



重庆农村商业银行
CHONGQING RURAL COMMERCIAL BANK

STOCK | 601077.SH
CODE | 03618.HK

2024 INTERIM REPORT



重庆农村商业银行
CHONGQING RURAL COMMERCIAL BANK

*** The Bank holds a financial licence number B0335H250000001 approved by the regulatory authority of the banking industry of the PRC and was authorised by the Administration for Market Supervision of Chongqing to obtain a corporate legal person business licence with a unified social credit code of 91500000676129728J. The Bank is not an authorised institution in accordance with the Hong Kong Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry on banking/deposit-taking business in Hong Kong.**

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Important Notice ▶▶

1. The Board, the Board of Supervisors and the directors, supervisors and senior management of the Bank warrant the truthfulness, accuracy and completeness of the contents of this report, and that there are no false presentations, misleading statements or material omissions herein, and are legally liable jointly and severally.
2. The 2024 interim report and the results announcement of the Bank have been considered and approved at the 45th meeting of the fifth session of the Board of Directors of the Bank convened on 28 August 2024. The number of directors who should attend the meeting is 9 with 9 directors actually attended the meeting. Some supervisors and senior management personnel of the Bank attended the meeting.
3. The 2024 interim financial report prepared by the Bank in accordance with Chinese Accounting Standards has been reviewed by KPMG Huazhen LLP in accordance with China Standards on Review Engagements, and the 2024 interim financial report prepared in accordance with International Financial Reporting Standards has been reviewed by KPMG in accordance with the International Standards on Review Engagements.
4. The Bank's chairman Xie Wenhui and vice president in charge of accounting Zhang Jin and officer-in-charge of the accounting department Liu Yi warrant the truthfulness, accuracy and completeness of the financial statements in this report.
5. In order to further increase returns for investors and boost investors' confidence in long-term shareholding, the Bank intends to implement the interim dividends distribution proposal for the year in accordance with relevant requirements of the "Regulatory Guideline No. 3 for Listed Companies — Cash Dividend of Listed Companies", the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Articles of Association. The specific plan will be announced and implemented after fulfilling the corporate governance procedures. No capitalisation of the capital reserve to share capital is proposed by the Bank during the 2024 interim period.
6. This report may contain forward-looking statements such as future plans of the Bank. Such statements are made by the Bank based on the current situation and forecast, and are related to future events or the Bank's future financial, business or other performance. Possible future plans do not constitute a substantive commitment by the Bank to its investors. Investors and people concerned should be fully aware of the risks and understand the differences between plans, forecast and commitment.
7. There is no misappropriation of the Bank's funds by its controlling shareholders and other related parties for non-operating purposes and no instance of providing external guarantee that is in breach of the established decision-making procedure.
8. The Bank has no significant risks that need to draw special attention of investors. For details of the major risks that the Bank faces in its business operation and various measures adopted by the Bank, please refer to the Risk Management section in Chapter 3.



Definitions ►►

Chongqing Rural Commercial Bank, Bank or our Bank	Chongqing Rural Commercial Bank Co., Ltd.* (重慶農村商業銀行股份有限公司)
Group	Chongqing Rural Commercial Bank Co., Ltd.* (重慶農村商業銀行股份有限公司) and its subsidiaries
PBOC or Central Bank	the People's Bank of China
CSRC	China Securities Regulatory Commission
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
Shanghai Stock Exchange	Shanghai Stock Exchange
rural commercial bank	a short-hand reference to rural commercial bank (農村商業銀行)
Sannong	a short-hand reference to the Chinese pronunciation of the phrase “agriculture, rural areas and farmers”
village and township banks	bank institutions that are approved by China Banking Regulatory Authority to be incorporated in rural areas to provide services to local farmers or enterprises
CQRC Wealth Management	CQRC Wealth Management Co., Ltd.
CQRC Financial Leasing	CQRC Financial Leasing Co., Ltd.
urban area	9 urban areas in Chongqing City, namely Yuzhong District, Dadukou District, Jiangbei District, Shapingba District, Jiulongpo District, Nan'an District, Beibei District, Yubei District and Ba'nian District
county area	Regions other than 9 urban areas of Chongqing city, also including 12 village and township banks controlled by the Bank and Qujing Branch established in another province by the Bank
yuan	RMB yuan
Reporting Period	for the six-month period from 1 January 2024 to 30 June 2024

