, upgraded the operational risk management system, and optimized operational risk management tools.

Credit Risk

We adhered to a prudent and solid operation strategy, improved the mechanism for risk prevention, early warning and disposal, enhanced risk prevention and control in key areas, strictly managed risk classification, and consolidated the foundation for risk management, thus our asset quality was stable and improved. As at the end of June 2024, the non-performing loan ratio was 1.32%, decreased by 0.01 percentage point as compared to the end of the previous year; the special mention loan ratio was 1.42%, unchanged as compared to the end of the previous year; the overdue loan ratio was 1.07%, decreased by 0.01 percentage point as compared to the end of the previous year. The forward-looking risk indicators continued to improve. The ratio of overdue loans to non-performing loans was 81.02%, decreased by 0.28 percentage point as compared to the end of the previous year, indicating a prudent risk classification; the ratio of allowance to non-performing loans was 303.94%, remaining resilient against risks.

- Centering on national strategies, we continued to optimize the credit structure. We formulated annual credit policy guidelines, Sannong credit policy guidelines and inclusive finance credit policy guidelines to provide robust support to key areas such as rural revitalization, manufacturing, strategic emerging industries, scientific and technological innovation, green development, infrastructure construction, and modern services. We refined the credit structure to align more closely with national strategies and economic and social development goals.

- We continued to improve the credit risk policy system. We implemented the regulatory requirements, and revised the management measures for working capital loans, fixed assets loans, retail credit, small and micro enterprises credit business, and off-balance sheet businesses, etc. We improved the review and approval process, the post-assessment and exit management mechanism for credit product innovation.

- We strengthened credit risk management and control in key areas. We coordinated the newly granting of real estate loans and the prevention and resolution of existing risks, fully supported the construction of the "Three Major Projects" such as affordable housing, implemented the requirements of the coordination mechanism for urban real estate financing, solidly pushed forward the work related to ensuring the delivery of housing projects, and accurately met the reasonable financing needs of real estate projects. We enhanced the refined management of real estate credit projects, and steadily advanced the prevention and resolution of real estate risks through developer-specific measures. We strictly observed national regulations and regulatory requirements on the management of local government debts, property resolved risks of financing platforms and implicit debts, strengthened management of newly increased financing, and adhered to the principle of not increasing local government implicit debts. We enhanced credit access of retail banking business, carried out authenticity investigation, and strictly conducted collateral evaluation, to control risks from the source.

- We enhanced digital risk control capability. We explored the application of advanced technologies including big data and AI in multiple scenarios, improved the risk identification models and the early warning indicators system targeting customers of different types, enhanced digital monitoring and centralized operation, and strengthened risk management in the whole process from identification, early warning, verification and disposal.

- We stepped up disposal of non-performing assets. We adhered to independent collection, comprehensively used diverse disposal approaches, refined the disposal management of non-performing assets, to continuously boost the quality and efficiency of disposal.

Risk Classification of Financial Assets

We formulated the risk classification management rules in accordance with requirements of the Rules on *Risk Classification of Financial Assets of Commercial Banks*. We specified the methods for the risk classification of different types of financial assets, based on such information as the financial asset type, the counterparty type, the features of product structure, and past defaults, taking into account the characteristics of their asset portfolios, with overdue method for retail assets and model method for non-retail assets. The classification process follows the principle of checks and balances horizontally and authority restriction vertically, and it operates based on process and authority. The basic procedures include preliminary classification, classification recognition, classification review and approval.

We adopted two classification management procedures for financial assets undertaking credit risk, being the five-category classification system and the twelve-category classification system. Non-retail credit assets were mainly managed with the twelve-category classification system. We conducted comprehensive evaluations from the two dimensions of customer default risk and debt transaction risk to prudently reflect the degree of credit assets risk. Our retail credit assets were managed with the five-category classification system, which carried out risk classification automatically by the system, mainly based on overdue days of principal and interest of the credit assets and type of guarantee. Our non-credit assets were managed with the five-category classification system, mainly taking into account factors such as the type of financial assets, type of counterparty, and overdue days, so as to truly reflect the risk situation.

Credit Risk Analysis

Distribution of Loans by Collaterals

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	31 December 2023 Amount	31 December 2023 Percentage (%)
Loans secured by mortgages	**8,867,387**	**36.4**	8,619,075	38.2
Loans secured by pledges	**2,567,012**	**10.5**	2,440,589	10.8
Guaranteed loans	**3,186,792**	**13.1**	2,916,064	12.9
Unsecured loans	**9,712,674**	**40.0**	8,588,541	38.1
Sub-Total	**24,333,865**	**100.0**	22,564,269	100.0
Accrued interest	**54,837**	**–**	50,352	–
Total	**24,388,702**	**–**	22,614,621	–

Distribution of Overdue Loans by Overdue Period

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage of total loans (%)	31 December 2023 Amount	31 December 2023 Percentage of total loans (%)
Overdue for less than 90 days (including 90 days)	**92,017**	**0.38**	111,027	0.49
Overdue for 91 days to 360 days (including 360 days)	**100,283**	**0.41**	70,775	0.31
Overdue for 361 days to 3 years (including 3 years)	**54,259**	**0.22**	51,052	0.23
Overdue for over 3 years	**13,063**	**0.06**	11,676	0.05
Total	**259,622**	**1.07**	244,530	1.08

Loan Concentration

In millions of RMB, except for percentages

Top ten single borrowers	Industry	Amount	Percentage of total loans (%)
Borrower A	Transportation, storage and postal services	90,858	0.37
Borrower B	Finance	90,100	0.37
Borrower C	Production and supply of electricity, heating, gas and water	71,960	0.30
Borrower D	Transportation, storage and postal services	60,002	0.25
Borrower E	Transportation, storage and postal services	51,972	0.21
Borrower F	Transportation, storage and postal services	50,311	0.21
Borrower G	Transportation, storage and postal services	36,830	0.15
Borrower H	Transportation, storage and postal services	35,746	0.15
Borrower I	Production and supply of electricity, heating, gas and water	35,000	0.14
Borrower J	Leasing and commercial services	29,904	0.12
Total		**552,683**	**2.27**

As at 30 June 2024, we fulfilled the regulatory requirements as total loans to our largest single borrower represented 2.23% of our net capital and total loans to our ten largest single borrowers represented 13.55% of our net capital.

Large Exposures

During the reporting period, pursuant to the *Administrative Measures for Large Exposures of Commercial Banks* and other relevant regulatory requirements, we continuously improved the organizational structure and system for large exposures management, consolidated the data basis, optimized the measurement process, upgraded system functions, carried out the measurement, monitoring and system optimization of large exposures in an orderly manner, strictly implemented each regulatory indicator, regularly submitted the regulatory reports, strengthened limit management and control and continuously improved our capability to measure and manage large exposures.

Distribution of Loans by Five-category Classification

In millions of RMB, except for percentages

Item	30 June 2024		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Normal	23,667,573	97.26	21,943,392	97.25
Special mention	345,863	1.42	320,117	1.42
Non-performing loans	320,429	1.32	300,760	1.33
Substandard	148,832	0.61	140,194	0.61
Doubtful	135,707	0.56	132,041	0.59
Loss	35,890	0.15	28,525	0.13
Sub-Total	24,333,865	100.00	22,564,269	100.00
Accrued interest	54,837	–	50,352	–
Total	24,388,702	–	22,614,621	–

As at 30 June 2024, the balance of our non-performing loans was RMB320,429 million, representing an increase of RMB19,669 million as compared to the end of the previous year; and the non-performing loan ratio was 1.32%, decreased by 0.01 percentage point as compared to the end of the previous year. The balance of special mention loans was RMB345,863 million, representing an increase of RMB25,746 million as compared to the end of the previous year; and special mention loans accounted for 1.42%, unchanged as compared to the end of the previous year.

Distribution of Non-Performing Loans by Business Type

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	30 June 2024 Non-performing loan ratio (%)	31 December 2023 Amount	31 December 2023 Percentage (%)	31 December 2023 Non-performing loan ratio (%)
Corporate loans	**243,727**	**76.1**	**1.70**	234,186	77.8	1.83
Short-term corporate loans	**66,336**	**20.7**	**1.74**	72,109	24.0	2.18
Medium- and long-term corporate loans	**177,391**	**55.4**	**1.69**	162,077	53.8	1.71
Discounted bills	**–**	**–**	**–**	1	–	–
Retail loans	**68,292**	**21.3**	**0.79**	59,176	19.7	0.73
Residential mortgage loans	**29,603**	**9.2**	**0.58**	28,530	9.4	0.55
Credit card balances	**10,983**	**3.4**	**1.42**	9,808	3.3	1.40
Personal consumption loans	**5,041**	**1.6**	**1.17**	3,544	1.2	1.04
Loans to private business	**7,361**	**2.3**	**0.77**	5,699	1.9	0.76
Huinong E-loan	**14,451**	**4.5**	**1.03**	10,462	3.5	0.96
Others	**853**	**0.3**	**5.73**	1,133	0.4	6.68
Overseas and others	**8,410**	**2.6**	**2.05**	7,397	2.5	1.84
Total	**320,429**	**100.0**	**1.32**	300,760	100.0	1.33

Distribution of Corporate Non-Performing Loans by Industry

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	30 June 2024 Non-performing loan ratio (%)	31 December 2023 Amount	31 December 2023 Percentage (%)	31 December 2023 Non-performing loan ratio (%)
Manufacturing	**43,084**	**17.7**	**1.71**	45,287	19.3	2.03
Production and supply of electricity, heating, gas and water	**6,881**	**2.8**	**0.45**	7,182	3.1	0.51
Real estate industry	**48,358**	**19.8**	**5.42**	46,615	19.9	5.42
Transportation, storage and postal services	**19,486**	**8.0**	**0.68**	14,636	6.2	0.55
Wholesale and retail	**21,377**	**8.8**	**2.39**	19,457	8.3	2.48
Water, environment and public utilities management	**25,370**	**10.4**	**1.96**	22,719	9.7	1.99
Construction	**12,128**	**5.0**	**1.98**	9,746	4.2	2.04
Mining	**1,718**	**0.7**	**0.59**	10,501	4.5	3.98
Leasing and commercial services	**46,477**	**19.1**	**1.92**	41,333	17.7	1.96
Finance	**282**	**0.1**	**0.08**	295	0.1	0.13
Information transmission, software and IT services	**2,762**	**1.1**	**2.47**	2,296	1.0	2.27
Others	**15,804**	**6.5**	**2.84**	14,119	6.0	2.81
Total	**243,727**	**100.0**	**1.70**	234,186	100.0	1.83

Distribution of Non-Performing Loans by Geographic Region

In millions of RMB, except for percentages

Item	30 June 2024 Amount	30 June 2024 Percentage (%)	30 June 2024 Non-performing loan ratio (%)	31 December 2023 Amount	31 December 2023 Percentage (%)	31 December 2023 Non-performing loan ratio (%)
Head Office	1,368	0.4	0.20	1,386	0.5	0.25
Yangtze River Delta	43,722	13.6	0.73	38,494	12.8	0.70
Pearl River Delta	55,814	17.4	1.45	45,466	15.1	1.23
Bohai Rim	54,940	17.1	1.64	58,016	19.3	1.85
Central Region	41,663	13.0	1.04	45,550	15.1	1.26
Northeastern Region	19,761	6.2	2.63	14,412	4.8	2.05
Western Region	94,751	29.7	1.79	90,039	29.9	1.83
Overseas and others	8,410	2.6	2.05	7,397	2.5	1.84
Total	320,429	100.0	1.32	300,760	100.0	1.33

Changes in the Allowance for Impairment Losses on Loans

In millions of RMB

Item	Six months ended 30 June 2024 Stage I 12 months expected credit losses	Stage II Lifetime expected credit losses	Stage III Lifetime expected credit losses	Total
1 January 2024	633,330	94,723	185,865	913,918
Transfer[1]				
Stage I to stage II	(8,950)	8,950	–	–
Stage II to stage III	–	(25,156)	25,156	–
Stage II to stage I	15,377	(15,377)	–	–
Stage III to stage II	–	13,806	(13,806)	–
Originated or purchased financial assets	166,602	–	–	166,602
Remeasurement	(30,763)	26,927	40,016	36,180
Repayment and transfer-out of normal loans and special mention loans	(81,984)	(10,852)	–	(92,836)
Repayment and transfer-out of non-performing loans	–	–	(10,617)	(10,617)
Write-offs	–	–	(39,322)	(39,322)
30 June 2024	693,612	93,021	187,292	973,925

Notes: 1. *For details of the three-stage impairment model, please refer to "Note 21 Loans and advances to customers to the Condensed Consolidated Interim Financial Statements".*

2. *The table includes the allowance for impairment losses on loans measured at fair value through other comprehensive income.*

Market Risk

In the first half of 2024, we formulated the risk management strategies for financial market business, optimized the market risk management requirements and entry standards for trading and investment business of the Bank, and adjusted the market risk management limits in a reasonable manner. We solidly promoted the establishment of the market risk management and control platform, improved the intelligence level of the market risk management system, optimized market risk measurement models and systems, and further improved the function of market risk capital requirement measurement. We conducted stress testing for market-related business and proactively prevented extreme market changes from affecting our financial market business.

Our market risk exposure limits are classified into directive limits and indicative limits. We classified all of the on-and off-balance sheet assets and liabilities into either the trading book or the banking book. The trading book includes the financial instruments, foreign exchange and commodities positions held for trading or hedging against the risk of other items in the trading book. Any other positions are classified into the banking book.

Market Risk Management for the Trading Book

We managed the market risk of the trading book through various approaches including stress testing, Value at Risk (VaR), exposure limit management, sensitivity analysis, duration analysis and exposure analysis.

We regularly conducted stress testing to evaluate the maximum loss to the Bank's trading book under extreme market risk. Stress testing scenarios include the single-factor scenario, the multi-factor scenario, and the historical scenario. In the stress testing of market risk, by quantitative analysis of the impact of the changes in interest rates, foreign exchange rates and other market prices on the Bank's asset prices and gains/losses, we revealed the weak links of the Bank's investment and trading businesses in extreme scenarios, to improve the Bank's response to extreme risk events. Results of the stress testing indicated that during the reporting period, losses of the Bank under stress testing of market risk were generally controllable.

Please refer to "Note 47.3 Market Risk to the Financial Risk Management to the Condensed Consolidated Interim Financial Statements" for details of VaR for the trading book.

Market Risk Management for the Banking Book

The Bank managed market risk of the banking book through comprehensive use of technical measures such as exposure limit management, stress testing, scenario analysis and gap analysis.

Interest Rate Risk Management

During the reporting period, we monitored the domestic and international macroeconomic situation and the trend of market interest rates closely, implemented a prudent management strategy for the interest rate risk of the banking book, and strengthened the deployment of the term structure and duration management of assets and liabilities to keep interest rate risk exposure at a reasonable level. We continued to optimize the internal and external pricing mechanism, striving to enhance the level of volume and price coordination to maintain a prudent and sustainable growth of assets and liabilities. We initiated the smart laboratory project of interest rate risk, improved the quality of data about interest rate risk, and optimized the quantitative analysis of customer behaviors. During the reporting period, all the interest rate risk indicators of the Bank were controlled within the scope of regulatory requirements and management objectives, and our interest rate risk of the banking book remained overall controllable, as shown by the result of stress testing.

Interest Rate Risk Analysis

As at 30 June 2024, the accumulative positive gap with interest rate sensitivity within one year of the Bank amounted to RMB55,786 million, representing a decrease of RMB357,963 million in absolute terms as compared to the end of the previous year.

Interest Rate Risk Gap

In millions of RMB

	Within 1 month	1-3 months	3-12 months	Sub-Total of 1 year and below	1-5 years	Over 5 years	Non-interest earning
30 June 2024	**(8,345,576)**	**1,680,201**	**6,721,161**	**55,786**	**(3,455,761)**	**6,110,560**	**129,262**
31 December 2023	(7,497,517)	1,359,936	6,551,330	413,749	(3,552,360)	5,838,437	83,878

Note: Please refer to "Note 47.3 Market Risk to the Financial Risk Management to the Condensed Consolidated Interim Financial Statements" for more details.

Interest Rate Sensitivity Analysis

In millions of RMB

	30 June 2024		31 December 2023	
Movements in interest rate	**Movements in net interest income**	**Movements in other comprehensive income**	Movements in net interest income	Movements in other comprehensive income
Increased by 100 basis points	**(40,772)**	**(77,489)**	(35,951)	(69,135)
Decreased by 100 basis points	**40,772**	**77,489**	35,951	69,135

The interest rate sensitivity analysis above indicates the movements within the next 12 months in net interest income and other comprehensive income under various interest rate conditions, assuming that there is a parallel shift in the interest rate of all maturities and without taking into account any risk management measures that the management may adopt to reduce interest rate risk.

Based on the composition of the assets and liabilities as at 30 June 2024, if the interest rates instantaneously increase (or decrease) by 100 basis points, the net interest income and other comprehensive income of the Bank would decrease (or increase) by RMB40,772 million and RMB77,489 million, respectively.

Exchange Rate Risk Management

In the first half of 2024, the Bank regularly performed the exchange rate exposure monitoring, exchange rate sensitivity analysis and stress testing, and refined the measurement of exchange rate risk on an ongoing basis. We also flexibly adjusted the trading exchange rate risk exposure, and maintained the stable exposure in the non-trading exchange rate risk. Exchange rate risk exposure of the Bank was controlled within a reasonable range.

The Bank's exchange rate risk is mainly the exposure risk arising from the exchange rate of USD against RMB. In the first half of 2024, the mid-point rate of RMB against USD depreciated accumulatively by 441 basis points or 0.62%. As at 30 June 2024, the negative net foreign exchange exposure of on- and off-balance sheet financial assets/liabilities of the Bank was USD5,802 million.

Foreign Exchange Exposure

In millions of RMB (USD)

	30 June 2024		31 December 2023	
	RMB	USD equivalent	RMB	USD equivalent
Net foreign exchange exposure of on-balance sheet financial assets/liabilities	(43,588)	(6,116)	30,636	4,325
Net foreign exchange exposure of off-balance sheet financial assets/liabilities	2,237	314	(13,159)	(1,858)

Note: Please refer to "Note 47.3 Market Risk to the Financial Risk Management to the Condensed Consolidated Interim Financial Statements" for more details.

Exchange Rate Sensitivity Analysis

In millions of RMB

Currency	Increase/decrease in exchange rate of foreign currency against RMB	Impact on profit before tax	
		30 June 2024	31 December 2023
USD	+5%	(631)	(118)
	-5%	631	118
HKD	+5%	1,925	1,421
	-5%	(1,925)	(1,421)

The non-RMB denominated assets and liabilities of the Bank were primarily denominated in USD and HKD. Based on the exchange rate exposure as at the end of the reporting period, the profit before tax of the Bank will decrease (or increase) by RMB631 million if USD appreciates (or depreciates) by 5% against RMB.

Liquidity Risk

Liquidity Risk Management Governance Structure

The liquidity risk management governance structure of the Bank consists of a decision-making system, an execution system and a supervision system, among which, the decision-making system comprises the Board of Directors and its Risk Management and Consumers' Interests Protection Committee and the senior management; the execution system includes our liquidity management departments, asset and liability business management departments and information and technology departments, etc; and the supervision system comprises the Board of Supervisors, the Audit Office, the Internal Control and Compliance Supervision Department and the Legal Affairs Department. The abovementioned systems perform their respective decision-making, execution and supervision functions based on the division of responsibility.

Liquidity Risk Management Strategy and Policy

We adhered to a prudent liquidity management strategy. We formulated our liquidity risk management policy pursuant to the regulatory requirements, external macroeconomic environment and our business development. We effectively maintained balance among liquidity, security and profitability, on condition of the guaranteed security of liquidity.

Liquidity Risk Management Objectives

The objectives of our liquidity risk management were to effectively identify, measure, monitor and report liquidity risk by establishing a scientific and refined liquidity risk management system, to promptly fulfill the liquidity needs of assets, liabilities and off-balance sheet businesses, perform the external payment obligations, achieve an effective balance between capital efficiency and security of liquidity, and prevent the overall liquidity risk of the Group under normal business environment or under operational pressure.

Liquidity Risk Management Method

We paid close attention to changes in external economic situation, monetary policies and market liquidity, continued to monitor our bank-wide liquidity condition, and strengthened the asset-liability matching management to mitigate risks related to mismatch of maturity. We secured the sources of core deposits and facilitated the use of proactive liabilities instruments to keep our financing channels smooth in the market. We improved the liquidity management mechanism through strengthening the monitoring, early warning, and overall allocation of liquidity position, to maintain a moderate reserve level and satisfy various payment demands. In addition, we refined the functions of the liquidity management system and improved the level of our electronic management.

Stress Testing Situation

Based on the market condition and operation practice, we set liquidity risk stress testing scenarios fully considering various risk factors which may affect the liquidity. Stress testing was conducted on a quarterly basis. According to the testing results, under the prescribed stress scenarios, we have passed all the shortest survival period tests as required by regulatory authorities.

Main Factors Affecting Liquidity Risk

The major factors affecting liquidity risk include negative impacts of market liquidity, deposit withdrawal by customers, loans withdrawal by customers, imbalance between asset and liability structures, debtor's default, difficulty in asset realization, weakening financing ability, etc.

Liquidity Risk Analysis

During the reporting period, we managed cash flows brought by maturing fund properly, and the overall liquidity was sufficient, secured and under control, with all indicators satisfying regulatory requirements. As at the end of June 2024, we recorded liquidity ratios for RMB and foreign currency of 80.35% and 151.52%, respectively. The average of the liquidity coverage ratio for the second quarter of 2024 was 120.27%. As at the end of June 2024, the net stable funding ratio was 131.99%, with available stable funding of RMB29,032,619 million as numerator and the required stable funding of RMB21,995,471 million as denominator.

Liquidity Gap Analysis

The table below presents the Bank's net position of liquidity as at the dates indicated.

In millions of RMB

	Past due	On demand	Within 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Undated	Total
30 June 2024	**40,749**	**(15,227,226)**	**789,680**	**(962,565)**	**(1,003,144)**	**837,437**	**15,859,166**	**2,505,750**	**2,839,847**
31 December 2023	34,600	(15,959,023)	1,586,071	(925,666)	(20,560)	332,098	15,096,354	2,639,830	2,783,704

Note: Please refer to "Note 47.2 Liquidity Risk to the Financial Risk Management to the Condensed Consolidated Interim Financial Statements" for more details.

For details of liquidity coverage ratio and net stable funding ratio of the Bank, please refer to the *Pillar 3 Report for the First Half of 2024* released on the website of the Bank (www.abchina.com.cn, www.abchina.com).

Operational Risk

In the first half of 2024, as a response to the changes in internal and external conditions, we prudently determined operational risk appetite and management strategies. We implemented new regulatory requirements, and revised the basic policy for operational risk management. We conducted special audit on operational risk management, and refined the operational risk management mechanism. We upgraded the operational risk management system, optimized the operational risk management tools, regularly assessed and reported operational risk situations, and took solid steps to advance the implementation of the new standardized approach. We strengthened the management of operational risks of important types, and enhanced management of IT risk, model risk and business continuity, to support digital transformation. We completed the mechanism for the whole-chain prevention and control of case risk, and ensured the prevention and control of case risk in key areas. We steadily advanced legal risk and outsourcing risk management.

Legal Risk

In the first half of 2024, we continued to deepen the construction of Agricultural Bank of China under the rule of law to further promote law-based governance. We improved the quality and efficiency of legal services in key areas including "Five Priorities". We increased legal support for loans in County Areas and agriculture-related loans, loans related to food security and loans to rural households, strengthened the legal protection of intellectual property rights, and continued to deepen the legal efforts for personal information protection, to ensure that business operations were carried out in accordance with the law. We stepped up efforts in litigation-based collection, and used diverse ways of addressing disputes to improve the quality and efficiency of collection. We improved the legal risk management mechanism in international and comprehensive operations to improved the ability of legal risk management for the Group. We intensified the building of the rule of law culture for finance, and promoted employees of the Bank to respect, learn, observe, and apply laws.

Reputational Risk

In the first half of 2024, we steadily advanced the whole-process management of reputational risk, enhanced proactive prevention and control, refined the coordination mechanism, organized special screening, and carried out multilevel professional training, so as to boost the quality and efficiency of the Group's reputational risk management. We intensified monitoring, reporting, early-warning, prevention and control of public sentiment at important time points and of key events, and eliminated reputational risk in a timely and proper manner.

Country Risk

We managed country risk through tools and approaches such as country risk rating, limit control, exposure monitoring, provision for asset impairment and stress testing. In the first half of 2024, in response to changes in the external situation, we revised the management measures for country risk, formulated the management strategy for country risk limits, reasonably defined country risk limits, and strengthened country risk monitoring.

Risk Consolidated

In the first half of 2024, we continued to optimize the system for the risk consolidation management of the Group, and advanced integrated risk management across the Group. We guided our subsidiaries to revise their respective risk appetite statements and risk management policies for 2024, specify business access criteria, standardize business exit and stop-loss mechanism, and optimize the indicators for risk appetite and risk limits. We urged subsidiaries to develop or revise the management measures for the behaviors of trading personnel, and pushed them to improve the management mechanism for trading behaviors. We also strengthened the building of risk management system for our subsidiaries, launched risk indicator modules, and enabled automatic monitoring and early warning of quantified indicators of risk limits, effectively improving the quality and efficiency of risk penetration management.

Capital Management

During the reporting period, we implemented our capital plan for 2022-2024, promoted the implementation of new capital regulations, improved the long-term mechanism for capital management, further conveyed the philosophy about capital-intensive development, and continuously enhanced the capacity of internal and external capital replenishment, so that a reasonable and steady level of capital adequacy was maintained, the capacity of serving the real economy was continuously enhanced, and the high-quality development of our business operation was promoted.

We continued to enhance the construction of Internal Capital Adequacy Assessment Process (ICAAP), completed the internal capital adequacy assessment for 2024, continuously optimized the ICAAP working mechanism, and strengthened the foundation for capital and risk management. As one of the Global Systemically Important Banks and Domestic Systemically Important Banks, we gradually optimized the retest mechanism for the recovery and resolution plan in accordance with regulatory requirements, constantly improved capabilities of risk early warning and crisis management, reduced risk spillover during the crises and strengthened the foundation for financial stability. We strengthened research on plans to meet Total Loss Absorption Capacity (TLAC) requirements, consolidated foundation for compliance, to enhance our risk resistance capability and boost public confidence.

We implemented advanced approaches of capital management and adopted both advanced approaches of capital measurement and other approaches to calculate capital adequacy ratio according to the requirements of the NFRA.

Management of Capital Financing

During the reporting period, we improved the capital replenishment mechanism. On the basis of capital replenishment with retained earnings, we proactively expanded external resources for capital replenishment, thus we enhanced the capital strength, optimized the capital structure and reasonably controlled the capital cost.

In March and June 2024, we issued RMB40.0 billion and RMB60.0 billion of write-down undated capital bonds in the National Interbank Bond Market of China, respectively, to replenish our additional Tier 1 capital.

In February and April 2024, we issued RMB70.0 billion and RMB60.0 billion of Tier 2 capital bonds in the National Interbank Bond Market of China, respectively, to replenish our Tier 2 capital.

In August 2024, we redeemed RMB85.0 billion of write-down undated capital bonds.

In March and April 2024, we redeemed RMB50.0 billion and RMB40.0 billion of Tier 2 capital bonds, respectively.

Management of Economic Capital

During the reporting period, we constrained the total capital, optimized the asset structure and controlled the growth of risk-weighted assets in order to achieve capital-intensive development. We continued to improve the economic capital allocation mechanism, highlighted business strategic objective transmission, continuously improved the refined management of economic capital, and increased economic capital allocation in key areas, such as rural revitalization, inclusive finance, manufacturing, private enterprises, green credit, and food security. We strengthened the process management and control of economic capital, improved the timeliness and effectiveness of capital management policy transmission, and increased the efficiency of economic capital monitoring.

Capital Adequacy Ratio and Leverage Ratio

The table below presents the Group's capital adequacy ratio calculated in accordance with the *Rules on Capital Management of Commercial Banks*.

In millions of RMB, except for percentages

Item	30 June 2024
CET 1 capital, net	2,461,676
Tier 1 capital, net	3,041,241
Net capital	4,080,093
Risk-weighted assets	22,109,317
Credit risk-weighted assets	20,437,643
Market risk-weighted assets	182,857
Operational risk-weighted assets	1,488,817
CET 1 capital adequacy ratio	**11.13%**
Tier 1 capital adequacy ratio	**13.76%**
Capital adequacy ratio	**18.45%**

The table below presents the Group's leverage ratio calculated in accordance with the *Rules on Capital Management of Commercial Banks*.

In millions of RMB, except for percentages

Item	30 June 2024
Tier 1 capital, net	3,041,241
Balance of adjusted on-and off-balance sheet assets	43,664,384
Leverage ratio	**6.97%**

For details of our capital adequacy ratio and leverage ratio, please refer to the *Pillar 3 Report for the First Half of 2024* published on the website of the Bank (www.abchina.com.cn, www.abchina.com).

Green Finance

Green Credit

- We increased the supply of green credit. We improved the mechanism of the pool of major green finance projects, strengthened the marketing of major projects and the dynamic management of the projects pool. We continued to increase the capital supply for green industries such as clean energy, green upgrading of infrastructure, energy conservation and environmental protection, clean production, ecological environment and green services. As at the end of June 2024, the balance of green credit exceeded RMB4.8 trillion[1].

- We strengthened policy guidance. We included green and low-carbon requirements in the annual credit policy guidelines, Sannong credit policy guidelines and inclusive finance credit policy guidelines to support rural revitalization, inclusive small and micro businesses, and the green transformation of the real economy in a coordinated manner. We formulated and continuously improved credit policies for industries such as agriculture-related industries, mining, oil and gas, new energy vehicles, biodiversity protection involving seed, forestry, etc., energy involving wind power, solar power generation, etc., so as to promote green and low-carbon development.

- We promoted the green and integrated development of Sannong. We launched the innovative special products such as "State-owned Forest Farm Loan", optimized and promoted scenarios such as smart animal husbandry and smart forestry, and expanded financing channels for green development of Sannong.

Green Investment and Financing

- We continued investing in green bonds. As at the end of June 2024, the green bonds invested for our own account reached RMB149.13 billion[2], representing an increase of 3.3% as compared to the end of the previous year.

- ABC-CA promoted green transformation. It formulated an implementation plan for serving high-quality green finance development, improved the ESG investment framework, continuously enriched product layout, and steadily advanced green transformation.

- ABC Financial Leasing, adhering to the business philosophy of "green leasing", formulated a green leasing development plan and incorporated ESG requirements into the comprehensive risk management system. It established and improved industrial chain service model around clean energy, green upgrading of infrastructure, ecological environment, and energy conservation and environmental protection, and promoted the scale expansion, structural optimization, and leading growth rate of green leasing business. As at the end of June 2024, the balance of green leasing assets was RMB69,355 million, maintaining an industry-leading level.

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1 *The green credit balance is calculated according to statistics criteria of green financing formulated by the NFRA in 2020.*

2 *Including the balance of the invested green bonds in non-financial institutions (according to the NFRA) for own account and the balance of the invested green bonds in financial institutions for own account.*

- ABC Life Insurance comprehensively utilized financial instruments such as stocks, equity, and bonds to directly or indirectly participate in investments in hydropower, photovoltaic, new materials, etc. In the first half of 2024, new green-related investments amounted to RMB0.16 billion.

- ABC Investment identified green and low-carbon as key areas, promoted the integration of ESG concepts into the investment process and proactively built a brand for green debt-to-equity investment. As at the end of June 2024, the balance of green investment for its own account was RMB40.92 billion, accounting for 36.3% of the company's debt-to-equity investment balance.

- ABC Wealth Management actively practiced the concept of green development. It continued to launch ESG-themed wealth management products, issuing 20 new ESG-themed wealth management products in the first half of 2024. As at the end of June 2024, there were a total of 59 ESG-themed wealth management products with a scale of RMB54,104 million. It added RMB1.2 billion in new green bond investments, bringing the balance to RMB6.62 billion as at the end of June 2024.

Green Investment Banking

We integrated the green concept into all categories in products and services of our investment banking business and were committed to building a leading bank in green investment banking.

- In the first half of 2024, we provided financing of over RMB210.0 billion for green industries and customers through investment banking products and services such as green syndicated loans, green M&A loans, green bonds, and green asset securitization, representing a year-on-year increase of 30% as compared to the same period of the previous year, with a focus on supporting clean energy, pollution prevention and control, and upgrading of green industries, etc.

- We underwrote the first batch of "two new" bonds in the market, supporting equipment renewal and renovation in green sectors such as power transmission and distribution and clean energy. We underwrote several multi-tag bonds focusing on green, carbon neutrality, rural revitalization, scientific and technological innovation.

- As a shareholder of the National Green Development Fund, we actively participated in the operation of the fund and project investment.

ESG Risk Management

- We strengthened ESG risk management. We strictly implemented the ESG risk management measures for the credit business, and continued to strengthen the "One-Vote for Veto" management of ESG risks. Based on the level of potential ESG risks faced by customers, we classified them into different risk categories and implemented differentiated management measures.

- We enhanced whole-process ESG risk management for credit business. We incorporated ESG risk management requirements into the entire process of credit business, clarified review points in each link of businesses such as due diligence, review, approval, and duration management, implemented dynamic assessment and whole-process control requirements, and improved the level of refined management of ESG risks.

- We strengthened ESG due diligence for green bonds. Before the investment, we focused on the green attributes, economic, environmental benefits, and fund monitoring of investment projects in due diligence and other processes. We also paid attention to the environmental and social risk management of issuers. After the investment, we continuously tracked and analyzed the environmental benefits of investment targets for improving the quality and efficiency of post-investment management.

- We strengthened quantitative analysis of climate risks. We studied the latest climate risk stress testing methods, frameworks, and technologies, optimized stress scenario design, and improved the technical level of climate risk stress testing.

Promote Our Own Green and Low-carbon Development

- We promoted green office practices. We deepened the digital and green transformation of office work, promoted remote inspections and online meetings, continuously optimized office system functions, and built an integrated electronic document management platform.

- We promoted green energy consumption. We formulated energy conservation and carbon reduction work goals for the Head Office, strengthened the management of "green logistics" services, and implemented a list of special energy conservation and emission reduction tasks for our data center.

- We implemented green procurement. We prioritized the selection of energy-saving and environmentally friendly equipment in procurement. We carried out pilot projects for electronic bidding and tendering, and promoted online paperless bid opening and evaluation.

Improve the Image of Green Bank

- We performed the duty as the third director of the Green Credit Committee of the China Banking Association, and promoted the establishment of a green and low-carbon development exchange platform for the banking industry of China.

- We participated in the 15th World Economic Forum Annual Meeting of the New Champions and delivered keynote speeches on topics such as green finance development and net-zero transition. We participated in the first "CCTV Finance and Economics Night" gala hosted by CCTV, and was awarded the title of "Annual Role Model of Financial Empowerment for High-Quality Development" for the "Case of Financial Support for the Qinghai Taratan Photovoltaic Power Station". We participated in the 2nd Shanghai International Carbon Neutral Technology, Products and Achievements Expo, where we showcased the theme of "Cultivating a Beautiful China and Co-creating a Happy Life".

During the reporting period, the Bank was not subject to any administrative punishments due to environmental issues.

Human Capital Development

Cultivation and Development of Human Resources

During the reporting period, we strove to cultivate a pool of competent and professional employees, and actively implemented the strategy of leveraging talent to empower the Bank.

- We strengthened talent recruitment and the development of professional talent teams. We actively implemented the national requirements for promoting high-quality and full employment, assumed social responsibility proactively, and proceeded open recruitments strictly adhering to legal and regulatory requirements. Meanwhile, we optimized recruitment policies, enlarged the size of recruitment, and provided diversified employment opportunities for talents with various professional backgrounds. Focusing on the "Five Priorities" and key areas such as rural revitalization, marketing, international finance, Internet finance, emerging business, operations management, internal control and compliance and finance and accounting, we built classified and hierarchical professional talent pools. We put equal emphasis on both the number and quality of talents, allocated more customer managers in an orderly manner, released the capability and quality model for customer managers and enhanced its application, to improve the capabilities and qualities of customer managers. We advanced selection of professional posts and professional title assessment in an orderly manner, refined promotion mechanism for post, and further kept the channels for professional talent development unimpeded, to stimulate the potential of talents in innovation and creation.

- We enhanced the leadership building of the management team. We made a well-coordinated promotion of the Young Talent Project and the "Hundred, Thousand and Ten Thousand" project for outstanding young cadres, optimized the leadership team structure and strengthened echelon construction. We organized training programs such as the Executive Management Training (EMT) for Financial Operation, "Double Hundred" Cadre Special Training featuring collaboration between eastern and western branches, Youth Talent Excellence Leadership Training and Young and Middle-aged Cadre Training to enhance the cultivation and training of outstanding young cadres, aiming to improve their professional qualities and duty performance capabilities.

- We enhanced staff training. We carried out specialized training on subjects such as "Five Priorities"/"Three Major Strategies", strengthened the training for key personnel such as the talents included in the pool of professional talent and customer managers. In the first half of 2024, about 439 thousand employees from various levels and fields throughout the Bank attended the training. In particular, over 300 specialized training sessions on the "Five Priorities"/"Three Major Strategies" were organized, attracting about 0.02 million participants. We promoted the digitalization of training. In the first half of 2024, we launched 910 premium online courses and 645 micro courses and initiated 95 special learning topics on "ABC E-Learning", an online learning platform, so as to ensure the supply of high-quality training resources to front-line employees and online platforms.

- We consistently incorporated green credit, rural revitalization loans, inclusive loans and other sustainable development indicators into the performance evaluation system for the senior management team, and linked the performance evaluation results to their compensation, effectively leveraging the incentive and constraint role of compensation in promoting sustainable development.

Non-salary Benefits

- We drove the improvement and upgrade of the "Five Actions" for employee care. We improved the working and living environment of all employees, supplemented and improved the facilities of 806 Home of Employees at outlets, setting up 3,436 new independent functional areas (rooms).

- We stepped up protection of employees' physical and mental health. The courses on "Sunshine E-Station", our psychological care platform, attracted nearly 0.49 million views in the first half of 2024. We carried out activities to promote excellent traditional Chinese culture, such as the "Lantern Festival Riddles" and "Dragon Boat Festival Garden Party", drawing over 177 thousand participants. We intensified the brand building of "Yueshu School", our online training brand targeting female employees, which has launched three new sessions and gathered more than 0.54 million learners in the first half of 2024.

- We provided support and expressed condolence to employees in a timely manner. In the Spring Festival of 2024, we gave support and offered condolence to 137.8 thousand employees of various kinds, helping them address difficulties.

Consumers' Interests Protection

Upholding "the bank-wide management of consumers' interests protection, and the bank-wide responsibility for consumers' interests protection", we effectively assumed the primary responsibility of protecting the legitimate rights and interests of financial consumers, continued to improve the mechanism for the whole-process management and control of consumers' interests protection, continuously improved the refinement and efficiency of consumers' interests protection, and ensured fair, just and honest treatment of consumers in the whole process of business operation.

- The Board of Directors, Risk Management and Consumers' Interests Protection Committee under the Board of Directors, and Consumers' Interests Protection Working Committee under the senior management of the Bank held meetings on a regular basis, to study and consider the work plans for consumers' interests protection (including review of products and services), implementation of such work and other important issues in relation to consumers' interests protection.

- We embedded the concept of consumers' interests protection in our products and services, continuously improved the review mechanism for consumers' interests protection, and strengthened product suitability management and information disclosure. We formulated the *Guidelines on Disclosing Information about Consumers' Interests Protection* and the *Key Points of the Review of Consumers' Interests Protection in the Retail Loan Business*, tightened management of the disclosure of major matters related to consumers' interests protection.

- We made solid efforts to ensure the protection of personal information. We steadily promoted the internalization and implementation of the *Personal Information Protection Law*, and established a mechanism for prior impact assessment of personal information protection to prevent the occurrence of infringement of the legitimate rights and interests of consumers from the source. In the first half of the year, a total of 1,388 prior impact assessments on the protection of personal information were conducted. We continuously carried out training on the protection of personal information, to raise all employees' compliance awareness and abilities of protecting personal information.

- We followed the principle of "legality, legitimacy, necessity and integrity" in collecting customer information. We clarified the rules, purposes, methods, scope and procedures of collection, collected customer information within the minimum scope of achieving the purpose of processing, in accordance with the requirements of laws, administrative regulations and business needs, and used customer information in strict accordance with the scope of use authorized by the customer and the agreed purpose.

- We continued to implement education and publicity activities on consumers' interests protection and relevant training for employees. We conducted financial education and publicity for specific demographics, especially key groups such as the elderly, children, new urban residents and the disabled. We focused on financial common sense, hot issues, and the needs of the public, etc., and actively carried out education and publicity activities. We innovated the forms of education and publicity, and continuously improved the construction of the "online + offline" financial publicity grid. The " 'ABC Affectionate Consumers' Interests Protection' Digital Exhibition Gallery" was released on mobile banking, and 12 local pavilions were launched, covering Jiangsu, Guangdong, Shanxi, Zhejiang, etc. to meet the financial education needs of people of different ages and interests. We launched "3·15" consumers' interests protection education and publicity activities and "popularizing financial knowledge for ten thousands of miles" activities. We carried out more than 96 thousand education and publicity activities, and reached over 1.25 billion consumers. Through special training and induction training for new employees, we raised the compliance awareness and professional abilities of all employees on consumers' interests protection. We carried out 3,695 centralized training sessions on consumer' interests protection, providing training to over 0.41 million employees on consumers' interests protection.