Company Information

Legal name and abbreviation in Chinese 重慶農村商業銀行股份有限公司 (abbreviated as “重慶農村商業銀行”)

Legal name and abbreviation in English Chongqing Rural Commercial Bank Co., Ltd. (abbreviated as “Chongqing Rural Commercial Bank”)

Legal representative XIE Wenhui

Authorised representatives XIE Wenhui
ZHANG Peizong

Secretary to the Board ZHANG Peizong

Securities affairs representative HUANG Wei

Company Secretary LEUNG Wing Han
Sharon

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Registered and office address and postcode

No. 36 Jinshamen Road, Jiangbei District, Chongqing 400023

A-share listing stock exchange Shanghai Stock Exchange

H-share listing stock exchange The Stock Exchange of Hong Kong Limited

Stock Short Name: Yu Nong Shang Hang Stock Short Name: CQRC BANK

Stock Code: 601077 Stock Code: 03618

A share registrar

Shanghai branch of China Securities Depository and Clearing Corporation Limited
Address: No. 188 Yanggaonan Road, Pudong New District, Shanghai

H share registrar

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

Date of first incorporation and registration authority

27 June 2008
Administration for Market Regulation of Chongqing

Unified social credit code of corporate legal person business license

91500000676129728J

Financial license institution number

The Bank holds a financial license number B0335H250000001 approved by the China Banking Regulatory Authority

Auditors

KPMG Huazhen LLP
Address: 8th Floor, KPMG Tower, Oriental Plaza, 1 East Chang An Avenue, Beijing, China
Signing accountants: XUE Chenjun, WANG Weishun
KPMG
Address: 8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
Signing accountant: Pang Shing Chor Eric

Legal advisor as to PRC laws

SGLA Law Firm (Chongqing)
10-12F, Building 7, Corporate Avenue, No. 7 Huasheng Road, Yuzhong District, Chongqing

Legal advisor as to Hong Kong laws

Clifford Chance LLP
27th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong

Historical change of the registered address	The registered address of the Bank at the time of its establishment on 27 June 2008 was No. 10 Yanghe Road East, Jiangbei District, Chongqing, and was changed to the current registered address on 1 April 2017
Principal place of business in Hong Kong	5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong
Company's website	www.cqrcb.com
Email address	cqrcb@cqrcb.com
Name of designated media for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Designated website of CSRC for publication of interim report	Website of the Shanghai Stock Exchange (www.sse.com.cn)
Website of the Hong Kong Stock Exchange for publication of interim report	the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk)
Place for maintenance of interim report	Office of the Board of Directors of the Bank

Business Overview >>>

The Bank was established in 2008 and listed on the Main Board of H shares in 2010 and on the main board of A shares in 2019. The Bank's main businesses include inclusive finance business, corporate finance business and financial market business. Among them, inclusive finance business mainly provides financial services for personal customers, including personal deposit and loan business, bank card and credit card business, wealth management and intermediary business, etc. and provides financial services for small and micro enterprises. The corporate finance business mainly provides financial services for corporate customers and institutional customers, mainly including corporate deposit and loans business, supply chain financing business, foreign currency financing business, trade financing business, bills business and investment banking business. The financial market business mainly includes capital operation business and asset custody business. At the same time, the Bank currently has one wholly-owned non-banking subsidiary and one non-banking holding subsidiary which engage in wealth management business and financial leasing business respectively, and controls 12 village and township banks.