- We carried out collection of overdue individual loans in accordance with laws and regulations. In strict compliance with the regulations on the protection of consumers' legitimate rights and interests, we enhanced personal information protection and strictly prohibited to use improper means for collection. We formulated and continuously revised debt collection policies for retail loan, standardized the procedure for collection of overdue individual loans, continuously optimized the overdue collection system and collection strategy and explored the application of diversified dispute resolutions to dispose non-performing loans.

- Ensuring full compliance with all relevant requirements of the PBOC and the NFRA, we provided customers with financial services tailored to their needs throughout the loan period, including but not limited to modifications to loan terms, repayment methods, repayment plans, collateral, etc., in order to effectively address customers' actual problems and protect their legitimate rights and interests.

- We integrated complaint management into consumers' interests protection, and reported regularly to the Board of Directors and the Risk Management and Consumers' Interests Protection Committee of the Board of Directors. We formulated the *Management Measures for Customer Complaints*, standardizing the procedure of complaint acceptance, handling and response, and pursuing responsibility for the improper handling of complaints.

Privacy and Data Security

Privacy Policy

- The Board of Directors and Senior Management of the Bank attach great importance to privacy and cyber & data security. The Bank's *Cyber Security Management Measures* specifies that the Chairman of the Board of Directors is the person assuming primary responsibility for the Bank's cyber security and the presidents in charge of cyber security in institutions of all levels are the persons assuming direct responsibility. The Technology and Product Innovation Committee is set up under the Senior Management as a body to consider major matters on IT construction and product innovation and the President serving as its chairman.

- Our privacy policy is in strict compliance with the *Personal Information Protection Law* and relevant regulatory requirements, and adheres to the principle of legality, legitimacy, necessity, and integrity, the principle of consistency with rights and responsibilities, the principle of clarity of purpose, the principle of opt-in, the principle of data collection minimization and necessity, the principle of ensuring security, the principle of subject participation, and the principle of openness and transparency.

- Our *Privacy Policy (for Individuals)* and the *Privacy Policy (for Corporates)* are published on our official website, mobile banking, counters, super-counters, among other online and offline channels. The privacy policy lists the personal information required to be processed by the core business functions of our main service channels, sets out the rules for our processing and protection of customers' personal information, such as the purpose, method, scope of processing, and protection measures, and clearly presents the rights of customers in the processing activities of personal information and the way to exercise the relevant rights and so on. Our rules for handling personal information were also presented to customers through product or service agreements, power of attorney and other means to obtain authorization or consent from customers according to laws. The above documents, together with the privacy policy, constitute the entire privacy policy for the Bank's products and services for customers.

- The Bank continuously updated the privacy policy in accordance with the laws, regulations, regulatory requirements, and the needs of business development, and respected and protected the rights of customers in dealing with personal information. Specifically, in terms of the right to know, we informed customers of our rules for processing and protecting their personal information, and expressed the rights of customers in the activities of personal information processing and the ways of realizing the relevant rights. In terms of the right of access, customers can access and inquire their personal information through our outlets, Internet banking, mobile banking, telephone banking and other channels. In terms of the right to rectification and supplement, customers can rectify and update their personal information. In terms of the right of deletion, customers have the right of deletion of their personal information, and can apply to delete the personal information from the system involved in the daily business functions according to law, so that such information remains unretrievable and inaccessible. Except as otherwise provided by law, we would actively delete personal information when the purpose of processing has been achieved, cannot be achieved, or is no longer necessary. In terms of the right of withdrawal, customers can withdraw their authorization to us to process the relevant personal information based on their consent according to law.

- The Bank determined the maximum retention period of customers' personal information only within the minimum time limitation required by laws and regulations and necessary to fulfill the purposes of the privacy policy. When the data retention period expires, we would delete or anonymize customers' personal information.

Data Security and Cybersecurity Management

- The *Data Security Management Measures* of the Bank specified the management regulation and key points of data security management principles, governance structure, management requirement, technical protection, and event resolution, etc. These Measures are applicable to the Bank's domestic and overseas institutions at all levels and all relevant business lines.

- Targeting the basic aspects and key areas, including data classification and hierarchy, implementation of security duty, risk evaluation, and outbound data transfer, the Bank developed relevant policies and specifications, work guidelines and standard templates, and took solid efforts to ensure of data security management.

- The Bank formulated the *Emergency Plan for Data Security Events*, standardized event classification and hierarchy, division of responsibilities, emergency measures, the monitoring and forewarning mechanism, and the event reporting process, and conducted routine drills to enhance the capability of coping with unexpected occurrences.

- The Bank attached great importance to the prevention of data breach, implemented desensitized display of sensitive data in the system, and analyzed and monitored abnormal behaviors proactively. A terminal data breach prevention system has been rolled out and deployed throughout the Bank to continuously monitor and process the retention and outgoing of sensitive data, and strictly prevent and control the risk of data leakage.

- The Bank improved its structure for cybersecurity governance, established a group-wide information circulation mechanism, optimized the long-term governance mechanism for Internet application assets, and improved refined management. To advance the integrated management of cybersecurity across the Group, the Bank incorporated 13 overseas institutions and 4 subsidiaries into its enterprise-level cybersecurity operation center (SOC platform). The Bank conducted internal "red team vs. blue team" drills to simulate cyberattacks and defenses, to achieve zero breakthrough of defense line of participating units, achieving improvement of the cybersecurity operation capability.

- Our data centers introduced the ISO27001 international standard in 2010, established a comprehensive and standardized information security management system, and passed the certification in the same year. Our data centers continuously optimized and improved the information security management system, and in recent years, they have all successfully passed the review and certification of the China Cybersecurity Review, Certification and Market Regulation Big Data Center (CCRC).

- The Bank continuously conducted information technology audits. The Bank's internal audit department conducted special audits on IT management for the Head Office and 37 branches according to the requirement of full coverage of audited items every three years. The external auditor tested specific control points in areas of our IT governance, information system management, risk management and security management annually.

Data Security of Third Parties

- We established and improved a whole-process protection mechanism for personal information in third-party cooperation, formulated and issued the *Operational Guidelines on How to Carry Out Information Cooperation with Third Parties under the Personal Information Protection Law*, the *Tips on Reformation of the Personal Information Protection System* and the *Tips on Further Enhancing the Protection of Personal Information in Key Areas*, optimized the mechanism for ex-ante, in-event and ex-post personal information protection, standardized the cooperation agreement, strictly controlled the access of institutions, improved technical protection measures, and implemented dynamic supervision and management. We do not provide or transfer customer information to external companies, organizations, or individuals, except in statutory circumstances and with the customer's separate consent or authorization.

- The Bank inspected and verified the processing of data by suppliers, and clarified the suppliers' responsibilities and obligations with respect to data security in many aspects of the procurement procedure to ensure compliance and security of data processing. Prior to the introduction of suppliers, bidders were required to assume an obligation of confidentiality and not to disseminate the tender information. Selected suppliers were required to take responsibility and fulfill their obligations in the protection of the information of the Bank and our customers and implement strict security control measures. We required suppliers to properly keep the carriers for recording customer information, and implement the inquiry and approval procedure in strict accordance with the relevant requirements for systems involving information on the Bank's customers or business, and standardize the use of passwords to ensure operational compliance and confidentiality of information.

Accessibility of Finance Services

Inclusive Finance

As at the end of June 2024, the balance of our inclusive loans to small and micro enterprises reached RMB3,058,088 million, representing an increase of RMB599,766 million or 24.4% as compared to the end of the previous year, and the growth was 16.6 percentage points higher than the growth of loans across the Bank; the number of customers with outstanding loan balance was 4,432 thousand representing an increase of 894 thousand as compared to the end of the previous year; the annualized interest rate of newly granted loans in the first half of 2024 was 3.51%, representing a decrease of 16 BPs as compared to the previous year.

- We improved the building of our integrated online and offline service system. We built the integrated ecosystem of "inclusive E-station", and enhanced one-stop loan application and related integrated services. We refined the inclusive financial service network, gave play to the demonstration role of key institutions targeting small and micro businesses, forged the brands of specialized branches for small and micro businesses, completed the tiered system for inclusive finance services of branch outlets, and enhanced the inclusive finance services of branch outlets.

- We optimized the supply of credit products. We actively aligned with the government financing credit information service platform, promoted the application of the "Xinyidai" mode, gave play to the role of data as an element in product innovation, enriched the product system of "Small and Micro E-loan", and continuously enhanced online product service capabilities.

- We improved the long-term service mechanism. We ensured the continuity of policies for the credit management, assessment and evaluation, resources support, due diligence and liability exemption of small and micro enterprises' credit businesses. We enlarged the scope of pilot projects for the centralized operation of inclusive finance, intensified technological empowerment, optimized processes, achieving integrated online and offline development and the efficiency and capacity improvement of inclusive credit services.

- We raised the capacity of digitalized risk control. Guided by the principle of operating both online and offline, we established and improved the control system for inclusive credit risk, embedded digital risk control into all aspects of our credit business, and formed a management mode that combines intensive monitoring, centralized operation and professional control by business lines. As a result, the quality of inclusive loans has been consistently aligned with regulatory requirements.

Distribution Channels

Offline channels

- We served the rural revitalization strategy. We maintained the stability of the total number of branch outlets, continuously optimized the layout of branch outlets by relocating the branch outlets to areas like counties, urban-rural fringes and key townships to continuously extend service channels in County Areas.

- We strengthened the service capacity of branch outlets. Under the theme of "ABC Affectionate Services Offering Warmth", we continued with the "ABC Affectionate Services" project to improve customer experience. We upgraded the "ABC Affectionate Space+" service mode by creating a dedicated service area for outdoor workers where they can rest, drink water, recharge their batteries and heat meals, sharing the service resources at branch outlets with the public.

- We improved age-friendly services at branch outlets. We optimized age-friendly facilities and equipment at branch outlets, arranged wheelchair accessible passages as well as counters and seats specially for the elderly, and provided presbyopic glasses, magnifying glasses and wheelchairs, etc., making branch outlets "warm homes" for elderly customers. In the first half of 2024, we offered door-to-door services for 129 thousand elderly people and other special groups.

Online Channels

- Mobile Banking. As at the end of June 2024, the Bank had 536 million registered individual customers of mobile banking, representing an increase of 24 million as compared to the end of the previous year; and 7.92 million registered corporate customers of mobile banking, representing an increase of 1.01 million as compared to the end of the previous year.

- Online Banking. As at the end of June 2024, the Bank had 510 million registered retail customers of online banking, representing an increase of 20 million as compared to the end of the previous year; and 12.98 million corporate customers of online financial services platforms, representing an increase of 0.89 million as compared to the end of the previous year.

- Self-service Banking. We optimized self-service (intelligent) equipment payment services, developed a self-service foreign exchange system, promoted the small-amount cash withdrawal feature of self-service cash terminals, completed age-friendly services, and launched the "caring version" of super counters, continuously improving customer experience. As at the end of June 2024, the Bank had existing 53.1 thousand super counters, 52.4 thousand cash-type self-service devices and 2.8 thousand self-service terminals.

Remote Channels

- In the first half of 2024, the Bank reached a total of 161 million customers through all-media customer service (including voice, text, video, and new media). Among them, the manual services with inbound voice were provided for 34.37 million customers, with a customer call connection rate of 97.52% and a customer satisfaction rate of 99.88%.

- We set up an online dedicated service area for pension finance, established dedicated service teams for elderly customers, optimized and provided convenient service based on their characteristics. In addition to the existing English customer service, we launched a customer service hotline in Southern Fujian Dialect, and prepared to build customer service teams using Russian, Japanese and Korean, to provide multi-language services for foreign individuals in China.

- We drove the building of intelligent customer services, promoted the intelligent audio guide feature of the customer service hotline for credit cards, and enriched the multi-turn interactive scenes of frequently-used services. We intensified analysis of the breakpoints in human-computer interactions in intelligent customer services, and iterated the training method for customer service robots, to improve customer experience with intelligent services.

Philanthropy

We focused on areas including rural revitalization, green ecology and services for disadvantaged groups, and carried out a variety of public welfare activities represented by four major campaigns respectively themed "revitalization", "protection", "care" and "dream realization", in an effort to raise our brand profile.

- The "revitalization" campaign. We provided paired consumer assistance to the key counties receiving assistance in pursuing rural revitalization, and proceeded with the "popularizing financial knowledge for ten thousand miles" activities, to make financial services benefit a wider range of people.

- The "protection" campaign. On the Arbor Day, World Environment Day and National Low Carbon Day, among other occasions, we organized green-themed public welfare publicity and education activities, such as voluntary tree planting, employee brisk walking, Earth Hour, and city cleaning. Through these real actions, we demonstrated our commitment to the philosophy of green and low-carbon development.

- The "care" campaign. We continued to ensure "ABC Affectionate Space" at branch outlets, focused on groups like outdoor workers and new urban residents, etc., launched public welfare activities including summer cooling activities, and made solid efforts to provide caring services. We pressed ahead with the public welfare initiative to help the visually disabled people, carrying out voluntary activities such as activities in places such as special education schools and barrier-free film narration, to create a harmonious and caring atmosphere. As at end of June 2024, we organized 111 film narration activities, and provided 10.3 thousand hours of voluntary services.

- The "dream realization" campaign. On occasions such as International Children's Day and National College Entrance Examination, we organized donations, health care, examinee escort, and some other voluntary activities, to financially help the youngsters as much as we can and show our care as a major bank.

Corporate Behavior

Internal Control

- We optimized internal control environment. We carried out campaigns to boost the quality of compliance, focused on the building of regulatory compliance capacity, and specified measures for cultivating and selecting compliance models and governing institutions with weak foundations, to drive the continuous improvements of employees' awareness of compliance and the compliance operation and management levels across the Bank.

- We enhanced risk assessment capabilities. We took solid steps to conduct compliance review, legal review, and consumer protection review, and strictly assessed the risks associated with new businesses, products, models and systems. We optimized and iterated the risk monitoring models, conducted special monitoring and inspection with a clue-oriented approach, and continuously enhanced our capabilities in independent monitoring, investigation and problem identification.

- We implemented control actions efficiently. We continuously ensured institutional building across the Bank, organized post-evaluation of policies, and reasonably defined annual plans for the formulation, revision and abolition of policies. We adhered to risk-oriented and classified management, and strengthened dynamic authorization management. We intensified duty avoidance and job rotation management, and enhanced compulsory leave measures. We perfected the mechanism for the prevention and control of case risk in the whole chain, focused on key areas, and advanced the governance of case risk at source.

- We maintained unimpeded information communications. We initially built the digital compliance platform, established an enterprise-level compliance risk point labeling system, and promoted data synergy and sharing, function integration and unification, business integration and linkage, and connection and cycling in the whole process. We continuously advanced data governance, and strengthened sensitive data management and personal information protection.

- We improved internal supervision and assessment. We optimized the indicator system for internal control assessment, promoted the special assessment mode, and advanced post-assessment rectification of internal control in an integrated manner. We improved the standard system for inspection and supervision quality. We improved the management mechanism for problem rectification, and continued to conduct inspections and rectification of problems related to regulatory penalties. We continuously enhanced the accountability framework to encompass all risks, and coordinated a balance between precise accountability and liability exemption with due diligence.

Anti-money Laundering and Sanctions Risk Management

- We improved the efficiency of monitoring anti-money laundering transactions. We explored the mechanism for the collaboration between the Head Office and branches in monitoring money laundering risk, and preliminarily established a new standardized operation process where the Head Office handles case reports in a centralized manner and branches handle early warnings. We accelerated the upgrades and iterations of the transaction monitoring model, and continuously enhanced the capacity to export the values of financial intelligence.

- We carried out ongoing due diligence and centralized handling for retail banking customers in key scenarios in an orderly manner. We advanced the centralization of ongoing due diligence targeting key scenarios, and further improved the intelligent handling capacity of the system and the integration effects of data and processes.

- We continued to enhance our capacity to prevent and control sanctions risk. We closely followed and studied external situations, dynamically optimized risk prevention and control strategies, and further boosted the intelligent level of the sanction management platform.

Anti-corruption and Anti-bribery

- We continuously promoted coordination between on-site supervision and audit supervision, internal control supervision and due diligence supervision. We resolutely punished financial corruptions, and maintained a high-pressure and deterrent posture at all times. We paid close attention to key points in time, key links, and key personnel, to ensure strict and precise accountability.

- We launched campaigns to boost the quality of compliance, and carried out work related to compliance publicity, warning education and special training through multiple ways, to create a sound compliance culture. We improved the mechanism for regular announcement of case risks, giving full play to its role in warning against violations.

Whistleblower Protection

- We conscientiously implemented letter-writers and visitors protection policy. No unit or individual shall discriminate against letter-writers or visitors, nor may they suppress, persecute, or retaliate against letter-writers or visitors. Staff members handling letters and visits who have direct interests in the letters and visits matters or persons must recuse themselves.

- We rigorously enforced confidentiality requirements. Staff members handling letters and visits were strictly prohibited from revealing or transferring any written materials, electronic storage devices, or other physical carriers of letter-writers or visitors' reports and denunciation to the person or institution being reported or denounced. Staff members were also strictly prohibited from disclosing the contents of the reports and denunciations to the person or institution being reported or denounced in any form.

Please refer to the "Corporate Governance Report" for information on the Bank's corporate governance.

Operation of Corporate Governance

We continued to promote the modernization of corporate governance system and governance capacities to continuously improve the effectiveness of our corporate governance in strict compliance with the laws, regulations and regulatory requirements including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China* and the *Law of the People's Republic of China on Commercial Banks*. We improved the system construction, the amended Articles of Association has been approved by the NFRA and taken into effect, and the regulation on information disclosure, the working rules for Independent Directors, administrative measures for authorization and administrative measures on investor relations, etc. were revised. We optimized the governance structure and made adjustments to the composition of the Board of Directors and the special committees thereunder.

During the reporting period, save as disclosed in this report, we fully complied with all the principles and code provisions of the *Corporate Governance Code* set out in Appendix C1 to the Hong Kong Listing Rules and most of the recommended best practices thereof.

Shareholders' General Meetings

Item	Details
One Extraordinary General Meeting	On 30 January 2024, considered two resolutions including the election of Mr. GU Shu as an executive Director and the election of Ms. ZHOU Ji as a non-executive Director at the 2024 First Extraordinary General Meeting.
One Annual General Meeting	On 21 May 2024, considered nine resolutions including the 2023 work report of the Board of Directors and listened to four reports including the 2023 work report of Independent Directors at the 2023 Annual General Meeting.

The above shareholders' general meetings were convened and held in strict compliance with the relevant laws, regulations and listing rules of Shanghai and Hong Kong SAR. The Directors, Supervisors and senior management of the Bank attended the meetings and discussed with shareholders about matters they concerned. We published the poll results announcements and legal opinions on the above shareholders' general meetings in a timely manner in accordance with regulatory requirements. Such poll results announcements were published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 30 January and 21 May 2024, respectively, and on the website of the Shanghai Stock Exchange (www.sse.com.cn) as well as on the media designated by the Bank for information disclosure on 31 January and 22 May 2024, respectively.

Meetings of the Board of Directors

Item	Details
Number of regular meetings held	2
Number of extraordinary meetings held	3
Total number of meetings held	5
Date of the meetings	31 January, 28 March, 29 April, 6 June, and 28 June 2024
Particulars of considering proposals or listening to reports	Considered 51 proposals including periodic reports, profit distribution plan, and the nomination of the candidates of the Directors, and listened to 13 reports including the report on the management for information technology risk and business continuity for 2023, the operational risk management report for 2023, and the implementation of the "14th Five-Year Plan" and evaluation report on strategic risk for 2023.

Meetings of the Board of Supervisors

Item	Details
Number of regular meetings held	2
Total number of meetings held	2
Date of the meetings	28 March and 29 April 2024
Particulars of considering proposals or listening to reports	Considered 12 proposals including the 2023 annual report and its abstract, and listened to 13 reports including the comprehensive risk management report for 2023.

Internal Audit

During the reporting period, we adopted a risk-oriented approach to conduct risk management audits with a focus on key areas such as financial services for Sannong and County Areas and rural revitalization, financial services for "Five Priorities", credit business, financial management, internal control and case prevention. We carried out special audits in areas such as real estate loans, write-off of bad debts, operational risk, financial market, cyber and data security management, infrastructure construction management, anti-money laundering, and implemented audit on economic responsibilities of Senior Management. We carried out supervision of the rectification of problems identified during our internal and external audits to facilitate the thorough solutions of such problems. We solidly promoted the reform of the audit mechanism of "regionalization, professionalization, and digitization", implemented regional responsibility system of regional audit offices, strengthened team construction of professional audit cadres, deepened the digital transformation of internal audit, to effectively improve the implementation of strategic decisions, prevention and control of case risks, improvement of basics of management and steady growth of various businesses across the Bank. The Bank has attached great importance to and actively made use of various audit findings and audit recommendations to continuously improve risk management, internal control and corporate governance.

Directors, Supervisors and Senior Management

Directors, Supervisors and Senior Management of the Bank

As at the time when the Board of Directors considered the 2024 interim results announcement, the compositions of the Board of Directors, Board of Supervisors and senior management of the Bank were as follows:

The Board of Directors of the Bank consisted of 13 Directors, including three Executive Directors, namely Mr. GU Shu, Mr. ZHANG Xuguang and Mr. LIN Li; five Non-executive Directors, namely Ms. ZHOU Ji, Mr. LI Wei, Mr. LIU Xiaopeng, Mr. XIAO Xiang and Mr. ZHANG Qi; and five Independent Directors, namely Mr. HUANG Zhenzhong, Ms. LEUNG KO May Yee, Margaret, Mr. LIU Shouying, Mr. WU Liansheng and Mr. WANG Changyun.

The Board of Supervisors of the Bank consisted of six Supervisors, including one Supervisor Representing Shareholders, namely Ms. DENG Lijuan; two Supervisors Representing Employees, namely Mr. HUANG Tao and Mr. WANG Xuejun; and three External Supervisors, namely Ms. LIU Hongxia, Mr. XU Xianglin and Mr. WANG Xixin.

The senior management of the Bank consisted of seven members, namely Mr. WANG Zhiheng, Mr. ZHANG Xuguang, Mr. LIN Li, Mr. XU Han, Mr. LIU Hong, Mr. WU Gang and Ms. LIU Qing.

As at the end of the reporting period, none of the incumbent Directors, Supervisors or senior management of the Bank or who departed during the reporting period held or traded in any shares of the Bank, or held any share options of the Bank, or was granted restricted shares of the Bank.

Changes in Directors, Supervisors and Senior Management

Changes in Directors

On 30 January 2024, Mr. GU Shu was re-elected as an Executive Director of the Bank at the 2024 First Extraordinary General Meeting of the Bank, Mr. GU Shu retained his previous post as the Chairman of the Board of Directors of the Bank concurrently.

On 30 January 2024, Ms. ZHOU Ji was re-elected as a Non-executive Director of the Bank at the 2024 First Extraordinary General Meeting of the Bank.

On 21 May 2024, Mr. JU Jiandong was elected as an Independent Director of the Bank at the 2023 Annual General Meeting of the Bank. His appointment is subject to the ratification of his qualification by the NFRA.

On 6 June 2024, Mr. WANG Zhiheng was nominated as an Executive Director of the Bank and was elected as the Vice Chairman of the Board of Directors by the Board of Directors. His appointment is subject to the consideration and approval by the shareholders' general meeting and the ratification of his qualification by the NFRA.

On 28 June 2024, Ms. ZHUANG Yumin was nominated as an Independent Director of the Bank by the Board of Directors. Her appointment is subject to the consideration and approval by the shareholders' general meeting and the ratification of her qualification by the NFRA.

On 19 August 2024, Mr. LIN Li was nominated for re-election as an Executive Director of the Bank by the Board of Directors. His appointment is subject to the consideration and approval by the shareholders' general meeting.

Changes in Senior Management

On 28 March 2024, Ms. LIU Qing was appointed as the Secretary to the Board of Directors and the Company Secretary of the Bank by the Board of Directors. Ms. Ng Sau Mei was appointed as the joint Company Secretary of the Bank by the Board of Directors, whose contact is the Office of the Board of Directors of the Bank. The qualification of Ms. LIU Qing as the Secretary to the Board of Directors was ratified by the NFRA on 28 April 2024.

On 6 June 2024, Mr. WANG Zhiheng was appointed as the President of the Bank by the Board of Directors. His qualification was ratified by the NFRA on 28 June 2024. Mr. GU Shu, Chairman of the Board of Directors, no longer performed the President's responsibilities.

On 19 July 2024, Mr. LIU Jiawang resigned as an Executive Vice President of the Bank due to work adjustment.

Changes in Personal Information of Directors and Supervisors

No changes.

Details of Ordinary Shares

Changes in Share Capital of Ordinary Shares

Details of Changes in Share Capital *Unit: Share*

	31 December 2023		Increase/ decrease during the reporting period	30 June 2024	
	Number of Shares	Percentage[2] (%)		Number of Shares	Percentage[2] (%)
I. Shares held subject to restrictions on sales	–	–	–	**–**	**–**
II. Shares held not subject to restrictions on sales	349,983,033,873	100.00	–	**349,983,033,873**	**100.00**
1. RMB-denominated ordinary shares	319,244,210,777	91.22	–	**319,244,210,777**	**91.22**
2. Foreign-invested shares listed overseas[1]	30,738,823,096	8.78	–	**30,738,823,096**	**8.78**
III. Total number of shares	349,983,033,873	100.00	–	**349,983,033,873**	**100.00**

Notes:

1. *"Foreign-invested shares listed overseas" refers to the H Shares as defined in the No. 5 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Report of Change in Shareholding (Revision 2022) of the CSRC.*
2. *Rounding errors may arise in the "Percentage" column of the table above as the figures are rounded to the nearest decimal number.*
3. *Information in the table above was based on the share registration recorded in Shanghai Branch of China Securities Depository and Clearing Corporation Limited and Computershare Hong Kong Investor Services Limited as at 30 June 2024.*

Details of Issuance and Listing of Securities

Issue of Securities

For issuance of securities of the Bank during the reporting period, please refer to "Note 33 Debt Securities Issued to the Condensed Consolidated Interim Financial Statements" for details.

Employee Shares

The Bank had no employee shares.

Particulars of Holders of Ordinary Shares

Number of Shareholders and Particulars of Shareholding

As at 30 June 2024, the Bank had a total of 431,887 shareholders, including 411,660 holders of A Shares and 20,227 holders of H Shares.

Particulars of shareholdings of the top 10 shareholders of the Bank

(the shareholdings of holders of H Shares are based on the number of shares as set out in the registers of members of the Bank maintained by its H Share registrar)

Total number of shareholders	**431,887** (as set out in the registers of holders of A Shares and H Shares as at 30 June 2024)

Particulars of shareholdings of the top 10 shareholders
(the information below is based on the registers of shareholders as at 30 June 2024)

Unit: Share

Name of shareholders	Nature of shareholders	Type of shares	Increase/ Decrease during the reporting period (+, –)	Shareholding percentage (%)	Total number of shares held	Number of shares held subject to restrictions on sales	Number of shares pledged, marked or locked-up
Huijin	State-owned	A Shares	–	40.14	140,488,809,651	–	None
MOF	State-owned	A Shares	–	35.29	123,515,185,240	–	None
HKSCC Nominees Limited	Overseas legal entity	H Shares	+3,987,680	8.73	30,536,375,023	–	Unknown
SSF	State-owned	A Shares	–	6.72	23,520,968,297	–	None
Hong Kong Securities Clearing Company Limited	Overseas legal entity	A Shares	+329,861,366	0.88	3,063,767,366	–	None
China National Tobacco Corporation	State-owned legal entity	A Shares	–	0.72	2,518,891,687	–	None
China Securities Finance Corporation Limited	State-owned legal entity	A Shares	–	0.53	1,842,751,177	–	None
Shanghai Haiyan Investment Management Company Limited	State-owned legal entity	A Shares	–	0.36	1,259,445,843	–	None
Central Huijin Asset Management Ltd.	State-owned legal entity	A Shares	–	0.36	1,255,434,700	–	None
Zhongwei Capital Holding Company Limited	State-owned legal entity	A Shares	–	0.22	755,667,506	–	None

Notes:

1. *The total number of shares held by HKSCC Nominees Limited represents the number of H Shares in aggregate held by it as a nominee on behalf of all institutional and individual investors registered with it as at 30 June 2024.*
2. *The number of shares held by Hong Kong Securities Clearing Company Limited represents the A Shares (northbound shares of Shanghai-Hong Kong Stock Connect) held by it as a nominee designated by and on behalf of investors from Hong Kong SAR and overseas.*
3. *Among the shareholders listed above, Central Huijin Asset Management Ltd. is a wholly-owned subsidiary of Huijin, HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited, and China National Tobacco Corporation is the de facto controller of Shanghai Haiyan Investment Management Company Limited and Zhongwei Capital Holding Company Limited. Save as mentioned above, the Bank is not aware of any related party relationship between the shareholders above, or whether they are parties acting in concert. The number of shares held by Huijin and Central Huijin Asset Management Ltd. amounted to 141,744,244,351 in aggregate, accounting for 40.50% of the total share capital of the Bank. The number of shares held by China National Tobacco Corporation, Shanghai Haiyan Investment Management Company Limited and Zhongwei Capital Holding Company Limited amounted to 4,534,005,036 in aggregate, accounting for 1.30% of the total share capital of the Bank.*
4. *Huijin increased its shareholding in the Bank by 37,272,200 A Shares via the trading system of the Shanghai Stock Exchange on 11 October 2023. Huijin intends to continue to increase its shareholding in the Bank under its own name by acquiring shares on the secondary market within the next 6 months commencing from the date of the acquisition. As at 10 April 2024, Huijin has cumulatively increased its shareholding of 401,363,300 A Shares of the Bank since the date of the acquisition, accounting for approximately 0.11% of the Bank's total share capital. For details, please refer to the relevant announcements published on the websites of the Shanghai Stock Exchange (www.sse.com.cn) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).*
5. *Pursuant to the Notice on the Full Implementation of Transferring Part of State-owned Capital to Replenish Social Security Funds (Cai Zi [2019] No. 49) jointly issued by the MOF, Ministry of Human Resources and Social Security, State-owned Assets Supervision and Administration Commission of the State Council, State Taxation Administration, and the CSRC, the MOF transferred 13,723,909,471 shares to the state-owned capital transfer account of the SSF on one-off basis. In compliance with the Notice of the State Council on Printing and Distributing the Implementation Plan of Transferring Part of State-owned Capital to Replenish Social Security Funds (Guo Fa [2017] No. 49), the SSF shall be obligated to observe a lock-up period not less than three years from the date on which the shares are credited to the account.*
6. *Among the above shareholders, save as the transfer of voting rights of 9,797,058,826 A Shares held by the SSF to the MOF according to the share subscription agreement dated 21 April 2010 and the Approval on the Proposed Transfer of State-owned Shares of the Agricultural Bank of China issued by the MOF on 5 May 2010, the Bank is not aware of the existence of the consigned, accepted consignment of, or waived voting rights by other shareholders.*
7. *None of the top 10 shareholders were engaged in the business of margin trading and securities leading or refinancing, among which HKSCC Nominees Limited held the H Shares as a nominee and it was not engaged in the business of margin trading and securities lending or refinancing.*
8. *The Bank had no shares subject to restrictions on sales. The top 10 shareholders are the same as the previous period.*

Particulars of Substantial Shareholders

Change in Substantial Shareholders and De Facto Controller

During the reporting period, the Bank's substantial shareholders and controlling shareholders remained unchanged. The Bank had no de facto controller.

Interests and Short Positions Held by Substantial Shareholders and Other Persons[1]

Unit: Share

Name	Capacity	Interests and short positions	Nature	Percentage of issued class shares (%)	Percentage of total issued shares (%)
Huijin	Beneficial owner	140,488,809,651 (A Shares)	Long position	44.01	40.14
	Interest of controlled entity	1,255,434,700 (A Shares)	Long position	0.39	0.36
MOF	Beneficial owner/ nominee[2]	133,312,244,066 (A Shares)[3]	Long position	41.76	38.09
SSF	Beneficial owner	23,520,968,297 (A Shares)	Long position	7.37	6.72
Qatar Investment Authority	Interest of controlled entity	2,448,859,255 (H Shares)[4]	Long position	7.97	0.70
Qatar Holding LLC	Beneficial owner	2,408,696,255 (H Shares)[4]	Long position	7.84	0.69
BlackRock, Inc.	Interest of controlled entity	1,838,156,478 (H Shares)[5]	Long position	5.98	0.53
		116,544,000 (H Shares)	Short position	0.38	0.03

Notes:

1. *As at 30 June 2024, the Bank received notifications from the above persons regarding their interests or short positions in the shares and underlying shares of the Bank. Such interests or short positions were recorded in the register required to be kept pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong.*
2. *9,797,058,826 A Shares are held by the SSF, but the voting rights of these shares were transferred to the MOF according to the share subscription agreement dated 21 April 2010 and the Approval on the Proposed Transfer of State-owned Shares of the Agricultural Bank of China issued by the MOF on 5 May 2010.*
3. *According to the register of members of the Bank as at 30 June 2024, the MOF held 123,515,185,240 A Shares of the Bank, representing 38.69% of the issued A Shares and 35.29% of the total issued shares of the Bank.*
4. *Qatar Investment Authority is deemed to be interested in 2,448,859,255 H Shares in aggregate, held by Qatar Holding LLC and QSMA1 LLC, both of which are the wholly-owned subsidiaries of Qatar Investment Authority.*
5. *BlackRock, Inc. is deemed to be interested in 1,838,156,478 H Shares in aggregate, directly or indirectly held by BlackRock Investment Management, LLC and BlackRock Financial Management, Inc., both of which are the wholly-owned subsidiaries of BlackRock, Inc.*

Details of Preference Shares

Issuance and Listing of Preference Shares

During the reporting period, the Bank did not issue or list any preference shares.

Number of Holders of Preference Shares[1] and Particulars of Shareholdings

As at 30 June 2024, the Bank had a total of 42 holders of the preference shares "農行優1".

Particulars of Shareholding of the Top 10 Holders of Preference Shares "農行優1" (Stock Code: 360001)
(the information below is based on the registers of shareholders as at 30 June 2024) *Unit: Share*

Name of shareholders[1]	Nature of Shareholders[2]	Type of shares	Increase/ decrease during the reporting period[3] (+, –)	Total number of shares held	Shareholding percentage[4] (%)	Number of shares pledged or locked-up
China Merchants Fund Management Co., Ltd.	Others	Domestic preference shares	–	49,000,000	12.25	None
Sun Life Everbright Asset Management Co., Ltd.	Others	Domestic preference shares	+878,000	45,373,000	11.34	None
Bank of Communications Schroder Fund Management Co., Ltd.	Others	Domestic preference shares	–	36,600,000	9.15	None
PICC Life Insurance Company Limited	Others	Domestic preference shares	–	30,000,000	7.50	None
Ping An Life Insurance Company of China, Ltd.	Others	Domestic preference shares	–	30,000,000	7.50	None
New China Life Insurance Company Ltd.	Others	Domestic preference shares	–	25,000,000	6.25	None
Shanghai Everbright Securities Asset Management Co., Ltd.	Others	Domestic preference shares	+2,700,000	22,700,000	5.68	None
CITIC-Prudential Life Insurance Company Limited	Others	Domestic preference shares	-7,320,000	22,440,000	5.61	None
BNB Wealth Management Co., Ltd.	Others	Domestic preference shares	-878,000	12,427,000	3.11	None
SDIC Taikang Trust Co., Ltd.	Others	Domestic preference shares	–	12,000,000	3.00	None

Notes:

1. *Huijin is the controlling shareholder of New China Life Insurance Company Ltd. Save as mentioned above, the Bank is not aware of any related party relationship between the above holders of preference shares, and between the above holders of preference shares and the top 10 holders of ordinary shares, or whether they are parties acting in concert.*
2. *As stipulated in the No. 3 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of Interim Report (Revision 2021), "Particulars of holders of preference shares should indicate the entities which hold shares on behalf of the state and foreign shareholders". Except for the entities which hold shares on behalf of the state and foreign shareholders, the nature of other holders of preference shares is categorized as "others".*
3. *"Increase/decrease during the reporting period" refers to the change of shareholding due to secondary market transactions.*
4. *"Shareholding percentage" refers to the percentage of the number of "農行優1" held by the holders of preference shares to the total number of "農行優1" (i.e. 400 million shares).*

1 *The number of the holders of preference shares was calculated by the number of qualified investors that hold the preference shares. When calculating the number of qualified investors, an asset management institution that purchases or transfers the preference shares through two or more products under its control will be counted as one.*

As at 30 June 2024, the Bank had a total of 41 holders of the preference shares "農行優2".

Particulars of Shareholding of the Top 10 Holders of Preference Shares "農行優2" (Stock Code: 360009)
(the information below is based on the registers of shareholders as at 30 June 2024) *Unit: Share*

Name of shareholders[1]	Nature of Shareholders[2]	Type of shares	Increase/ decrease during the reporting period[3] (+, –)	Total number of shares held	Shareholding percentage[4] (%)	Number of shares pledged or locked-up
China National Tobacco Corporation	Others	Domestic preference shares	–	50,000,000	12.50	None
China Life Insurance Company Limited	Others	Domestic preference shares	–	50,000,000	12.50	None
New China Life Insurance Company Ltd.	Others	Domestic preference shares	–	29,000,000	7.25	None
China Mobile Communications Group Co., Ltd.	Others	Domestic preference shares	–	20,000,000	5.00	None
China National Tobacco Corporation Yunnan Province Company	Others	Domestic preference shares	–	20,000,000	5.00	None
China National Tobacco Corporation Jiangsu Province Company (Jiangsu Tobacco Company)	Others	Domestic preference shares	–	20,000,000	5.00	None
Sun Life Everbright Asset Management Co., Ltd.	Others	Domestic preference shares	+1,039,000	19,845,000	4.96	None
Bank of China Limited, Shanghai Branch	Others	Domestic preference shares	-870,000	19,130,000	4.78	None
Shanghai Tobacco Group Co., Ltd.	Others	Domestic preference shares	–	15,700,000	3.93	None
Ping An Property & Casualty Insurance Company of China, Ltd.	Others	Domestic preference shares	–	15,000,000	3.75	None

Notes:

1. *Huijin is the controlling shareholder of New China Life Insurance Company Ltd., China National Tobacco Corporation Yunnan Province Company, China National Tobacco Corporation Jiangsu Province Company (Jiangsu Tobacco Company) and Shanghai Tobacco Group Co., Ltd. are the wholly-owned subsidiaries of China National Tobacco Corporation. China National Tobacco Corporation is the de facto controller of Shanghai Haiyan Investment Management Company Limited and Zhongwei Capital Holding Company Limited. Ping An Property & Casualty Insurance Company of China, Ltd. and Ping An Life Insurance Company of China, Ltd. are both controlled by Ping An Insurance (Group) Company of China. Save as mentioned above, the Bank is not aware of any related party relationship between the above holders of preference shares, and between the above holders of preference shares and the top 10 holders of ordinary shares, or whether they are parties acting in concert.*
2. *As stipulated in the No. 3 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of Interim Report (Revision 2021), "Particulars of holders of preference shares should indicate the entities which hold shares on behalf of the state and foreign shareholders". Except for the entities which hold shares on behalf of the state and foreign shareholders, the nature of other holders of preference shares is categorized as "others".*
3. *"Increase/decrease during the reporting period" refers to the change of shareholding due to secondary market transactions.*
4. *"Shareholding percentage" refers to the percentage of the number of "農行優2" held by the holders of preference shares to the total number of "農行優2" (i.e. 400 million shares).*

The preference shares "農行優1" and "農行優2" of the Bank are shares not subject to restrictions on sales, and the top 10 holders of preference shares "農行優1" and "農行優2" who are not subject to restrictions on sales are the same as the top 10 holders of preference shares.

Profit Distribution of Preference Shares

Dividends of our preference shares are paid in cash annually. When we resolve to cancel part or all of the dividends to holders of preference shares, such undistributed dividends of current period shall not be accumulated to subsequent dividend periods. The holders of our preference shares, upon receiving dividends at the agreed rate, shall not participate in the distribution of the remaining profit attributable to the holders of ordinary shares.

On 11 March 2024, we paid cash dividends of RMB4.84 (tax inclusive) per preference share or RMB1,936 million (tax inclusive) in aggregate (calculated at a coupon rate of 4.84%) to all holders of "農行優2" (stock code: 360009) whose names appeared on the register of members at the close of business on 8 March 2024.

On 30 August 2024, the Board of Directors of the Bank considered and approved the Dividend Payment Scheme of the First Tranche of the Preference Shares for the Year 2023-2024. On 5 November 2024, we will pay cash dividends of RMB5.32 (tax inclusive) per preference share or RMB2,128 million (tax inclusive) in aggregate (calculated at a coupon rate of 5.32%) to all holders of "農行優1" (stock code: 360001) whose names appear on the register of members at the close of business on 4 November 2024.