Strategic Vision: Endeavour to become a leading regional bank in China

Development Strategy

The Bank adheres to the guidance of Xi Jinping's Thought on Socialism with Chinese characteristics in the New Era, fully implements the spirit of the 20th National Congress of the CPC and thoroughly studies and implements important speeches and instructions made by Chinese General Secretary Xi Jinping during his inspection of Chongqing to ensure moving forward in the right direction. Taking root in Chongqing and extending to the central and western regions, the Bank focuses on the main responsibility and business of supporting "agriculture, rural areas and farmers" and supporting small and micro businesses and serving the real economy, and makes every effort on the "five major areas" of technology finance, green finance, inclusive finance, pension finance, and digital finance. The Bank further promotes the strategy of "anchoring the Bank with retail, propelling the Bank with technology and empowering the Bank with talents", focuses on building a development system of "all-in-one four-wheel drive", takes the "large retail" business as the subject of core competitiveness and takes the corporate financial business, financial market business, financial technology and talent team as the "four driving forces" with interconnected development and unified goals of the Bank, jointly promoting the Bank's high-quality and connotative development and pushing forward the Chinese path to modernization with better and more efficient financial services.



Investment value and core competitiveness

Development strategy of sticking to our own business and clear orientation

The Bank adheres to the main responsibility and business of supporting “agriculture, rural areas and farmers” and supporting small and micro businesses and serving the real economy, complies with the development trend of the new pattern of double circulations, actively integrates into major strategic deployments such as the Chengdu-Chongqing Economic Circle, the New International Land-Sea Corridor, and rural revitalization, makes efforts on “five major areas” of finance, establishes the strategic direction of “anchoring the Bank with retail, propelling the Bank with technology and empowering the Bank with talents” and a development system of “all-in-one four-wheel drive”, comprehensively deepens the reform to promote the high-quality development, and strives to build the Bank into a “national leading regional bank”.

A corporate culture of realistic, enterprising, innovative and developing

Since its establishment, the Bank has always maintained the fundament of “benchmark bank culture”, rooted in Chongqing and faced the whole country, been the pioneer, become the first “A + H” share listed bank in western China by overcoming many difficulties, and become the leading rural commercial bank in China. The Bank inherits the excellent tradition of “loyalty and responsibility, tenacity and enterprising, diligence and dedication, and simplicity and obligation”, and creates an enterprise atmosphere of “want to do things, able to do things, and do things well”.

Scientific, efficient, sustainable and complete management system

As a local corporation, the Bank has few management levels and short decision-making chain, which plays a key role in the development of adapting to market changes and seeking innovation. The Bank keeps adhering to refined management, integrates it into the corporate culture, establishes the risk management, operation management, technology management, human resource management and financial management system and their abilities, and constantly promotes the management with advanced enterprises as the benchmark, so as to achieve the benefit from management.

Digital and intelligent technology empowerment

The Bank adheres to the technology drive, starts a new chapter of “digital finance”, builds a structure of “One Meeting, One Head Office, One Company”, realizes the complete integration of business, data, technology and channels, and builds a digital rural commercial bank in an all-round way. Adhering to the “customer-centered” approach, the Bank enhances customer experience, improves employee efficiency, and strengthens overall value creation through digital transformation. The Bank focuses on the four themes of “digital” development, “smart” risk control, “intelligent” outlets and “productive” operation, accelerates the high-quality business development, deepens the construction of high-efficiency risk control, promotes the high-quality transformation of outlets and efficient decision-making in operation and continuously enhances three key capabilities of marketing, risk control, and pricing.

Retail finance with significant advantages and potential

With the help of three traditional advantages including outlets across the urban and rural areas, team and leading client base and by taking customers as the center, the Bank builds an ecological platform, a financial life circle and a core brand, deeply taps the potential of customers, and promotes large retail finance to constantly release potentials and become the main part of the Bank’s business development, supporting the development of “pension finance” and “inclusive finance”.

Corporate finance with green development and intensive cultivation

The Bank aims at building a green financial benchmark bank, and makes green a defining feature of high-quality development, forming a top-down efficient organizational system. The Bank actively integrates itself into the development of green finance reform and innovation pilot zone, forming an all-round and multi-level “green finance” service system covering green credit, bonds, leasing, wealth management and consumption. The Bank seizes the strategic opportunities arising from Chengdu-Chongqing Economic Circle and the New International Land-Sea Corridor, uses scientific and technological innovation to drive online, intelligent and scenario-based financial services and standardizes customer management, creates professional, accurate and tailored “expert” services and comprehensive, efficient and high-quality “housekeeper” services and supports new businesses in the field of scientific and technological innovation, promoting the development of industrial economy in Chongqing.

Integrated and collaborative financial market business

Focusing on the goal of “integrated financial market operator”, the Bank acts in the manner of “collaborative teamwork”, takes “settlement and clearing + trust” as the support, takes “investment + wealth management” as the approach, promotes the three-level linkage of interbank, business line and head office-branch, constantly taps the cooperation potentials of interbank customers, and forms a whole chain customer group service system of “investment + capital + trust”.

Financial Summary

(The financial information and indicators of the Group set forth in this interim report is prepared on a consolidated basis in accordance with the International Financial Reporting Standards and expressed in RMB unless otherwise stated)

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024	For the six months ended 30 June 2023	Comparison between the period and the same period of last year	For the six months ended 30 June 2022
Operating results			Rate of change (%)	
Net interest income	11,081.0	12,043.6	(7.99)	12,790.8
Net non-interest income	3,561.1	2,825.5	26.03	2,507.1
Among which: Net fee and commission income	898.6	992.3	(9.44)	1,038.9
Net other non-interest income	2,662.5	1,833.2	45.24	1,468.2
Operating income	14,642.1	14,869.1	(1.53)	15,297.9
Operating expenses	(3,930.4)	(4,806.5)	(18.23)	(4,316.5)
Impairment losses on credit Impairment losses on other assets	(2,457.4) (4.3)	(1,845.2) –	33.18 N/A	(3,619.5) –
Profit before tax	8,250.0	8,217.4	0.40	7,361.9
Net profit	7,560.7	7,120.5	6.18	6,496.3
Net profit attributable to shareholders of the Bank	7,358.2	6,986.0	5.33	6,379.0
Based on per share (RMB/ yuan)			Change in amount	
Basic earnings per share ⁽¹⁾	0.64	0.61	0.03	0.56
Diluted earnings per share ⁽¹⁾	0.64	0.61	0.03	0.56
Profitability indicators (%)			Change (percentage point)	
Average return on total assets ⁽²⁾	1.03	1.03	–	1.01
Weighted average return on net assets ⁽¹⁾	12.14	12.54	(0.40)	12.38
Net interest spread ⁽³⁾	1.54	1.70	(0.16)	1.91
Net interest margin ⁽⁴⁾	1.63	1.79	(0.16)	2.03
Net fee and commission income to operating income	6.14	6.67	(0.53)	6.79
Cost-to-income ratio ⁽⁵⁾	25.28	31.20	(5.92)	27.16

(Expressed in RMB million, unless otherwise stated)		31 December 2023	Comparison between the end of the period and the end of last year	31 December 2022
	30 June 2024		Rate of change (%)	
Scale indicators				
Total assets	1,510,311.1	1,441,522.1	4.77	1,352,301.2
Among which: Carrying balance of loans and advances to customers	706,864.6	676,710.6	4.46	632,677.1
Allowances for impairment on loans and advances to customers	(30,126.5)	(29,433.8)	2.35	(27,591.7)
Total liabilities	1,380,610.9	1,317,580.3	4.78	1,236,844.9
Among which: Deposits from customers	941,647.5	896,202.2	5.07	824,946.8
Share capital	11,357.0	11,357.0	–	11,357.0
Equity attributable to shareholders of the Bank	127,811.7	122,173.8	4.61	113,723.5
Non-controlling interests	1,888.5	1,768.0	6.82	1,732.8
Total equity	129,700.2	123,941.8	4.65	115,456.3
Based on per share (RMB/yuan)				
		Change in amount		
Net assets per share attributable to ordinary shareholders of the Bank ⁽⁶⁾	10.73	10.23	0.50	9.49
Assets quality indicators (%)				
		Change (percentage point)		
Non-performing loan ratio	1.19	1.19	–	1.22
Provision coverage ratio	360.29	366.70	(6.41)	357.74
Provision-to-loan ratio	4.28	4.37	(0.09)	4.36