Please refer to our relevant announcements published on the websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkexnews.hk) for details.

Redemption or Conversion of Preference Shares

During the reporting period, there was no redemption or conversion of the preference shares issued by the Bank.

Restoration of Voting Rights of Preference Shares

During the reporting period, there was no restoration of voting rights of the preference shares issued by the Bank.

Accounting Policies

In accordance with the *Accounting Standards for Enterprises No. 22 — Recognition and Measurement of Financial Instruments,* the *Accounting Standards for Enterprises No. 37 — Presentation of Financial Instruments* and the *Provisions on Differentiating Financial Liabilities and Equity Instruments and Related Accounting Treatment* issued by the MOF, as well as the *International Financial Reporting Standard 9 — Financial Instruments* and the *International Accounting Standard 32 — Financial Instruments: Presentation* issued by the International Accounting Standards Board, we are of the view that the terms of preference shares "農行優1" (stock code: 360001) and "農行優2" (stock code: 360009) can be accounted for as equity instruments.

Profit and Dividends Distribution

As approved by the 2023 Annual General Meeting, we paid 2023 annual cash dividends of RMB0.2309 (tax inclusive) per ordinary share or RMB80,811 million (tax inclusive) in aggregate to holders of ordinary shares whose names appeared on the registers of members at the close of business on 6 June 2024.

The Board of Directors of the Bank proposed distribution of interim cash dividends for 2024 of RMB1.164 (tax inclusive) for each ten shares for holders of ordinary shares with a total amount of RMB40,738 million (tax inclusive). The distribution plan will be submitted for consideration and approval at the shareholders' general meeting. Once approved, the above-mentioned dividends will be paid to the holders of A Shares and H Shares, whose names appear on our registers of members on 7 January 2025. The register of transfers of H Shares will be closed from 4 January 2025 to 7 January 2025 (both days inclusive). In order to qualify for the proposed distribution of cash dividends, holders of H Shares are required to deposit the transfer documents together with the relevant share certificates at our H Share registrar, Computershare Hong Kong Investor Services Limited located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong at or before 4:30 p.m. on 3 January 2025. Dividends of A Shares are expected to be paid on 8 January 2025 and dividends of H Shares are expected to be paid before or on 24 January 2025. A separate announcement will be published if there is any change to the aforesaid dates.

The Bank will make a separate announcement on tax and tax relief in relation to the interim cash dividends for 2024.

Material Litigation and Arbitration Matters

During the reporting period, there was no litigation or arbitration with material impact on our operations.

As at 30 June 2024, the value of the claims of the pending litigation or arbitration in which the Bank was involved as a defendant, a respondent or a third party amounted to approximately RMB2,998 million. The management believes that the Bank has made full provision for potential losses arising from the aforesaid events, and they will not have any material adverse effect on our financial position or operating results.

Major Asset Acquisition, Disposal and Merger by Absorption

During the reporting period, we did not carry out any major asset acquisition, disposal, or merger by absorption.

Related Party Transactions

During the reporting period, we did not have major related party transactions.

In the first half of 2024, we continuously standardized management of related party transactions, in strict compliance with the regulations issued by the CSRC, the NFRA, as well as the listing rules of Shanghai and Hong Kong, China. During the reporting period, our related party transactions were conducted on normal commercial terms and in accordance with laws and regulations; our pricing for interest rates followed fair commercial principles, and no actions that would damage the interests of the Bank and our minority shareholders were identified.

In the first half of 2024, we conducted a series of connected transactions with the connected persons (as defined in the Hong Kong Listing Rules) of the Bank in the ordinary course of business. Such transactions complied with the applicable exemption conditions under Rule 14A.73 of the Hong Kong Listing Rules, and therefore were fully exempted from compliance with the requirements for shareholders' approval, annual review and all relevant disclosure requirements.

For details of the related party transactions defined under the laws, regulations, and accounting standards of the PRC, please refer to "Note 43 Related Party Transactions to the Condensed Consolidated Interim Financial Statements".

Use of Proceeds

All the proceeds raised were used to replenish our capital base to support the future development of our business as disclosed in the prospectus, offering documents and other documents.

Details and Performance of Material Contracts

Material Custody, Contract and Lease

During the reporting period, we did not enter into any material custody, contracting or leasing arrangements on the assets of other companies, which were subject to disclosure and no other companies entered into any custody, contracting or leasing arrangements on our assets, which were subject to disclosure.

Material Guarantees

Provision of guarantees is one of our off-balance sheet businesses in our usual operation. During the reporting period, we did not have any material guarantees required to be disclosed, except for the financial guarantee services within the business scope as approved by the PBOC and the NFRA.

External guarantees

During the reporting period, the Bank did not enter into any guarantee contracts in violation of laws, administrative regulations or the external guarantee resolution procedures stipulated by the CSRC.

Material Equity Investments Obtained and Material Non-equity Investments in Progress

During the reporting period, the Bank signed the *Promoters' Agreement of China Integrated Circuit Industry Investment Fund Phase III Co., Ltd*, and proposed to invest RMB21.5 billion into the China Integrated Circuit Industry Investment Fund Phase III Co., Ltd. In July 2024, we paid for the first instalment in the amount of RMB1.075 billion.

In July 2020, the Bank signed the *Promoters' Agreement of the National Green Development Fund Co., Ltd.*, and proposed to invest RMB8.0 billion into the National Green Development Fund Co., Ltd. In May 2021, we paid for the first instalment in the amount of RMB0.8 billion. In November 2022, we paid for the second instalment in the amount of RMB1.0 billion for the first time. In July 2024, we paid for the second instalment in the amount of RMB1.0 billion for the second time.

Please refer to our relevant announcements published on the websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkexnews.hk) for details.

Commitments

During the reporting period, we did not have any commitments that had been duly fulfilled and completed. As at the end of the reporting period, we did not have any expired commitments that had not been duly fulfilled.

Penalties Imposed on the Bank and its Controlling Shareholders, Directors, Supervisors and Senior Management

During the reporting period, we were not under investigation in accordance with the law for suspected crimes, and the controlling shareholders, Directors, Supervisors and senior management of the Bank were not subject to compulsory measures in accordance with the law for suspected crimes; the Bank or its controlling shareholders, Directors, Supervisors and senior management have not been subject to any criminal punishment, nor have they been subject to any investigation by the CSRC or administrative punishment by the CSRC for suspected violation of laws or regulations, and have not been subject to any material administrative punishment by other competent authorities; none of the controlling shareholders, Directors, Supervisors and senior management of the Bank has been subject to detention by the disciplinary inspection and supervision authorities for suspected serious violations of discipline or law, or duty-related crimes, which may affect their performance of duties; the Directors, Supervisors and senior management of the Bank have not been subject to compulsory measures by other competent authorities due to suspected violation of laws and regulations, which may affect their performance of duties. Neither the Bank nor its controlling shareholders, Directors, Supervisors and senior management were subject to administrative regulatory measures by the CSRC or disciplinary actions by any stock exchanges.

Misappropriation of the Bank's Fund by the Controlling Shareholders and Other Related Parties for Non-operating Purposes

During the reporting period, there was no misappropriation of the Bank's fund by the controlling shareholders or other related parties for non-operating purposes.

Integrity of the Bank and its Controlling Shareholders

There was no circumstance where we or our controlling shareholders have failed to fulfill obligations specified in an effective court judgment or repay any outstanding debt of a significant amount that matured.

Purchase, Sale or Redemption of the Bank's Shares

During the reporting period, neither we nor our subsidiaries purchased, sold, or redeemed any of our listed shares (including sale of treasury shares). As at the end of the reporting period, neither we nor our subsidiaries held treasury shares.

Implementation of Share Incentive Plan

During the reporting period, we did not implement any share incentive schemes such as share appreciation rights scheme for the management or employee share ownership scheme.

Securities Transactions by Directors and Supervisors

The Bank has adopted a code of conduct for securities transactions by Directors and Supervisors with terms no less exacting than those set out in the *Model Code for Securities Transactions by Directors of Listed Issuers* in Appendix C3 to the Hong Kong Listing Rules. Each of the Directors and Supervisors of the Bank had confirmed that they had complied with such code of conduct during the reporting period.

Rights of Directors and Supervisors to Acquire Shares or Debentures

As at 30 June 2024, the Bank did not grant any rights to acquire shares or debentures to any Directors or Supervisors, nor was any of such rights exercised by any Directors or Supervisors. Neither the Bank nor its subsidiaries entered into any agreements or arrangements enabling the Directors or Supervisors to obtain benefits by acquiring shares or debentures of the Bank or any other corporations.

Interests in Shares, Underlying Shares and Debentures Held by Directors and Supervisors

As at 30 June 2024, none of the Directors or Supervisors of the Bank had any interests or short positions in the shares, underlying shares or debentures of the Bank or any of its associated corporations (as defined in Part XV of the *Securities and Futures Ordinance* of Hong Kong) which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the *Securities and Futures Ordinance* of Hong Kong (including interests and short positions deemed to be owned by them under such provisions of the *Securities and Futures Ordinance* of Hong Kong), or any interests or short positions which were required to be recorded in the register pursuant to relevant articles in Section 352 of the *Securities and Futures Ordinance* of Hong Kong, or any interests or short positions which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the *Model Code for Securities Transactions by Directors of Listed Issuers* as set out in Appendix C3 to the Hong Kong Listing Rules. For the interests and short positions of substantial shareholders of the Bank and other persons, please refer to "Corporate Governance Report — Details of Ordinary Shares".

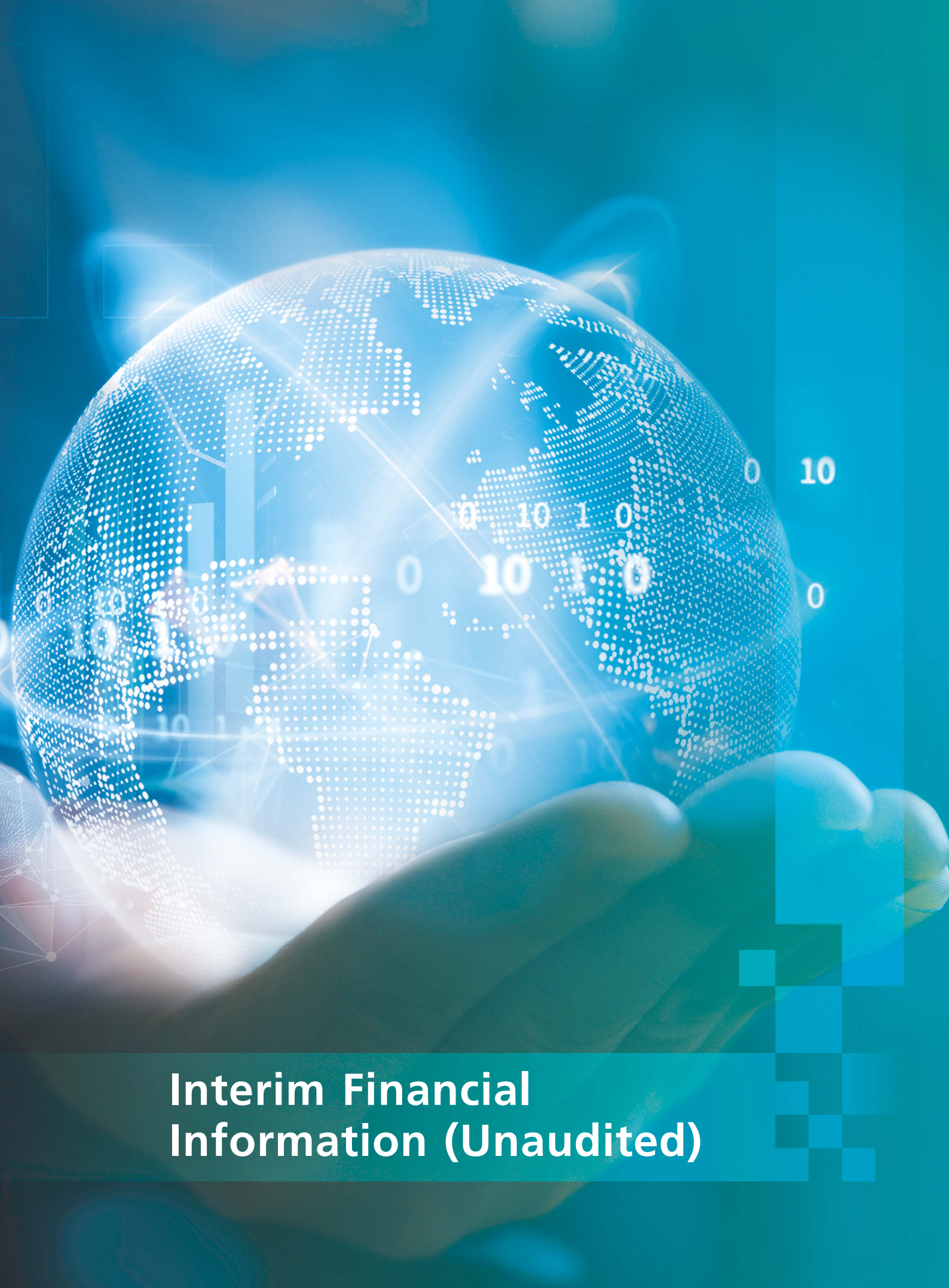
Interim Review

The 2024 Interim Financial Report prepared by the Bank in accordance with the CASs and IFRSs was reviewed by KPMG Huazhen LLP and KPMG in accordance with the PRC and international standards on review engagements, respectively.

The interim report of the Bank has been considered and approved by the Board of Directors of the Bank and its Audit and Compliance Committee.

Issue and Redemption of Capital Bonds

For the details of issue and redemption of capital bonds of the Bank, please refer to "Discussion and Analysis — Capital Management — Management of Capital Financing".



Interim Financial Information (Unaudited)

Report on Review of Interim Financial Information

To the Board of Directors of Agricultural Bank of China Limited

(Incorporated in the People's Republic of China with Limited Liability)

Introduction

We have reviewed the interim financial information set out on pages 101 to 226, which comprises the condensed consolidated interim statement of financial position of Agricultural Bank of China Limited (the "Bank") and its subsidiaries (collectively the "Group") as of 30 June 2024 and the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34, Interim Financial Reporting, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial information in accordance with International Accounting Standard 34.

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at 30 June 2024 is not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim Financial Reporting.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
30 August 2024

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Interest income	6	**644,048**	601,081
Interest expense	6	**(353,200)**	(310,660)
Net interest income	6	**290,848**	290,421
Fee and commission income	7	**53,683**	57,621
Fee and commission expense	7	**(6,947)**	(6,890)
Net fee and commission income	7	**46,736**	50,731
Net trading gain	8	**15,758**	15,814
Net gain on financial investments	9	**11,054**	10,714
Net gain on derecognition of financial assets measured at amortized cost		**4,300**	235
Other operating expense, net	10	**(1,556)**	(2,121)
Operating income		**367,140**	365,794
Operating expenses	11	**(108,679)**	(107,678)
Credit impairment losses	12	**(100,998)**	(102,352)
Impairment losses on other assets		**(33)**	(28)
Operating profit		**157,430**	155,736
Share of results of associates and joint ventures		**41**	233
Profit before tax		**157,471**	155,969
Income tax expense	13	**(20,977)**	(22,138)
Profit for the period		**136,494**	133,831
Attributable to:			
Equity holders of the Bank		**135,892**	133,234
Non-controlling interests		**602**	597
		136,494	133,831
Earnings per share attributable to the ordinary equity holders of the Bank (expressed in RMB yuan per share)			
— Basic and diluted	15	**0.37**	0.37

The accompanying notes form an integral part of this interim financial information.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit for the period	**136,494**	133,831
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Fair value changes on debt instruments at fair value through other comprehensive income	**26,529**	10,932
Loss allowance on debt instruments at fair value through other comprehensive income	**(6,069)**	(18,335)
Income tax impact for fair value changes and loss allowance on debt instruments at fair value through other comprehensive income	**(5,064)**	1,683
Foreign currency translation differences	**136**	1,663
Others	**(5,214)**	(1,833)
Subtotal	**10,318**	(5,890)
Items that will not be reclassified subsequently to profit or loss:		
Fair value changes on other equity investments designated at fair value through other comprehensive income	**269**	554
Income tax impact for fair value changes on other equity investments designated at fair value through other comprehensive income	**(61)**	(153)
Others	**28**	–
Subtotal	**236**	401
Other comprehensive income, net of tax	**10,554**	(5,489)
Total comprehensive income for the period	**147,048**	128,342
Total comprehensive income attributable to:		
Equity holders of the Bank	**147,982**	128,305
Non-controlling interests	**(934)**	37
	147,048	128,342

The accompanying notes form an integral part of this interim financial information.

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Assets			
Cash and balances with central banks	16	**3,037,305**	2,922,047
Deposits with banks and other financial institutions	17	**638,893**	1,080,076
Precious metals		**141,872**	54,356
Placements with and loans to banks and other financial institutions	18	**456,649**	516,181
Derivative financial assets	19	**40,454**	24,873
Financial assets held under resale agreements	20	**740,355**	1,809,559
Loans and advances to customers	21	**23,438,734**	21,731,766
Financial investments	22		
Financial assets at fair value through profit or loss		**480,391**	547,407
Debt instrument investments at amortized cost		**9,037,374**	8,463,255
Other debt instrument and other equity investments at fair value through other comprehensive income		**3,335,744**	2,203,051
Investment in associates and joint ventures	23	**8,254**	8,386
Property and equipment	24	**152,048**	156,739
Goodwill		**1,381**	1,381
Deferred tax assets	25	**156,071**	160,750
Other assets	26	**319,028**	193,162
Total assets		**41,984,553**	39,872,989
Liabilities			
Borrowings from central banks	27	**1,107,331**	1,127,069
Deposits from banks and other financial institutions	28	**4,664,464**	3,653,497
Placements from banks and other financial institutions	29	**399,249**	382,290
Financial liabilities at fair value through profit or loss	30	**14,903**	12,597
Derivative financial liabilities	19	**37,354**	27,817
Financial assets sold under repurchase agreements	31	**114,326**	100,521
Due to customers	32	**29,459,210**	28,898,468
Debt securities issued	33	**2,580,025**	2,295,921
Deferred tax liabilities	25	**24**	14
Other liabilities	34	**551,204**	477,928
Total liabilities		**38,928,090**	36,976,122

Condensed Consolidated Interim Statement of Financial Position (Continued)

As at 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Equity			
Ordinary shares	35	**349,983**	349,983
Other equity instruments	36	**580,000**	480,000
Preference shares		**80,000**	80,000
Perpetual bonds		**500,000**	400,000
Capital reserve	37	**173,423**	173,425
Other comprehensive income	38	**53,573**	41,506
Surplus reserve	39	**273,947**	273,558
General reserve	40	**532,458**	456,200
Retained earnings		**1,086,394**	1,114,576
Equity attributable to equity holders of the Bank		**3,049,778**	2,889,248
Non-controlling interests		**6,685**	7,619
Total equity		**3,056,463**	2,896,867
Total equity and liabilities		**41,984,553**	39,872,989

Approved and authorized for issue by the Board of Directors on 30 August 2024.

Chairman

Executive Director

The accompanying notes form an integral part of this interim financial information.

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

		Total equity attributable to equity holders of the Bank									
	Notes	Ordinary shares	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Subtotal	Non-controlling interests	Total
As at 31 December 2023 (Audited)		349,983	480,000	173,425	41,506	273,558	456,200	1,114,576	2,889,248	7,619	2,896,867
Profit for the period		-	-	-	-	-	-	135,892	135,892	602	136,494
Other comprehensive income		-	-	-	12,090	-	-	-	12,090	(1,536)	10,554
Total comprehensive income for the period		-	-	-	12,090	-	-	135,892	147,982	(934)	147,048
Capital contribution from equity holders	36	-	100,000	(2)	-	-	-	-	99,998	-	99,998
Appropriation to surplus reserve	39	-	-	-	-	389	-	(389)	-	-	-
Appropriation to general reserve	40	-	-	-	-	-	76,258	(76,258)	-	-	-
Dividends paid to ordinary equity holders	14	-	-	-	-	-	-	(80,811)	(80,811)	-	(80,811)
Dividends paid to other equity instruments holders	14	-	-	-	-	-	-	(6,639)	(6,639)	-	(6,639)
Other comprehensive income transferred to retained earnings		-	-	-	(23)	-	-	23	-	-	-
As at 30 June 2024 (Unaudited)		**349,983**	**580,000**	**173,423**	**53,573**	**273,947**	**532,458**	**1,086,394**	**3,049,778**	**6,685**	**3,056,463**
As at 31 December 2022 (Restated)		349,983	440,000	173,426	35,887	246,764	388,600	1,033,403	2,668,063	5,697	2,673,760
Changes in accounting policies		-	-	-	508	-	-	39	547	526	1,073
As at 1 January 2023 (Restated)		349,983	440,000	173,426	36,395	246,764	388,600	1,033,442	2,668,610	6,223	2,674,833
Profit for the period		-	-	-	-	-	-	133,234	133,234	597	133,831
Other comprehensive income		-	-	-	(4,929)	-	-	-	(4,929)	(560)	(5,489)
Total comprehensive income for the period		-	-	-	(4,929)	-	-	133,234	128,305	37	128,342
Appropriation to surplus reserve	39	-	-	-	-	380	-	(380)	-	-	-
Appropriation to general reserve	40	-	-	-	-	-	67,850	(67,850)	-	-	-
Dividends paid to ordinary equity holders	14	-	-	-	-	-	-	(77,766)	(77,766)	-	(77,766)
Dividends paid to other equity instruments holders	14	-	-	-	-	-	-	(4,703)	(4,703)	-	(4,703)
As at 30 June 2023 (Unaudited)		349,983	440,000	173,426	31,466	247,144	456,450	1,015,977	2,714,446	6,260	2,720,706
Profit for the period		-	-	-	-	-	-	136,122	136,122	(133)	135,989
Other comprehensive income		-	-	-	10,041	-	-	-	10,041	(411)	9,630
Total comprehensive income for the period		-	-	-	10,041	-	-	136,122	146,163	(544)	145,619
Capital contribution from equity holders	36	-	40,000	(1)	-	-	-	-	39,999	2,000	41,999
Appropriation to surplus reserve	39	-	-	-	-	26,414	-	(26,414)	-	-	-
Appropriation to general reserve	40	-	-	-	-	-	(250)	250	-	-	-
Dividends paid to other equity instruments holders	14	-	-	-	-	-	-	(11,360)	(11,360)	-	(11,360)
Dividends paid to non-controlling equity holders		-	-	-	-	-	-	-	-	(97)	(97)
Other comprehensive income transferred to retained earnings		-	-	-	(1)	-	-	1	-	-	-
As at 31 December 2023 (Audited)		349,983	480,000	173,425	41,506	273,558	456,200	1,114,576	2,889,248	7,619	2,896,867

The accompanying notes form an integral part of this interim financial information.

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Cash flows from operating activities			
Profit before tax		**157,471**	155,969
Adjustments for:			
Amortization of intangible assets and other assets		**1,871**	1,592
Depreciation of property, equipment and right-of-use assets, and others		**9,668**	9,193
Credit impairment losses		**100,998**	102,352
Impairment losses on other assets		**33**	28
Interest income arising from investment securities		**(176,700)**	(148,893)
Interest expense on debt securities issued		**35,107**	27,423
Revaluation gain on financial instruments at fair value through profit or loss		**(5,288)**	(7,356)
Net (gain)/loss on investment securities		**(2,753)**	991
Share of results of associates and joint ventures		**(41)**	(233)
Net gain on disposal and stocktake of property, equipment and other assets		**(436)**	(578)
Net foreign exchange gain		**(5,405)**	(16,953)
		114,525	123,535
Net changes in operating assets and operating liabilities:			
Net decrease/(increase) in balances with central banks, deposits with banks and other financial institutions		**506,925**	(386,005)
Net decrease/(increase) in placements with and loans to banks and other financial institutions		**20,575**	(13,280)
Net (increase)/decrease in financial assets held under resale agreements		**(1,431)**	6,331
Net increase in loans and advances to customers		**(1,769,286)**	(2,015,241)
Net (decrease)/increase in borrowings from central banks		**(21,808)**	150,867
Net increase in placements from banks and other financial institutions		**16,854**	66,244
Net increase in due to customers and deposits from banks and other financial institutions		**1,571,988**	3,615,868
Increase in other operating assets		**(226,825)**	(190,964)
Increase in other operating liabilities		**132,312**	52,303
Cash from operations		**343,829**	1,409,658
Income tax paid		**(52,449)**	(56,159)
Net cash from operating activities		**291,380**	1,353,499

Condensed Consolidated Interim Statement of Cash Flows (Continued)

For the six months ended 30 June 2024
(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Cash flows from investing activities			
Cash received from disposal of investment securities		**1,870,496**	1,084,860
Cash received from investment income		**173,095**	145,128
Cash received from disposal of investment in associates and joint ventures		**–**	217
Cash received from disposal of property, equipment and other assets		**1,281**	2,709
Cash paid for purchase of investment securities		**(3,522,355)**	(1,609,429)
Cash paid for purchase of property, equipment and other assets		**(6,812)**	(11,578)
Net cash used in investing activities		**(1,484,295)**	(388,093)
Cash flows from financing activities			
Contribution from issues of other equity instruments		**100,000**	–
Cash payments for transaction cost of other equity instruments issued		**(1)**	–
Cash received from debt securities issued		**2,013,500**	1,746,062
Cash payments for transaction cost of debt securities issued		**(17)**	(4)
Repayments of debt securities issued		**(1,707,404)**	(1,593,785)
Cash payments for interest on debt securities issued		**(57,375)**	(45,997)
Cash payments for principal portion and interest portion of lease liability		**(2,293)**	(2,260)
Dividends paid		**(87,450)**	(6,639)
Net cash from financing activities		**258,960**	97,377
Net (decrease)/increase in cash and cash equivalents		**(933,955)**	1,062,783
Cash and cash equivalents as at 1 January		**2,512,725**	1,705,633
Effect of exchange rate changes on cash and cash equivalents		**(445)**	7,822
Cash and cash equivalents as at 30 June	41	**1,578,325**	2,776,238
Net cash flows from operating activities include:			
Interest received		**422,238**	415,020
Interest paid		**(316,105)**	(267,287)

The accompanying notes form an integral part of this interim financial information.

1 GENERAL INFORMATION

Agricultural Bank of China Limited (the "Bank") is the successor entity to the Agricultural Bank of China (the "Predecessor Entity") which was a wholly state-owned commercial bank approved for setup by the People's Bank of China (the "PBOC") and founded on 23 February 1979 in the People's Republic of China (the "PRC"). On 15 January 2009, the Bank was established after the completion of the financial restructuring of the Predecessor Entity. The Bank's establishment was authorized by the PBOC. The Bank was listed on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited on 15 July 2010 and 16 July 2010, respectively.

The Bank operates under financial services certificate No. B0002H111000001 issued by the National Financial Regulatory Administration (the former "China Banking and Insurance Regulatory Commission",the "NFRA"), and business license No. 911100001000054748 issued by Beijing Administration of Industry and Commerce. The registered office of the Bank is located at No. 69 Jianguomen Nei Avenue, Dongcheng District, Beijing, the PRC.

The principal activities of the Bank and its subsidiaries (collectively, the "Group") include Renminbi ("RMB") and foreign currency deposits, loans, clearing and settlement services, assets custodian services, fund management, financial leasing services, insurance services and other services as approved by relevant regulators, and the provision of related services by its overseas establishments as approved by the respective local regulators.

The head office and domestic branches of the Bank and its subsidiaries operating in Chinese mainland are referred to as the "Domestic Operations". Branches and subsidiaries registered and operating outside Chinese mainland are referred to as the "Overseas Operations".

2 BASIS OF PREPARATION

The unaudited interim financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting", as well as with all applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3 MATERIAL ACCOUNTING POLICIES

The unaudited interim financial information has been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. Except for those described below, the material accounting policies and methods of computation used in preparing the interim financial information are the same as those followed in the preparation of the Group's annual financial information for the year ended 31 December 2023.

The interim financial information should be read in conjunction with the Group's annual financial information for the year ended 31 December 2023.

3 MATERIAL ACCOUNTING POLICIES (Continued)

3.1 Amendments effective in 2024 relevant to and adopted by the Group

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

			Effective for annual periods beginning on or after	Notes
(1)	Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024	(i)
(2)	Amendments to IAS 1 (2020)	Classification of Liabilities as Current or Non-current	1 January 2024	(i)
(3)	Amendments to IAS 1 (2022)	Non-current Liabilities with Covenants	1 January 2024	(i)
(4)	Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024	(ii)

(i) Descriptions of these amendments were disclosed in the Group's annual financial information for the year ended 31 December 2023. The adoption of these amendments does not have a significant impact on the financial information of the Group.

(ii) On 25 May 2023, the IASB issued the Amendments to IAS 7 and IFRS 7, which contain disclosure requirements to enhance transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The adoption of the amendments does not have a significant impact on the financial information of the Group.

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

The Group has not adopted the following standards and amendments that have been issued by the IASB but are not yet effective.

			Effective for annual periods beginning on or after	Notes
(1)	Amendments to IAS 21	Lack of Exchangeability	1 January 2025	(i)
(2)	Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026	(ii)
(3)	IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	(iii)
(4)	IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027	(iv)
(5)	Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date has now been deferred indefinitely	(i)

3 MATERIAL ACCOUNTING POLICIES (Continued)

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

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

(ii) On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7, which include requirements on clarifying the classification of financial assets with environmental, social or governance ("ESG") targets and similar features, the settlement of liabilities through electronic payment systems, and disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's financial information.

(iii) On 9 April 2024, the IASB issued IFRS 18, which aims to improve the transparency and comparability of information about an entity's financial performance by introducing a more structured income statement, enhanced disclosures on management-defined performance measures, and enhanced requirements on aggregation and disaggregation of information. The Group is evaluating the impact of the standards.

(iv) On 5 May 2024, the IASB issued IFRS 19, which allows subsidiaries that do not have public accountability and have its parent producing consolidated financial statements that are available for public use under IFRSs to apply IFRS 19 with reduced disclosures. The Group anticipates that the adoption of the standards will not have a significant impact on the Group's financial information.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

5 INVESTMENT IN SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND STRUCTURED ENTITIES

(1) Investment in subsidiaries

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

Name of entity	Notes	Date of incorporation/ establishment	Place of incorporation/ establishment	Authorized capital	Percentage of equity interest (%)	Percentage of voting rights (%)	Principal activities
China Agricultural Finance Co., Ltd.		1 November 1988	Hong Kong, PRC	HKD588,790,000	100.00	100.00	Investment holding
ABC International Holdings Limited		11 November 2009	Hong Kong, PRC	HKD4,113,392,450	100.00	100.00	Investment holding
ABC Financial Leasing Co., Ltd		29 September 2010	Shanghai, PRC	RMB9,500,000,000	100.00	100.00	Financial leasing
Agricultural Bank of China (UK) Limited	(i)	29 November 2011	London, United Kingdom	USD100,000,002	100.00	100.00	Banking
ABC-CA Fund Management Co., Ltd.		18 March 2008	Shanghai, PRC	RMB1,750,000,001	51.67	51.67	Fund management
ABC Hexigten Rural Bank Limited Liability Company		12 August 2008	Inner Mongolia, PRC	RMB19,600,000	51.02	51.02	Banking
ABC Hubei Hanchuan Rural Bank Limited Liability Company	(ii)	12 August 2008	Hubei, PRC	RMB31,000,000	50.00	66.67	Banking
ABC Jixi Rural Bank Limited Liability Company		25 May 2010	Anhui, PRC	RMB29,400,000	51.02	51.02	Banking
ABC Ansai Rural Bank Limited Liability Company		30 March 2010	Shaanxi, PRC	RMB40,000,000	51.00	51.00	Banking
ABC Zhejiang Yongkang Rural Bank Limited Liability Company		20 April 2012	Zhejiang, PRC	RMB210,000,000	51.00	51.00	Banking
ABC Xiamen Tong'an Rural Bank Limited Liability Company		24 May 2012	Fujian, PRC	RMB150,000,000	51.00	51.00	Banking
ABC Life Insurance Co., Ltd.	(iii)	19 December 2005	Beijing, PRC	RMB2,949,916,475	51.00	51.00	Life insurance
Agricultural Bank of China (Luxembourg) Limited		26 November 2014	Luxembourg, Luxembourg	EUR20,000,000	100.00	100.00	Banking
Agricultural Bank of China (Moscow) Limited		23 December 2014	Moscow, Russia	RUB7,556,038,271	100.00	100.00	Banking
ABC Financial Asset Investment Co., Ltd.		1 August 2017	Beijing, PRC	RMB20,000,000,000	100.00	100.00	Debt-to-equity swap and related services
Agricultural Bank of China Wealth Management Co., Ltd.		25 July 2019	Beijing, PRC	RMB12,000,000,000	100.00	100.00	Wealth management

For the six months ended 30 June 2024, there were no changes in the proportion of equity interest or voting rights the Bank held in its subsidiaries.

5 INVESTMENT IN SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND STRUCTURED ENTITIES (Continued)

(1) Investment in subsidiaries (Continued)

(i) Agricultural Bank of China (UK) Limited has been undertaking the dissolution procedures.

(ii) Two of the three directors on the board of ABC Hubei Hanchuan Rural Bank Limited Liability Company were appointed by the Bank. The Bank concluded that it has effective control over and has included this entity in its consolidation scope.

(iii) On 31 December 2012, the Bank acquired 51% of the issued share capital of Jiahe Life Insurance Co., Ltd. and renamed it as ABC Life Insurance Co., Ltd. ("ABC Life Insurance"). As at 31 December 2012, the Group recognized goodwill of RMB1,381 million as a result of this acquisition. During the year ended 31 December 2016, the Bank and other investors contributed additional capital totalling RMB3,761 million to ABC Life Insurance, comprising registered capital of RMB917 million and capital reserve of RMB2,844 million. After the capital injection, the proportion of equity interest and voting rights the Bank held in ABC Life Insurance remained at 51%.

As at 30 June 2024, there was no objective evidence noted for any goodwill impairment.

(2) Investment in associates

Name of entity	Notes	Date of establishment	Place of incorporation/ business	Authorized capital	Percentage of equity interest (%)	Percentage of voting rights (%)	Principal activities
Sino-Congolese Bank of Africa	(i)	2015	Brazzaville, Congo	XAF53,342,800,000	50.00	50.00	Bank
Shenzhen Yuanzhifuhai No.6 Investment Enterprise (Limited Partnership)	(ii)	2015	Guangdong, PRC	RMB313,000,000	31.95	33.33	Equity investment, investment management and investment advisory service
Beijing Guofa Aero Engine Industry Investment Fund Center (Limited Partnership)	(ii)	2018	Beijing, PRC	RMB6,343,200,000	15.61	11.11	Non-securities investment activities and related advisory services
Jilin Hongqizhiwang New Energy Automobile Fund Investment Management Center (Limited Partnership)	(ii)	2019	Jilin, PRC	RMB3,885,500,000	25.26	20.00	Non-securities investment activities and related advisory services
Xinyuan (Beijing) Debt-to-Equity Special Equity Investment Center (Limited Partnership)	(ii)	2020	Beijing, PRC	RMB6,000,000,000	15.67	14.29	Equity investment
National Green Development Fund Co.,Ltd.	(iii)	2020	Shanghai, PRC	RMB88,500,000,000	9.04	9.04	Equity investment, project investment and investment management
National Social Endowment Insurance Co.,Ltd.	(iv)	2022	Beijing, PRC	RMB11,150,000,000	8.97	8.97	Insurance
BNP Paribas ABC Wealth Management Co.,Ltd.	(iv)	2023	Shanghai, PRC	RMB1,000,000,000	49.00	49.00	Wealth management

5 INVESTMENT IN SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND STRUCTURED ENTITIES (Continued)

(2) Investment in associates (Continued)

(i) On 28 May 2015, the Sino-Congolese Bank of Africa (La Banque Sino-Congolaise pour l'Afrique, hereinafter referred to as BSCA. Bank), established by the Bank and other investors with authorized capital denominated in Central African CFA franc ("XAF"), was granted the required banking license by the local regulatory authority. The Bank holds 50% equity interest and voting rights in BSCA. Bank, and has the right to participate in the financial and operational decisions of BSCA. Bank, but does not constitute control or joint control over those decisions.

(ii) The Bank's wholly-owned subsidiary, ABC Financial Asset Investment Co., Ltd. and other investors invested in the above mentioned enterprises. The Group has the right to participate in the financial and operational decisions of these enterprises, but does not constitute control or joint control over those decisions.

(iii) The Bank was approved to participate in the investment in National Green Development Fund Co., Ltd. in 2021. The Bank holds 9.04% equity interest and has the right to participate in the financial and operational decisions, but does not constitute control or joint control over those decisions.

(iv) The Bank's wholly-owned subsidiary, Agricultural Bank of China Wealth Management Co., Ltd. and other investors invested in the above mentioned enterprises. The Group has the right to participate in the financial and operational decisions of these enterprises, but does not constitute control or joint control over those decisions.

(v) The interests of the Group in the above-mentioned associates does not have a significant impact on the Group.

(3) Investment in joint ventures

Name of entity	Date of establishment	Place of incorporation/ business	Authorized capital	Percentage of equity interest (%)	Percentage of voting rights (%)	Principal activities
Jiangsu Jiequansuihe State-owned Enterprise Mixed Ownership Reform Fund (Limited Partnership)	2018	Jiangsu, PRC	RMB1,000,000,000	69.00	28.57	Equity investment, debt-to-equity and related supporting services
Nongjin Gaotou (Hubei) Debt-to-Equity Investment Fund (Limited Partnership)	2018	Hubei, PRC	RMB500,000,000	74.00	33.33	Non-securities equity investment activities and related advisory services
Jiaxing Suihe New Silk Road Investment Fund (Limited Partnership)	2018	Zhejiang, PRC	RMB1,500,000,000	66.67	50.00	Industrial investment and equity investment
Inner Mongolia Mengxingzhuli Development Fund Investment Center (Limited Partnership)	2018	Inner Mongolia, PRC	RMB2,000,000,000	50.00	50.00	Equity investment, investment management and investment advisory service
Jianxinjintou Infrastructure Equity Investment (Tianjin) Fund (Limited Partnership)	2019	Tianjin, PRC	RMB3,500,000,000	20.00	20.00	Equity investment and investment management
Shaanxi Suihe Equity Investment Fund Partnership (Limited Partnership)	2019	Shaanxi, PRC	RMB1,000,000,000	50.00	50.00	Equity investment

5 INVESTMENT IN SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND STRUCTURED ENTITIES (Continued)

(3) Investment in joint ventures (Continued)

The wholly-owned subsidiary of the Bank, ABC Financial Asset Investment Co., Ltd. and other investors established the above-mentioned entities. According to the agreements, matters considered at the Meeting of Partners or investment decision-making committee shall be approved by the unanimous consent of all the partners or all the committee members. The Group constitutes joint control over the financial and operational decisions of these enterprises with the other investors.

The interests of the Group in the above-mentioned joint ventures does not have a significant impact on the Group.

(4) Structured entities

The Group also consolidated structured entities as disclosed in Note 44 Structured entities.

6 NET INTEREST INCOME

	Six months ended 30 June	
	2024	2023
Interest income		
Loans and advances to customers	**413,628**	401,431
Including: Corporate loans and advances	**250,574**	231,855
Personal loans	**163,054**	169,576
Financial investments		
Debt instrument investments at amortized cost	**136,216**	123,632
Other debt instrument investments at fair value through other comprehensive income	**40,484**	25,261
Balances with central banks	**19,785**	19,205
Financial assets held under resale agreements	**12,443**	13,206
Deposits with banks and other financial institutions	**11,593**	9,744
Placements with and loans to banks and other financial institutions	**9,899**	8,602
Subtotal	**644,048**	601,081
Interest expense		
Due to customers	**(244,427)**	(228,559)
Deposits from banks and other financial institutions	**(47,922)**	(33,427)
Debt securities issued	**(35,107)**	(27,423)
Borrowings from central banks	**(13,459)**	(12,729)
Placements from banks and other financial institutions	**(9,122)**	(7,571)
Financial assets sold under repurchase agreements	**(3,163)**	(951)
Subtotal	**(353,200)**	(310,660)
Net interest income	**290,848**	290,421

7 NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2024	2023
Fee and commission income		
Electronic banking services	**14,822**	14,013
Consultancy and advisory services	**11,230**	10,531
Agency services	**9,738**	13,669
Bank cards	**8,398**	8,285
Settlement and clearing services	**6,288**	7,139
Custodian and other fiduciary services	**2,237**	2,361
Credit commitment	**754**	1,321
Others	**216**	302
Subtotal	**53,683**	57,621
Fee and commission expense		
Bank cards	**(4,433)**	(4,187)
Electronic banking services	**(1,510)**	(1,601)
Settlement and clearing services	**(709)**	(694)
Others	**(295)**	(408)
Subtotal	**(6,947)**	(6,890)
Net fee and commission income	**46,736**	50,731

8 NET TRADING GAIN

		Six months ended 30 June	
	Note	**2024**	2023
Net gain on debt instruments held for trading		**2,061**	3,712
Net gain on precious metals	(1)	**2,171**	4,052
Net gain on foreign exchange rate derivatives		**10,687**	7,663
Net gain on interest rate derivatives		**519**	1,009
Others		**320**	(622)
Total		**15,758**	15,814

(1) Net gain on precious metals consists of net gain on precious metals and precious metal related derivative products.