Financial Summary

(Expressed in RMB million, unless otherwise stated)		31 December 2023	Comparison between the end of the period and the end of last year	31 December 2022
	30 June 2024			
Capital adequacy ratio indicators (%)			Change (percentage point)	
Core Tier 1 capital adequacy ratio ⁽⁷⁾	13.83	13.53	0.30	13.10
Tier 1 capital adequacy ratio ⁽⁷⁾	14.53	14.24	0.29	13.84
Capital adequacy ratio ⁽⁷⁾	15.71	15.99	(0.28)	15.62
Total equity to total assets ratio	8.59	8.60	(0.01)	8.54
Other indicators (%)			Change (percentage point)	
Loan-to-deposit ratio	75.07	75.51	(0.44)	76.69

Notes:

- (1) Calculated in accordance with the requirements of the “Rules on the Preparation and Submission of Information Disclosed by Companies that Offer Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share” (Revision 2010) issued by CSRC.
- (2) Average return on total assets represents the net profit for the period (including profit attributable to non-controlling interests) as a percentage of the average balance of total assets as at the beginning and end of the period.
- (3) Calculated as the difference between the average yield on total interest-bearing assets and the average cost rate on total interest-bearing liabilities.
- (4) Calculated by dividing net interest income by average interest-bearing assets.
- (5) Calculated by dividing total operating expenses (excluding taxes and surcharges and other operating cost) by operating income.
- (6) Calculated by dividing shareholders’ equity attributable to ordinary shareholders of the Bank after the deduction of other equity instruments as at the end of the period by the total number of ordinary share capital as at the end of the period.

- (7) As at 30 June 2024, indicators were calculated in accordance with the “Regulation Governing Capital of Commercial Banks” promulgated by the National Financial Regulatory Administration and as at 31 December 2023 and 31 December 2022, indicators were calculated in accordance with the “Regulation Governing Capital of Commercial Banks (Provisional)” promulgated by the former China Banking Regulatory Commission.

Basis of Preparation of Certain Financial Indicators

Under the IFRSs, the restructuring of the Bank was accounted for as an acquisition of the business from the 39 Rural Credit Unions and Chongqing Rural Credit Cooperative Union (the “CRCU”) by the Bank on 27 June 2008 instead of merger accounting due to the fact that there were no same party or parties ultimately controlling the 39 Rural Credit Unions, CRCU and the Bank before and after the restructuring.

Management Discussion and Analysis

I. Overall Operating Analysis

In the first half of 2024, the Bank thoroughly implemented important speeches and instructions made by Chinese General Secretary Xi Jinping during his inspection of Chongqing and his important comments on financial work, fully implemented major strategic deployments such as the construction of the Chengdu-Chongqing Economic Circle and the New International Land-Sea Corridor and regulatory requirements, and diligently made efforts on the “five major areas” of finance, adhered to the market positioning of “serving Sannong, serving small and medium-sized enterprises and serving economy in county area”, and continuously promoted the development system of “all-in-one four-wheel drive”. The effects of reform have initially achieved, the joint forces of transformation have constantly been gathered, and the pace of high-quality development has been solid.

The operation development maintained stable. The total assets amounted to RMB1,510.311 billion, representing an increase of RMB68.789 billion as compared to the end of the previous year. The deposit balance amounted to RMB941.648 billion, representing an increase of RMB45.445 billion as compared to the end of the previous year. The loan balance amounted to RMB706.865 billion, representing an increase of RMB30.154 billion as compared to the end of the previous year. The operating income achieved RMB14.642 billion. The net profits recorded RMB7.561 billion, representing a year-on-year increase of 6.18%. The non-performing loan ratio was 1.19%, which was the same as that of the end of the previous year. Capital adequacy ratio was 15.71%, and the provision coverage ratio of 360.29% demonstrated strong risk resistance ability. Significant results have been achieved in control of debt costs and the debt interest payment rate was 1.95%, representing a year-on-year decrease of 10BP. Among which, the interest payment rate on deposits was 1.79%, representing a year-on-year decrease of 12BP. The Bank ranked 119th in the “Global Banks” of The Banker, 22nd among the PRC banks, and the first among the national rural commercial banks and the western banks.