9 NET GAIN ON FINANCIAL INVESTMENTS

	Note	Six months ended 30 June	
		2024	2023
Net gain on debt instruments designated as at FVPL		**23**	35
Net gain on other debt instruments and equity investments measured at FVPL		**9,079**	11,885
Net loss on financial liabilities designated as at FVPL	(1)	**(161)**	(216)
Net gain on other debt instrument and other equity investments measured at FVOCI		**2,754**	571
Others		**(641)**	(1,561)
Total		**11,054**	10,714

(1) Net loss on financial liabilities designated as at FVPL consists of the payable amount upon the maturity of structured deposits designated at FVPL.

10 OTHER OPERATING EXPENSE, NET

	Six months ended 30 June	
	2024	2023
Insurance premium	**2,059**	1,644
Rental income	**718**	589
Gain on disposal of property and equipment	**467**	568
Government grant	**678**	604
Net loss on foreign exchange	**(6,112)**	(6,012)
Others	**634**	486
Total	**(1,556)**	(2,121)

11 OPERATING EXPENSES

	Notes	Six months ended 30 June	
		2024	2023
Staff costs	(1)	**65,691**	65,576
General operating and administrative expenses		**23,800**	24,044
Depreciation and amortization		**11,152**	10,479
Tax and surcharges	(2)	**3,843**	3,547
Insurance benefits and claims		**2,939**	2,811
Others		**1,254**	1,221
Total		**108,679**	107,678

For the six months ended 30 June 2024, the Group's research and development expenses amounted to RMB2,249 million (six months ended 30 June 2023: RMB1,880 million).

11 OPERATING EXPENSES (Continued)

(1) Staff costs

	Six months ended 30 June	
	2024	2023
Short-term employee benefits		
Salaries, bonuses, allowances and subsidies	**42,541**	42,541
Housing funds	**5,200**	4,885
Social insurance	**3,286**	3,164
Including: Medical insurance	**3,103**	2,986
Maternity insurance	**93**	91
Employment injury insurance	**90**	87
Labor union fees and staff education expenses	**1,484**	1,898
Others	**3,250**	3,895
Subtotal	**55,761**	56,383
Defined contribution benefits	**9,940**	9,189
Early retirement benefits	**(10)**	4
Total	**65,691**	65,576

(2) City maintenance and construction tax is calculated at 1%, 5% or 7% of VAT and consumption tax for the Group's Domestic Operations.

Education surcharge is calculated at 3%, while local education surcharge is calculated at 2% of VAT and consumption tax for the Group's Domestic Operations.

12 CREDIT IMPAIRMENT LOSSES

	Six months ended 30 June	
	2024	2023
Loans and advances to customers	**98,632**	96,768
Financial investments		
Debt instrument investments at amortized cost	**13,450**	7,807
Other debt instrument investments at fair value through other comprehensive income	**1,020**	(696)
Provision for guarantees and commitments	**(8,771)**	(4,069)
Placements with and loans to banks and other financial institutions	**(1,243)**	190
Deposits with banks and other financial institutions	**(120)**	(9)
Financial assets held under resale agreements	**(2,577)**	1,073
Others	**607**	1,288
Total	**100,998**	102,352

13 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
Current income tax		
— PRC Enterprise Income Tax	**19,166**	27,354
— Hong Kong SAR Income Tax	**366**	411
— Other jurisdictions Income Tax	**143**	100
Subtotal	**19,675**	27,865
Deferred tax (Note 25)	**1,302**	(5,727)
Total	**20,977**	22,138

Domestic and Overseas Branches Income Tax is calculated at 25% of the estimated taxable profit for the current and prior periods, and also includes supplementary PRC tax on Overseas Branches as determined in accordance with the relevant PRC income tax rules and regulations. Pre-tax deduction items of enterprise income tax are governed by the relevant tax regulations in Chinese mainland. Taxation arising in other jurisdictions (including Hong Kong SAR) is calculated at the rates prevailing in the relevant jurisdictions.

As at 30 June 2024, Pillar Two legislation has come into effect in countries where some of the Group's subsidiaries are located. The Group is subject to the global minimum top-up tax under Pillar Two legislation in those jurisdictions. The Group has applied the temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current income tax when it occurs. For the six months ended 30 June 2024, the impact of the top-up tax on the Group's current income tax expense is not material.

The tax charges for the six months ended 30 June 2024 and 30 June 2023 can be reconciled to the profit per the condensed consolidated interim income statement as follows:

		Six months ended 30 June	
	Note	**2024**	2023
Profit before tax		**157,471**	155,969
Tax calculated at applicable PRC statutory tax rate of 25%		**39,368**	38,992
Tax effect of income not taxable for tax purpose	(1)	**(28,967)**	(25,011)
Tax effect of costs, expenses and losses not deductible for tax purpose		**11,745**	9,324
Tax effect of perpetual bonds interest expense		**(1,176)**	(1,176)
Effect of different tax rates in other jurisdictions		**7**	9
Income tax expense		**20,977**	22,138

(1) Non-taxable income primarily includes interest income from PRC treasury bonds and municipal government bonds.

14 DIVIDENDS

	Notes	Six months ended 30 June	
		2024	2023
Dividends on ordinary shares declared and paid			
Cash dividend related to 2023	(2)	**80,811**	–
Cash dividend related to 2022	(3)	**–**	77,766
		80,811	77,766
Dividends on preference shares declared and paid	(4)	**1,936**	–
Interest on perpetual bonds declared and paid	(5)	**4,703**	4,703

(1) On 30 August 2024,The Board of Directors of the Bank proposed distribution of interim cash dividends for 2024 of RMB1.164 (tax inclusive) for each ten shares for holders of ordinary shares with a total amount of RMB40,738 million (tax inclusive). The distribution plan will be submitted for consideration and approval at the shareholders' general meeting. The profit distribution plan will be included in the financial statements of the Bank and the Group after approval by the Bank's general meeting of shareholders.

(2) Distribution of final dividend for 2023

A cash dividend of RMB0.2309 (tax included) per ordinary share related to 2023, amounting to RMB80,811 million (tax included) in total was approved, after the required appropriations for the statutory surplus reserve and the general reserve for 2023 as determined in accordance with the relevant accounting rules and financial regulations applicable to PRC enterprises (the "PRC GAAP"), at the annual general meeting held on 21 May 2024.

The above dividend was recognized as distribution and distributed during the period ended 30 June 2024.

(3) Distribution of final dividend for 2022

A cash dividend of RMB0.2222 (tax included) per ordinary share related to 2022, amounting to RMB77,766 million (tax included) in total was approved, after the required appropriations for the statutory surplus reserve and the general reserve for 2022 as determined in accordance with PRC GAAP, at the annual general meeting held on 29 June 2023.

The above dividend was recognized as distribution and distributed during the year ended 31 December 2023.

(4) Distribution of dividend on preference shares

A cash dividend at the dividend rate of 4.84% per annum related to the second tranche of preference shares of 2023 to 2024 amounting to RMB1,936 million (tax included) in total was approved at the Board of Directors' Meeting held on 31 January 2024 and distributed on 11 March 2024.

A cash dividend at the dividend rate of 5.32% per annum related to the first tranche of preference shares of 2022 to 2023 amounting to RMB2,128 million (tax included) in total was approved at the Board of Directors' Meeting held on 29 August 2023 and distributed on 6 November 2023.

14 DIVIDENDS (Continued)

(5) Distribution of interest on perpetual bonds

An interest at the interest rate of 3.49% per annum related to the 2022-first tranche of perpetual bonds of RMB50 billion amounting to RMB1,745 million in total was declared on 20 February 2024 and distributed on 22 February 2024.

An interest at the interest rate of 3.48% per annum related to the 2020-first tranche of perpetual bonds of RMB85 billion amounting to RMB2,958 million in total was declared on 10 May 2024 and distributed on 13 May 2024.

An interest at the interest rate of 3.49% per annum related to the 2022-first tranche of perpetual bonds of RMB50 billion amounting to RMB1,745 million in total was declared on 20 February 2023 and distributed on 22 February 2023.

An interest at the interest rate of 3.48% per annum related to the 2020-first tranche of perpetual bonds of RMB85 billion amounting to RMB2,958 million in total was declared on 10 May 2023 and distributed on 12 May 2023.

An interest at the interest rate of 4.39% per annum related to the 2019-first tranche of perpetual bonds of RMB85 billion amounting to RMB3,732 million in total was declared on 17 August 2023 and distributed on 20 August 2023.

An interest at the interest rate of 4.50% per annum related to the 2020-second tranche of perpetual bonds of RMB35 billion amounting to RMB1,575 million in total was declared on 22 August 2023 and distributed on 24 August 2023.

An interest at the interest rate of 4.20% per annum related to the 2019-second tranche of perpetual bonds of RMB35 billion amounting to RMB1,470 million in total was declared on 31 August 2023 and distributed on 5 September 2023.

An interest at the interest rate of 3.17% per annum related to the 2022-second tranche of perpetual bonds of RMB30 billion amounting to RMB951 million in total was declared on 31 August 2023 and distributed on 5 September 2023.

An interest at the interest rate of 3.76% per annum related to the 2021-first tranche of perpetual bonds of RMB40 billion amounting to RMB1,504 million in total was declared on 14 November 2023 and distributed on 16 November 2023.

15 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is as follows:

	Six months ended 30 June	
	2024	2023
Earnings:		
Profit for the period attributable to equity holders of the Bank	**135,892**	133,234
Less: profit for the period attributable to other equity instruments holders of the Bank	**(6,639)**	(4,703)
Profit for the period attributable to ordinary equity holders of the Bank	**129,253**	128,531
Number of shares:		
Weighted average number of ordinary shares in issue (in millions)	**349,983**	349,983
Basic and diluted earnings per share (RMB yuan)	**0.37**	0.37

For the years ended 31 December 2015 and 31 December 2014, the Bank issued two non-cumulative preference shares, respectively, and the specific terms are included in Note 36 Other equity instruments.

As at 30 June 2024, the Bank issued a total of ten non-cumulative undated tier 1 capital bonds and the specific terms are included in Note 36 Other equity instruments.

For the purpose of calculating basic earnings per share for the six months ended 30 June 2024, cash dividends and interest of RMB6,639 million of non-cumulative preference shares and non-cumulative undated tier 1 capital bonds declared and distributed were deducted from the profit for the period attributable to ordinary equity holders of the Bank (six months ended 30 June 2023: interest of RMB4,703 million of non-cumulative undated tier 1 capital bonds).

The conversion feature of preference shares is considered to fall within contingently issuable ordinary shares. The triggering events of conversion did not occur for the six months ended 30 June 2024 and 30 June 2023, and therefore the conversion feature of preference shares has no dilutive effect on earnings per share calculation.

16 CASH AND BALANCES WITH CENTRAL BANKS

	Notes	30 June 2024	31 December 2023
Cash		**63,797**	71,140
Mandatory reserve deposits with central banks	(1)	**2,215,163**	2,359,006
Surplus reserve deposits with central banks	(2)	**592,995**	338,123
Other deposits with central banks	(3)	**164,355**	152,582
Subtotal		**3,036,310**	2,920,851
Accrued interest		**995**	1,196
Total		**3,037,305**	2,922,047

(1) The Group places mandatory reserve deposits with the PBOC and overseas regulatory bodies. These include RMB reserve deposits and foreign currency reserve deposits that are not available for use in the Group's daily operations.

As at 30 June 2024, the mandatory deposit reserve ratios of the domestic branches of the Bank in respect of customer deposits denominated in RMB and foreign currencies were consistent with the requirement of the PBOC. The mandatory reserve funds placed with the central bank of domestic subsidiaries of the Group are determined by the PBOC. The amounts of mandatory reserve deposits placed with the central banks of those countries or regions outside Chinese mainland are determined by local jurisdictions.

(2) Surplus reserve deposits with central banks include funds for the purpose of cash settlement and other kinds of unrestricted deposits.

(3) Other deposits with central banks primarily represent fiscal deposits and foreign exchange risk reserve placed with the PBOC that are not available for use in the Group's daily operations.

17 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2024	31 December 2023
Deposits with:		
Domestic banks	**575,150**	1,008,493
Other domestic financial institutions	**16,808**	15,980
Overseas banks	**40,273**	49,994
Subtotal	**632,231**	1,074,467
Accrued interest	**7,921**	6,988
Allowance for impairment losses	**(1,259)**	(1,379)
Carrying amount	**638,893**	1,080,076

18 PLACEMENTS WITH AND LOANS TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2024	31 December 2023
Placements with and loans to:		
Domestic banks	**92,989**	142,828
Other domestic financial institutions	**150,366**	157,965
Overseas banks and other financial institutions	**210,511**	214,983
Subtotal	**453,866**	515,776
Accrued interest	**4,630**	3,539
Allowance for impairment losses	**(1,847)**	(3,134)
Carrying amount	**456,649**	516,181

19 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group primarily enters into foreign exchange rate, interest rate and precious metal derivative contracts related to trading, asset and liability management, and customer initiated transactions.

The contractual/notional amounts and fair values of the derivative financial instruments entered into by the Group are set out in the following tables. The contractual/notional amounts of derivative financial instruments provide a basis for comparison with fair values of instruments recognized in the consolidated interim statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair values of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. The fair value of derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market interest rates, foreign exchange rates or precious metal prices relative to their terms. The aggregated fair values of derivative financial assets and liabilities can fluctuate significantly in different periods.

Certain financial assets and financial liabilities of the Group are subject to enforceable master net arrangements or similar agreements. The agreement between the Group and the counterparty generally allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis. However, each party to the master netting arrangements or similar agreements will have the option to settle all such amounts on a net basis in the event of default of the other party. The Group did not offset these financial assets and financial liabilities on a net basis. As at 30 June 2024 and 31 December 2023, the Group did not hold any other financial assets or liabilities, other than derivatives, that are subject to master netting arrangements or similar agreements.

19 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (Continued)

	30 June 2024		
	Contractual/ notional amount	Fair value	
		Assets	Liabilities
Exchange rate derivatives			
Currency forwards and swaps, and cross – currency interest rate swaps	3,215,463	35,233	(23,393)
Currency options	240,268	1,063	(1,920)
Subtotal		36,296	(25,313)
Interest rate derivatives			
Interest rate swaps	514,472	3,130	(1,868)
Precious metal derivatives and others	189,026	1,028	(10,173)
Total		40,454	(37,354)

	31 December 2023		
	Contractual/ notional amount	Fair value	
		Assets	Liabilities
Exchange rate derivatives			
Currency forwards and swaps, and cross – currency interest rate swaps	2,201,349	20,701	(19,287)
Currency options	161,055	1,450	(1,226)
Subtotal		22,151	(20,513)
Interest rate derivatives			
Interest rate swaps	362,817	2,502	(1,420)
Precious metal derivatives and others	141,712	220	(5,884)
Total		24,873	(27,817)

Credit risk weighted amount for derivative transaction counterparties represents the counterparty credit risk associated with derivative transactions and is calculated in accordance with the "Capital Rules for Commercial Banks" issued by the NFRA which was effective from 1 January 2024, and is dependent on, among other factors, creditworthiness of customers and maturity characteristics of each type of contract.

	30 June 2024	31 December 2023
Counterparty credit default risk-weighted assets	90,170	54,728
Credit value adjustment risk-weighted assets	16,231	6,846
Total	106,401	61,574

19 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (Continued)

Fair value hedges

The following designated fair value hedging instruments are included in the derivative financial instruments disclosed above:

	30 June 2024		
	Contractual/ notional amount	Fair value	
		Assets	Liabilities
Interest rate swaps	**40,872**	**1,417**	**(88)**

	31 December 2023		
	Contractual/ notional amount	Fair value	
		Assets	Liabilities
Interest rate swaps	42,853	882	(336)

The Group uses interest rate swaps to hedge against changes arising from changes in interest rates in fair value of loans and advances to customers and other debt instrument investments at fair value through other comprehensive income.

The Group's net (losses)/gains on fair value hedges are as follow:

	Six months ended 30 June	
	2024	2023
Net (losses)/gains on		
— hedging instruments	**255**	(122)
— hedged items	**(309)**	(31)
Ineffective portion recognized in net trading gains	**(54)**	(153)

The following table shows maturity details with notional amount of hedging instruments disclosed above:

	Fair value hedges					
	Less than 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
30 June 2024	**287**	**–**	**2,089**	**34,370**	**4,126**	**40,872**
31 December 2023	2,351	8,768	3,115	26,835	1,784	42,853

19 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (Continued)

Fair value hedges (Continued)

The following table sets out the details of the hedged items covered by the Group's fair value hedging strategies:

	30 June 2024				
	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items		Line items in the statement of financial position
	Assets	Liabilities	Assets	Liabilities	
Bonds	**40,646**	**–**	**–**	**–**	**Other debt instrument investments at fair value through other comprehensive income**
Loans	**2,492**	**–**	**(85)**	**–**	**Loans and advances to customers**
Total	**43,138**	**–**	**(85)**	**–**	

	31 December 2023				
	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items		Line items in the statement of financial position
	Assets	Liabilities	Assets	Liabilities	
Bonds	42,465	–	–	–	Other debt instrument investments at fair value through other comprehensive income
Loans	2,474	–	(83)	–	Loans and advances to customers
Total	44,939	–	(83)	–	

20 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	30 June 2024	31 December 2023
Analyzed by collateral type:		
Debt securities	**669,617**	1,743,760
Bills	**71,468**	67,904
Subtotal	**741,085**	1,811,664
Accrued interest	**268**	1,470
Allowance for impairment losses	**(998)**	(3,575)
Carrying amount	**740,355**	1,809,559

The collateral received in connection with financial assets held under resale agreements is disclosed in Note 45 Contingent liabilities and commitments – Collateral.

21 LOANS AND ADVANCES TO CUSTOMERS

21.1 Analyzed by measurement basis

	Notes	30 June 2024	31 December 2023
Measured at amortized cost	(1)	**22,310,064**	20,237,841
Measured at fair value through other comprehensive income	(2)	**1,128,670**	1,493,925
Total		**23,438,734**	21,731,766

(1) Measured at amortized cost:

	30 June 2024	*31 December 2023*
Corporate loans and advances		
Loans and advances	***14,536,223***	*12,993,815*
Personal loans	***8,668,972***	*8,076,529*
Subtotal	***23,205,195***	*21,070,344*
Accrued interest	***54,837***	*50,352*
Allowance for impairment losses	***(949,968)***	*(882,855)*
Carrying amount of loans and advances to customers measured at amortized cost	***22,310,064***	*20,237,841*

(2) Measured at fair value through other comprehensive income:

	30 June 2024	*31 December 2023*
Corporate loans and advances		
Loans and advances	***193,699***	*183,178*
Discounted bills	***934,971***	*1,310,747*
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	***1,128,670***	*1,493,925*

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

21.2 Analyzed by ECL assessment method

	30 June 2024			
	Stage I	Stage II	Stage III	
	12 months ECL	Lifetime ECL		Total
Gross loans and advances to customers measured at amortized cost	22,541,529	398,194	320,309	23,260,032
Allowance for impairment losses	(672,041)	(90,684)	(187,243)	(949,968)
Loans and advances to customers measured at amortized cost, net	21,869,488	307,510	133,066	22,310,064
Loans and advances to customers measured at fair value through other comprehensive income	1,116,358	12,192	120	1,128,670
Allowance for impairment losses of loans and advances to customers measured at fair value through other comprehensive income	(21,571)	(2,337)	(49)	(23,957)

	31 December 2023			
	Stage I	Stage II	Stage III	
	12 months ECL	Lifetime ECL		Total
Gross loans and advances to customers measured at amortized cost	20,424,619	395,527	300,550	21,120,696
Allowance for impairment losses	(604,532)	(92,521)	(185,802)	(882,855)
Loans and advances to customers measured at amortized cost, net	19,820,087	303,006	114,748	20,237,841
Loans and advances to customers measured at fair value through other comprehensive income	1,483,097	10,618	210	1,493,925
Allowance for impairment losses of loans and advances to customers measured at fair value through other comprehensive income	(28,798)	(2,202)	(63)	(31,063)

The expected credit loss ("ECL") for corporate loans and advances in Stage I and Stage II, as well as personal loans, were measured in accordance with the risk parameters modelling method. The ECL for corporate loans and advances in Stage III were calculated using the discounted cash flow method. For details, see Note 47.1 Credit risk.

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

21.3 Analyzed 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 12 months and the entire lifetime ECL;

— Allowance for new loans and advances to customers recognized;

— 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, transfer out and write-offs of loans and advances to customers.

The following table shows the impact of above factors on the allowance for impairment losses:

	Six months ended 30 June 2024			
	Stage I	Stage II	Stage III	
Corporate loans and advances	12 months ECL	Lifetime ECL		Total
1 January 2024	461,708	68,916	148,403	679,027
Transfer:				
Stage I to Stage II	(5,549)	5,549	–	–
Stage II to Stage III	–	(14,116)	14,116	–
Stage II to Stage I	7,545	(7,545)	–	–
Stage III to Stage II	–	11,274	(11,274)	–
Originated or purchased financial assets	95,381	–	–	95,381
Remeasurement	(18,305)	8,000	20,201	9,896
Repayment or transfer out	(48,784)	(6,528)	(5,633)	(60,945)
Write-offs	–	–	(19,289)	(19,289)
30 June 2024	491,996	65,550	146,524	704,070

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

21.3 Analyzed by movements in loss allowance (Continued)

	Six months ended 30 June 2024			
	Stage I	Stage II	Stage III	
Personal loans	12 months ECL	Lifetime ECL		Total
1 January 2024	171,622	25,807	37,462	234,891
Transfer:				
Stage I to Stage II	(3,401)	3,401	–	–
Stage II to Stage III	–	(11,040)	11,040	–
Stage II to Stage I	7,832	(7,832)	–	–
Stage III to Stage II	–	2,532	(2,532)	–
Originated or purchased financial assets	71,221	–	–	71,221
Remeasurement	(12,458)	18,927	19,815	26,284
Repayment or transfer out	(33,200)	(4,324)	(4,984)	(42,508)
Write-offs	–	–	(20,033)	(20,033)
30 June 2024	201,616	27,471	40,768	269,855

	Year ended 31 December 2023			
	Stage I	Stage II	Stage III	
Corporate loans and advances	12 months ECL	Lifetime ECL		Total
1 January 2023	415,071	55,734	131,227	602,032
Transfer:				
Stage I to Stage II	(13,931)	13,931	–	–
Stage II to Stage III	–	(25,130)	25,130	–
Stage II to Stage I	13,258	(13,258)	–	–
Stage III to Stage II	–	9,746	(9,746)	–
Originated or purchased financial assets	157,429	–	–	157,429
Remeasurement	(32,918)	38,741	50,394	56,217
Repayment or transfer out	(77,201)	(10,848)	(23,853)	(111,902)
Write-offs	–	–	(24,749)	(24,749)
31 December 2023	461,708	68,916	148,403	679,027

21 LOANS AND ADVANCES TO CUSTOMERS (Continued)

21.3 Analyzed by movements in loss allowance (Continued)

	Year ended 31 December 2023			
	Stage I	Stage II	Stage III	
Personal loans	12 months ECL	Lifetime ECL		Total
1 January 2023	160,093	25,110	32,993	218,196
Transfer:				
Stage I to Stage II	(4,097)	4,097	–	–
Stage II to Stage III	–	(12,501)	12,501	–
Stage II to Stage I	8,696	(8,696)	–	–
Stage III to Stage II	–	2,998	(2,998)	–
Originated or purchased financial assets	73,149	–	–	73,149
Remeasurement	(7,650)	23,782	27,796	43,928
Repayment or transfer out	(58,569)	(8,983)	(10,212)	(77,764)
Write-offs	–	–	(22,618)	(22,618)
31 December 2023	171,622	25,807	37,462	234,891

22 FINANCIAL INVESTMENTS

	Notes	**30 June 2024**	31 December 2023
Financial assets at fair value through profit or loss	22.1	**480,391**	547,407
Debt instrument investments at amortized cost	22.2	**9,037,374**	8,463,255
Other debt instrument and other equity investments at fair value through other comprehensive income	22.3	**3,335,744**	2,203,051
Total		**12,853,509**	11,213,713

22 FINANCIAL INVESTMENTS (Continued)

22.1 Financial assets at fair value through profit or loss

	Notes	30 June 2024	31 December 2023
Financial assets held for trading	(1)	**156,951**	197,649
Financial assets designated at fair value through profit or loss	(2)	**620**	812
Other financial assets at fair value through profit or loss	(3)	**322,820**	348,946
Total		**480,391**	547,407
Analyzed as:			
Listed in Hong Kong		**9,821**	10,499
Listed outside Hong Kong	(i)	**306,861**	370,407
Unlisted		**163,709**	166,501
Total		**480,391**	547,407

(i) Debt securities traded on the China Domestic Inter-bank Bond Market are included in "Listed outside Hong Kong".

(1) Financial assets held for trading

	30 June 2024	31 December 2023
Debt securities issued by:		
Governments	**8,987**	9,342
Public sector and quasi-governments	**40,135**	77,220
Financial institutions	**49,311**	55,489
Corporates	**19,832**	15,558
Subtotal of debt securities	**118,265**	157,609
Precious metal contracts	**16,428**	15,487
Equity	**7,820**	7,605
Fund and others	**14,438**	16,948
Total	**156,951**	197,649

22 FINANCIAL INVESTMENTS (Continued)

22.1 Financial assets at fair value through profit or loss (Continued)

(2) *Financial assets designated at fair value through profit or loss (ii)*

	30 June 2024	31 December 2023
Debt securities issued by:		
Financial institutions	**461**	654
Corporates	**159**	158
Total	**620**	812

(ii) In order to eliminate or significantly reduce accounting mismatches, the Group designates certain debt securities as financial assets at fair value through profit or loss.

(3) *Other financial assets at fair value through profit or loss (iii)*

	30 June 2024	31 December 2023
Debt securities issued by:		
Public sector and quasi-governments	**20,265**	22,284
Financial institutions	**144,968**	167,756
Corporates	**1,473**	2,400
Subtotal of debt securities	**166,706**	192,440
Equity	**116,192**	115,306
Fund and others	**39,922**	41,200
Total	**322,820**	348,946

(iii) Other financial assets at fair value through profit or loss refer to financial assets that do not qualify for measurement at amortized cost or fair value through other comprehensive income and are not held for trading, including bond investments, equity interests, funds, trust plans and asset management products of the Group.

22 FINANCIAL INVESTMENTS (Continued)

22.2 Debt instrument investments at amortized cost

	Notes	30 June 2024	31 December 2023
Debt securities issued by:			
Governments		**6,580,834**	5,747,715
Public sector and quasi-governments		**1,652,735**	1,953,312
Financial institutions		**210,773**	161,595
Corporates		**61,654**	62,409
Subtotal of debt securities		**8,505,996**	7,925,031
Receivable from the MOF	(i)	**290,891**	290,891
Special government bond	(ii)	**93,327**	93,326
Others	(iii)	**21,664**	17,761
Subtotal		**8,911,878**	8,327,009
Accrued interest		**153,472**	150,788
Allowance for impairment losses		**(27,976)**	(14,542)
Debt instrument investments at amortized cost, net		**9,037,374**	8,463,255
Analyzed as:			
Listed in Hong Kong		**28,055**	30,403
Listed outside Hong Kong	(iv)	**8,571,882**	7,981,978
Unlisted		**437,437**	450,874
Total		**9,037,374**	8,463,255

(i) The Group received a notice from the MOF in January 2020, clarifying that from 1 January 2020, the interest rate of the unpaid payments will be verified year by year based on the rate of return of the five-year treasury bond of the previous year.

(ii) Special government bond refers to the non-transferable bond issued by the MOF in 1998 in the aggregated principal amount of RMB93.3 billion to the Predecessor Entity for capital replenishment. The bond will mature in 2028 and bears interest at a fixed rate of 2.25% per annum, starting from 1 December 2008.

(iii) Other debt instrument investments at amortized cost are primarily related to investment in unconsolidated structured entities held by the Group (Note 44(2)).

(iv) Debt securities traded on the China Domestic Inter-bank Bond Market are included in "Listed outside Hong Kong".

22 FINANCIAL INVESTMENTS (Continued)

22.2 Debt instrument investments at amortized cost (Continued)

(1) Analyzed by ECL assessment method

	30 June 2024			
	Stage I	Stage II	Stage III	
	12 months ECL	Lifetime ECL		Total
Gross debt instrument investments at amortized cost	9,063,660	–	1,690	9,065,350
Allowance for impairment losses	(26,671)	–	(1,305)	(27,976)
Debt instrument investments at amortized cost, net	9,036,989	–	385	9,037,374

	31 December 2023			
	Stage I	Stage II	Stage III	
	12 months ECL	Lifetime ECL		Total
Gross debt instrument investments at amortized cost	8,476,120	368	1,309	8,477,797
Allowance for impairment losses	(13,253)	–	(1,289)	(14,542)
Debt instrument investments at amortized cost, net	8,462,867	368	20	8,463,255

Debt instrument investments at amortized cost in Stage II and Stage III mainly included corporates bonds and other debt instrument investments of the Group.

22 FINANCIAL INVESTMENTS (Continued)

22.2 Debt instrument investments at amortized cost (Continued)

(2) Analyzed by movements in loss allowance (v)

	Six months ended 30 June 2024			
	Stage I	Stage II	Stage III	
	12 months ECL	Lifetime ECL		Total
1 January 2024	**13,253**	**–**	**1,289**	**14,542**
Originated or purchased financial assets	**2,001**	**–**	**–**	**2,001**
Remeasurement	**11,821**	**–**	**16**	**11,837**
Maturities or transfer out	**(404)**	**–**	**–**	**(404)**
30 June 2024	**26,671**	**–**	**1,305**	**27,976**

	Year ended 31 December 2023			
	Stage I	Stage II	Stage III	
	12 months ECL	Lifetime ECL		Total
1 January 2023	19,150	–	1,285	20,435
Originated or purchased financial assets	3,409	–	–	3,409
Remeasurement	(7,023)	–	4	(7,019)
Maturities or transfer out	(2,283)	–	–	(2,283)
31 December 2023	13,253	–	1,289	14,542

(v) As at 30 June 2024, the increases of the Group's loss allowance of debt instrument investments at amortized cost were mainly due to the remeasurement of remained debt instrument investments and the increase of debt instrument investments.

22 FINANCIAL INVESTMENTS (Continued)

22.3 Other debt instrument and other equity investments at fair value through other comprehensive income

		30 June 2024			
	Notes	Amortized cost of debt instruments/ cost of equity instruments	Fair value	Cumulative amount of change in fair value that is accrued to other comprehensive income	Cumulative amount of impairment
Other debt instrument investments	(1)	3,279,365	3,327,182	47,817	(4,893)
Other equity investments	(2)	6,898	8,562	1,664	N/A
Total		3,286,263	3,335,744	49,481	(4,893)

		31 December 2023			
	Notes	Amortized cost of debt instruments/ cost of equity instruments	Fair value	Cumulative amount of change in fair value that is accrued to other comprehensive income	Cumulative amount of impairment
Other debt instrument investments	(1)	2,174,855	2,195,685	20,830	(3,870)
Other equity investments	(2)	5,930	7,366	1,436	N/A
Total		2,180,785	2,203,051	22,266	(3,870)

22 FINANCIAL INVESTMENTS (Continued)

22.3 Other debt instrument and other equity investments at fair value through other comprehensive income (Continued)

(1) Other debt instrument investments

(a) Analyzed by types of issuers

	Note	30 June 2024	31 December 2023
Debt securities:			
Governments		**1,465,928**	1,102,019
Public sector and quasi-governments		**419,248**	243,852
Financial institutions		**1,298,884**	703,570
Corporates		**110,104**	120,006
Subtotal of debt securities		**3,294,164**	2,169,447
Others	(i)	**8,741**	9,178
Subtotal		**3,302,905**	2,178,625
Accrued interest		**24,277**	17,060
Total		**3,327,182**	2,195,685
Analyzed as:			
Listed in Hong Kong		**122,182**	128,173
Listed outside Hong Kong		**3,100,523**	1,938,190
Unlisted		**104,477**	129,322
Total		**3,327,182**	2,195,685

(i) Others primarily include investments in unconsolidated structured entities held by the Group (Note 44(2)), such as trust plans and debt investment plans.

22 FINANCIAL INVESTMENTS (Continued)

22.3 Other debt instrument and other equity investments at fair value through other comprehensive income (Continued)

(1) *Other debt instrument investments (Continued)*

(b) Analyzed by ECL assessment method

	30 June 2024			
	Stage I	Stage II	Stage III	
	12 months ECL	Lifetime ECL		Total
Carrying amount of other debt instrument investments at fair value through other comprehensive income	3,326,524	641	17	3,327,182
Allowance for impairment losses	(4,863)	(15)	(15)	(4,893)

	31 December 2023			
	Stage I	Stage II	Stage III	
	12 months ECL	Lifetime ECL		Total
Carrying amount of other debt instrument investments at fair value through other comprehensive income	2,194,783	885	17	2,195,685
Allowance for impairment losses	(3,848)	(7)	(15)	(3,870)

Other debt instrument investments at fair value through other comprehensive income in Stage II and Stage III mainly included corporates bonds and financial institutions bonds of the Group.

(c) Analyzed by movements in loss allowance (ii)

	Six months ended 30 June 2024			
	Stage I	Stage II	Stage III	
	12 months ECL	Lifetime ECL		Total
1 January 2024	3,848	7	15	3,870
Originated or purchased financial assets	625	–	–	625
Remeasurement	786	9	–	795
Maturities or transfer out	(396)	(1)	–	(397)
30 June 2024	4,863	15	15	4,893

22 FINANCIAL INVESTMENTS (Continued)

22.3 Other debt instrument and other equity investments at fair value through other comprehensive income (Continued)

(1) *Other debt instrument investments (Continued)*

(c) Analyzed by movements in loss allowance (ii) (Continued)

	Year ended 31 December 2023			
	Stage I	Stage II	Stage III	
	12 months ECL	Lifetime ECL		Total
1 January 2023	6,078	9	256	6,343
Transfer:				
Stage I transfer to Stage II	(1)	1	–	–
Stage III transfer to Stage II	–	77	(77)	–
Originated or purchased financial assets	981	–	–	981
Remeasurement	(1,224)	(77)	–	(1,301)
Maturities or transfer out	(1,986)	(3)	(164)	(2,153)
31 December 2023	3,848	7	15	3,870

(ii) As at 30 June 2024, the increases of the Group's loss allowance of other debt instrument investments at fair value through other comprehensive income were mainly due to the remeasurement of remained debt instrument investments and the increase of debt instrument investments.

(2) *Other equity investments*

	30 June 2024	31 December 2023
Financial institutions	**7,481**	6,636
Other enterprises	**1,081**	730
Total	**8,562**	7,366

The Group designates certain non-trading equity investments as financial investments at fair value through other comprehensive income. For the six months ended 30 June 2024, dividend income from such equity investments of the Group was RMB8 million (six months ended 30 June 2023: RMB117 million). The value of disposed of such equity investments was RMB612 million (six months ended 30 June 2023: RMB360 million) and the cumulative gains transferred into retained earnings from other comprehensive income after disposal were RMB23 million (six months ended 30 June 2023: cumulative gains of RMB0 yuan).

23 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	30 June 2024	31 December 2023
Investment in associates	6,208	6,147
Investment in joint ventures	2,135	2,328
Subtotal	8,343	8,475
Allowance for impairment losses — investment in associates	(89)	(89)
Carrying amount	8,254	8,386

The detail information of the investment in associates and joint ventures was disclosed in Note 5 Investment in subsidiaries, associates, joint ventures and structured entities.

24 PROPERTY AND EQUIPMENT

	Buildings	Machinery and equipment	Motor vehicles	Construction in progress	Total
Cost:					
1 January 2024	198,006	73,344	16,452	12,386	300,188
Additions	208	772	1,023	1,541	3,544
Transfers in/(out)	815	961	–	(1,776)	–
Other movements	(523)	(2,033)	21	(85)	(2,620)
30 June 2024	198,506	73,044	17,496	12,066	301,112
Accumulated depreciation:					
1 January 2024	(89,514)	(49,003)	(4,588)	–	(143,105)
Charge for the period	(3,653)	(3,650)	(410)	–	(7,713)
Other movements	347	1,713	36	–	2,096
30 June 2024	(92,820)	(50,940)	(4,962)	–	(148,722)
Allowance for impairment losses:					
1 January 2024	(261)	(27)	(22)	(34)	(344)
Other movements	1	1	–	–	2
30 June 2024	(260)	(26)	(22)	(34)	(342)
Carrying amount:					
1 January 2024	108,231	24,314	11,842	12,352	156,739
30 June 2024	105,426	22,078	12,512	12,032	152,048

24 PROPERTY AND EQUIPMENT (Continued)

	Buildings	Machinery and equipment	Motor vehicles	Construction in progress	Total
Cost:					
1 January 2023	193,356	68,966	15,253	10,064	287,639
Additions	1,868	8,073	1,395	9,563	20,899
Transfers in/(out)	5,148	2,087	–	(7,235)	–
Other movements	(2,366)	(5,782)	(196)	(6)	(8,350)
31 December 2023	198,006	73,344	16,452	12,386	300,188
Accumulated depreciation:					
1 January 2023	(83,439)	(47,128)	(4,186)	–	(134,753)
Charge for the year	(7,211)	(7,044)	(726)	–	(14,981)
Other movements	1,136	5,169	324	–	6,629
31 December 2023	(89,514)	(49,003)	(4,588)	–	(143,105)
Allowance for impairment losses:					
1 January 2023	(263)	(5)	(12)	(34)	(314)
Impairment loss	(1)	(22)	(10)	–	(33)
Other movements	3	–	–	–	3
31 December 2023	(261)	(27)	(22)	(34)	(344)
Carrying amount:					
1 January 2023	109,654	21,833	11,055	10,030	152,572
31 December 2023	108,231	24,314	11,842	12,352	156,739

According to the relevant laws and regulations, subsequent to the Bank's transformation into a joint stock company, the legal title of properties previously held by the Predecessor Entity are to be transferred to the Bank. As at 30 June 2024, the registration transfer process of these transferred properties and other certain properties has not been completed. Management believes that the incomplete registration transfer process does not affect the rights of the Bank as the legal successor to those assets or adversely affect the Bank's operation.

25 DEFERRED TAXATION

For the purpose of presentation in the condensed consolidated interim statement of financial position, certain deferred tax assets and liabilities have been offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following is the analysis of the deferred tax balances:

	30 June 2024	31 December 2023
Deferred tax assets	**156,071**	160,750
Deferred tax liabilities	**(24)**	(14)
Net	**156,047**	160,736

(1) The following are the movements and major deferred tax assets and liabilities recognized:

	Allowance for impairment losses	**Accrued but unpaid staff cost**	**Early retirement benefits**	**Provision**	**Fair value changes of financial instruments**	**Others**	**Total**
1 January 2024	**151,050**	**16,714**	**134**	**10,919**	**(19,007)**	**926**	**160,736**
Credit/(charge) to the consolidated statement of profit or loss	**7,403**	**(3,002)**	**(20)**	**(2,126)**	**(3,087)**	**(470)**	**(1,302)**
(Charge)/credit to other comprehensive income	**–**	**–**	**–**	**–**	**(5,125)**	**1,738**	**(3,387)**
30 June 2024	**158,453**	**13,712**	**114**	**8,793**	**(27,219)**	**2,194**	**156,047**

	Allowance for impairment losses	Accrued but unpaid staff cost	Early retirement benefits	Provision	Fair value changes of financial instruments	Others	Total
31 December 2022	138,684	14,807	189	10,197	(14,750)	794	149,921
Changes in accounting policies	–	–	–	–	(337)	–	(337)
1 January 2023	138,684	14,807	189	10,197	(15,087)	794	149,584
Credit/(charge) to the consolidated statement of profit or loss	12,366	1,907	(55)	722	(2,131)	(790)	12,019
(Charge)/credit to other comprehensive income	–	–	–	–	(1,789)	922	(867)
31 December 2023	151,050	16,714	134	10,919	(19,007)	926	160,736

25 DEFERRED TAXATION (Continued)

(2) Deferred tax assets/(liabilities) and related temporary differences, before offsetting qualifying amounts, are attributable to the following items:

	30 June 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	**Deferred tax assets/ (liabilities)**	Deductible/ (taxable) temporary differences	Deferred tax assets/(liabilities)
Deferred tax assets				
Allowance for impairment losses	**633,814**	**158,453**	604,204	151,050
Fair value changes of financial instruments	**61,434**	**15,355**	49,280	12,317
Accrued but unpaid staff cost	**54,849**	**13,712**	66,858	16,714
Provision	**35,170**	**8,793**	43,674	10,919
Early retirement benefits	**455**	**114**	537	134
Others	**19,505**	**4,874**	17,693	4,422
Subtotal	**805,227**	**201,301**	782,246	195,556
Deferred tax liabilities				
Fair value changes of financial instruments	**(170,488)**	**(42,574)**	(125,487)	(31,324)
Others	**(10,743)**	**(2,680)**	(14,006)	(3,496)
Subtotal	**(181,231)**	**(45,254)**	(139,493)	(34,820)
Net	**623,996**	**156,047**	642,753	160,736

26 OTHER ASSETS

	Notes	30 June 2024	31 December 2023
Accounts receivable and temporary payments		**254,214**	130,940
Land use rights	(1)	**18,848**	19,191
Right-of-use assets	(2)	**11,246**	11,502
Intangible assets	(3)	**9,895**	9,483
Interest receivable		**6,385**	4,157
Long-term deferred expenses		**3,049**	3,286
Investment properties		**2,221**	2,211
Foreclosed assets		**1,459**	1,405
Insurance services receivable		**211**	240
Others		**11,500**	10,747
Total		**319,028**	193,162

(1) According to the relevant laws and regulations, subsequent to the Bank's transformation into a joint stock company, land use rights previously held by the Predecessor Entity are to be transferred to the Bank. As at 30 June 2024, the registration transfer process of certain land use rights has not been completed. Management believes that the incomplete registration transfer process does not affect the rights of the Bank as the legal successor to those land use rights.