Served the local and demonstrated responsibilities. The Bank supported major projects in the Chengdu-Chongqing Economic Circle, and released loans to the first high-speed railway project — “Chongqing-Wanzhou High-Speed Railway” Project. In 2024, the Bank granted credits to 150 major projects in the Chengdu-Chongqing Economic Circle and major municipal projects, with the credit amount of RMB114.929 billion. The Bank served the construction of the New International Land-Sea Corridor, made innovation in inclusive financing products for the corridor such as “New Land-Sea Corridor Green Cross-border Loan” and “Land-Sea Chain Financing” and actively met the corporate financing needs in terms of infrastructure, logistics, economy and trade. The financing balance of the new land-sea corridor was RMB44.27 billion. The Bank participated in the construction of “33618” modern manufacturing cluster system of Chongqing, and built a repository of key marketing projects. The loans granted to municipal “specialized, refined, differential and innovational” enterprises increased by RMB1.93 billion as compared to the end of the previous year, and the balance of manufacturing loans was RMB72.487 billion, ranking the first in Chongqing. The Bank made every effort on “five major areas” of finance. Science and technology loans and green loans increased by RMB7.1 billion and RMB5.47 billion respectively as compared to the end of the previous year; the balance of inclusive small and micro enterprise loans was RMB136.745 billion, ranking the first in Chongqing, and the rural revitalization digital financial service platform won the excellent case of new digital service in 2024 by the Ministry of Industry and Information Technology.

Prevention and control of risks were solid and promising. According to the new regulatory regulations, the Bank improved the mechanism, enhanced the compliance of risk management system, implemented risk classification, strengthened the assessment of various risks, and improved the scientificity of comprehensive risk management. The Bank built a strong defense line for credit authorization and approval, optimized the credit extension approval mechanism, promoted the construction of credit and investment management system 2.0, strengthened the management and control of the whole process of loan evaluation, review and monitoring, and enhanced the capability of digital risks control. The Bank paid close attention to key credit risks, met the reasonable financing needs of the real estate projects on the “white list” on the basis of controllable risks, and supported the stable development of existing real estate enterprises.

Reform and innovation enhanced the motive force. The Bank’s action of deepening and upgrading the reform of state-owned enterprises achieved results, and the Bank was rated as “excellent enterprise” in the action of deepening and upgrading the reform of state-owned enterprises. The Bank promoted the breakthrough work of “Three Fights and One Revitalization” reform and completed the semi-annual tasks of special works such as “improving quality and increasing efficiency”, “revitalizing assets” and “stripping off non-essential functions and clearing invalid assets”. The Bank improved the quality and efficiency of innovative research and development, issued a digital transformation plan, and implemented 33 key projects and 57 projects. The Bank optimized digital Chongqing financial services. The treasurer system was completed and served 124 enterprises, covering all districts and counties, and the “Chongqing Agricultural Economic Management” digital intelligence system was put into use in all districts and counties of Chongqing. The Bank consolidated the effectiveness of digital government affairs cooperation. The increment in the number of issued social security cards ranked first in Chongqing, the “pilot project for flexible employment personnel to contribute to the housing provident fund” was recognized by higher authorities, the financing amount of “Yu Hui Rong” and “Yu Rong Tong” continued to grow. The Bank strengthened the empowerment of system products and promoted intelligent modes such as social banking, digital employees and counter “cloud bank teller”. The balance of 14 digital products increased by RMB16.7 billion as compared to the end of the previous year.

II. Financial Review

(I) Income Statement Analysis

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024	For the six months ended 30 June 2023	Change in amount	Rate of change (%)
Net interest income	11,081.0	12,043.6	(962.6)	(7.99)
Net non-interest income	3,561.1	2,825.5	735.6	26.03
Among which: Net fee and commission income	898.6	992.3	(93.7)	(9.44)
Net other non-interest income	2,662.5	1,833.2	829.3	45.24
Operating income	14,642.1	14,869.1	(227.0)	(1.53)
Operating expenses	(3,930.4)	(4,806.5)	876.1	(18.23)
Impairment losses on credit	(2,457.4)	(1,845.2)	(612.2)	33.18
Impairment losses on other assets	(4.3)	–	(4.3)	N/A
Profit before tax	8,250.0	8,217.4	32.6	0.40
Income tax expenses	(689.3)	(1,096.9)	407.6	(37.16)
Net profit	7,560.7	7,120.5	440.2	6.18