(2) Right-of-use assets

	Buildings	Others	Total
Cost:			
1 January 2024	**22,941**	**135**	**23,076**
Additions	**1,891**	**6**	**1,897**
Other movements	**(1,477)**	**(9)**	**(1,486)**
30 June 2024	**23,355**	**132**	**23,487**
Accumulated depreciation:			
1 January 2024	**(11,488)**	**(86)**	**(11,574)**
Additions	**(1,944)**	**(11)**	**(1,955)**
Other movements	**1,281**	**7**	**1,288**
30 June 2024	**(12,151)**	**(90)**	**(12,241)**
Carrying amount:			
1 January 2024	**11,453**	**49**	**11,502**
30 June 2024	**11,204**	**42**	**11,246**

26 OTHER ASSETS (Continued)

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

	Buildings	*Others*	*Total*
Cost:			
1 January 2023	*21,418*	*147*	*21,565*
Additions	*4,891*	*38*	*4,929*
Other movements	*(3,368)*	*(50)*	*(3,418)*
31 December 2023	*22,941*	*135*	*23,076*
Accumulated depreciation:			
1 January 2023	*(10,589)*	*(99)*	*(10,688)*
Additions	*(3,895)*	*(22)*	*(3,917)*
Other movements	*2,996*	*35*	*3,031*
31 December 2023	*(11,488)*	*(86)*	*(11,574)*
Carrying amount:			
1 January 2023	*10,829*	*48*	*10,877*
31 December 2023	*11,453*	*49*	*11,502*

(3) For the six months ended 30 June 2024, the Group's capitalized research and development expenditure amounted to RMB1,128 million (six months ended 30 June 2023: RMB857 million), and the Group's capitalized research and development expenditure of the projects that had been closed and transferred to intangible assets amounted to RMB416 million (six months ended 30 June 2023: RMB515 million).

27 BORROWINGS FROM CENTRAL BANKS

	30 June 2024	31 December 2023
Borrowings from central banks	**1,092,960**	1,114,768
Accrued interest	**14,371**	12,301
Total	**1,107,331**	1,127,069

28 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2024	31 December 2023
Deposits from:		
Domestic banks	**346,184**	403,012
Other domestic financial institutions	**4,233,236**	3,173,103
Overseas banks	**5,642**	4,256
Other overseas financial institutions	**61,249**	54,920
Subtotal	**4,646,311**	3,635,291
Accrued interest	**18,153**	18,206
Total	**4,664,464**	3,653,497

29 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2024	31 December 2023
Placements from:		
Domestic banks and other financial institutions	**108,980**	126,162
Overseas banks and other financial institutions	**287,102**	253,066
Subtotal	**396,082**	379,228
Accrued interest	**3,167**	3,062
Total	**399,249**	382,290

30 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024	31 December 2023
Financial liabilities held for trading		
Precious metal contracts	**14,386**	11,987
Financial liabilities designated at fair value through profit or loss		
Liabilities of the controlled structured entities	**517**	530
Others	**–**	80
Subtotal	**517**	610
Total	**14,903**	12,597

For the six months ended 30 June 2024 and the year ended 31 December 2023, there were no significant changes in the fair value of the Group's financial liabilities designated at fair value through profit or loss attributable to the changes in the Group's own credit risk.

31 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	30 June 2024	31 December 2023
Analyzed by type of collateral:		
Debt securities	**109,648**	96,182
Bills	**3,783**	3,621
Subtotal	**113,431**	99,803
Accrued interest	**895**	718
Total	**114,326**	100,521

The collateral pledged under repurchase agreements is disclosed in Note 45 Contingent liabilities and commitments – Collateral.

32 DUE TO CUSTOMERS

	Note	30 June 2024	31 December 2023
Demand deposits			
Corporate customers		**5,304,379**	5,538,382
Individual customers		**6,621,526**	6,666,150
Time deposits			
Corporate customers		**5,153,448**	5,068,105
Individual customers		**11,233,634**	10,453,689
Pledged deposits	(1)	**508,323**	568,312
Others		**178,953**	144,657
Subtotal		**29,000,263**	28,439,295
Accrued interest		**458,947**	459,173
Total		**29,459,210**	28,898,468

32 DUE TO CUSTOMERS (Continued)

(1) Analyzed by activity to which pledged deposits are related to:

	30 June 2024	31 December 2023
Trade finance	**185,337**	194,523
Bank acceptance	**126,726**	190,331
Letters of credit	**63,560**	76,684
Letters of guarantee and guarantees	**45,595**	49,486
Others	**87,105**	57,288
Total	**508,323**	568,312

(2) As at 30 June 2024, due to customers measured at amortized cost of the Group amounted to RMB29,430,993 million (31 December 2023: RMB28,889,726 million), due to customers measured at fair value through profit or loss of the Group amounted to RMB28,217 million (31 December 2023: RMB8,742 million). As at 30 June 2024 and 31 December 2023, the difference between the fair value of the structured deposits designated at fair value through profit or loss issued by the Group and the contractual amount payable to the holders of these products upon maturity was not material.

33 DEBT SECURITIES ISSUED

	Notes	30 June 2024	31 December 2023
Bonds issued	(1)	**633,761**	616,699
Certificates of deposit issued	(2)	**335,780**	296,543
Other debt securities issued	(3)	**1,600,529**	1,369,771
Subtotal		**2,570,070**	2,283,013
Accrued interest		**9,955**	12,908
Total		**2,580,025**	2,295,921

33 DEBT SECURITIES ISSUED (Continued)

As at 30 June 2024 and 31 December 2023, there was no default on the principal, interest or redemption related to any debt securities issued by the Group.

(1) Bonds issued

	Notes	30 June 2024	31 December 2023
2.40% CNY fixed rate Green Bonds maturing in October 2025	(i)	**15,000**	15,000
2.80% CNY fixed rate Green Bonds maturing in October 2027	(ii)	**5,000**	5,000
1.25% USD fixed rate Green Bonds maturing in January 2026	(iii)	**2,138**	2,125
2.00% USD fixed rate Green Bonds maturing in January 2027	(iv)	**2,138**	2,125
SOFR+0.63% USD float rate Green Bonds maturing in November 2026	(v)	**2,138**	2,125
4.28% Tier-two capital fixed rate bonds maturing in March 2029	(vi)	**–**	50,000
4.30% Tier-two capital fixed rate bonds maturing in April 2029	(vii)	**–**	40,000
3.10% Tier-two capital fixed rate bonds maturing in May 2030	(viii)	**40,000**	40,000
3.45% Tier-two capital fixed rate bonds maturing in June 2032	(ix)	**40,000**	40,000
3.03% Tier-two capital fixed rate bonds maturing in September 2032	(x)	**50,000**	50,000
3.49% Tier-two capital fixed rate bonds maturing in March 2033	(xi)	**45,000**	45,000
3.25% Tier-two capital fixed rate bonds maturing in September 2033	(xii)	**30,000**	30,000
3.45% Tier-two capital fixed rate bonds maturing in October 2033	(xiii)	**30,000**	30,000
2.76% Tier-two capital fixed rate bonds maturing in February 2034	(xiv)	**35,000**	–
2.32% Tier-two capital fixed rate bonds maturing in April 2034	(xv)	**30,000**	–
4.53% Tier-two capital fixed rate bonds maturing in March 2034	(xvi)	**10,000**	10,000
4.63% Tier-two capital fixed rate bonds maturing in April 2034	(xvii)	**20,000**	20,000
3.65% Tier-two capital fixed rate bonds maturing in June 2037	(xviii)	**20,000**	20,000
3.34% Tier-two capital fixed rate bonds maturing in September 2037	(xix)	**20,000**	20,000
3.61% Tier-two capital fixed rate bonds maturing in March 2038	(xx)	**25,000**	25,000
3.35% Tier-two capital fixed rate bonds maturing in September 2038	(xxi)	**30,000**	30,000
3.55% Tier-two capital fixed rate bonds maturing in October 2038	(xxii)	**30,000**	30,000
2.80% Tier-two capital fixed rate bonds maturing in February 2039	(xxiii)	**35,000**	–

33 DEBT SECURITIES ISSUED (Continued)

(1) Bonds issued (Continued)

	Notes	30 June 2024	31 December 2023
2.49% Tier-two capital fixed rate bonds maturing in April 2039	(xxiv)	**30,000**	–
Medium term notes issued	(xxv)	**41,012**	48,414
3.38% fixed rate financial bonds maturing in April 2024	(xxvi)	**–**	20,000
2.65% fixed rate financial bonds maturing in June 2026	(xxvii)	**20,000**	20,000
3.06% fixed rate financial bonds maturing in August 2024	(xxviii)	**2,500**	2,500
2.80% fixed rate financial bonds maturing in November 2026	(xxix)	**2,400**	2,400
2.50% fixed rate financial bonds maturing in February 2027	(xxx)	**2,890**	–
2.25% fixed rate financial bonds maturing in April 2027	(xxxi)	**1,600**	–
2.70% fixed rate corporate bonds maturing in April 2027	(xxxii)	**1,300**	–
2.40% fixed rate corporate bonds maturing in June 2027	(xxxiii)	**2,700**	–
3.40% fixed rate financial bonds maturing in September 2024	(xxxiv)	**2,000**	2,000
2.75% fixed rate financial bonds maturing in March 2025	(xxxv)	**6,000**	6,000
4.10% fixed rate corporate bonds maturing in April 2026	(xxxvi)	**–**	1,099
3.80% fixed rate corporate bonds maturing in June 2026	(xxxvii)	**–**	2,998
3.60% fixed rate capital replenishment bonds maturing in March 2030	(xxxviii)	**1,500**	1,500
3.67% fixed rate capital replenishment bonds maturing in March 2033	(xxxix)	**3,500**	3,500
Total nominal value		**633,816**	616,786
Less: Unamortized issuance cost and discounts		**(55)**	(87)
Total		**633,761**	616,699

Pursuant to the approval by relevant regulatory authorities, the bonds issued by the Group are set out as below:

(i) The CNY green bonds issued in October 2022 have a maturity of 3 years, with a fixed coupon rate of 2.40%, payable annually.

(ii) The CNY green bonds issued in October 2022 have a maturity of 5 years, with a fixed coupon rate of 2.80%, payable annually.

33 DEBT SECURITIES ISSUED (Continued)

(1) Bonds issued (Continued)

(iii) The USD green bonds issued in January 2021 have a maturity of 5 years, with a fixed coupon rate of 1.25%, payable semi-annually.

(iv) The USD green bonds issued in January 2022 have a maturity of 5 years, with a fixed coupon rate of 2.00%, payable semi-annually.

(v) The USD green bonds issued in November 2023 have a maturity of 3 year, with a float coupon rate of SOFR+0.63%, payable quarterly.

(vi) The Tier-two capital bonds issued in March 2019 have a maturity of 10 years, with a fixed coupon rate of 4.28% payable annually. The Bank has an option to redeem part or all of the bonds at face value in March 2024 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements. The Bank redeemed all of the bonds at face value on 19 March 2024.

(vii) The Tier-two capital bonds issued in April 2019 have a maturity of 10 years, with a fixed coupon rate of 4.30% payable annually. The Bank has an option to redeem part or all of the bonds at face value in April 2024 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements. The Bank redeemed all of the bonds at face value on 11 April 2024.

(viii) The Tier-two capital bonds issued in April 2020 have a maturity of 10 years, with a fixed coupon rate of 3.10% payable annually. The Bank has an option to redeem part or all of the bonds at face value in May 2025 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(ix) The Tier-two capital bonds issued in June 2022 have a maturity of 10 years, with a fixed coupon rate of 3.45% payable annually. The Bank has an option to redeem part or all of the bonds at face value in June 2027 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(x) The Tier-two capital bonds issued in September 2022 have a maturity of 10 years, with a fixed coupon rate of 3.03% payable annually. The Bank has an option to redeem part or all of the bonds at face value in September 2027 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(xi) The Tier-two capital bonds issued in March 2023 have a maturity of 10 years, with a fixed coupon rate of 3.49% payable annually. The Bank has an option to redeem part or all of the bonds at face value in March 2028 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

33 DEBT SECURITIES ISSUED (Continued)

(1) Bonds issued (Continued)

(xii) *The Tier-two capital bonds issued in September 2023 have a maturity of 10 years, with a fixed coupon rate of 3.25% payable annually. The Bank has an option to redeem part or all of the bonds at face value in September 2028 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.*

(xiii) *The Tier-two capital bonds issued in October 2023 have a maturity of 10 years, with a fixed coupon rate of 3.45% payable annually. The Bank has an option to redeem part or all of the bonds at face value in October 2028 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.*

(xiv) *The Tier-two capital bonds issued in February 2024 have a maturity of 10 years, with a fixed coupon rate of 2.76% payable annually. The Bank has an option to redeem part or all of the bonds at face value in February 2029 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.*

(xv) *The Tier-two capital bonds issued in April 2024 have a maturity of 10 years, with a fixed coupon rate of 2.32% payable annually. The Bank has an option to redeem part or all of the bonds at face value in April 2029 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.*

(xvi) *The Tier-two capital bonds issued in March 2019 have a maturity of 15 years, with a fixed coupon rate of 4.53% payable annually. The Bank has an option to redeem part or all of the bonds at face value in March 2029 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.*

(xvii) *The Tier-two capital bonds issued in April 2019 have a maturity of 15 years, with a fixed coupon rate of 4.63% payable annually. The Bank has an option to redeem part or all of the bonds at face value in April 2029 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.*

(xviii) *The Tier-two capital bonds issued in June 2022 have a maturity of 15 years, with a fixed coupon rate of 3.65% payable annually. The Bank has an option to redeem part or all of the bonds at face value in June 2032 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.*

(xix) *The Tier-two capital bonds issued in September 2022 have a maturity of 15 years, with a fixed coupon rate of 3.34% payable annually. The Bank has an option to redeem part or all of the bonds at face value in September 2032 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.*

33 DEBT SECURITIES ISSUED (Continued)

(1) Bonds issued (Continued)

(xx) The Tier-two capital bonds issued in March 2023 have a maturity of 15 years, with a fixed coupon rate of 3.61% payable annually. The Bank has an option to redeem part or all of the bonds at face value in March 2033 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(xxi) The Tier-two capital bonds issued in September 2023 have a maturity of 15 years, with a fixed coupon rate of 3.35% payable annually. The Bank has an option to redeem part or all of the bonds at face value in September 2033 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(xxii) The Tier-two capital bonds issued in October 2023 have a maturity of 15 years, with a fixed coupon rate of 3.55% payable annually. The Bank has an option to redeem part or all of the bonds at face value in October 2033 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(xxiii) The Tier-two capital bonds issued in February 2024 have a maturity of 15 years, with a fixed coupon rate of 2.80% payable annually. The Bank has an option to redeem part or all of the bonds at face value in February 2034 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

(xxiv) The Tier-two capital bonds issued in April 2024 have a maturity of 15 years, with a fixed coupon rate of 2.49% payable annually. The Bank has an option to redeem part or all of the bonds at face value in April 2034 if specified redemption conditions as stipulated in the offering documents were met, subject to regulatory approval. These Tier-two capital bonds have the write-down feature of a Tier-two capital instrument and they are qualified as Tier-two Capital Instruments in accordance with the NFRA requirements.

33 DEBT SECURITIES ISSUED (Continued)

(1) Bonds issued (Continued)

(xxv) The medium term notes ("MTNs") were issued by the Overseas Operations of the Group and are measured at amortized cost. The details of MTNs issued were as follows:

	30 June 2024		
	Maturity dates ranging from	***Coupon rates (%)***	***Outstanding balance***
Fixed rate RMB MTNs	***January 2025 to September 2026***	***2.97-2.99***	***2,941***
Fixed rate HKD MTNs	***November 2025***	***4.75***	***1,369***
Fixed rate USD MTNs	***September 2024 to March 2027***	***1.10-2.25***	***28,863***
Floating rate USD MTNs	***August 2025 to April 2027***	***SOFR+48bps -SOFR+63bps***	***7,839***
Total			***41,012***

	31 December 2023		
	Maturity dates ranging from	*Coupon rates (%)*	*Outstanding balance*
Fixed rate RMB MTNs	*March 2024 to September 2026*	*2.70 – 2.99*	*4,584*
Fixed rate HKD MTNs	*November 2025*	*4.75*	*1,359*
Fixed rate USD MTNs	*January 2024 to March 2027*	*0.70 – 2.25*	*35,400*
Floating rate USD MTNs	*August 2025*	*SOFR+50bps*	*7,071*
Total			*48,414*

(xxvi) The fixed rate financial bonds issued by ABC in April 2021 have a maturity of 3 years, with a fixed coupon rate of 3.38%, payable annually. The bonds matured on 13 April 2024.

(xxvii) The fixed rate financial bonds issued by ABC in June 2023 have a maturity of 3 years, with a fixed coupon rate of 2.65%, payable annually.

(xxviii) The fixed rate financial bonds issued by ABC Financial Leasing Co., Ltd. in August 2021 have a maturity of 3 years, with a fixed coupon rate of 3.06%, payable annually. The bonds matured on 18 August 2024.

(xxix) The fixed rate financial bonds issued by ABC Financial Leasing Co., Ltd. in November 2023 have a maturity of 3 years, with a fixed coupon rate of 2.80%, payable annually.

(xxx) The fixed rate financial bonds issued by ABC Financial Leasing Co., Ltd. in February 2024 have a maturity of 3 years, with a fixed coupon rate of 2.50%, payable annually.

(xxxi) The fixed rate financial bonds issued by ABC Financial Leasing Co., Ltd. in April 2024 have a maturity of 3 years, with a fixed coupon rate of 2.25%, payable annually.

33 DEBT SECURITIES ISSUED (Continued)

(1) Bonds issued (Continued)

(xxxii) The fixed rate corporate bonds issued by ABCI Investment Suzhou Corporation Limited in April 2024 have a maturity of 3 years, with a fixed coupon rate of 2.70%, payable annually.

(xxxiii) The fixed rate corporate bonds issued by ABCI China Investment Corporation Limited in June 2024 have a maturity of 3 years, with a fixed coupon rate of 2.40%, payable annually.

(xxxiv) The fixed rate financial bonds issued by ABC Financial Asset Investment Co., Ltd. in September 2019 have a maturity of 5 years, with a fixed coupon rate of 3.40%, payable annually.

(xxxv) The fixed rate financial bonds issued by ABC Financial Asset Investment Co., Ltd. in March 2020 have a maturity of 5 years, with a fixed coupon rate of 2.75%, payable annually.

(xxxvi) The fixed rate corporate bonds issued by ABCI Investment Suzhou Corporation Limited in April 2021 have a maturity of 5 years, with a fixed coupon rate of 4.10%, payable annually. ABCI Investment Suzhou Corporation Limited redeemed all of the bonds at face value on 22 April 2024.

(xxxvii) The fixed rate corporate bonds issued by ABCI China Investment Corporation Limited in June 2021 have a maturity of 5 years, with a fixed coupon rate of 3.80%, payable annually. ABCI China Investment Corporation Limited redeemed all of the bonds at face value on 11 June 2024.

(xxxviii) The fixed rate capital replenishment bonds issued by ABC Life Insurance in March 2020 have a maturity of 10 years, with a fixed coupon rate of 3.60%, payable annually. ABC Life Insurance has an option to redeem all of the bonds at face value in March 2025. If ABC Life Insurance does not exercise this option, the coupon rate of the bonds would increase to 4.60% per annum from 30 March 2025 onwards.

(xxxix) The fixed rate capital replenishment bonds issued by ABC Life Insurance in March 2023 have a maturity of 10 years, with a fixed coupon rate of 3.67%, payable annually. ABC Life Insurance has an option to redeem all of the bonds at face value in March 2028. If ABC Life Insurance does not exercise this option, the coupon rate of the bonds would increase to 4.67% per annum from 31 March 2028 onwards.

(2) The certificates of deposit were issued by the Overseas Operations of the Group and were measured at amortized cost. As at 30 June 2024, the terms of the certificates of deposit ranged from seven days to five years, with interest rates ranging from 0.00% to 6.06% per annum. (As at 31 December 2023, the terms of the certificates of deposit ranged from seven days to five years, with interest rates ranging from 0.00% to 6.06% per annum.)

(3) Other debt securities issued by the Group are commercial papers and interbank certificates of deposit.

(i) The commercial papers were issued by the Overseas Operations of the Group and were measured at amortized cost. As at 30 June 2024, the terms of the commercial papers ranged from one month to one year, with interest rates ranging from 0.00% to 5.63% per annum (As at 31 December 2023, the terms of the commercial papers ranged from one month to eight months, with interest rates ranging from 0.00% to 5.84% per annum.)

(ii) The interbank certificates of deposit were issued by the Bank's Head Office. As at 30 June 2024, the terms of the interbank certificates of deposit ranged from three months to one year, with interest rates ranging from 1.85% to 2.63% per annum (As at 31 December 2023, the terms of the interbank certificates of deposit ranged from one month to one year, with interest rates ranging from 2.18% to 2.75% per annum.)

34 OTHER LIABILITIES

	Notes	30 June 2024	31 December 2023
Clearing and settlement		**193,618**	96,067
Insurance liabilities		**176,358**	149,169
Staff costs payable	(1)	**65,554**	78,601
Provision	(2)	**35,170**	43,674
Other payable		**27,059**	25,543
VAT and other taxes payable		**11,991**	9,752
Lease liabilities	(3)	**11,597**	11,699
Income taxes payable		**6,750**	39,523
Amount payable to the MOF		**417**	302
Others		**22,690**	23,598
Total		**551,204**	477,928

(1) Staff costs payable

	Notes	30 June 2024	31 December 2023
Short-term employee benefits	(i)	**64,270**	76,127
Defined contribution benefits	(ii)	**829**	1,937
Early retirement benefits	(iii)	**455**	537
Total		**65,554**	78,601

(i) Short-term employee benefits

		Six months ended 30 June 2024			
	Note	1 January	Increase	Decrease	30 June
Salaries, bonuses, allowances and subsidies	(a)	**58,165**	**43,505**	**(56,383)**	**45,287**
Housing funds	(a)	**120**	**5,293**	**(5,335)**	**78**
Social insurance including:	(a)	**321**	**3,350**	**(3,397)**	**274**
— Medical insurance		**294**	**3,163**	**(3,205)**	**252**
— Maternity insurance		**15**	**95**	**(99)**	**11**
— Employment injury insurance		**12**	**92**	**(93)**	**11**
Labor union fees and staff education expenses		**11,123**	**1,497**	**(834)**	**11,786**
Others		**6,398**	**3,252**	**(2,805)**	**6,845**
Total		**76,127**	**56,897**	**(68,754)**	**64,270**

34 OTHER LIABILITIES (Continued)

(1) Staff costs payable (Continued)

(i) *Short-term employee benefits (Continued)*

	Note	Year ended 31 December 2023			
		1 January	Increase	Decrease	31 December
Salaries, bonuses, allowances and subsidies	(a)	51,985	102,144	(95,964)	58,165
Housing funds	(a)	177	10,326	(10,383)	120
Social insurance including:	(a)	338	6,463	(6,480)	321
— Medical insurance		310	6,100	(6,116)	294
— Maternity insurance		15	189	(189)	15
— Employment injury insurance		13	174	(175)	12
Labor union fees and staff education expenses		10,698	3,885	(3,460)	11,123
Others		5,622	10,572	(9,796)	6,398
Total		68,820	133,390	(126,083)	76,127

(a) Salaries, bonuses, allowances and subsidies, housing funds and social insurance are timely distributed and paid in accordance with the relevant laws and regulations and the Group's policy.

(ii) *Defined contribution benefits*

	Six months ended 30 June 2024			
	1 January	**Increase**	**Decrease**	**30 June**
Basic pensions	**607**	**6,304**	**(6,367)**	**544**
Unemployment insurance	**45**	**251**	**(253)**	**43**
Annuity Scheme	**1,285**	**3,573**	**(4,616)**	**242**
Total	**1,937**	**10,128**	**(11,236)**	**829**

	Year ended 31 December 2023			
	1 January	Increase	Decrease	31 December
Basic pensions	628	11,973	(11,994)	607
Unemployment insurance	64	415	(434)	45
Annuity Scheme	1,199	8,051	(7,965)	1,285
Total	1,891	20,439	(20,393)	1,937

The defined contribution benefits are timely distributed and paid in accordance with the relevant laws and regulations and the Group's policy. There was no forfeited contribution available to reduce the contribution payable by the Group under the above schemes.

34 OTHER LIABILITIES (Continued)

(1) Staff costs payable (Continued)

(iii) Early retirement benefits

	Six months ended 30 June 2024			
	1 January	**Increase**	**Decrease**	**30 June**
Early retirement benefits	**537**	**14**	**(96)**	**455**

	Year ended 31 December 2023			
	1 January	Increase	Decrease	31 December
Early retirement benefits	758	13	(234)	537

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	30 June 2024	31 December 2023
Discount rate	**1.90%**	2.39%
Annual average medical expense growth rate	**8.00%**	8.00%
Annual subsidies growth rate	**8.00%**	8.00%
Normal retirement age		
— Male	**60**	60
— Female	**55**	55

Assumptions regarding future mortality experience are based on the China Life Insurance Mortality Table (published historical statistics in China).

Any difference arising from the actual result or changes in assumptions may affect the amount of expense recognized in the consolidated interim income statement.

(2) Provision

	30 June 2024	31 December 2023
Loan commitments and financial guarantee contracts	**18,712**	27,485
Litigation provision	**5,450**	5,629
Others	**11,008**	10,560
Total	**35,170**	43,674

34 OTHER LIABILITIES (Continued)

(3) Lease liabilities

The table below summarizes the maturity analysis of lease liabilities:

	30 June 2024	31 December 2023
Less than 1 year	**4,216**	3,996
1 – 5 years	**6,995**	7,174
Over 5 years	**1,149**	1,290
Total undiscounted lease liabilities	**12,360**	12,460
Lease liabilities	**11,597**	11,699

35 ORDINARY SHARES

	30 June 2024	
	Number of shares (millions)	**Nominal value**
Domestic listed A shares, par value RMB1.00 per share	**319,244**	**319,244**
Overseas listed H shares, par value RMB1.00 per share	**30,739**	**30,739**
Total	**349,983**	**349,983**

	31 December 2023	
	Number of shares (millions)	Nominal value
Domestic listed A shares, par value RMB1.00 per share	319,244	319,244
Overseas listed H shares, par value RMB1.00 per share	30,739	30,739
Total	349,983	349,983

(1) A shares refer to the ordinary shares listed in Chinese mainland. They are offered and traded in RMB. H shares refer to the ordinary shares listed in Hong Kong SAR. Their par value is denominated in RMB when they were initially offered and are currently traded in HKD.

(2) As at 30 June 2024 and 31 December 2023, the Bank's A shares and H shares were not subject to lock-up restriction.

36 OTHER EQUITY INSTRUMENTS

(1) Preference shares

Preference shares	Notes	Dividend rate	Issued price (RMB yuan)	Issued number of shares (millions)	Issued nominal value (millions)	Maturity date	Conversion
First tranche	(a)	6.00% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	400	40,000	No maturity date	No conversion during the period
Second tranche	(b)	5.50% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	400	40,000	No maturity date	No conversion during the period
Total					80,000		

The Bank was authorized to issue no more than 800 million preference shares of RMB100 each, pursuant to the approval by its ordinary equity holders and relevant regulatory authorities.

(a) The first tranche of 400 million preference shares was issued at par in November 2014. The first tranche of preference shares bears a dividend rate of 6.00% per annum; dividends are non-cumulative and where payable, are paid annually, for the first five years from issuance. The dividend rate will be re-priced every five years thereafter with reference to the five-year PRC treasury bonds yield plus a fixed premium of 2.29%. The first five-year dividend period expired on 1 November 2019. During the second dividend period beginning from 5 November 2019, the base rate and fixed premium are 3.03% and 2.29%, respectively, and the coupon rate is 5.32%. The dividend is paid annually.

(b) The second tranche of 400 million preference shares was issued at par in March 2015. The second tranche of preference shares bears a dividend rate of 5.50% per annum; dividends are non-cumulative and where payable, are paid annually, for the first five years from issuance. The dividend rate will be re-priced every five years thereafter with reference to the five-year PRC treasury bonds yield plus a fixed premium of 2.24%. The first five-year dividend period expired on 6 March 2020. During the second dividend period beginning from 11 March 2020, the base rate and fixed premium are 2.60% and 2.24%, respectively, and the coupon rate is 4.84%. The dividend is paid annually.

As authorized by the ordinary equity holders in the annual general meeting, the Board of Directors has the sole discretion to declare and distribute dividends on preference shares. The Bank shall not distribute any dividends to its ordinary equity holders before it declares such dividends to preference shareholders for the relevant period. The distribution of preference shares dividend is at the Bank's discretion and is non-cumulative. Preference shareholders are not entitled to participate in the distribution of retained earnings except for the dividends stated above.

The Bank has a redemption option when specified conditions as stipulated in the offering documents are met, subject to regulatory approval, whereas preference shareholders have no right to request the Bank to redeem the preference shares.

36 OTHER EQUITY INSTRUMENTS (Continued)

(1) Preference shares (Continued)

Upon liquidation, the claims of preference shareholders have priority over ordinary equity holders on the residual assets of the Bank, but are subordinated to those of depositors, general creditors, Tier-two Capital Instruments holders or any other subordinated debt holders with equivalent rights.

Upon occurrence of the triggering events as stipulated in paragraph 2(1) of the Guidance of the NFRA on Amendments to Commercial Banks' Innovation on Capital Instruments (NFRA No. 42 [2019]) and subject to regulatory approval, the first tranche of preference shares and the second tranche of preference shares shall be mandatorily converted into ordinary A shares of the Bank at the conversion price agreed, partially or entirely. The initial conversion price of the preference shares issued by the Bank was RMB2.43 per share. In June 2018, the Bank has issued 25,189 million ordinary A shares to specific investors. The conversion price of the preference shares will be adjusted where certain events occur including bonus issues, rights issue, capitalization of reserves and new issuances of ordinary shares, subject to terms and formulas provided in the offering documents, to maintain the relative interests between preference shareholders and ordinary equity holders. Upon completion of the private placement of ordinary shares by the Bank, the mandatory conversion price of the first tranche of preference shares and the second tranche of preference shares issued by the Bank will be adjusted from RMB2.43 per share to RMB2.46 per share.

These preference shares are classified as equity instruments, and presented as equity in the condensed consolidated interim statement of financial position, and are qualified as Additional Tier-one Capital Instruments in accordance with the NFRA requirements.

The carrying amount of the preference shares issued by the Bank, net of direct issuance expenses, was RMB79,899 million as at 30 June 2024 (31 December 2023: RMB79,899 million).

36 OTHER EQUITY INSTRUMENTS (Continued)

(2) Perpetual bonds

Perpetual bonds	Notes	Interest rate	Issued price (RMB yuan)	Issued number of shares (millions)	Issued nominal value (millions)	Maturity date	Conversion
Undated tier 1 capital bonds in 2019-first tranche	(a)(i)	4.39% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	850	85,000	No maturity date	Not Applicable
Undated tier 1 capital bonds in 2019-second tranche	(a)(ii)	4.20% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	350	35,000	No maturity date	Not Applicable
Undated tier 1 capital bonds in 2020-first tranche	(b)(i)	3.48% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	850	85,000	No maturity date	Not Applicable
Undated tier 1 capital bonds in 2020-second tranche	(b)(ii)	4.50% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	350	35,000	No maturity date	Not Applicable
Undated tier 1 capital bonds in 2021-first tranche	(c)(i)	3.76% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	400	40,000	No maturity date	Not Applicable
Undated tier 1 capital bonds in 2022-first tranche	(c)(ii)	3.49% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	500	50,000	No maturity date	Not Applicable
Undated tier 1 capital bonds in 2022-second tranche	(c)(iii)	3.17% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	300	30,000	No maturity date	Not Applicable
Undated tier 1 capital bonds in 2023-first tranche	(d)(i)	3.21% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	400	40,000	No maturity date	Not Applicable
Undated tier 1 capital bonds in 2024-first tranche	(d)(ii)	2.73% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	400	40,000	No maturity date	Not Applicable
Undated tier 1 capital bonds in 2024-second tranche	(d)(iii)	2.46% per annum for the first 5 years after issuance, and re-priced every 5 years as stated below	100	600	60,000	No maturity date	Not Applicable
Total					500,000		

36 OTHER EQUITY INSTRUMENTS (Continued)

(2) Perpetual bonds (Continued)

Perpetual bonds, as shown in the condensed consolidated interim statement of financial position, are capital bonds with no fixed maturity issued by the Bank.

(a) With the approval from the annual general meeting and regulatory authorities, the Bank was permitted to issue undated additional tier 1 capital bonds ("Perpetual bonds" or the "Bonds") of an amount no more than RMB120 billion in 2019.

(i) The Bank issued undated additional tier 1 capital bonds (first tranche) with the amount of RMB85 billion in the national interbank bond market on 16 August 2019, and the issuance was completed on 20 August 2019. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 4.39%. The Bank redeemed all bonds on 20 August 2024 at par value.

(ii) The Bank issued undated additional tier 1 capital bonds (second tranche) with the amount of RMB35 billion in the national interbank bond market on 3 September 2019, and the issuance was completed on 5 September 2019. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 4.20%.

(b) With the approval from the annual general meeting and regulatory authorities, the Bank was granted to issue undated additional tier 1 capital bonds of an amount no more than RMB120 billion in 2020.

(i) The Bank issued undated additional tier 1 capital bonds (first tranche) with the amount of RMB85 billion in the national interbank bond market on 8 May 2020, and the issuance was completed on 12 May 2020. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 3.48%.

(ii) The Bank issued undated additional tier 1 capital bonds (second tranche) with the amount of RMB35 billion in the national interbank bond market on 20 August 2020, and the issuance was completed on 24 August 2020. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 4.50%.

(c) With the approval from the annual general meeting and regulatory authorities, the Bank was granted to issue undated additional tier 1 capital bonds of an amount no more than RMB120 billion in 2021.

(i) The Bank issued undated additional tier 1 capital bonds (first tranche) with the amount of RMB40 billion in the national interbank bond market on 12 November 2021, and the issuance was completed on 16 November 2021. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 3.76%.

36 OTHER EQUITY INSTRUMENTS (Continued)

(2) Perpetual bonds (Continued)

(ii) The Bank issued undated additional tier 1 capital bonds (first tranche) with the amount of RMB50 billion in the national interbank bond market on 18 February 2022, and the issuance was completed on 22 February 2022. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 3.49%.

(iii) The Bank issued undated additional tier 1 capital bonds (second tranche) with the amount of RMB30 billion in the national interbank bond market on 1 September 2022, and the issuance was completed on 5 September 2022. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 3.17%.

(d) With the approval from the annual general meeting and regulatory authorities, the Bank was granted to issue undated additional tier 1 capital bonds of an amount no more than RMB200 billion in 2023.

(i) The Bank issued undated additional tier 1 capital bonds (first tranche) with the amount of RMB40 billion in the national interbank bond market on 24 August 2023, and the issuance was completed on 28 August 2023. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 3.21%.

(ii) The Bank issued undated additional tier 1 capital bonds (first tranche) with the amount of RMB40 billion in the national interbank bond market on 13 March 2024, and the issuance was completed on 15 March 2024. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 2.73%.

(iii) The Bank issued undated additional tier 1 capital bonds (second tranche) with the amount of RMB60 billion in the national interbank bond market on 3 June 2024, and the issuance was completed on 5 June 2024. The denomination of the Bonds is RMB100 each. The Bonds do not have any step-up mechanism or any other incentive to redeem. The distribution rate of the Bonds will be adjusted at defined intervals and determined by a benchmark rate plus a fixed spread, with a distribution rate adjustment period every 5 years, and the annual coupon rate for the first five years is 2.46%.

The duration of the Perpetual bonds is the same as the continuing operation of the Bank. Subject to the satisfaction of the redemption conditions and having obtained the prior approval of the NFRA, the Bank may redeem the Bonds in whole or in part on each distribution payment date from the fifth anniversary since the issuance date of the Bonds. Upon the occurrence of a trigger event for write-downs, with the approval of the NFRA and without the need for the consent of the holders of the Bonds, the Bank has the right to write down all or part of the aggregate amount of the Bonds then issued and outstanding. The claims of the holders of the Bonds will be subordinated to the claims of depositors, general creditors and subordinated indebtedness that ranks senior to the Bonds; and shall rank in priority to all classes of shares held by shareholders and will rank pari passu with the claims in respect of any other additional tier 1 capital instruments of the Bank that rank pari passu with the Bonds.

36 OTHER EQUITY INSTRUMENTS (Continued)

(2) Perpetual bonds (Continued)

The distributions on the Perpetual bonds are non-cumulative. The Bank shall have the right to cancel distributions on the Bonds in whole or in part and any such cancellation shall not constitute an event of default. The Bank may at its discretion use the proceeds from the cancelled distribution to meet other obligations as they fall due. But the Bank shall not make any distribution to ordinary shareholders until its decision to resume the distribution payments in whole to the holders of the Bonds.

The net proceeds from the issuance of the Perpetual bonds were used to replenish the Bank's additional tier 1 capital.

The carrying amount of the undated additional tier 1 capital bonds issued by the Bank, net of direct issuance expenses, was RMB499,966 million as at 30 June 2024 (31 December 2023: RMB399,968 million).

37 CAPITAL RESERVE

The capital reserve mainly represents the premium related to ordinary shares publicly issued by the Bank in 2010 and private placement of ordinary shares to the specific shareholders in 2018. Share premium was recorded in the capital reserve after deducting direct issuance expenses, which consisted primarily of underwriting fees and professional fees.

38 OTHER COMPREHENSIVE INCOME

	Six months ended 30 June 2024		
	Gross carrying amount	Tax effect	Net effect
31 December 2023	54,514	(13,008)	41,506
Fair value changes on debt instruments at fair value through other comprehensive income:			
— Amount of gains recognized directly in other comprehensive income	27,127	(6,758)	20,369
— Amount removed from other comprehensive income and recognized in profit or loss	(1,801)	450	(1,351)
Loss allowance on debt instruments at fair value through other comprehensive income	(6,083)	1,541	(4,542)
Fair value changes on other equity investments at fair value through other comprehensive income:			
— Amount of gains recognized directly in other comprehensive income	138	(29)	109
— Transferred to retained earnings	(23)	–	(23)
Foreign currency translation reserve	136	–	136
Others	(3,517)	886	(2,631)
30 June 2024	70,491	(16,918)	53,573

38 OTHER COMPREHENSIVE INCOME (Continued)

	Year ended 31 December 2023		
	Gross carrying amount	Tax effect	Net effect
31 December 2022	47,542	(11,655)	35,887
Changes in accounting policies	665	(157)	508
1 January 2023	48,207	(11,812)	36,395
Fair value changes on debt instruments at fair value through other comprehensive income:			
— Amount of gains recognized directly in other comprehensive income	16,153	(4,117)	12,036
— Amount removed from other comprehensive income and recognized in profit or loss	(521)	130	(391)
Loss allowance on debt instruments at fair value through other comprehensive income	(8,821)	2,488	(6,333)
Fair value changes on other equity investments at fair value through other comprehensive income:			
— Amount of gains recognized directly in other comprehensive income	612	(167)	445
— Transferred to retained earnings	(1)	–	(1)
Foreign currency translation reserve	766	–	766
Others	(1,881)	470	(1,411)
31 December 2023	54,514	(13,008)	41,506

39 SURPLUS RESERVE

Under PRC Law, the Bank is required to transfer 10% of its net profit determined under the PRC GAAP to a non-distributable statutory surplus reserve. Appropriation to the statutory surplus reserve may cease when the balance of this reserve has reached 50% of share capital. In addition, certain subsidiaries and overseas branches also appropriated surplus reserves in accordance with local requirements.

Subject to the approval of the ordinary equity holders, the statutory surplus reserves can be used for replenishing accumulated losses or increasing the Bank's ordinary share capital. The statutory surplus reserves amount used to increase the ordinary share capital is limited to a level where the balance of the statutory surplus reserves after such capitalization is not less than 25% of the ordinary share capital.

40 GENERAL RESERVE

Pursuant to Caijin [2012] No. 20 "Requirements on Impairment Allowance for Financial Institutions" (the "Requirement") issued by the MOF, effective on 1 July 2012, in addition to impairment allowance, the Bank establishes a general reserve within ordinary equity holders' equity through the appropriation of profit to address unidentified potential losses. The general reserve should not be less than 1.5% of the aggregate amount of risk assets as defined by the Requirement. The general reserve includes regulatory reserve appropriated by the Bank's overseas branches pursuant to local regulatory requirements.

Pursuant to relevant PRC domestic regulatory requirements, some domestic subsidiaries of the Bank are required to appropriate certain amounts of their net profit as general reserves.

For the six months ended 30 June 2024, the Group transferred RMB76,258 million (six months ended 30 June 2023: RMB67,850 million) to the general reserve pursuant to the regulatory requirements in the PRC and overseas jurisdictions. Of this amount, RMB75,629 million (six months ended 30 June 2023: RMB67,557 million) related to the appropriation proposed for the year ended 31 December 2023 which was approved at the annual general meeting held on 21 May 2024.

41 CASH AND CASH EQUIVALENTS

For the purpose of the condensed consolidated interim statement of cash flows, cash and cash equivalents include the following balances with an original maturity of three months or less:

	30 June 2024	30 June 2023
Cash	**63,797**	67,075
Balance with central banks	**592,995**	498,848
Deposits with banks and other financial institutions	**89,117**	222,135
Placements with and loans to banks and other financial institutions	**101,846**	116,635
Financial assets held under resale agreements	**730,570**	1,871,545
Total	**1,578,325**	2,776,238

42 OPERATING SEGMENTS

Operating segments are identified on the basis of internal organizational structure, management requirements and internal management reporting rules of the Group that are regularly reviewed by the Board and relevant management committees, which constitute the chief operating decision makers, for the purposes of allocating resources to segments and assessing their performance. The Group's chief operating decision makers review three different sets of financial information based on (i) geographical locations, (ii) business activities and (iii) County Area and Urban Area banking business.

The measurement of segment assets and liabilities, as well as segment revenue, expense and results are based on the Group's accounting policies. There is no difference between the accounting policies used in the preparation of the interim financial information and those used in preparing the operating segment information.

Transactions between segments are conducted under normal commercial terms and conditions. Internal charges and transfer pricing are determined with reference to market rates and have been reflected in the performance of each segment.

Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographical operating segments

The details of the geographical operating segments are as follows:

Head Office	
Yangtze River Delta:	Shanghai, Jiangsu, Zhejiang, Ningbo
Pearl River Delta:	Guangdong, Shenzhen, Fujian, Xiamen
Bohai Rim:	Beijing, Tianjin, Hebei, Shandong, Qingdao
Central China:	Shanxi, Hubei, Henan, Hunan, Jiangxi, Hainan, Anhui
Western China:	Chongqing, Sichuan, Guizhou, Yunnan, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang (including Xinjiang Production and Construction Corps Branch), Tibet, Inner Mongolia, Guangxi
Northeastern China:	Liaoning, Heilongjiang, Jilin, Dalian
Overseas and Others:	Subsidiaries and overseas branches

42 OPERATING SEGMENTS (Continued)

Geographical operating segments (Continued)

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and Others	Eliminations	Consolidated total
For the six months ended 30 June 2024										
External interest income	219,690	103,730	65,790	55,230	68,889	92,121	11,682	26,916	–	644,048
External interest expense	(55,998)	(73,338)	(45,868)	(50,804)	(44,085)	(45,948)	(13,378)	(23,781)	–	(353,200)
Inter-segment net interest (expense)/income	(229,193)	53,359	35,354	50,509	38,985	34,983	15,159	844	–	–
Net interest income	(65,501)	83,751	55,276	54,935	63,789	81,156	13,463	3,979	–	290,848
Fee and commission income	21,620	9,093	5,828	4,670	5,501	5,614	782	575	–	53,683
Fee and commission expense	(2,359)	(1,023)	(823)	(731)	(1,044)	(1,051)	(214)	298	–	(6,947)
Net fee and commission income	19,261	8,070	5,005	3,939	4,457	4,563	568	873	–	46,736
Net trading gain/(loss)	11,572	105	77	46	63	65	23	3,807	–	15,758
Net gain/(loss) on financial investments	7,264	40	(82)	128	79	(694)	(25)	4,344	–	11,054
Net gain on derecognition of financial assets measured at amortized cost	4,263	–	–	–	–	–	–	37	–	4,300
Other operating (expense)/income	(4,396)	502	374	301	228	675	64	696	–	(1,556)
Operating income	(27,537)	92,468	60,650	59,349	68,616	85,765	14,093	13,736	–	367,140
Operating expenses	(9,026)	(19,315)	(12,841)	(13,771)	(18,139)	(24,818)	(6,179)	(4,590)	–	(108,679)
Credit impairment losses	(16,537)	(17,743)	(15,419)	(11,174)	(14,656)	(24,729)	(1,843)	1,103	–	(100,998)
Impairment losses on other assets	–	–	–	–	–	(19)	(14)	–	–	(33)
Operating (loss)/profit	(53,100)	55,410	32,390	34,404	35,821	36,199	6,057	10,249	–	157,430
Share of results of associates and joint ventures	135	–	–	–	–	–	–	(94)	–	41
(Loss)/profit before tax	(52,965)	55,410	32,390	34,404	35,821	36,199	6,057	10,155	–	157,471
Income tax expense										(20,977)
Profit for the period										136,494
Depreciation and amortization included in operating expenses	1,908	1,646	1,192	1,690	1,803	2,199	592	122	–	11,152
Capital expenditure	2,818	347	320	416	486	1,120	94	443	–	6,044
As at 30 June 2024										
Segment assets	8,501,960	8,779,902	5,634,624	7,294,661	6,204,472	7,426,468	1,772,340	1,459,296	(5,245,241)	41,828,482
Including: Investment in associates and joint ventures	2,264	–	–	–	–	–	–	5,990	–	8,254
Unallocated assets										156,071
Total assets										41,984,553
Including: Non-current assets (1)	22,388	29,959	18,390	28,500	27,250	41,940	9,427	29,088	–	206,942
Segment liabilities	(5,289,666)	(8,835,532)	(5,698,043)	(7,343,997)	(6,271,417)	(7,537,283)	(1,787,421)	(1,403,156)	5,245,199	(38,921,316)
Unallocated liabilities										(6,774)
Total liabilities										(38,928,090)
Loan commitments and financial guarantee contracts	70,941	644,016	434,967	435,219	385,747	354,946	89,341	117,473	–	2,532,650

(1) Non-current assets include property and equipment, investment properties, right-of-use assets, land use rights, intangible assets and other long-term assets.

42 OPERATING SEGMENTS (Continued)

Geographical operating segments (Continued)

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and Others	Eliminations	Consolidated total
For the six months ended 30 June 2023										
External interest income	191,623	99,351	65,867	53,891	66,129	89,531	11,596	23,093	–	601,081
External interest expense	(40,690)	(68,423)	(39,843)	(46,411)	(40,143)	(43,461)	(12,356)	(19,333)	–	(310,660)
Inter-segment net interest (expense)/income	(208,803)	49,959	29,961	45,288	36,409	33,810	13,664	(288)	–	–
Net interest income	(57,870)	80,887	55,985	52,768	62,395	79,880	12,904	3,472	–	290,421
Fee and commission income	19,894	9,916	7,394	5,601	5,950	7,187	1,009	670	–	57,621
Fee and commission expense	(1,889)	(1,184)	(911)	(653)	(946)	(931)	(208)	(168)	–	(6,890)
Net fee and commission income	18,005	8,732	6,483	4,948	5,004	6,256	801	502	–	50,731
Net trading gain/(loss)	15,351	289	35	41	28	68	15	(13)	–	15,814
Net gain/(loss) on financial investments	5,132	(57)	(100)	(348)	(40)	(682)	(110)	6,919	–	10,714
Net gain on derecognition of financial assets measured at amortized cost	229	–	–	–	–	–	–	6	–	235
Other operating (expense)/income	(6,848)	649	469	376	331	569	95	2,238	–	(2,121)
Operating income	(26,001)	90,500	62,872	57,785	67,718	86,091	13,705	13,124	–	365,794
Operating expenses	(7,499)	(19,246)	(13,358)	(13,995)	(17,958)	(24,488)	(6,231)	(4,903)	–	(107,678)
Credit impairment losses	(9,322)	(20,540)	(15,143)	(11,028)	(19,083)	(23,716)	(3,129)	(391)	–	(102,352)
Impairment losses on other assets	–	–	–	(2)	–	(18)	(6)	(2)	–	(28)
Operating (loss)/profit	(42,822)	50,714	34,371	32,760	30,677	37,869	4,339	7,828	–	155,736
Share of results of associates and joint ventures	33	–	–	–	–	–	–	200	–	233
(Loss)/profit before tax	(42,789)	50,714	34,371	32,760	30,677	37,869	4,339	8,028	–	155,969
Income tax expense										(22,138)
Profit for the period										133,831
Depreciation and amortization included in operating expenses	1,451	1,635	1,201	1,622	1,729	2,114	590	137	–	10,479
Capital expenditure	3,222	486	301	478	798	1,062	138	3,227	–	9,712
As at 31 December 2023										
Segment assets	7,558,728	8,474,485	5,518,775	7,096,125	5,829,445	7,199,820	1,702,189	1,324,190	(4,991,518)	39,712,239
Including: Investment in associates and joint ventures	2,151	–	–	–	–	–	–	6,235	–	8,386
Unallocated assets										160,750
Total assets										39,872,989
Including: Non-current assets (1)	22,161	31,104	19,109	29,538	28,509	43,033	9,911	28,814	–	212,179
Segment liabilities	(4,656,956)	(8,489,977)	(5,527,881)	(7,115,660)	(5,869,208)	(7,268,814)	(1,714,337)	(1,285,316)	4,991,564	(36,936,585)
Unallocated liabilities										(39,537)
Total liabilities										(36,976,122)
Loan commitments and financial guarantee contracts	6,248	764,394	516,437	522,572	425,483	414,311	96,407	109,913	–	2,855,765

(1) Non-current assets include property and equipment, investment properties, right-of-use assets, land use rights, intangible assets and other long-term assets.

42 OPERATING SEGMENTS (Continued)

Business operating segments

The details of the business operating segments are as follows:

Corporate banking

The corporate banking segment provides financial products and services to corporations, government agencies and financial institutions. The range of products and services includes corporate loans and advances, trade finance, corporate deposit, corporate wealth management services and other types of corporate intermediary services.

Personal banking

The personal banking segment provides financial products and services to individual customers. The range of products and services includes personal loans, personal deposit, card business, personal wealth management services and other types of personal intermediary services.

Treasury operations

The Group's treasury operations conduct money market and repurchase transactions, debt instrument investments, precious metal transactions and derivative transactions for its own accounts or on behalf of customers.

Others

Others comprise components of the Group that are not attributable to any of the above segments, along with certain assets, liabilities, income or expenses of the Head Office that could not be allocated on a reasonable basis.

42 OPERATING SEGMENTS (Continued)

Business operating segments (Continued)

	Corporate banking	Personal banking	Treasury operations	Others	Consolidated total
For the six months ended 30 June 2024					
External interest income	250,554	163,007	225,945	4,542	644,048
External interest expense	(110,220)	(140,772)	(99,324)	(2,884)	(353,200)
Inter-segment net interest (expense)/income	(10,221)	158,409	(148,188)	–	–
Net interest income	130,113	180,644	(21,567)	1,658	290,848
Fee and commission income	25,646	25,927	550	1,560	53,683
Fee and commission expense	(3,389)	(3,234)	(22)	(302)	(6,947)
Net fee and commission income	22,257	22,693	528	1,258	46,736
Net trading gain/(loss)	–	–	15,354	404	15,758
Net (loss)/gain on financial investments	(792)	(9)	7,597	4,258	11,054
Net gain on derecognition of financial assets measured at amortized cost	–	–	4,285	15	4,300
Other operating income/(expense)	545	441	(6,012)	3,470	(1,556)
Operating income	152,123	203,769	185	11,063	367,140
Operating expenses	(35,366)	(56,634)	(11,266)	(5,413)	(108,679)
Credit impairment losses	(32,984)	(57,484)	(10,333)	(197)	(100,998)
Impairment losses on other assets	(33)	–	–	–	(33)
Operating profit/(loss)	83,740	89,651	(21,414)	5,453	157,430
Share of results of associates and joint ventures	–	–	–	41	41
Profit before tax	83,740	89,651	(21,414)	5,494	157,471
Income tax expense					(20,977)
Profit for the period					136,494
Depreciation and amortization included in operating expenses	2,979	5,920	2,085	168	11,152
Capital expenditure	1,263	3,062	1,276	443	6,044
As at 30 June 2024					
Segment assets	15,085,683	8,580,760	17,656,674	505,365	41,828,482
Including: Investment in associates and joint ventures	–	–	–	8,254	8,254
Unallocated assets					156,071
Total assets					41,984,553
Segment liabilities	(11,415,787)	(18,330,583)	(8,763,558)	(411,388)	(38,921,316)
Unallocated liabilities					(6,774)
Total liabilities					(38,928,090)
Loan commitments and financial guarantee contracts	1,652,999	879,651	–	–	2,532,650

42 OPERATING SEGMENTS (Continued)

Business operating segments (Continued)

	Corporate banking	Personal banking	Treasury operations	Others	Consolidated total
For the six months ended 30 June 2023					
External interest income	231,702	169,512	196,100	3,767	601,081
External interest expense	(101,715)	(132,669)	(74,602)	(1,674)	(310,660)
Inter-segment net interest (expense)/income	(10,903)	142,559	(131,656)	–	–
Net interest income	119,084	179,402	(10,158)	2,093	290,421
Fee and commission income	36,545	18,823	459	1,794	57,621
Fee and commission expense	(3,454)	(3,264)	(22)	(150)	(6,890)
Net fee and commission income	33,091	15,559	437	1,644	50,731
Net trading gain	–	–	17,391	(1,577)	15,814
Net (loss)/gain on financial investments	(1,705)	(72)	5,622	6,869	10,714
Net gain on derecognition of financial assets measured at amortized cost	–	–	229	6	235
Other operating income/(expense)	648	569	(5,978)	2,640	(2,121)
Operating income	151,118	195,458	7,543	11,675	365,794
Operating expenses	(36,018)	(55,534)	(11,162)	(4,964)	(107,678)
Credit impairment losses	(58,034)	(36,042)	(8,357)	81	(102,352)
Impairment losses on other assets	(26)	–	–	(2)	(28)
Operating profit	57,040	103,882	(11,976)	6,790	155,736
Share of results of associates and joint ventures	–	–	–	233	233
Profit before tax	57,040	103,882	(11,976)	7,023	155,969
Income tax expense					(22,138)
Profit for the period					133,831
Depreciation and amortization included in operating expenses	2,846	5,576	1,894	163	10,479
Capital expenditure	1,529	3,506	1,449	3,228	9,712
As at 31 December 2023					
Segment assets	13,958,729	8,025,832	17,257,302	470,376	39,712,239
Including: Investment in associates and joint ventures	–	–	–	8,386	8,386
Unallocated assets					160,750
Total assets					39,872,989
Segment liabilities	(11,715,620)	(17,803,059)	(7,042,912)	(374,994)	(36,936,585)
Unallocated liabilities					(39,537)
Total liabilities					(36,976,122)
Loan commitments and financial guarantee contracts	1,946,877	908,888	–	–	2,855,765

42 OPERATING SEGMENTS (Continued)

County Area and Urban Area segments

The Group's operating segments organized by County Area and Urban Area banking business are set out as follows:

County Area banking business

The Group's County Area banking business provides a broad range of financial products and services to customers in designated County Area, through its operating branches in the counties or county-level cities throughout the PRC. The products and services mainly comprise loans, deposits, bank cards, and other types of intermediary services.

Urban Area banking business

The Group's Urban Area banking business comprises all banking activities outside of the County Area banking business, overseas branches and subsidiaries.

42 OPERATING SEGMENTS (Continued)

County Area and Urban Area segments (Continued)

	County Area banking business	Urban Area banking business	Eliminations	Consolidated total
For the six months ended 30 June 2024				
External interest income	166,802	477,246	–	644,048
External interest expense	(102,569)	(250,631)	–	(353,200)
Inter-segment net interest income/(expense)	96,003	(96,003)	–	–
Net interest income	160,236	130,612	–	290,848
Fee and commission income	21,982	31,701	–	53,683
Fee and commission expense	(2,935)	(4,012)	–	(6,947)
Net fee and commission income	19,047	27,689	–	46,736
Net trading (loss)/gain	427	15,331	–	15,758
Net (loss)/gain on financial investments	159	10,895	–	11,054
Net gain on derecognition of financial assets measured at amortized cost	–	4,300	–	4,300
Other operating income/(expense)	3,043	(4,599)	–	(1,556)
Operating income	182,912	184,228	–	367,140
Operating expenses	(49,530)	(59,149)	–	(108,679)
Credit impairment losses	(35,929)	(65,069)	–	(100,998)
Impairment losses on other assets	(27)	(6)	–	(33)
Operating profit	97,426	60,004	–	157,430
Share of results of associates and joint ventures	–	41	–	41
Profit before tax	97,426	60,045	–	157,471
Income tax expense				(20,977)
Profit for the period				136,494
Depreciation and amortization included in operating expenses	4,594	6,558	–	11,152
Capital expenditure	428	5,616	–	6,044
As at 30 June 2024				
Segment assets	14,114,863	27,813,822	(100,203)	41,828,482
Including: Investment in associates and joint ventures	–	8,254	–	8,254
Unallocated assets				156,071
Total assets				41,984,553
Segment liabilities	(13,176,022)	(25,845,497)	100,203	(38,921,316)
Unallocated liabilities				(6,774)
Total liabilities				(38,928,090)
Loan commitments and financial guarantee contracts	832,157	1,700,493	–	2,532,650

42 OPERATING SEGMENTS (Continued)

County Area and Urban Area segments (Continued)

	County Area banking business	Urban Area banking business	Eliminations	Consolidated total
For the six months ended 30 June 2023				
External interest income	156,321	444,760	–	601,081
External interest expense	(95,345)	(215,315)	–	(310,660)
Inter-segment net interest income/(expense)	95,344	(95,344)	–	–
Net interest income	156,320	134,101	–	290,421
Fee and commission income	23,727	33,894	–	57,621
Fee and commission expense	(2,864)	(4,026)	–	(6,890)
Net fee and commission income	20,863	29,868	–	50,731
Net trading (loss)/gain	(309)	16,123	–	15,814
Net (loss)/gain on financial investments	(27)	10,741	–	10,714
Net gain on derecognition of financial assets measured at amortized cost	–	235	–	235
Other operating income	2,487	(4,608)	–	(2,121)
Operating income	179,334	186,460	–	365,794
Operating expenses	(48,719)	(58,959)	–	(107,678)
Credit impairment losses	(42,282)	(60,070)	–	(102,352)
Impairment losses on other assets	(7)	(21)	–	(28)
Operating profit	88,326	67,410	–	155,736
Share of results of associates and joint ventures	–	233	–	233
Profit before tax	88,326	67,643	–	155,969
Income tax expense				(22,138)
Profit for the period				133,831
Depreciation and amortization included in operating expenses	4,260	6,219	–	10,479
Capital expenditure	1,170	8,542	–	9,712
As at 31 December 2023				
Segment assets	13,702,772	26,178,127	(168,660)	39,712,239
Including: Investment in associates and joint ventures	–	8,386	–	8,386
Unallocated assets				160,750
Total assets				39,872,989
Segment liabilities	(12,735,059)	(24,370,186)	168,660	(36,936,585)
Unallocated liabilities				(39,537)
Total liabilities				(36,976,122)
Loan commitments and financial guarantee contracts	1,016,655	1,839,110	–	2,855,765

43 RELATED PARTY TRANSACTIONS

(1) The Group and the MOF

As at 30 June 2024, the MOF directly owned 35.29% (31 December 2023: 35.29%) of the ordinary shares of the Bank.

The MOF is a Chinese government ministry, primarily responsible for managing state fiscal revenue and expenditures, and establishing and enforcing taxation policies. It reports to the Chinese State Council.

The Group enters into transactions with the MOF in its ordinary course of business under normal commercial terms. Details of the major balances and transactions are as follows:

	30 June 2024		31 December 2023	
	Balance	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Assets				
Treasury bonds and special government bond	**2,309,512**	**17.97%**	1,345,831	12.00%
Receivable from the MOF	**344,345**	**2.68%**	340,595	3.04%
Liabilities				
Due to customers	**2,654**	**0.01%**	2,935	0.01%
Other liabilities				
— Redemption of treasury bonds on behalf of the MOF	**–**	**–**	4	0.00%
— Amount payable to the MOF	**417**	**0.08%**	302	0.06%

	Six months ended 30 June			
	2024		2023	
	Amount	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest income	**32,051**	**4.98%**	18,516	3.08%
Interest expense	**(34)**	**0.01%**	(44)	0.01%
Fee and commission income	**707**	**1.32%**	753	1.31%
Net trading gain	**76**	**0.48%**	121	0.77%

Interest rate ranges for transactions with the MOF for the six months ended 30 June 2024 are as follows:

	Six months ended 30 June	
	2024 %	2023 %
Treasury bonds and receivable from the MOF	**0.00-9.00**	0.00-9.00
Due to customers	**0.0001-3.96**	0.0001-5.49

The Group's redemption commitment for treasury bonds underwriting is disclosed in Note 45 Contingent liabilities and commitments.

43 RELATED PARTY TRANSACTIONS (Continued)

(2) The Group and Huijin

Central Huijin Investment Ltd. ("Huijin") is a wholly state-owned company through state investment in accordance with the Company Law of the PRC, which is incorporated with authorized capital of RMB828,209 million in Beijing, PRC. The State Council has authorized Huijin to make equity investments in major state-owned financial institutions to preserve and increase the value of these state-owned financial assets. Huijin can exercise rights and shall assume obligations on major state-owned financial institutions as an investor on behalf of the state to the extent of its capital contribution. Huijin does not engage in other commercial activities nor intervene in the normal operations of major state-owned financial institutions which are controlled by Huijin.

As at 30 June 2024, Huijin directly owned 40.14% (31 December 2023: 40.14%) of the ordinary shares of the Bank.

Transactions with Huijin

The Group enters into transactions with Huijin in its ordinary course of business. These balances and transactions are priced based on market prices and conducted under normal commercial terms. Details of the major balances and transactions are as follows:

	30 June 2024		31 December 2023	
	Balance	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Assets				
Loans and advances to customers	**90,168**	**0.38%**	12,009	0.06%
Financial investments	**40,794**	**0.32%**	36,044	0.32%
Liabilities				
Due to customers	**19,921**	**0.07%**	13,566	0.05%

	Six months ended 30 June			
	2024		2023	
	Amount	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest income	**1,686**	**0.26%**	832	0.14%
Interest expense	**(126)**	**0.04%**	(36)	0.01%
Net trading gain	**0**	**0.00%**	1	0.01%

Interest rate ranges for transactions with Huijin for the six months ended 30 June 2024 are as follows:

	Six months ended 30 June	
	2024 %	2023 %
Loans and advances to customers	**2.70**	2.80
Financial investments	**2.08-4.20**	2.28-8.00
Due to customers	**0.20-1.90**	0.40-1.75

43 RELATED PARTY TRANSACTIONS (Continued)

(2) The Group and Huijin (Continued)

Transactions with companies under Huijin

Huijin has equity interests in certain other banks and financial institutions under the direction of the Central Government. The Group enters into transactions with these banks and financial institutions in the ordinary course of business. These balances and transactions are priced based on market prices and conducted under normal commercial terms. Details of the major balances and transactions are as follows:

	30 June 2024		31 December 2023	
	Balance	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Assets				
Deposits with banks and other financial institutions	**185,568**	**29.05%**	381,644	35.33%
Placements with and loans to banks and other financial institutions	**73,907**	**16.18%**	90,166	17.47%
Derivative financial assets	**7,065**	**17.46%**	3,964	15.94%
Financial assets held under resale agreements	**17,281**	**2.33%**	78,375	4.33%
Loans and advances to customers	**27,091**	**0.12%**	27,397	0.13%
Financial investments	**1,034,952**	**8.05%**	1,072,258	9.56%
Liabilities				
Deposits from banks and other financial institutions	**211,920**	**4.54%**	169,162	4.63%
Placements from banks and other financial institutions	**61,473**	**15.40%**	120,656	31.56%
Derivative financial liabilities	**4,066**	**10.89%**	5,040	18.12%
Financial assets sold under repurchase agreements	**400**	**0.35%**	5,902	5.87%
Due to customers	**6,062**	**0.02%**	473	0.00%
Equity				
Other equity instruments	**2,000**	**0.34%**	2,000	0.42%
Off-balance sheet items				
Letters of guarantee and guarantees	**1,899**	**0.49%**	444	0.12%

	Six months ended 30 June			
	2024		2023	
	Amount	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest income	**10,308**	**1.60%**	12,650	2.10%
Interest expense	**(1,884)**	**0.53%**	(1,013)	0.33%
Net trading gain	**4,060**	**25.76%**	1,269	8.02%
Net gain on financial investments	**2,195**	**19.86%**	2,458	22.94%

43 RELATED PARTY TRANSACTIONS (Continued)

(2) The Group and Huijin (Continued)

***Transactions with companies under Huijin** (Continued)*

Interest rate ranges for transactions with companies under Huijin for the six months ended 30 June 2024 are as follows:

	Six months ended 30 June	
	2024	2023
	%	%
Deposits with banks and other financial institutions	**-0.45-3.25**	-0.60-5.45
Placements with and loans to banks and other financial institutions	**0.00-6.52**	-0.15-6.58
Derivative financial assets	**-0.43-3.69**	0.02-8.00
Financial assets held under resale agreements	**1.98-2.60**	0.18-2.80
Loans and advances to customers	**0.00-5.10**	0.00-6.15
Financial investments	**0.00-6.01**	0.00-6.37
Deposits from banks and other financial institutions	**0.01-5.30**	0.00-6.30
Placements from banks and other financial institutions	**0.18-6.09**	-0.10-5.44
Derivative financial liabilities	**1.85-3.69**	0.02-5.55
Financial assets sold under repurchase agreements	**2.60**	1.66-2.61
Due to customers	**0.09-3.25**	0.00-3.99
Other equity instruments	**4.84**	4.84

(3) The Group and National Council for Social Security Fund of the People's Republic of China

As at 30 June 2024, the Bank's shares held by National Council for Social Security Fund of the People's Republic of China (the "SSF") accounted for 6.72% of the Bank's total share capital (31 December 2023: 6.72%). The Group enters into transactions with the SSF in the ordinary course of business. These balances and transactions are priced based on market prices and conducted under normal commercial terms. Details of the major balances and transactions are as follows:

	30 June 2024		31 December 2023	
	Balance	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Assets				
Financial assets held under resale agreements	**19,408**	**2.62%**	36,114	2.00%
Liabilities				
Due to customers	**161,385**	**0.55%**	129,383	0.45%
Equity				
Other equity instruments	**1,250**	**0.22%**	1,250	0.26%

43 RELATED PARTY TRANSACTIONS (Continued)

(3) The Group and National Council for Social Security Fund of the People's Republic of China (Continued)

	Six months ended 30 June			
	2024		2023	
	Amount	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest income	**5**	**0.00%**	12	0.00%
Interest expense	**(2,775)**	**0.79%**	(2,630)	0.85%

Interest rate ranges for transactions with SSF for the six months ended 30 June 2024 are as follows:

	Six months ended 30 June	
	2024	2023
	%	%
Financial assets held under resale agreements	**2.30-2.55**	2.20-2.90
Due to customers	**2.85-4.26**	3.90-4.26
Other equity instruments	**4.84**	4.84

(4) The Group and other government related entities

Other than disclosed above, a significant portion of the Group's banking transactions are entered into with government authorities, agencies, affiliates and other State controlled entities. These transactions are entered into under normal commercial terms and conditions and mainly include provision of credit and guarantee, deposits, foreign exchange transactions, derivative transactions, agency services, underwriting and distribution of bonds issued by government agencies, purchase, sales and redemption of investment securities issued by government agencies.

Management considers that these transactions are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those entities are government related. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are government authorities, agencies, affiliates and other State controlled entities.

43 RELATED PARTY TRANSACTIONS (Continued)

(5) The Bank and its subsidiaries

The Bank had the following balances and transactions with its subsidiaries in its ordinary course of business. These balances and transactions are priced based on market prices and conducted under normal commercial terms. Details of the major balances and transactions are as follows:

	30 June 2024		31 December 2023	
	Balance	Ratio to similar transactions	Balance	Ratio to similar transactions
Assets				
Placements with and loans to banks and other financial institutions	83,295	18.24%	84,613	16.39%
Loans and advances to customers	4,594	0.02%	4,697	0.02%
Financial investments	1,730	0.01%	1,218	0.01%
Deposits with banks and other financial institutions	133	0.02%	3	0.00%
Other assets	512	0.16%	354	0.18%
Liabilities				
Deposits from banks and other financial institutions	11,934	0.26%	5,901	0.16%
Placements from banks and other financial institutions	816	0.20%	952	0.25%
Due to customers	2,413	0.01%	2,025	0.01%
Other liabilities	495	0.09%	44	0.01%
Off-balance sheet items				
Letters of guarantee and guarantees	1,624	0.42%	889	0.24%
Non-principal guaranteed wealth management products issued by the Group	20	0.00%	–	–

	Six months ended 30 June			
	2024		2023	
	Amount	Ratio to similar transactions	Amount	Ratio to similar transactions
Interest income	786	0.12%	786	0.13%
Fee and commission income	1,405	2.62%	1,547	2.68%
Other operating income	82	N/A	90	N/A
Net gain on financial investments	9	0.08%	11	0.10%
Interest expense	(87)	0.02%	(111)	0.04%
Fee and commission expense	(459)	6.61%	(22)	0.32%
Operating expense	(262)	0.24%	(215)	0.20%

43 RELATED PARTY TRANSACTIONS (Continued)

(5) The Bank and its subsidiaries (Continued)

Interest rate ranges for transactions with its subsidiaries for the six months ended 30 June 2024 are as follows:

	Six months ended 30 June	
	2024	2023
	%	%
Placements with and loans to banks and other financial institutions	**1.62-7.31**	1.62-6.98
Loans and advances to customers	**3.95-4.65**	4.20-6.55
Financial investments	**0.00-2.80**	0.00
Deposits with banks and other financial institutions	**0.02**	0.00
Deposits from banks and other financial institutions	**0.00-3.20**	0.00-2.20
Placements from banks and other financial institutions	**0.00**	1.25
Due to customers	**0.20-6.33**	0.00-3.10

(6) The Group and its associates and joint ventures

The Group had the following balances and transactions with its associates and joint ventures in its ordinary course of business. These balances and transactions are priced based on market prices and conducted under normal commercial terms. Details of the major balances and transactions are as follows:

	30 June 2024		31 December 2023	
	Balance	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Assets				
Loans and advances to customers	**990**	**0.00%**	996	0.00%
Liabilities				
Deposits from banks and other financial institutions	**5**	**0.00%**	47	0.00%
Due to customers	**–**	**–**	66	0.00%

	Six months ended 30 June			
	2024		2023	
	Amount	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest income	**9**	**0.00%**	42	0.01%
Interest expense	**0**	**0.00%**	(5)	0.00%

43 RELATED PARTY TRANSACTIONS (Continued)

(6) The Group and its associates and joint ventures (Continued)

Interest rate ranges for transactions with its associates and joint ventures for the six months ended 30 June 2024 are as follows:

	Six months ended 30 June	
	2024	2023
	%	%
Loans and advances to customers	**3.45**	3.85-4.45
Deposits from banks and other financial institutions	**0.0001-4.38**	0.00-1.65
Due to customers	**N/A**	0.20-1.85

(7) Key management personnel and related natural persons transactions

Key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group. Key management personnel of the Group, their close relatives, and entities that are controlled, jointly controlled, or significantly influenced by either the key management personnel of the Group or their close relatives, are considered as related parties of the Group. The Group enters into banking transactions with above related parties in the normal course of business. As at 30 June 2024, the balance of loans and advances to the above related parties is RMB7.35 million (31 December 2023: RMB7.40 million).

The Bank issued loans and credit card business to related natural persons (as defined in the Administrative Measures on Information Disclosure of Listed Companies issued by the China Securities Regulatory Commission (the "CSRC")). As at 30 June 2024, the balance of such loans amounted to RMB12.17 million (31 December 2023: RMB12.56 million).

(8) The Group and the Annuity Scheme

The Group had the following balances and transactions with the Annuity Scheme set up by the Bank apart from the obligation for defined contribution to the Annuity Scheme:

	30 June 2024		31 December 2023	
	Balance	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Liabilities				
Deposits from Annuity Scheme	**946**	**0.00%**	7,290	0.03%
Equity				
Other equity instruments	**7,500**	**1.29%**	7,500	1.56%

	Six months ended 30 June			
	2024		2023	
	Amount	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest expense	**(48)**	**0.01%**	(142)	0.05%

43 RELATED PARTY TRANSACTIONS (Continued)

(8) The Group and the Annuity Scheme (Continued)

Interest rate ranges for transactions with the Annuity Scheme for the six months ended 30 June 2024 are as follows:

	Six months ended 30 June	
	2024	2023
	%	%
Deposits from Annuity Scheme	**3.00-4.80**	0.00-5.00
Other equity instruments	**4.84-5.32**	4.84-5.32

(9) Proportion of transactions with related parties other than key management personnel

Related party transactions with subsidiaries have been offset in the process of preparing interim financial information. When calculating the proportion of related party transactions, related party transactions do not include related party transactions with subsidiaries.

Transaction balance

	30 June 2024		31 December 2023	
	Related party transactions	**Proportion**	Related party transactions	Proportion
Deposits with banks and other financial institutions	**185,568**	**29.05%**	381,644	35.33%
Placements with and loans to banks and other financial institutions	**73,907**	**16.18%**	90,166	17.47%
Derivative financial assets	**7,065**	**17.46%**	3,964	15.94%
Financial assets held under resale agreements	**36,689**	**4.95%**	114,489	6.33%
Loans and advances to customers	**118,249**	**0.50%**	40,402	0.19%
Financial investments	**3,729,603**	**29.02%**	2,794,728	24.92%
Deposits from banks and other financial institutions	**211,925**	**4.54%**	169,209	4.63%
Placements from banks and other financial institutions	**61,473**	**15.40%**	120,656	31.56%
Derivative financial liabilities	**4,066**	**10.89%**	5,040	18.12%
Financial assets sold under repurchase agreements	**400**	**0.35%**	5,902	5.87%
Due to customers	**190,968**	**0.65%**	153,713	0.53%
Other liabilities	**417**	**0.08%**	306	0.06%
Other equity instruments	**10,750**	**1.85%**	10,750	2.24%
Letters of guarantee and guarantees	**1,899**	**0.49%**	444	0.12%

43 RELATED PARTY TRANSACTIONS (Continued)

(9) Proportion of transactions with related parties other than key management personnel (Continued)

Transaction amount

	Six months ended 30 June			
	2024		2023	
	Related party transactions	**Proportion**	Related party transactions	Proportion
Interest income	**44,059**	**6.84%**	32,052	5.33%
Interest expense	**(4,867)**	**1.38%**	(3,870)	1.25%
Net trading gain	**4,136**	**26.24%**	1,391	8.80%
Net gain on financial investments	**2,195**	**19.86%**	2,458	22.94%
Fee and commission income	**707**	**1.32%**	753	1.31%

44 STRUCTURED ENTITIES

(1) Consolidated structured entities

Structured entities consolidated by the Group include certain asset management plans, funds and securitization products issued, managed and/or invested by the Group. The Group controls these entities because the Group has power over, is exposed to, or has rights to, variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's returns.

(2) Unconsolidated structured entities

Unconsolidated structured entities sponsored and managed by the Group

Unconsolidated structured entities sponsored and managed by the Group mainly include non principal guaranteed WMPs, which are not subject to any guarantee by the Group of the principal invested or interest to be paid. The WMPs invest in a range of assets, most typically money market instruments, debt securities and non-standardized debt assets. As the manager of these WMPs, the Group, on behalf of the investors in these WMPs, invests the funds raised from investors to the assets as described in the investment plan related to each WMP and distributes profits to investors based on product performance.

As at 30 June 2024, the total assets invested by these non-principal guaranteed WMPs amounted to RMB1,874,565 million (31 December 2023: RMB1,774,790 million) and the corresponding outstanding WMPs issued by the Group amounted to RMB1,802,475 million (31 December 2023: RMB1,685,287 million). For the six months ended 30 June 2024, the Group's interest in these WMPs included net fee and commission income of RMB2,148 million (six months ended 30 June 2023: RMB1,010 million). The Group enters into placements and repo transactions at market interest rates with these WMPs, and the outstanding balance of these transactions represented the Group's maximum exposure to the WMPs. These transactions did not occur for the six months ended 30 June 2024 and for the six months ended 30 June 2023. And there was no outstanding balance for the above-mentioned transactions at 30 June 2024 and 31 December 2023. The Group was under no obligation to enter into these transactions.

44 STRUCTURED ENTITIES (Continued)

(2) Unconsolidated structured entities (Continued)

***Unconsolidated structured entities sponsored and managed by the Group** (Continued)*

There were no contractual liquidity arrangements, guarantees or other commitments between the Group and any third parties that could increase the level of the Group's risk from WMPs disclosed above during the period ended 30 June 2024 and the year ended 31 December 2023. The Group was not required to absorb any losses incurred by WMPs.

In addition, other unconsolidated structured entities sponsored and managed by the Group included funds, asset management plans and asset-backed securities. As at 30 June 2024, the total assets of these products amounted to RMB323,934 million (31 December 2023: RMB308,643 million). For the six months ended 30 June 2024, the Group's interest in these products mainly included net fee and commission income of RMB500 million (six months ended 30 June 2023: RMB634 million).

Other unconsolidated structured entities held by the Group

The Group invests in other unconsolidated structured entities which are sponsored and managed by other entities for investment return, and records trading gains or losses and interest income therefrom. These unconsolidated structured entities primarily include asset management plans, WMPs, funds, trust plans, asset-backed securities and debt investment plans, etc. As at 30 June 2024, the related carrying amount of investments and the maximum exposure by the Group to these other unconsolidated structured entities was RMB78,630 million (31 December 2023: RMB80,049 million), included under the financial assets at fair value through profit or loss, debt instrument investments at amortized cost and other debt instrument and other equity investments at fair value through other comprehensive income categories in the condensed consolidated interim statement of financial position. The information on the size of total assets of these unconsolidated structured entities was not readily available in the public domain.

45 CONTINGENT LIABILITIES AND COMMITMENTS

Legal proceedings and others

The Bank and its subsidiaries are involved as demandants/defendants in certain lawsuits arising from their normal business operations. As at 30 June 2024, provisions of RMB5,450 million were made by the Group (31 December 2023: RMB5,629 million) based on court judgments or advice of legal counsel, and included in Note 34 Other liabilities. Management of the Group believes that the final result of these lawsuits will not have a material impact on the financial position or operations of the Group.

Capital commitments

	30 June 2024	31 December 2023
Contracted but not provided for	**4,374**	4,914

45 CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

Loan commitments and financial guarantee contracts

	30 June 2024	31 December 2023
Loan commitments		
— With an original maturity of less than 1 year	**25,930**	66,608
— With an original maturity of 1 year or above	**239,221**	299,239
Subtotal	**265,151**	365,847
Bank acceptances	**786,715**	1,024,150
Credit card commitments	**861,480**	873,029
Letters of guarantee and guarantees	**389,506**	373,915
Letters of credit	**229,798**	218,824
Total	**2,532,650**	2,855,765

Loan commitments and financial guarantee contracts represent credit cards and general credit facility limits granted to customers. These general credit facilities may be drawn in the form of loans or through the issuance of letters of credit, letters of guarantee and guarantees or bank acceptances.

Credit risk weighted amount for credit commitments

Credit risk weighted amount for credit commitments represents the counterparty credit risk associated with credit commitments and is calculated in accordance with the "Capital Rules for Commercial Banks" issued by the NFRA which was effective on 1 January 2024 and is dependent on, among other factors, creditworthiness of counterparties and maturity characteristics of each type of contract.

	30 June 2024	31 December 2023
Credit risk weighted amount for credit commitments	**972,661**	1,155,402

45 CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

Collateral

Assets as collateral

At the end of each reporting period, the carrying amounts of assets pledged as collateral under repurchase agreements are as follows:

	30 June 2024	31 December 2023
Debt securities	**116,232**	103,516
Bills	**3,783**	3,623
Total	**120,015**	107,139

As at 30 June 2024, the financial assets sold under repurchase agreements (disclosed in Note 31 Financial assets sold under repurchase agreements) by the Group are primarily due within 1 year from the effective dates of these agreements.

Financial assets sold under repurchase agreements included certain transactions under which the title of the pledged securities has been transferred to counterparties. These transactions have been disclosed in Note 46 Transferred financial assets.

In addition, debt securities and deposits with banks and other financial institutions pledged in accordance with regulatory requirements as collateral for derivative transactions or borrowings from central banks etc. by the Group as at 30 June 2024 amounted to RMB1,660,483 million in total (31 December 2023: RMB1,558,063 million).