In the first half of 2024, the Group seized market opportunities, consolidated the foundation for business development, continued to improve the quality and efficiency of various businesses, and maintained steady and stable business operations. During the period, the Group recorded an operating income of RMB14.642 billion, representing a year-on-year decrease of RMB227 million or 1.53% and the year-on-year decrease narrowed; recorded a net profit of RMB7.561 billion, representing a year-on-year increase of RMB440 million or 6.18% and recorded the net profit attributable to shareholders of the Bank of RMB7.358 billion, representing a year-on-year increase of RMB372 million or 5.33%.

1. *Net interest income*

The following table sets forth, for the periods indicated, the interest income, interest expense and net interest income of the Group:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024	For the six months ended 30 June 2023	Change in amount	Rate of change (%)
Interest income	23,732.1	25,194.1	(1,462.0)	(5.80)
Interest expenses	(12,651.1)	(13,150.5)	499.4	(3.80)
Net interest income	<u>11,081.0</u>	<u>12,043.6</u>	<u>(962.6)</u>	<u>(7.99)</u>

In the first half of 2024, the Group recorded a net interest income of RMB11.081 billion, representing a year-on-year decrease of RMB963 million or 7.99%.

Management Discussion and Analysis

(1) Interest income

In the first half of 2024, the interest income of the Group amounted to RMB23.732 billion, representing a year-on-year decrease of RMB1.462 billion or 5.80%, which was mainly due to the impact of decrease in market interest rates. The details are analyzed as follows:

① Interest Income from Loans and Advances to Customers

The average balance, interest income and average yield for each component of loans and advances to customers of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024			For the six months ended 30 June 2023		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	341,614.7	7,212.8	4.25	316,637.4	7,094.5	4.52
General short-term loans	57,657.4	1,045.1	3.64	56,197.7	1,067.1	3.83
Medium and long-term loans	283,957.3	6,167.7	4.37	260,439.7	6,027.4	4.67
Retail loans	289,386.1	6,326.7	4.40	287,659.3	7,161.7	5.02
General short-term loans	125,423.3	2,733.8	4.38	123,520.8	3,314.4	5.41
Medium and long-term loans	163,962.8	3,592.9	4.41	164,138.5	3,847.3	4.73
Discounted bills	59,116.0	424.4	1.44	54,068.5	435.2	1.62
Total loans and advances to customers	690,116.8	13,963.9	4.07	658,365.2	14,691.4	4.50

The interest income from loans and advances to customers amounted to RMB13.964 billion, representing a year-on-year decrease of RMB728 million or 4.95%, which was mainly attributable to the fact that with the impact of the decrease in the market interest rate, the Group increased its support for the real economy, resulting in the decrease in the average yield of loans and advances to customers. In terms of the proportion, the interest income from loans and advances to customers accounted for 58.84% of the interest income, representing a year-on-year increase of 0.53 percentage point.

② Interest Income from Financial Investments

The average balance, interest income and average yield for each component of financial investments of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024			For the six months ended 30 June 2023		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Financial assets measured at amortised cost	308,613.7	5,463.8	3.56	386,606.6	7,000.9	3.65
Financial assets measured at fair value through other comprehensive income	186,418.0	2,353.8	2.54	125,115.9	1,566.3	2.52
Total financial investments	495,031.7	7,817.6	3.18	511,722.5	8,567.2	3.38

In the first half of 2024, interest income from financial investments amounted to RMB7.818 billion, representing a year-on-year decrease of RMB750 million or 8.75%, which was due to the decline in the yield of the Group's financial investments as a result of the decrease in the market interest rate.

③ Interest Income from Balances with Central Bank

The Group's interest income from balances with Central Bank amounted to RMB387 million, representing a year-on-year decrease of RMB20 million or 4.96%, mainly due to the fact that the PBOC lowered the deposit reserve ratio, which resulted in the year-on-year decrease in the Group's average balance with Central Bank of RMB3.474 billion or 6.50%.