Collateral accepted

The Group received debt securities and bills as collateral in connection with the securities lending transactions and the purchase of assets under resale agreements (Note 20 Financial assets held under resale agreements). The Group did not hold any collateral that can be resold or re-pledged as at 30 June 2024 and 31 December 2023.

Redemption commitment for treasury bonds

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

As at 30 June 2024, the nominal value of treasury bonds the Group was obligated to redeem prior to maturity was RMB48,757 million (31 December 2023: RMB48,783 million). The original maturities of these bonds vary from 3 to 5 years. Management of the Group expects the amount of redemption before the maturity dates of these bonds will not be material.

Commitment on securities underwriting

As at 30 June 2024, the unexpired securities underwriting obligations of the Group amounted to RMB11,219 million (31 December 2023: Nil).

46 TRANSFERRED FINANCIAL ASSETS

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

Securitization transactions

The Group enters into securitization transactions in the normal course of business by which it transfers loans to structured entities which issue asset-backed securities to investors. The Group assessed, among other factors, whether or not to derecognize the transferred assets by evaluating the extent to which it retains the risks and rewards of the assets and whether it has relinquished its control over these assets.

As at 30 June 2024, the balance of accumulative loans transferred by the Group before impairment allowance underlying the outstanding unexpired asset-backed securities was RMB114,043 million (31 December 2023: RMB116,040 million). RMB31,169 million of this balance (31 December 2023: RMB24,238 million) was in respect of non-performing loans and the Group concluded that these loans transferred were qualified for full derecognition. The remaining balance of RMB82,874 million (31 December 2023: RMB91,802 million) was in respect of performing loans and the Group concluded that it had continuing involvement in these assets. As at 30 June 2024, the Group continued to recognize assets of RMB8,261 million (31 December 2023: RMB8,519 million) under loans and advances to customers. The Group also recognized other assets and other liabilities of the same amount arising from such continuing involvement.

Transfer of non-performing loans

For the six months ended 30 June 2024, the Group transferred non-performing loans through disposal to third parties or issuing asset-back securities, with gross loan balance of RMB12,696 million (six months ended 30 June 2023: RMB6,781 million). The Group concluded that these transferred assets were qualified for full derecognition.

Financial assets sold under repurchase agreements

The Group did not derecognize financial assets transferred as collateral in connection with repurchase agreements. As at 30 June 2024, the book value of the debt securities whereby legal title has been transferred to counterparties was RMB58,155 million (31 December 2023: RMB46,884 million), and these collateral pledged is disclosed in Note 45 Contingent liabilities and commitments – Collateral.

Securities lending transactions

For debt securities lent to counterparties under securities lending agreements, the counterparties are allowed to sell or repledge these securities in the absence of default by the Group, but have an obligation to return the securities at the maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized them. As at 30 June 2024, the carrying amount of debt securities lent to counterparties was RMB26,040 million (31 December 2023: RMB26,400 million).

47 FINANCIAL RISK MANAGEMENT

Overview

The Group's primary risk management objective is to meet the requirements of stable operation from regulators, depositors and other stakeholders, as well as to maximize return for investors within an acceptable level of risk.

The Group has designed risk management policies, which address, among other things, the establishment of risk limits and controls to identify, analyze, monitor and report risks. Relevant and timely information used to conduct these risk management activities is provided through information systems maintained by the Group. The Group regularly reviews its risk management policies and systems to address changes in markets, products and emerging best practices.

The most significant types of risk to which the Group is exposed are credit risk, market risk and liquidity risk. Market risk includes foreign exchange rate risk, interest rate risk and other price risk.

Risk management framework

The Board of Directors of the Group is responsible for formulating the Group's overall risk appetite, reviewing and approving the Group's major risk management policies and procedures.

Senior Management of the Group is responsible for the implementation of risk management, including implementing risk appetite and risk management strategies, formulating risk management policies and procedures, and establishing a risk management organizational structure to manage the Group's major risks.

47.1 Credit risk

Credit risk management

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations when due. Credit risk can also arise from operational failures that result in an unauthorized or inappropriate loans and advances, commitment or investment. The Group's major credit risks arise from loans and advances, treasury operations and off-balance sheet related credit risk exposures.

The Group's credit risk management and governance structure comprise the Board of Directors and its Risk Management and Consumer Protection Committee, Senior Management and its Risk Management and Internal Control Committee, Credit Approval Committee and Asset Disposal Committee, Credit Management Department, Credit Approval Department and related front-office customer departments. The Group's credit risk management function operates under centralized management and authorization under a range of specified limits.

The Group performs standardized credit management procedures, including credit due diligence and proposal submission, credit underwriting review, loan disbursement, post-lending monitoring and non-performing loan management. The Group enhances its credit risk management by strictly complying with its credit management procedures; strengthening customer investigation, credit rating, lending approval and post-lending monitoring measures; enhancing risk mitigation effect of loans through collateral; accelerating disposal process of non-performing loans and continuously upgrading the credit management system.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include: (1) ceasing enforcement activity, and (2) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

47 FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

***Credit risk management** (Continued)*

During the reporting period, the Group continued to improve the comprehensive risk management system to ensure effective risk management. The Group strengthened credit risk management in key areas and asset quality control and accelerated the disposal of non-performing loans to ensure the stability of assets quality.

Apart from the credit risk exposures on credit-related assets, the credit risk arising from treasury operation business is managed by selecting counterparties with acceptable credit quality, balancing credit risk and return, referencing to both internal and external credit rating information where available and applying appropriate limits subject to different level of management authority, and timely reviewing and adjusting those limits in credit system. In addition, the Group also provides loan commitments and financial guarantee services to customers which may require the Group to make payments on behalf of customers upon their failure to perform under the terms of the related contract. Risks arising from loan commitments and financial guarantees are similar to those associated with loans and advances. These transactions are, therefore, subject to the same risk management policies and procedures.

Measurement of ECL

The Group applies the ECL model to calculate loss allowances for its debt financial instruments measured at amortized cost and FVOCI, as well as loan commitments and financial guarantee contracts.

Methods applied by the Group in assessing the expected credit losses of its financial assets include risk parameters model and the discounted cash flow ("DCF") model. Retail credit assets and Stage I and Stage II wholesale credit assets are assessed using risk parameters, while Stage III wholesale credit assets are subject to the discounted cash flow method.

The Group assesses ECL in light of forward-looking information and uses models and assumptions in calculating the expected credit losses. These models and assumptions relate to the future macroeconomic conditions and the borrowers' creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). In assessing the expected credit risks in accordance with accounting standards, the Group uses the judgements, assumptions and estimates where appropriate, including:

— Portfolio segmentation of credit risk exposures

— Parameters for measuring ECL

— Criteria for significant increase in credit risk and default definition

— Definition of credit-impaired financial assets

— Forward-looking information

— Estimation of future cash flows for Stage III wholesale credit assets

47 FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Measurement of ECL *(Continued)*

Portfolio segmentation of credit risk exposures

For measurement of ECL, portfolio segmentation is based on similar credit risk characteristics. In performing the portfolio segmentation of credit assets, the Group considers product types, customer types, industry, customer size, risk mitigation method and market distribution. The Group retests and revises the rationality of portfolio segmentation of credit risk exposures every year.

Parameters for measuring ECL

According to whether there is a significant increase in credit risk and whether a financial asset has become credit-impaired, the Group recognizes an impairment allowance based on the expected credit loss for the next 12 months or the entire lifetime of the financial asset. The relevant parameters of ECL measurement include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group establishes its PD models, LGD models and EAD models based on the internal rating based system as currently used for its risk management purpose, in accordance with the requirements of IFRS 9, in light of quantitative analyzes of historical statistics (such as counterparty ratings, guarantee methods and collateral types, repayment methods, etc.) and forward-looking information.

The parameters are defined as follows:

— PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months ("12 months PD"), or over the remaining lifetime ("Lifetime PD") of the obligation;

— EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months ("12 months EAD") or over the remaining lifetime ("Lifetime EAD");

— LGD represents the Group's expectation of the extent of loss on defaulted exposure. It varies depending on the type of counterparty, method of recourse and priority, and the availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default.

Criteria for significant increase in credit risk ("SICR") and default definition

The Group assesses whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each reporting date. For the purpose of staging assessment of its financial assets, the Group thoroughly considers various reasonable and supportable information that may reflect whether or not there has been a significant change in their credit risk, including forward-looking information. Key factors considered include regulatory and operating environments, internal and external credit ratings, solvency, viability as a going concern, terms of loan contracts, repayment behaviors, among others. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the reporting date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments. The definition of default refers to the failure to pay the debt as agreed in the contract, or other violations of the debt contract and have a significant impact on the normal debt repayment.

47 FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Measurement of ECL *(Continued)*

Criteria for significant increase in credit risk ("SICR") and default definition (Continued)

The Group sets quantitative and qualitative criteria to determine whether the credit risk of a financial instrument has increased significantly since its initial recognition. The criteria includes changes in its credit risk classification, changes in the borrower's PD, overdue status and other factors. In particular, when the credit risk classification changes from Normal upon initial recognition to Special Mention, there has been SICR. When the wholesale clients' PD rises to a certain level, there has been a SICR. Criteria to determine SICR varied based on the original PD upon initial recognition. If the borrower's original PD is relatively low (for example, lower than 3%), there has been SICR when the credit grade falls at least 5 notches. When retail clients' PD exceeds a certain level, there has been SICR. According to IFRS 9, a backstop is applied and the financial instrument is considered to have experienced SICR if the borrower is more than 30 days past due on its contractual payments.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. The Group recognizes a financial instrument as having low credit risk if its internal rating is consistent with the globally accepted definition for low credit risk (e.g. external "investment grade" rating).

Definition of credit-impaired financial assets

The criteria adopted by the Group to determine whether a credit impairment occurs under IFRS 9 is consistent with the internal credit risk management objectives for relevant financial instruments, in addition to consideration of quantitative and qualitative indicators. In assessing whether a borrower has become credit-impaired, the Group mainly considers the following factors:

— Significant financial difficulty of the issuer or the borrower;

— A breach of contract, such as a default or past due event in relation to interest or principal payment;

— The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

— It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;

— The disappearance of an active market for that financial asset because of financial difficulties;

— The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;

— The borrower is overdue for more than 90 days in any principal, advances, interest or investment in bonds due to the Group.

The credit impairment of a financial asset may be caused by the combined effect of multiple events rather than any single discrete event.

47 FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Measurement of ECL *(Continued)*

Forward-looking information

The assessment of whether there has been a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the forward-looking information that affect the credit risk and ECL of various portfolio. Forward-looking information include Gross Domestic Product (GDP), Consumer Price Index (CPI) and Producer Price Index (PPI), etc.

The impact of these forward-looking information on the PDs and the LGDs varies from one portfolio to another. The Group comprehensively considers internal and external data, expert forecasts and statistical analysis to determine the correlation between these forward-looking information and the PDs and LGDs. The Group assesses and forecasts these forward-looking information at least every six months, calculates the best estimates for the future, and regularly reviews and assesses results.

As at 30 June 2024, the Group has assessed and forecasted the relevant forward-looking information, of which the forecast value of GDP growth rate under each scenario is as follows: 5.10% under base scenario, 5.50% under upside scenario, and 4.50% under downside scenario.

Based on statistical analysis and expert judgements, the Group determines the weightings of multiple scenarios and the corresponding forward-looking information forecast under each scenario. The weighting of base scenario is greater than the aggregated weightings of the other two scenarios. At 30 June 2024, the weightings of the Group's base, upside and downside scenarios have not changed from 31 December 2023. The Group uses the weighted 12 months ECL (Stage I) or weighted lifetime ECL (Stage II and Stage III) to measure relevant impairment allowances. These weighted credit losses are calculated by multiplying the expected credit loss under each scenario by the assigned scenario weighting.

Estimation of future cash flows for Stage III wholesale credit assets

The Group measures the ECL for Stage III wholesale credit assets using DCF method. Under DCF method, the loss allowance is calculated based on the estimation of future cash flows. At each measurement date, the Group projects the future cash inflows of relevant assets under different scenarios to estimate the probability weighted cash flow of each future period. The cash flows are discounted and aggregated to get the present value of the assets' future cash flows.

Maximum exposure to credit risk without taking account of any collateral held or other credit enhancements

The maximum exposure to credit risk represents the worst credit risk exposure at the end of each reporting period, without taking account of any collateral held or other credit enhancements. The credit risk exposure to the Group at the end of each reporting period primarily arises from credit and treasury operations. In addition, off-balance sheet items such as loan commitments, credit card commitments, bank acceptances, letters of guarantee and guarantees and letters of credit also include credit risks.

47 FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Maximum exposure to credit risk without taking account of any collateral held or other credit enhancements *(Continued)*

A summary of the maximum exposure to credit risk as at the end of the reporting period is as follows:

	30 June 2024	31 December 2023
Balances with central banks	**2,973,508**	2,850,907
Deposits with banks and other financial institutions	**638,893**	1,080,076
Placements with and loans to banks and other financial institutions	**456,649**	516,181
Derivative financial assets	**40,454**	24,873
Financial assets held under resale agreements	**740,355**	1,809,559
Loans and advances to customers	**23,438,734**	21,731,766
Financial investments		
Financial assets at fair value through profit or loss	**326,659**	392,939
Debt instrument investments at amortized cost	**9,037,374**	8,463,255
Other debt instrument investments at fair value through other comprehensive income	**3,327,182**	2,195,685
Other financial assets	**269,532**	143,663
Subtotal	**41,249,340**	39,208,904
Loan commitments and financial guarantee contracts	**2,513,938**	2,828,280
Total	**43,763,278**	42,037,184

The Group has implemented specific policies and credit enhancement practices to mitigate credit risk exposure to an acceptable level. The most typical practice is obtaining guarantee deposits, collateral and guarantees. The amount and type of acceptable collateral are determined through the assessment of credit risk of borrowers or counterparties. The Group implements guidelines on the acceptability of specific classes of collateral and evaluation parameters.

The main types of collateral obtained are as follows:

— Mortgage loans to retail customers are generally collateralized by mortgages over residential properties;

— Other personal lending and corporate loans and advances are primarily collateralized by charges over land and properties or other assets of the borrowers; and

— Financial assets held under resale agreements transactions are primarily collateralized by debt securities and bills.

The Group monitors the market value of collateral periodically and requests for additional collateral in accordance with the underlying agreement when necessary.

47 FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Loans and advances to customers

The below information does not include accrued interests of loans and advances to customers.

(1) The composition of loans and advances to customers by geographical area is analyzed as follows:

	30 June 2024		31 December 2023	
	Amount	**% of total**	Amount	% of total
Corporate loans and advances				
Head Office	**504,566**	**3.2**	559,690	3.9
Yangtze River Delta	**4,193,051**	**26.8**	3,733,534	25.7
Pearl River Delta	**2,174,649**	**13.9**	2,038,897	14.1
Bohai Rim	**2,129,824**	**13.6**	1,983,918	13.7
Central China	**2,400,320**	**15.3**	2,161,883	14.9
Western China	**3,376,534**	**21.6**	3,155,050	21.8
Northeastern China	**492,752**	**3.1**	468,891	3.2
Overseas and Others	**393,197**	**2.5**	385,877	2.7
Subtotal	**15,664,893**	**100.0**	14,487,740	100.0
Personal loans				
Head Office	**175,169**	**2.0**	45	0.0
Yangtze River Delta	**1,801,072**	**20.8**	1,804,749	22.4
Pearl River Delta	**1,685,841**	**19.4**	1,643,329	20.3
Bohai Rim	**1,212,951**	**14.0**	1,158,539	14.3
Central China	**1,595,436**	**18.4**	1,458,634	18.1
Western China	**1,923,907**	**22.2**	1,758,985	21.8
Northeastern China	**257,717**	**3.0**	235,634	2.9
Overseas and Others	**16,879**	**0.2**	16,614	0.2
Subtotal	**8,668,972**	**100.0**	8,076,529	100.0
Gross loans and advances to customers	**24,333,865**		22,564,269	

47 FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Loans and advances to customers *(Continued)*

(2) The composition of loans and advances to customers by industry is analyzed as follows:

	30 June 2024		31 December 2023	
	Amount	**% of total**	Amount	% of total
Corporate loans and advances				
Transportation, logistics and postal services	**2,929,285**	**18.7**	2,736,603	18.9
Manufacturing	**2,773,171**	**17.7**	2,499,350	17.3
Leasing and commercial services	**2,438,641**	**15.6**	2,148,952	14.8
Production and supply of power, heat, gas and water	**1,588,542**	**10.1**	1,487,779	10.3
Real estate	**952,042**	**6.1**	918,851	6.3
Water, environment and public utilities management	**1,301,192**	**8.3**	1,145,331	7.9
Retail and wholesale	**1,190,793**	**7.6**	1,131,128	7.8
Finance	**783,352**	**5.0**	968,329	6.7
Construction	**630,379**	**4.0**	496,062	3.4
Mining	**301,975**	**1.9**	283,272	2.0
Others	**775,521**	**5.0**	672,083	4.6
Subtotal	**15,664,893**	**100.0**	14,487,740	100.0
Personal loans				
Residential mortgage	**5,070,156**	**58.4**	5,170,827	64.0
Personal business	**958,590**	**11.1**	746,819	9.2
Personal consumption	**446,616**	**5.2**	356,018	4.4
Credit cards	**773,214**	**8.9**	700,031	8.7
Others	**1,420,396**	**16.4**	1,102,834	13.7
Subtotal	**8,668,972**	**100.0**	8,076,529	100.0
Gross loans and advances to customers	**24,333,865**		22,564,269	

47 FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Loans and advances to customers *(Continued)*

(3) The composition of loans and advances to customers by contractual maturity and security type is analyzed as follows:

	30 June 2024			
	Less than 1 year	1 – 5 years	Over 5 years	Total
Unsecured loans	4,139,901	2,833,017	2,739,756	9,712,674
Guaranteed loans	808,616	639,527	1,738,649	3,186,792
Loans secured by mortgages	1,109,891	394,824	7,362,672	8,867,387
Pledged loans	992,520	590,147	984,345	2,567,012
Total	7,050,928	4,457,515	12,825,422	24,333,865

	31 December 2023			
	Less than 1 year	1 – 5 years	Over 5 years	Total
Unsecured loans	4,082,548	1,908,519	2,597,474	8,588,541
Guaranteed loans	810,939	613,035	1,492,090	2,916,064
Loans secured by mortgages	1,618,549	735,402	6,265,124	8,619,075
Pledged loans	365,530	137,767	1,937,292	2,440,589
Total	6,877,566	3,394,723	12,291,980	22,564,269

(4) Overdue loans (i)

	30 June 2024					
	Overdue 1 – 30 days	Overdue 31 – 90 days	Overdue 91 to 360 days	Overdue 361 days to 3 years	Overdue over 3 years	Total
Unsecured loans	11,811	11,347	25,557	9,884	7,169	65,768
Guaranteed loans	2,665	1,717	8,392	12,111	1,094	25,979
Loans secured by mortgages	28,692	33,106	62,733	29,266	4,559	158,356
Pledged loans	2,310	369	3,601	2,998	241	9,519
Total	45,478	46,539	100,283	54,259	13,063	259,622

	31 December 2023					
	Overdue 1 – 30 days	Overdue 31 – 90 days	Overdue 91 to 360 days	Overdue 361 days to 3 years	Overdue over 3 years	Total
Unsecured loans	11,473	8,353	21,779	9,247	4,155	55,007
Guaranteed loans	4,029	1,201	8,065	11,702	1,295	26,292
Loans secured by mortgages	46,465	36,278	39,491	27,138	5,799	155,171
Pledged loans	2,145	1,083	1,440	2,965	427	8,060
Total	64,112	46,915	70,775	51,052	11,676	244,530

(i) When either loan principal or interest is past due by one day (inclusive) in any period, the whole loan is classified as overdue loan.

47 FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

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

(5) Credit quality of loans and advances to customers

Within the credit-impaired loans and advances, the portions covered and not covered by collaterals held are as follows:

	30 June 2024	31 December 2023
Portion covered	**194,358**	188,740
Portion not covered	**126,071**	112,020
Total	**320,429**	300,760

(6) Modification of contractual cash flows

A modification or re-negotiation of a contract between the Group and a counterparty may result in a change to the contractual cash flows without resulting in the derecognition of the financial assets. Such restructuring activities include extended payment term arrangements, repayment schedule modifications and changes to the interest settlement method. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The gross carrying amount of the financial asset is recalculated and the related gain or loss is recognized in profit and loss. The gross carrying amount of the financial asset is determined based on the present value of the renegotiated or modified contractual cash flows discounted at the financial asset's original effective interest rate.

The Group monitors the subsequent performance of modified assets. If the Group determines that the credit risk has significantly improved after modified, the impairment allowance of these assets will be measured on the basis of 12 months ECL instead of the lifetime ECL.

(7) Rescheduled Loans

According to the Rules on Risk Classification of Financial Assets of Commercial Banks issued by the NFRA and the People's Bank of China, which came into force on 1 July 2023. Rescheduled loans refer to the loans provided by the Group in response to the financial difficulties of the borrower, aimed at facilitating the borrower in repaying debts, involving favourable adjustments to the loan contracts for the benefit the borrowers, or providing refinancing for the borrower's existing loans, including rollover or additional debt financing. Rescheduled loans and advances of the Group as at 30 June 2024 amounted to RMB76,884 million (31 December 2023: RMB44,525 million).

(8) Debt-for-equity swaps of bankruptcy reorganization

For the six months ended 30 June 2024, as a result of debt-for-equity swaps of bankruptcy reorganization, the Group recognized ordinary shares with a fair value of RMB355 million (six months ended 30 June 2023: RMB2,002 million). The loss associated with the debt-for-equity swaps of bankruptcy reorganization was not significant.

47 FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Debt instruments

Credit quality of debt instruments

(1) Analysis of the expected credit loss stages of debt instrument investments at amortized cost and other debt instrument investments at fair value through other comprehensive income were disclosed in Note 22.2 and Note 22.3, respectively.

(2) Debt instruments analyzed by credit rating

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

The carrying amounts of debt instruments investments at amortized cost and other debt instrument investments at fair value through other comprehensive income analyzed by their credit rating as at the end of the reporting period are as follows (i):

		30 June 2024			
Credit grade	**Note**	**Low**	**Medium**	**High**	**Total**
Debt securities issued by:					
— Governments		**8,102,581**	**–**	**–**	**8,102,581**
— Public sector and quasi-governments		**2,106,299**	**–**	**–**	**2,106,299**
— Financial institutions		**1,513,077**	**–**	**–**	**1,513,077**
— Corporates	(ii)	**174,061**	**362**	**17**	**174,440**
Special government bond		**95,151**	**–**	**–**	**95,151**
Receivable from the MOF		**344,345**	**–**	**–**	**344,345**
Others		**28,278**	**–**	**385**	**28,663**
Total		**12,363,792**	**362**	**402**	**12,364,556**

		31 December 2023			
Credit grade	Note	Low	Medium	High	Total
Debt securities issued by:					
— Governments		6,904,528	–	–	6,904,528
— Public sector and quasi-governments		2,240,058	–	–	2,240,058
— Financial institutions		869,390	–	–	869,390
— Corporates	(ii)	184,608	331	17	184,956
Special government bond		94,106	–	–	94,106
Receivable from the MOF		340,595	–	–	340,595
Others		24,919	368	20	25,307
Total		10,658,204	699	37	10,658,940

47 FINANCIAL RISK MANAGEMENT (Continued)

47.1 Credit risk (Continued)

Debt instruments *(Continued)*

Credit quality of debt instruments (Continued)

(2) Debt instruments analyzed by credit rating (Continued)

(i) The ratings above were internal ratings obtained from the Group, financial assets at fair value through profit or loss were not included in the credit grade table as at 30 June 2024 and 31 December 2023.

(ii) As at 30 June 2024, the ratings of super short-term commercial papers of the Group amounted to RMB7,183 million (31 December 2023: RMB2,409 million) included in corporate bonds above were based on issuer rating for this credit risk analysis.

47.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset.

The Group's Assets and Liabilities Management Department manages its liquidity risk through:

— Optimizing asset and liability structure;

— Maintaining stability of deposit base;

— Making projections of future cash flows, and evaluating the appropriate liquid asset position;

— Maintaining an efficient internal funds transfer mechanism within the Group; and

— Performing stress testing on a regular basis.

47 FINANCIAL RISK MANAGEMENT (Continued)

47.2 Liquidity risk (Continued)

Analysis of the remaining contractual maturity of financial assets and financial liabilities

The tables below summarize the maturity analysis of financial assets and financial liabilities by remaining contractual maturities based on the carrying amount at the end of each reporting period:

	30 June 2024								
	Past due	On demand	Less than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Undated	Total
Cash and balances with central banks	–	656,792	–	995	15,017	–	–	2,364,501	3,037,305
Deposits with banks and other financial institutions	–	78,678	83,123	210,421	246,921	19,151	599	–	638,893
Placements with and loans to banks and other financial institutions	–	–	141,861	73,784	176,519	64,485	–	–	456,649
Derivative financial assets	–	–	7,312	5,857	23,839	2,936	510	–	40,454
Financial assets held under resale agreements	3,872	–	721,425	13,090	1,968	–	–	–	740,355
Loans and advances to customers	30,090	–	805,870	1,264,017	5,710,017	5,437,603	10,191,137	–	23,438,734
Financial assets at fair value through profit or loss	–	2,181	5,248	19,445	65,380	44,413	211,037	132,687	480,391
Debt instrument investments at amortized cost	385	–	149,625	199,861	540,157	2,715,337	5,432,009	–	9,037,374
Other debt instrument and other equity investments at fair value through other comprehensive income	17	–	238,423	335,935	1,236,344	910,929	605,534	8,562	3,335,744
Other financial assets	6,385	247,304	3,991	232	3,358	35	8,227	–	269,532
Total financial assets	40,749	984,955	2,156,878	2,123,637	8,019,520	9,194,889	16,449,053	2,505,750	41,475,431
Borrowings from central banks	–	(30)	(28,425)	(198,346)	(880,530)	–	–	–	(1,107,331)
Deposits from banks and other financial institutions	–	(2,971,857)	(172,254)	(462,525)	(597,558)	(436,757)	(23,513)	–	(4,664,464)
Placements from banks and other financial institutions	–	–	(123,931)	(159,476)	(109,515)	(4,080)	(2,247)	–	(399,249)
Financial liabilities at fair value through profit or loss	–	(14,386)	–	–	(309)	(208)	–	–	(14,903)
Derivative financial liabilities	–	–	(6,447)	(6,605)	(22,280)	(2,019)	(3)	–	(37,354)
Financial assets sold under repurchase agreements	–	–	(46,774)	(37,530)	(30,022)	–	–	–	(114,326)
Due to customers	–	(13,005,445)	(800,711)	(1,642,470)	(6,210,623)	(7,781,490)	(18,471)	–	(29,459,210)
Debt securities issued	–	–	(186,341)	(578,502)	(1,168,246)	(121,920)	(525,016)	–	(2,580,025)
Other financial liabilities	–	(220,463)	(2,315)	(748)	(3,581)	(10,978)	(20,637)	–	(258,722)
Total financial liabilities	–	(16,212,181)	(1,367,198)	(3,086,202)	(9,022,664)	(8,357,452)	(589,887)	–	(38,635,584)
Net position	40,749	(15,227,226)	789,680	(962,565)	(1,003,144)	837,437	15,859,166	2,505,750	2,839,847

47 FINANCIAL RISK MANAGEMENT (Continued)

47.2 Liquidity risk (Continued)

Analysis of the remaining contractual maturity of financial assets and financial liabilities *(Continued)*

	31 December 2023								
	Past due	On demand	Less than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Undated	Total
Cash and balances with central banks	–	409,263	–	1,196	10,524	–	–	2,501,064	2,922,047
Deposits with banks and other financial institutions	–	146,973	145,871	97,137	672,860	17,235	–	–	1,080,076
Placements with and loans to banks and other financial institutions	–	–	155,745	78,951	222,321	59,164	–	–	516,181
Derivative financial assets	–	–	5,635	7,568	8,773	2,542	355	–	24,873
Financial assets held under resale agreements	3,872	–	1,793,874	10,333	1,480	–	–	–	1,809,559
Loans and advances to customers	26,167	–	860,084	1,426,659	4,863,202	4,883,398	9,672,256	–	21,731,766
Financial assets at fair value through profit or loss	–	3,083	2,767	36,500	105,554	41,950	226,153	131,400	547,407
Debt instrument investments at amortized cost	387	–	81,055	179,635	572,798	2,502,672	5,126,708	–	8,463,255
Other debt instrument and other equity investments at fair value through other comprehensive income	17	–	84,594	291,167	596,560	641,529	581,818	7,366	2,203,051
Other financial assets	4,157	125,775	1,827	302	3,025	883	7,694	–	143,663
Total financial assets	34,600	685,094	3,131,452	2,129,448	7,057,097	8,149,373	15,614,984	2,639,830	39,441,878
Borrowings from central banks	–	(30)	(123,464)	(180,958)	(822,617)	–	–	–	(1,127,069)
Deposits from banks and other financial institutions	–	(2,346,706)	(213,026)	(347,853)	(509,181)	(229,323)	(7,408)	–	(3,653,497)
Placements from banks and other financial institutions	–	–	(138,121)	(134,140)	(104,937)	(2,724)	(2,368)	–	(382,290)
Financial liabilities at fair value through profit or loss	–	(11,987)	(80)	–	(321)	(209)	–	–	(12,597)
Derivative financial liabilities	–	–	(7,353)	(8,024)	(10,492)	(1,948)	–	–	(27,817)
Financial assets sold under repurchase agreements	–	–	(18,776)	(40,684)	(41,061)	–	–	–	(100,521)
Due to customers	–	(14,159,827)	(875,952)	(1,846,343)	(4,566,756)	(7,441,935)	(7,655)	–	(28,898,468)
Debt securities issued	–	–	(166,810)	(496,344)	(1,018,088)	(129,703)	(484,976)	–	(2,295,921)
Other financial liabilities	–	(125,567)	(1,799)	(768)	(4,204)	(11,433)	(16,223)	–	(159,994)
Total financial liabilities	–	(16,644,117)	(1,545,381)	(3,055,114)	(7,077,657)	(7,817,275)	(518,630)	–	(36,658,174)
Net position	34,600	(15,959,023)	1,586,071	(925,666)	(20,560)	332,098	15,096,354	2,639,830	2,783,704

47 FINANCIAL RISK MANAGEMENT (Continued)

47.2 Liquidity risk (Continued)

Analysis of the undiscounted contractual cash flows

Assets available to meet obligations related to the Group's liabilities and outstanding credit commitments primarily include cash and balances with central banks, deposits with banks and other financial institutions, placements with and loans to banks and other financial institutions, financial assets at fair value through profit or loss, and financial assets held under resale agreements. In the normal course of business, the majority of customer deposits repayable on demand or on maturity are expected to be retained. In addition, the Group is able to sell the other debt instrument and other equity investments at fair value through other comprehensive income to repay matured liabilities, if necessary.

The tables below present the undiscounted cash flows of non-derivative financial assets and financial liabilities by remaining contractual maturities at the end of each reporting period:

	30 June 2024								
	Past due	On demand	Less than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Undated	Total
Non-derivative financial assets									
Cash and balances with central banks	–	656,792	–	995	15,017	–	–	2,364,501	3,037,305
Deposits with banks and other financial institutions	–	79,707	83,165	211,320	249,418	20,580	617	–	644,807
Placements with and loans to banks and other financial institutions	–	–	142,684	75,017	180,798	71,369	–	–	469,868
Financial assets held under resale agreements	3,915	–	722,469	13,116	1,980	–	–	–	741,480
Loans and advances to customers	86,093	–	894,707	1,439,784	6,522,731	7,764,751	14,924,156	–	31,632,222
Financial assets at fair value through profit or loss	–	2,181	5,423	19,938	69,135	71,192	224,742	132,687	525,298
Debt instrument investments at amortized cost	1,352	–	151,439	213,421	695,655	3,569,638	6,444,050	–	11,075,555
Other debt instrument and other equity investments at fair value through other comprehensive income	21	–	238,973	339,732	1,277,314	1,027,205	715,028	8,562	3,606,835
Other financial assets	6,946	249,996	3,992	232	3,358	35	8,228	–	272,787
Total non-derivative financial assets	98,327	988,676	2,242,852	2,313,555	9,015,406	12,524,770	22,316,821	2,505,750	52,006,157
Non-derivative financial liabilities									
Borrowings from central banks	–	(30)	(28,455)	(199,156)	(891,856)	–	–	–	(1,119,497)
Deposits from banks and other financial institutions	–	(2,971,857)	(173,057)	(467,167)	(618,202)	(483,777)	(24,406)	–	(4,738,466)
Placements from banks and other financial institutions	–	–	(124,122)	(160,541)	(112,325)	(4,496)	(2,982)	–	(404,466)
Financial liabilities at fair value through profit or loss	–	(14,386)	–	–	(309)	(208)	–	–	(14,903)
Financial assets sold under repurchase agreements	–	–	(46,786)	(37,874)	(30,647)	–	–	–	(115,307)
Due to customers	–	(13,005,445)	(801,059)	(1,645,846)	(6,253,527)	(7,954,747)	(22,310)	–	(29,682,934)
Debt securities issued	–	–	(186,584)	(582,500)	(1,197,934)	(195,428)	(626,489)	–	(2,788,935)
Other financial liabilities	–	(220,463)	(2,365)	(827)	(3,949)	(11,787)	(20,758)	–	(260,149)
Total non-derivative financial liabilities	–	(16,212,181)	(1,362,428)	(3,093,911)	(9,108,749)	(8,650,443)	(696,945)	–	(39,124,657)
Net position	98,327	(15,223,505)	880,424	(780,356)	(93,343)	3,874,327	21,619,876	2,505,750	12,881,500

47 FINANCIAL RISK MANAGEMENT (Continued)

47.2 Liquidity risk (Continued)

***Analysis of the undiscounted contractual cash flows** (Continued)*

	31 December 2023								
	Past due	On demand	Less than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Undated	Total
Non-derivative financial assets									
Cash and balances with central banks	–	409,263	–	1,196	10,524	–	–	2,501,064	2,922,047
Deposits with banks and other financial institutions	–	147,065	146,068	97,971	684,001	18,570	–	–	1,093,675
Placements with and loans to banks and other financial institutions	–	–	157,148	80,361	226,642	66,027	–	–	530,178
Financial assets held under resale agreements	3,915	–	1,797,692	10,367	1,491	–	–	–	1,813,465
Loans and advances to customers	75,740	–	951,092	1,599,552	5,619,928	7,135,383	14,229,993	–	29,611,688
Financial assets at fair value through profit or loss	–	3,083	2,814	37,014	111,317	71,775	249,678	131,400	607,081
Debt instrument investments at amortized cost	1,302	–	82,127	190,919	721,280	3,324,226	6,097,362	–	10,417,216
Other debt instrument and other equity investments at fair value through other comprehensive income	21	–	84,849	295,971	632,303	747,610	681,570	7,366	2,449,690
Other financial assets	5,111	128,432	1,828	302	3,026	883	7,695	–	147,277
Total non-derivative financial assets	86,089	687,843	3,223,618	2,313,653	8,010,512	11,364,474	21,266,298	2,639,830	49,592,317
Non-derivative financial liabilities									
Borrowings from central banks	–	(30)	(123,611)	(181,679)	(837,139)	–	–	–	(1,142,459)
Deposits from banks and other financial institutions	–	(2,346,706)	(215,353)	(350,315)	(519,072)	(243,566)	(7,735)	–	(3,682,747)
Placements from banks and other financial institutions	–	–	(139,279)	(135,438)	(106,075)	(3,732)	(2,816)	–	(387,340)
Financial liabilities at fair value through profit or loss	–	(11,987)	(80)	–	(321)	(209)	–	–	(12,597)
Financial assets sold under repurchase agreements	–	–	(18,798)	(41,123)	(41,957)	–	–	–	(101,878)
Due to customers	–	(14,159,827)	(876,853)	(1,853,472)	(4,626,084)	(7,843,250)	(8,637)	–	(29,368,123)
Debt securities issued	–	–	(167,159)	(500,902)	(1,042,618)	(205,960)	(572,154)	–	(2,488,793)
Other financial liabilities	–	(125,567)	(1,824)	(802)	(4,370)	(11,836)	(16,283)	–	(160,682)
Total non-derivative financial liabilities	–	(16,644,117)	(1,542,957)	(3,063,731)	(7,177,636)	(8,308,553)	(607,625)	–	(37,344,619)
Net position	86,089	(15,956,274)	1,680,661	(750,078)	832,876	3,055,921	20,658,673	2,639,830	12,247,698

47 FINANCIAL RISK MANAGEMENT (Continued)

47.2 Liquidity risk (Continued)

Derivative cash flows

Derivatives settled on a net basis

The tables below present the undiscounted contractual cash flows of the Group's net derivative positions based on their remaining contractual maturities:

	30 June 2024					
	Less than 1 month	**1 – 3 months**	**3 – 12 months**	**1 – 5 years**	**Over 5 years**	**Total**
Derivatives settled on a net basis	**566**	**957**	**9,578**	**736**	**–**	**11,837**

	31 December 2023					
	Less than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Derivatives settled on a net basis	(26)	(549)	(1,443)	(42)	–	(2,060)

Derivatives settled on a gross basis

The tables below present the undiscounted contractual cash flows of the Group's gross derivative positions based on their remaining contractual maturities:

	30 June 2024					
	Less than 1 month	**1 – 3 months**	**3 – 12 months**	**1 – 5 years**	**Over 5 years**	**Total**
Derivatives settled on a gross basis						
— Cash inflow	**576,909**	**508,321**	**1,060,407**	**44,999**	**3,879**	**2,194,515**
— Cash outflow	**(576,541)**	**(510,039)**	**(1,068,381)**	**(44,768)**	**(3,287)**	**(2,203,016)**
Total	**368**	**(1,718)**	**(7,974)**	**231**	**592**	**(8,501)**

	31 December 2023					
	Less than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Derivatives settled on a gross basis						
— Cash inflow	468,867	343,763	753,701	52,155	828	1,619,314
— Cash outflow	(472,545)	(344,648)	(753,886)	(49,782)	(464)	(1,621,325)
Total	(3,678)	(885)	(185)	2,373	364	(2,011)

47 FINANCIAL RISK MANAGEMENT (Continued)

47.2 Liquidity risk (Continued)

Off-balance sheet items

The off-balance sheet items of the Group primarily include loan commitments, bank acceptances, credit card commitments, letters of guarantee and guarantees and letters of credit. The tables below summarize the amounts of credit commitments by remaining maturity. Financial guarantees are also included below at notional amounts and based on the earliest contractual maturity date.

	30 June 2024			
	Less than 1 year	1 – 5 years	Over 5 years	Total
Loan commitments	47,597	92,980	124,574	265,151
Bank acceptances	786,715	–	–	786,715
Credit card commitments	861,480	–	–	861,480
Letters of guarantee and guarantees	198,678	170,322	20,506	389,506
Letters of credit	211,789	18,009	–	229,798
Total	**2,106,259**	**281,311**	**145,080**	**2,532,650**

	31 December 2023			
	Less than 1 year	1 – 5 years	Over 5 years	Total
Loan commitments	100,012	108,100	157,735	365,847
Bank acceptances	1,024,150	–	–	1,024,150
Credit card commitments	873,029	–	–	873,029
Letters of guarantee and guarantees	177,954	174,552	21,409	373,915
Letters of credit	196,217	22,257	350	218,824
Total	2,371,362	304,909	179,494	2,855,765

47.3 Market risk

Market risk represents the potential loss arising from changes in market rates of interest and foreign exchange, as well as commodity and equity prices. Market risk arises from both the Group's proprietary positions and customer driven transactions, in both cases related to on- and off-balance sheet activities.

The Group is primarily exposed to interest rate risk through corporate, personal banking and treasury operations. Interest rate risk is inherent in many of the Group's businesses and this situation is common among large banks. It fundamentally arises through mismatches between the maturity and re-pricing dates of interest-earning assets and interest-bearing liabilities.

Foreign exchange rate risk is the potential loss related to changes in foreign exchange rates affecting the translation of foreign currency denominated assets and liabilities. The risk of loss results from movements in foreign currency exchange rates.

The Group is also exposed to commodity risk, primarily related to gold and other precious metals. The risk of loss results from movements in commodity price. The Group manages the risk related to gold price together with foreign exchange rate risk.

The Group has determined that the levels of market risk related to changes in equity prices and commodity prices other than gold, with respect to the related exposures in its trading and investment portfolios, are immaterial.

47 FINANCIAL RISK MANAGEMENT (Continued)

47.3 Market risk (Continued)

Segregation of Trading Book and Banking Book

To enhance the effectiveness of market risk management, as well as the accuracy of determining the levels of regulatory capital required related to market risk, the Group segregates assets and liabilities, both on-and off-balance sheet, into either the trading book or banking book. The trading book is comprised of financial instruments, foreign exchange and commodity positions held for trading or risk hedging. Any other positions are included in the banking book.

Market Risk Management for Trading Book

The Group manages market risk in the trading book through methodologies that include stress testing, Value at Risk (VaR), monitoring and management of established limits, sensitivity analysis, duration analysis and exposure analysis.

Based on changes in the external market and business operations, the Group formulates annual financial market business risk management strategy, and further clarifies the admission standards and specific management requirements to be followed for bond trading and derivatives trading. The Group establishes market risk exposure limits, and uses the limit indicator system with VaR as the core and the market risk management system to realize the measurement and monitoring of market risk in the trading book.

The Bank has adopted an historical simulation method, with a confidence level of 99% based on holding period of 1 day and historical data for 250 days to calculate the VaR of the trading books, which includes the Head Office, domestic branches and overseas branches. Based on the differences between domestic and overseas markets, the Bank selected applicable parameters for model and risk factors in order to reflect the actual market risk levels. The Bank verified the accuracy and reliability of market risk measurement models through data analysis, parallel modeling, and back-testing of the market risk measurement models.

VaR Analysis for the Trading Book

Bank

		Six months ended 30 June 2024			
	Note	**At the end of the period**	**Average**	**Maximum**	**Minimum**
Interest rate risk		**43**	**52**	**79**	**36**
Exchange rate risk	(1)	**484**	**400**	**516**	**282**
Commodity risk		**26**	**22**	**30**	**14**
Overall VaR		**482**	**395**	**508**	**277**

		Six months ended 30 June 2023			
	Note	At the end of the period	Average	Maximum	Minimum
Interest rate risk		66	64	78	54
Exchange rate risk	(1)	178	194	219	120
Commodity risk		37	32	39	21
Overall VaR		229	201	229	142

(1) VaR related to gold is recognized as a component of foreign exchange rate risk.

47 FINANCIAL RISK MANAGEMENT (Continued)

47.3 Market risk (Continued)

Market Risk Management for Trading Book *(Continued)*

VaR Analysis for the Trading Book (Continued)

The Bank calculates VaR for its trading book (excluding RMB foreign currency settlement contracts with customers under relevant regulations). The Bank conducts stress testing for its trading book quarterly. The specific areas subject to this testing include the major areas of exposure, such as bonds, interest rate derivatives, foreign exchange derivatives and precious metal. The stress testing uses a range of scenarios to assess the potential impact on profit and loss.

Market Risk Management for Banking Book

The Group manages market risk related to the banking book by consistently applying techniques across the Group that include exposure limit management, stress testing, scenario analysis and gap analysis.

Interest Rate Risk Management

Interest rate risk refers to the risk that the adverse changes in interest rate levels and maturity structures will cause the economic value of the banking book or overall income to suffer losses. The Group's book interest rate risk mainly comes from the mismatch of maturity or repricing periods of interest-sensitive assets and liabilities in the Group's book and the inconsistent changes in the benchmark interest rate on which assets and liabilities are based.

Since the People's Bank of China's RMB Loan Prime Rate (LPR) reform, the Group has implemented relevant policies in accordance with regulatory requirements, promoted business system transformation, modified system loan contracts, improved internal and external interest rate pricing mechanisms, strengthened staff training for branches, comprehensively promoted LPR applications, and basically realized the entire system and the entire process of loan pricing application of LPR pricing. After the People's Bank of China reforms LPR, the connection between the benchmark interest rate on loans and the market interest rate will be closer, and the frequency and amplitude of volatility will increase relatively. To this end, the Group strengthened the monitoring and prejudgment of the external interest rate environment, adjusted internal and external pricing strategies in a timely manner, optimized the asset and liability product structure and maturity structure, and proactively adjusted the risk structure to reduce the economic value and overall impact of interest rate changes and the adverse impact of earnings. During the reporting period, the Group's interest rate risk level was generally stable, and all quota indicators were controlled within the scope of regulatory requirements and management objectives.

Foreign Exchange Rate Risk Management

Foreign exchange rate risk relates to the mismatch of foreign currency denominated assets and liabilities, and the potential loss related to changes in foreign exchange rates, which largely arises through operational activities.

The Group performs monitoring and sensitivity analysis of foreign exchange rate risk exposure, manages the mismatch of foreign currency denominated assets and liabilities to effectively manage foreign exchange rate risk exposure within acceptable limits.

Market Risk Exposure Limit Management

Market risk exposure limits of the Group are classified as either directive limits or indicative limits, including position limits, stop-loss limits, VaR limits, and stress testing limits.

The Group is committed to continuous improvement of its market risk exposure limit management. The Group establishes exposure limits reflecting its risk appetite and continuously refines the categorization of market risk exposure limits. Further, it regularly monitors, reports, refines, and implements improvements to the market risk exposure limit process.

47 FINANCIAL RISK MANAGEMENT (Continued)

47.3 Market risk (Continued)

Foreign exchange rate risk

The Group primarily conducts its business activities in RMB, with certain transactions denominated in USD, HKD and, to a lesser extent, other currencies.

The composition of all financial assets and liabilities at the end of each reporting period analyzed by currency is as follows:

	30 June 2024				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Cash and balances with central banks	2,894,774	93,013	3,095	46,423	3,037,305
Deposits with banks and other financial institutions	579,817	29,008	3,121	26,947	638,893
Placements with and loans to banks and other financial institutions	202,438	177,650	59,183	17,378	456,649
Derivative financial assets	29,300	3,905	2,752	4,497	40,454
Financial assets held under resale agreements	740,355	–	–	–	740,355
Loans and advances to customers	22,881,684	402,615	57,433	97,002	23,438,734
Financial assets at fair value through profit or loss	463,870	14,365	983	1,173	480,391
Debt instrument investments at amortized cost	8,917,563	92,281	22,003	5,527	9,037,374
Other debt instrument and other equity investments at fair value through other comprehensive income	3,037,683	249,851	1,051	47,159	3,335,744
Other financial assets	238,071	27,861	1,477	2,123	269,532
Total financial assets	39,985,555	1,090,549	151,098	248,229	41,475,431
Borrowings from central banks	(1,107,331)	–	–	–	(1,107,331)
Deposits from banks and other financial institutions	(4,575,069)	(67,400)	(20,623)	(1,372)	(4,664,464)
Placements from banks and other financial institutions	(105,738)	(227,486)	(53,356)	(12,669)	(399,249)
Financial liabilities at fair value through profit or loss	(14,594)	–	(309)	–	(14,903)
Derivative financial liabilities	(27,331)	(6,540)	(1,674)	(1,809)	(37,354)
Financial assets sold under repurchase agreements	(13,852)	(85,715)	–	(14,759)	(114,326)
Due to customers	(28,751,862)	(365,079)	(94,799)	(247,470)	(29,459,210)
Debt securities issued	(2,260,299)	(244,275)	(45,053)	(30,398)	(2,580,025)
Other financial liabilities	(237,817)	(18,373)	(895)	(1,637)	(258,722)
Total financial liabilities	(37,093,893)	(1,014,868)	(216,709)	(310,114)	(38,635,584)
Net on-balance sheet position	2,891,662	75,681	(65,611)	(61,885)	2,839,847
Net notional amount of derivatives	185,647	(166,878)	98,066	71,049	187,884
Loan commitments and financial guarantee contracts	2,185,623	257,996	2,078	86,953	2,532,650

47 FINANCIAL RISK MANAGEMENT (Continued)

47.3 Market risk (Continued)

***Foreign exchange rate risk** (Continued)*

The composition of all financial assets and liabilities at the end of each reporting period analyzed by currency is as follows: (Continued)

	31 December 2023				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Cash and balances with central banks	2,817,659	75,462	1,439	27,487	2,922,047
Deposits with banks and other financial institutions	952,425	34,206	3,914	89,531	1,080,076
Placements with and loans to banks and other financial institutions	273,973	176,696	51,847	13,665	516,181
Derivative financial assets	16,718	2,715	2,849	2,591	24,873
Financial assets held under resale agreements	1,809,559	–	–	–	1,809,559
Loans and advances to customers	21,190,871	367,196	68,569	105,130	21,731,766
Financial assets at fair value through profit or loss	528,956	15,633	1,453	1,365	547,407
Debt instrument investments at amortized cost	8,325,508	117,301	14,656	5,790	8,463,255
Other debt instrument and other equity investments at fair value through other comprehensive income	1,871,112	257,247	11,189	63,503	2,203,051
Other financial assets	129,292	10,424	2,370	1,577	143,663
Total financial assets	37,916,073	1,056,880	158,286	310,639	39,441,878
Borrowings from central banks	(1,126,049)	–	–	(1,020)	(1,127,069)
Deposits from banks and other financial institutions	(3,577,419)	(50,430)	(23,448)	(2,200)	(3,653,497)
Placements from banks and other financial institutions	(88,192)	(204,480)	(56,710)	(32,908)	(382,290)
Financial liabilities at fair value through profit or loss	(12,276)	–	(321)	–	(12,597)
Derivative financial liabilities	(20,395)	(2,315)	(1,507)	(3,600)	(27,817)
Financial assets sold under repurchase agreements	(7,216)	(83,654)	–	(9,651)	(100,521)
Due to customers	(28,200,270)	(483,686)	(45,842)	(168,670)	(28,898,468)
Debt securities issued	(1,995,351)	(231,691)	(34,002)	(34,877)	(2,295,921)
Other financial liabilities	(139,636)	(17,544)	(1,171)	(1,643)	(159,994)
Total financial liabilities	(35,166,804)	(1,073,800)	(163,001)	(254,569)	(36,658,174)
Net on-balance sheet position	2,749,269	(16,920)	(4,715)	56,070	2,783,704
Net notional amount of derivatives	132,838	20,198	26,915	(60,272)	119,679
Loan commitments and financial guarantee contracts	2,580,632	217,252	13,818	44,063	2,855,765

47 FINANCIAL RISK MANAGEMENT (Continued)

47.3 Market risk (Continued)

Foreign exchange rate risk *(Continued)*

The table below indicates the potential effect on profit before tax and other comprehensive income arising from a 5% appreciation or depreciation of RMB spot and forward foreign exchange rates against a basket of all other currencies on the net positions of foreign currency monetary assets and liabilities and derivative instruments in the consolidated interim statement of financial position of the Group.

	30 June 2024		31 December 2023	
	Profit before tax	**Other comprehensive income**	Profit before tax	Other comprehensive income
5% appreciation	**2,218**	**317**	(1,368)	341
5% depreciation	**(2,218)**	**(317)**	1,368	(341)

The effect on profit before tax and other comprehensive income is calculated based on the assumption that the Group's foreign currency sensitive exposures and foreign currency derivative instruments net position at the end of each reporting period remain unchanged. The Group mitigates its foreign exchange rate risk through active management of its foreign currency exposures and the appropriate use of derivative instruments, based on management expectation of future foreign currency exchange rate movements. Such analysis does not take into account the correlation effect of changes in different foreign currencies, nor any further actions that could be taken by management to mitigate the effect of foreign exchange differences. Therefore, the sensitivity analysis above may differ from actual results occurring through changes in foreign exchange rates.

Interest rate risk

The Group's interest rate risk arises from the mismatches between contractual maturities or re-pricing dates of interest-generating assets and interest-bearing liabilities, as well as the inconsistent variations in the benchmark interest rate on which the assets and liabilities are based. The Group's interest-generating assets and interest-bearing liabilities are primarily denominated in RMB. The PBOC stipulated the benchmark interest rate for RMB deposits. The deposit interest rate floating ceiling was removed by the PBOC with effect from 24 December 2015 for commercial banks. Since 16 August 2019, the PBOC established LPR to replace RMB benchmark interest rates for loan as a pricing benchmark of new loan whereby financial institutions are in a position to price their loans based on commercial and market factors.

The Group manages its interest rate risk by:

— Strengthen the pre-judgment of the situation and analyze the macroeconomic factors that may affect the LPR interest rate, the benchmark deposit interest rate and the market interest rate;

— Strengthen strategy transmission and optimize the repricing term structure of interest-earning assets and interest-bearing liabilities;

— Implement limit management to control the impact of interest rate changes on the economic value and overall income of banking books within the limits.

47 FINANCIAL RISK MANAGEMENT (Continued)

47.3 Market risk (Continued)

Interest rate risk (Continued)

The tables below summarize the contractual maturity or re-pricing date, whichever is earlier, of the Group's financial assets and financial liabilities at the end of each reporting period:

	30 June 2024						
	Less than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with central banks	2,784,940	–	15,017	–	–	237,348	3,037,305
Deposits with banks and other financial institutions	158,055	207,391	243,708	18,663	598	10,478	638,893
Placements with and loans to banks and other financial institutions	140,650	72,608	175,317	63,444	–	4,630	456,649
Derivative financial assets	–	–	–	–	–	40,454	40,454
Financial assets held under resale agreements	721,180	13,071	1,964	–	–	4,140	740,355
Loans and advances to customers	4,761,571	3,901,184	13,270,853	957,341	492,948	54,837	23,438,734
Financial assets at fair value through profit or loss	5,532	18,510	68,454	42,653	205,700	139,542	480,391
Debt instrument investments at amortized cost	136,043	170,379	500,283	2,698,643	5,378,554	153,472	9,037,374
Other debt instrument and other equity investments at fair value through other comprehensive income	246,881	368,155	1,221,076	865,030	601,763	32,839	3,335,744
Other financial assets	–	–	–	–	–	269,532	269,532
Total financial assets	8,954,852	4,751,298	15,496,672	4,645,774	6,679,563	947,272	41,475,431
Borrowings from central banks	(27,229)	(194,402)	(869,269)	–	–	(16,431)	(1,107,331)
Deposits from banks and other financial institutions	(3,141,517)	(460,050)	(591,580)	(429,664)	(23,500)	(18,153)	(4,664,464)
Placements from banks and other financial institutions	(123,265)	(155,951)	(110,580)	(4,052)	(2,234)	(3,167)	(399,249)
Financial liabilities at fair value through profit or loss	–	–	(309)	(208)	–	(14,386)	(14,903)
Derivative financial liabilities	–	–	–	–	–	(37,354)	(37,354)
Financial assets sold under repurchase agreements	(46,281)	(37,269)	(29,881)	–	–	(895)	(114,326)
Due to customers	(13,763,294)	(1,606,386)	(6,026,232)	(7,586,098)	(18,253)	(458,947)	(29,459,210)
Debt securities issued	(198,842)	(617,039)	(1,147,660)	(81,513)	(525,016)	(9,955)	(2,580,025)
Other financial liabilities	–	–	–	–	–	(258,722)	(258,722)
Total financial liabilities	(17,300,428)	(3,071,097)	(8,775,511)	(8,101,535)	(569,003)	(818,010)	(38,635,584)
Interest rate gap	(8,345,576)	1,680,201	6,721,161	(3,455,761)	6,110,560	129,262	2,839,847

47 FINANCIAL RISK MANAGEMENT (Continued)

47.3 Market risk (Continued)

Interest rate risk *(Continued)*

The tables below summarize the contractual maturity or re-pricing date, whichever is earlier, of the Group's financial assets and financial liabilities at the end of each reporting period (Continued):

	31 December 2023						
	Less than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with central banks	2,673,721	–	10,524	–	–	237,802	2,922,047
Deposits with banks and other financial institutions	285,086	96,101	670,690	16,947	–	11,252	1,080,076
Placements with and loans to banks and other financial institutions	184,543	98,819	211,918	17,362	–	3,539	516,181
Derivative financial assets	–	–	–	–	–	24,873	24,873
Financial assets held under resale agreements	1,792,438	10,303	1,476	–	–	5,342	1,809,559
Loans and advances to customers	5,377,071	3,660,201	11,355,552	821,121	467,469	50,352	21,731,766
Financial assets at fair value through profit or loss	3,120	41,560	108,124	37,472	218,534	138,597	547,407
Debt instrument investments at amortized cost	80,170	148,416	518,797	2,488,081	5,077,004	150,787	8,463,255
Other debt instrument and other equity investments at fair value through other comprehensive income	90,533	309,528	585,803	614,968	577,793	24,426	2,203,051
Other financial assets	–	–	–	–	–	143,663	143,663
Total financial assets	10,486,682	4,364,928	13,462,884	3,995,951	6,340,800	790,633	39,441,878
Borrowings from central banks	(120,354)	(177,111)	(816,714)	–	–	(12,890)	(1,127,069)
Deposits from banks and other financial institutions	(2,554,534)	(344,236)	(505,377)	(223,744)	(7,400)	(18,206)	(3,653,497)
Placements from banks and other financial institutions	(137,162)	(133,058)	(103,998)	(2,673)	(2,337)	(3,062)	(382,290)
Financial liabilities at fair value through profit or loss	(80)	–	(321)	(209)	–	(11,987)	(12,597)
Derivative financial liabilities	–	–	–	–	–	(27,817)	(27,817)
Financial assets sold under repurchase agreements	(18,690)	(40,398)	(40,715)	–	–	(718)	(100,521)
Due to customers	(14,978,192)	(1,774,052)	(4,446,867)	(7,232,534)	(7,650)	(459,173)	(28,898,468)
Debt securities issued	(175,187)	(536,137)	(997,562)	(89,151)	(484,976)	(12,908)	(2,295,921)
Other financial liabilities	–	–	–	–	–	(159,994)	(159,994)
Total financial liabilities	(17,984,199)	(3,004,992)	(6,911,554)	(7,548,311)	(502,363)	(706,755)	(36,658,174)
Interest rate gap	(7,497,517)	1,359,936	6,551,330	(3,552,360)	5,838,437	83,878	2,783,704

47 FINANCIAL RISK MANAGEMENT (Continued)

47.3 Market risk (Continued)

***Interest rate risk** (Continued)*

The following table illustrates the potential pre-tax impact, of a parallel upward or downward shift of 100 basis points in relevant interest rate curves on the Group's net interest income and other comprehensive income for the next twelve months from the reporting date, based on the Group's positions of interest-earning assets and interest-bearing liabilities at the end of each reporting period. This analysis assumes that interest rates of all maturities move by the same amount, and does not reflect the potential impact of unparalleled yield curve movements.

The sensitivity analysis on net interest income is based on reasonably possible changes in interest rates with the assumption that the structure of financial assets and financial liabilities held at the period end remains unchanged, and does not take changes in customer behavior, basis risk or any prepayment options on debt securities into consideration.

The sensitivity analysis on other comprehensive income reflects only the effect of changes in fair value of those financial instruments classified as other debt instrument investments and other equity investments at fair value through other comprehensive income held, whose fair value changes are recorded as an element of other comprehensive income.

	30 June 2024		31 December 2023	
	Net interest income	**Other comprehensive income**	Net interest income	Other comprehensive income
+100 basis points	**(40,772)**	**(77,489)**	(35,951)	(69,135)
–100 basis points	**40,772**	**77,489**	35,951	69,135

The assumptions do not reflect actions that might be taken under the Group's capital and interest rate risk management policy to mitigate changes to the Group's interest rate risk. Therefore the above analysis may differ from the actual situation.

In addition, the presentation of interest rate sensitivity above is for illustration purposes only, showing the potential impact on net interest income and other comprehensive income of the Group under different parallel yield curve movements, relative to their position at period-end, excluding the derivative positions.

47.4 Country Risk

Country risk represents the risk due to changes and incidents occurred in the economy, politics and society of a specific country or region, which results in the debtors in that country or region incapable of or unwilling to pay their debts owed to the Bank or otherwise leads to business losses or other losses to the Bank in that country or region.

According to the regulatory requirements of NFRA, the Bank managed country risk through tools and approaches such as country risk rating, limit approval, exposure analysis and stress testing. Meanwhile, we made adequate, reasonable and prudent provision for country risk in accordance with regulatory requirements.

47 FINANCIAL RISK MANAGEMENT (Continued)

47.5 Insurance risk

The Group engages in its insurance business primarily in Chinese mainland. Insurance risk refers to the financial impact resulting from the unexpected occurrence of insured events. These risks are actively managed by the Group through effective sales management, underwriting control, reinsurance management and claim management. Through effective sales management, the risk of mis-selling could be reduced and the accuracy of information used for underwriting is improved. Through underwriting control, risk of adverse selection could be reduced and moreover differential pricing policy based on the level of each kind of risk could be utilized. Through reinsurance, the Group's insurance capacity could be enhanced and targeted risks could be mitigated. Effective claims management is designed to ensure that insurance payments are controlled according to established criteria.

Uncertainty in the estimation of future benefit payments and premium receipts for long-term life insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality. The Group conducts experience analysis of mortality rate and surrender rate, in order to improve its risk assessment and as a basis for reasonable estimates.

48 CAPITAL MANAGEMENT

The Group's capital management objectives are as follows:

— maintain an adequate capital base to support the development of its business;

— support the Group's financial stability and profitable growth;

— allocate capital through an efficient and risk based approach to optimize risk-adjusted return to shareholders; and

— safeguard the long-term sustainability of the Group's franchise so that it can continue to provide sufficient shareholder returns and benefits for other stakeholders.

In April 2014, the NFRA officially approved the Group to adopt advanced capital management approach. Within the scope of the approval, the Internal Ratings-Based approach is adopted to Credit Risk-weighted Assets for both retail and non-retail risk exposures, and the Standardized approach for both Operational Risk-weighted Assets and Market Risk-weighted Assets. In January 2017, the NFRA has officially approved the Group to adopt the Internal Models approach to measure its Market Risk-weighted Assets for qualified risk exposures.

The Group calculates the capital adequacy ratio in accordance with "Capital Rules for Commercial Banks" and its relevant provisions issued by the NFRA since 1 January 2024. Regulatory requirements for capital adequacy ratio of commercial banks includes, among other things, requirements for minimum capital, capital conservation buffer, additional capital surcharge for systemically important banks, countercyclical buffer and Pillar II capital as follows:

— minimum regulatory requirements for Common Equity Tier-one Capital Adequacy Ratio, Tier-one Capital Adequacy Ratio and Capital Adequacy Ratio are 5%, 6% and 8%, respectively;

— capital conservation buffer requires additional 2.5% of Common Equity Tier-one Capital Adequacy Ratio;

— additional capital surcharge for systemically important banks requires additional 1% of Common Equity Tier-one Capital Adequacy Ratio;

— should the regulators require countercyclical buffer under particular circumstances or regulators impose additional Pillar II capital requirements for specific banks, these requirements shall be met within the specified time limits.

48 CAPITAL MANAGEMENT (Continued)

Capital adequacy and the utilization of regulatory capital are closely monitored by the Group's management in accordance with the guidelines developed by the Basel Committee and relevant regulations promulgated by the NFRA. Required information related to capital levels and utilization is filed quarterly with the NFRA.

The Group's capital adequacy ratio calculated in accordance with the "Capital Rules for Commercial Banks" issued by the NFRA as at 30 June 2024 is as follows (the data as at 31 December 2023 was not restated):

	Notes	**30 June 2024**	31 December 2023
Common Equity Tier-one Capital Adequacy Ratio	(1)	**11.13%**	10.72%
Tier-one Capital Adequacy Ratio	(1)	**13.76%**	12.87%
Capital Adequacy Ratio	(1)	**18.45%**	17.14%
Common Equity Tier-one Capital	(2)	**2,471,333**	2,409,743
Deductible Items from Common Equity Tier-one Capital	(3)	**(9,657)**	(14,803)
Net Common Equity Tier-one Capital		**2,461,676**	2,394,940
Additional Tier-one Capital	(4)	**579,565**	480,009
Net Tier-one Capital		**3,041,241**	2,874,949
Tier-two Capital	(5)	**1,038,852**	953,222
Net Capital		**4,080,093**	3,828,171
Risk-weighted Assets	(6)	**22,109,317**	22,338,078

Pursuant to the "Capital Rules for Commercial Banks":

(1) The scope of consolidation related to the calculation of the Group's Capital Adequacy Ratios includes Domestic Institutions, Overseas Institutions and affiliated financial subsidiaries specified in the Regulation.

The Common Equity Tier-one Capital Adequacy Ratio is calculated as Net Common Equity Tier-one Capital divided by Risk-weighted Assets. The Tier-one Capital Adequacy Ratio is calculated as Net Tier-one Capital divided by Risk-weighted Assets. The Capital Adequacy Ratio is calculated as Net Capital divided by Risk-weighted Assets.

(2) The Group's Common Equity Tier-one Capital includes: ordinary share capital, capital reserve (subject to regulatory limitations), surplus reserve, general reserve, retained earnings, cumulative comprehensive income, non-controlling interests (to the extent permitted in the Common Equity Tier-one Capital under the Regulation), and the foreign currency translation reserve, etc.

(3) The Group's Deductible Items from Common Equity Tier-one Capital include: other intangible assets (excluding land-use rights), and Common Equity Tier-one Capital investments made in financial institutions over which the Group has control but are outside the regulatory consolidation scope for the Capital Adequacy Ratios calculation.

(4) The Group's Additional Tier-one Capital includes: other equity instruments issued and non-controlling interests (to the extent permitted in the Additional Tier-one Capital definition under the Regulation).

(5) The Group's Tier-two Capital includes: Tier-two capital instruments and related premium (to the extent allowed under the Regulation), excessive allowance for impairment losses, and minority interests (to the extent permitted in the Tier-two Capital definition under the Regulation).

(6) Risk-weighted Assets include Credit Risk-weighted Assets, Market Risk-weighted Assets and Operational Risk-weighted Assets.

49 FAIR VALUE OF FINANCIAL INSTRUMENTS

The majority of the Group's assets and liabilities in the condensed consolidated interim statement of financial position are financial assets and financial liabilities. Fair value measurement of non-financial assets and non-financial liabilities do not have a material impact on the Group's financial position and operations, taken as a whole.

The Group does not have any financial assets or financial liabilities subject to non-recurring fair value measurements for the six months ended 30 June 2024 and the year ended 31 December 2023.

49.1 Valuation technique, input and process

The fair value of the Group's financial assets and financial liabilities are determined as follows:

— If traded in active markets, fair values of financial assets and financial liabilities with standard terms and conditions are determined with reference to quoted market bid prices and ask prices, respectively;

— If not traded in active markets, fair values of financial assets and financial liabilities are determined by using valuation techniques. These valuation techniques include the use of recent transaction prices of the same or similar instruments, discounted cash flow analysis and generally accepted pricing models.

The Group has established an independent valuation process for financial assets and financial liabilities. The Financial Accounting Department of head office establishes the valuation models for financial assets and financial liabilities of head office and its branches in China and independently implements the valuation on a regular basis; and the Risk Management Department is responsible for validating the valuation model, the Operations Department records the accounting for these items. Overseas branches and sub-branches designate departments or personnel that are independent from the front trading office to perform valuation in accordance with the local regulatory requirements and their own department settings.

The Board of Directors shall be responsible for establishing and improving the internal control system related to the valuation of financial instruments and approving valuation policies.

For the six months ended 30 June 2024, there were no significant changes in the valuation techniques or inputs used to determine fair value measurements.

49.2 Fair value hierarchy

The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in an active market for identical assets or liabilities;

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; and

Level 3: fair value measurements are not based on observable market data.

49 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

49.3 Financial assets and financial liabilities not measured at fair value in the condensed consolidated interim statement of financial position

The tables below summarize the carrying amounts and fair values of those financial assets and financial liabilities not measured in the condensed consolidated interim statement of financial position at their fair value. Financial assets and financial liabilities for which the carrying amounts approximate fair value, such as balances with central banks, deposits with banks and other financial institutions, placements with and loans to banks and other financial institutions, financial assets held under resale agreements, loans and advances to customers, receivable from the MOF, special government bond, borrowings from central banks, deposits and placements from banks and other financial institutions, due to customers, financial assets sold under repurchase agreements and certificates of deposit issued, interbank certificates of deposits issued and commercial papers issued are not included in the tables below.

	30 June 2024				
	Carrying amount	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets					
Debt instrument investments at amortized cost (excluding receivable from the MOF and special government bond)	**8,597,878**	**9,090,888**	**66,883**	**8,967,835**	**56,170**
Financial liabilities					
Bonds issued	**641,705**	**666,122**	**38,316**	**627,806**	**–**

	31 December 2023				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Debt instrument investments at amortized cost (excluding receivable from the MOF and special government bond)	8,028,554	8,296,564	72,433	8,161,452	62,679
Financial liabilities					
Bonds issued	627,615	624,941	45,222	579,719	–

49 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

49.4 Financial assets and financial liabilities measured at fair value in the condensed consolidated interim statement of financial position

The tables below summarize the fair values of the financial assets and financial liabilities measured in the condensed consolidated interim statement of financial position at their fair value:

	30 June 2024			
	Level 1	Level 2	Level 3	Total
Derivative financial assets				
— Exchange rate derivatives	–	36,296	–	36,296
— Interest rate derivatives	–	3,130	–	3,130
— Precious metal derivatives and others	–	1,028	–	1,028
Subtotal	–	40,454	–	40,454
Loans and advances to customers				
— Discounted bills and forfeiting	–	1,128,670	–	1,128,670
Subtotal	–	1,128,670	–	1,128,670
Financial investments				
Financial assets at fair value through profit or loss				
— Held for trading				
Bonds	5,519	112,746	–	118,265
Precious metal contracts	–	16,428	–	16,428
Equity	7,507	313	–	7,820
Fund and others	8,237	6,201	–	14,438
— Other financial assets at fair value through profit or loss				
Bonds	3,483	161,072	2,151	166,706
Equity	7,291	9,342	99,559	116,192
Fund and others	501	19,357	20,064	39,922
— Financial assets designated at fair value through profit or loss				
Bonds	620	–	–	620
Subtotal	33,158	325,459	121,774	480,391
Other debt instruments and other equity investments at fair value through other comprehensive income				
— Debt instruments				
Bonds	242,331	3,076,099	–	3,318,430
Others	–	8,752	–	8,752
— Equity instruments	4,151	–	4,411	8,562
Subtotal	246,482	3,084,851	4,411	3,335,744
Total assets	279,640	4,579,434	126,185	4,985,259

49 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

49.4 Financial assets and financial liabilities measured at fair value in the condensed consolidated interim statement of financial position (Continued)

The tables below summarize the fair values of the financial assets and financial liabilities measured in the condensed consolidated interim statement of financial position at their fair value: (Continued)

	30 June 2024			
	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Held for trading				
— Financial liabilities related to precious metals	–	(14,386)	–	(14,386)
Financial liabilities designated at fair value through profit or loss				
— Liabilities of the controlled structured entities	–	–	(517)	(517)
Subtotal	–	(14,386)	(517)	(14,903)
Derivative financial liabilities				
— Exchange rate derivatives	–	(25,313)	–	(25,313)
— Interest rate derivatives	–	(1,868)	–	(1,868)
— Precious metal derivatives and others	–	(10,173)	–	(10,173)
Subtotal	–	(37,354)	–	(37,354)
Due to customers				
Due to customers measured at fair value through profit or loss	–	(28,217)	–	(28,217)
Total liabilities	–	(79,957)	(517)	(80,474)

49 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

49.4 Financial assets and financial liabilities measured at fair value in the condensed consolidated interim statement of financial position (Continued)

The tables below summarize the fair values of the financial assets and financial liabilities measured in the condensed consolidated interim statement of financial position at their fair value: (Continued)

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Derivative financial assets				
— Exchange rate derivatives	–	22,151	–	22,151
— Interest rate derivatives	–	2,502	–	2,502
— Precious metal derivatives and others	–	220	–	220
Subtotal	–	24,873	–	24,873
Loans and advances to customers				
— Discounted bills and forfeiting	–	1,493,925	–	1,493,925
Subtotal	–	1,493,925	–	1,493,925
Financial investments				
Financial assets at fair value through profit or loss				
— Held for trading				
Bonds	7,038	150,571	–	157,609
Precious metal contracts	–	15,487	–	15,487
Equity	7,272	333	–	7,605
Fund and others	8,175	8,773	–	16,948
— Other financial assets at fair value through profit or loss				
Bonds	1,952	188,675	1,813	192,440
Equity	7,403	8,563	99,340	115,306
Fund and others	410	19,458	21,332	41,200
— Financial assets designated at fair value through profit or loss				
Bonds	772	40	–	812
Subtotal	33,022	391,900	122,485	547,407
Other debt instruments and other equity investments at fair value through other comprehensive income				
— Debt instruments				
Bonds	227,807	1,958,686	–	2,186,493
Others	–	9,192	–	9,192
— Equity instruments	2,968	–	4,398	7,366
Subtotal	230,775	1,967,878	4,398	2,203,051
Total assets	263,797	3,878,576	126,883	4,269,256

49 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

49.4 Financial assets and financial liabilities measured at fair value in the condensed consolidated interim statement of financial position (Continued)

The tables below summarize the fair values of the financial assets and financial liabilities measured in the condensed consolidated interim statement of financial position at their fair value: (Continued)

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Held for trading				
— Financial liabilities related to precious metals	–	(11,987)	–	(11,987)
Financial liabilities designated at fair value through profit or loss				
— Liabilities of the controlled structured entities	–	–	(530)	(530)
— Others	–	(80)	–	(80)
Subtotal	–	(12,067)	(530)	(12,597)
Derivative financial liabilities				
— Exchange rate derivatives	–	(20,513)	–	(20,513)
— Interest rate derivatives	–	(1,420)	–	(1,420)
— Precious metal derivatives and others	–	(5,884)	–	(5,884)
Subtotal	–	(27,817)	–	(27,817)
Due to customers				
Due to customers measured at fair value through profit or loss	–	(8,742)	–	(8,742)
Total liabilities	–	(48,626)	(530)	(49,156)

Substantially all financial instruments classified within Level 2 of the fair value hierarchy are debt investments, currency forwards, currency swaps, interest rate swaps, currency options, precious metal contracts, and structured deposit measured at fair value. Fair value of debt investments denominated in RMB is determined based upon the valuation published by the China Central Depository & Clearing Co., Ltd. Fair value of debt investments denominated in foreign currencies is determined based upon the valuation results published by Bloomberg. The fair value of currency forwards, currency swaps, interest rate swaps, currency options and structured deposit measured at fair value are calculated by applying discounted cash flow analysis or the Black Scholes Pricing Model. The fair value of precious metal contracts that are related to the Group's trading activities is determined with reference to the relevant observable market parameters. All significant inputs are observable in the market.

Level 3 financial assets of the Group mainly represented unlisted equity investments. As not all of the inputs needed to estimate the fair value of these assets and liabilities are observable, the Group classified these investment products within Level 3 of the fair value measurement hierarchy. The significant unobservable inputs related to these assets and liabilities are those parameters relating to credit risk, liquidity and discount rate. Management has made assumptions on unobservable inputs based on observed indicators of impairment, significant changes in yield, external credit ratings and comparable credit spreads, but the fair value of these underlying assets and liabilities could be different from those disclosed.

49 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

49.4 Financial assets and financial liabilities measured at fair value in the condensed consolidated interim statement of financial position (Continued)

The reconciliation of Level 3 classified financial assets and financial liabilities presented at fair value in the condensed consolidated interim statement of financial position is as follows:

	Six months ended 30 June 2024		
	Financial assets at fair value through profit or loss	**Other debt instrument and other equity investments at fair value through other comprehensive income**	**Financial liabilities at fair value through profit or loss**
1 January 2024	**122,485**	**4,398**	**(530)**
Purchases	**4,343**	**–**	**–**
Settlements/disposals/transfer out of Level 3	**(6,577)**	**–**	**–**
Total gain/(loss) recognized in			
— Profit or loss	**1,523**	**–**	**13**
— Other comprehensive income	**–**	**13**	**–**
30 June 2024	**121,774**	**4,411**	**(517)**
Change in unrealized profit or loss for the period included in profit or loss for assets/liabilities held at the end of the period	**1,393**	**–**	**–**

	2023		
	Financial assets at fair value through profit or loss	Other debt instrument and other equity investments at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss
1 January 2023	113,844	3,471	(248)
Purchases	24,498	901	(362)
Settlements/disposals/transfer out of level 3	(15,621)	–	–
Total gain/(loss) recognized in			
— Profit or loss	(236)	(244)	80
— Other comprehensive income	–	270	–
31 December 2023	122,485	4,398	(530)
Change in unrealized profit or loss for the year included in profit or loss for assets/liabilities held at the end of the year	(34)	–	–

In Level 3 of the fair value hierarchy, total gains or losses included in profit or loss for the period are presented in net gain on financial investments (Note 9) of the condensed consolidated interim income statement.

50 EVENTS AFTER THE REPORTING PERIOD

50.1 Distribution of dividend on preference shares

On 30 August 2024, the Board of Directors of the Bank considered and approved the Dividend Payment Scheme of the First Tranche of the Preference Shares. On 5 November 2024, the Bank will pay cash dividends of RMB5.32 (tax inclusive) per preference share or RMB2,128 million (tax inclusive) in aggregate, calculated at a coupon rate of 5.32%.

50.2 Distribution payment of undated capital bonds

The Bank paid coupon on Agricultural Bank of China Limited 2019 Undated Additional Tier 1 Capital Bonds (first tranche) on 20 August 2024. With the amount issued of RMB85 billion and the annual coupon rate of 4.39%, the total coupon payment is RMB3,732 million.

The Bank paid coupon on Agricultural Bank of China Limited 2020 Undated Additional Tier 1 Capital Bonds (second tranche) on 26 August 2024. With the amount issued of RMB35 billion and the annual coupon rate of 4.50%, the total coupon payment is RMB1,575 million.

The Bank paid coupon on Agricultural Bank of China Limited 2023 Undated Additional Tier 1 Capital Bonds (first tranche) on 28 August 2024. With the amount issued of RMB40 billion and the annual coupon rate of 3.21%, the total coupon payment is RMB1,284 million.

50.3 Redemption of undated capital bonds

The Bank issued undated additional tier 1 capital bonds (first tranche) with the amount of RMB85 billion in the national interbank bond market on 16 August 2019, and the issuance was completed on 20 August 2019. The denomination of the Bonds is RMB100 each.

The Bank redeemed all bonds on 20 August 2024 at par value.

50.4 Significant equity investment

During the reporting period, the Bank signed the Promoters' Agreement of China Integrated Circuit Industry Investment Fund Phase III Co., Ltd, and proposed to invest RMB21.5 billion into the China Integrated Circuit Industry Investment Fund Phase III Co., Ltd. In July 2024, the Bank paid for the first instalment in the amount of RMB1.075 billion.

In July 2020, the Bank entered into the Promoters' Agreement on the National Green Development Fund Co., Ltd., and proposed to invest RMB8.0 billion into the National Green Development Fund Co., Ltd. In May 2021, the Bank paid for the first instalment in the amount of RMB0.8 billion. In November 2022, the Bank paid for the second instalment in the amount of RMB1.0 billion for the first time. In July 2024, the Bank paid for the second instalment in the amount of RMB1.0 billion for the second time.

According to Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Banking (Disclosure) Rules, the Group discloses the following supplementary information:

1 LIQUIDITY COVERAGE RATIOS

	Three months ended	
	30 June 2024	31 March 2024
Average Liquidity Coverage Ratio	120.3%	131.2%

The liquidity coverage ratios were also in accordance with the Rules on Liquidity Risk Management of Commercial Banks issued by the NFRA and applicable calculation requirements, and based on the data determined under the PRC GAAP.

2 CURRENCY CONCENTRATIONS

	Equivalent in millions of RMB			
	USD	HKD	Other	Total
30 June 2024				
Spot assets	1,127,264	154,108	246,497	1,527,869
Spot liabilities	(1,044,625)	(217,043)	(309,789)	(1,571,457)
Forward purchases	1,539,859	159,710	380,888	2,080,457
Forward sales	(1,577,417)	(64,147)	(333,458)	(1,975,022)
Net options position	(145,492)	2,502	6,772	(136,218)
Net (short)/long position	(100,411)	35,130	(9,090)	(74,371)
Net structural position	(3,908)	1,393	(4,773)	(7,288)
31 December 2023				
Spot assets	1,130,419	160,483	316,031	1,606,933
Spot liabilities	(1,161,549)	(161,577)	(253,171)	(1,576,297)
Forward purchases	1,117,602	71,148	212,257	1,401,007
Forward sales	(1,029,953)	(45,004)	(275,451)	(1,350,408)
Net options position	(82,231)	771	2,922	(78,538)
Net (short)/long position	(25,712)	25,821	2,588	2,697
Net structural position	(3,884)	2,022	(3,586)	(5,448)

3 OVERDUE AND RESCHEDULED ASSETS

(1) Gross carrying amount of overdue loans and advances to customers

	30 June 2024	31 December 2023
Overdue		
Within 3 months	**92,017**	111,027
Between 3 and 6 months	**46,273**	30,518
Between 6 and 12 months	**54,010**	40,257
Over 12 months	**67,322**	62,728
Total	**259,622**	244,530
Percentage of overdue loans and advances to customers in total loans		
Within 3 months	**0.38%**	0.48%
Between 3 and 6 months	**0.19%**	0.14%
Between 6 and 12 months	**0.22%**	0.18%
Over 12 months	**0.28%**	0.28%
Total	**1.07%**	1.08%

(2) Rescheduled loans and advances to customers

	30 June 2024	31 December 2023
Total rescheduled loans and advances to customers	**76,884**	44,525
Including: rescheduled loans and advances to customers overdue for not more than 3 months	**1,907**	5,845
Percentage of rescheduled loans and advances to customers overdue for not more than 3 months in total loans	**0.01%**	0.03%

As at 30 June 2024 and 31 December 2023, rescheduled loans adopt the methodology based on the Rules on Risk Classification of Financial Assets of Commercial Banks issued by the NFRA and the People's Bank of China, which came into force on 1 July 2023.

(3) Gross carrying amount of overdue placements with and loans to banks and other financial institutions.

As at 30 June 2024 and 31 December 2023, the Group's gross carrying amounts of overdue placements with and loans to banks and other financial institutions were not significant.

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