Management Discussion and Analysis

④ Interest Income from Due from Banks and Other Financial Institutions

The average balance, interest income and average yield for each component of due from banks and other financial institutions of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024			For the six months ended 30 June 2023		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Deposits and placements with banks and other financial institutions	105,142.1	1,313.1	2.51	98,230.3	1,242.2	2.55
Financial assets held under resale agreements	25,899.4	250.8	1.95	34,434.4	286.4	1.68
Total due from banks and other financial institutions	131,041.5	1,563.9	2.40	132,664.7	1,528.6	2.32

In the first half of 2024, the Group's interest income due from banks and other financial institutions amounted to RMB1.564 billion, representing a year-on-year increase of RMB35 million or 2.31%, which was basically stable.

(2) Interest expense

In the first half of 2024, the interest expense of the Group was RMB12.651 billion, representing a year-on-year decrease of RMB499 million or 3.80%, which was due to the fact that the Group proactively adjusted its debt structure and lowered the deposit interest rate to reduce debt costs based on the market condition. The details are analyzed as follows:

① Interest Expense on Deposits from Customers

The average balance, interest expense and average cost rate for each component of deposits from customers of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024			For the six months ended 30 June 2023		
	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
Demand deposit	92,858.3	313.3	0.68	100,453.8	348.8	0.70
Time deposit	52,364.4	703.4	2.70	55,699.5	751.8	2.72
Subtotal corporate deposits	145,222.7	1,016.7	1.41	156,153.3	1,100.6	1.42
Demand deposit	144,110.2	144.2	0.20	139,803.0	155.7	0.22
Time deposit	632,827.9	7,032.9	2.23	580,670.2	7,028.2	2.44
Subtotal personal deposits	776,938.1	7,177.1	1.86	720,473.2	7,183.9	2.01
Total deposits from customers	922,160.8	8,193.8	1.79	876,626.5	8,284.5	1.91

In the first half of 2024, the interest expense on deposits from customers amounted to RMB8.194 billion, representing a year-on-year decrease of RMB91 million or 1.09%. The average cost rate on deposits from customers was 1.79%, representing a year-on-year decrease of 12 basis points. As the Group fully leveraged its network and service advantages to expand channels of deposit source, the average daily scale of deposits from customers continued to grow steadily and its deposit market share maintained its leading position. At the same time, the Group constantly optimized the deposit structure, strengthened management and control of the scale of deposit products with relatively high costs, effectively reduced deposits cost and further consolidated the competitive advantages of deposits.

Management Discussion and Analysis

② Interest Expense on Borrowings from Central Bank

In the first half of 2024, interest expense on borrowings from Central Bank amounted to RMB1.171 billion, representing a year-on-year increase of RMB109 million or 10.23%, which was mainly due to the fact that the Group proactively used the Central Bank's monetary policy tools and increased the scale of Central Bank's special funds including re-loans in support of agriculture and micro and small enterprises, medium-term lending facilities, etc.

③ Interest Expense on Due to Banks and Other Financial Institutions

The average balance, interest expense and average cost rate for each component of due to banks and other financial institutions of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024			For the six months ended 30 June 2023		
	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
Amounts from banks and other financial institutions	99,225.9	1,200.6	2.43	111,070.8	1,328.8	2.41
Financial assets sold under repurchase agreements	64,317.2	603.8	1.89	61,576.0	535.7	1.75
Total amount due to banks and other financial institutions	163,543.1	1,804.4	2.22	172,646.8	1,864.5	2.18

In the first half of 2024, the Group's interest expense on due to banks and other financial institutions amounted to RMB1.804 billion, representing a year-on-year decrease of RMB60 million or 3.22%, mainly due to the fact that the Group moderately decreased the interbank liabilities financing based on the change of the market situation.

④ Interest Expense on Issued Debt Securities

The average balance, interest expense and average cost rate for each component of issued debt securities of the Group are set forth as follows:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024			For the six months ended 30 June 2023		
	Average balance	Interest expense	Average cost rate (%)	Average balance	Interest expense	Average cost rate (%)
Debt securities payable	21,046.2	349.4	3.34	21,006.3	361.8	3.47
Interbank deposit certificate	95,450.0	1,131.5	2.38	134,209.0	1,575.0	2.37
Total issued debt securities	116,496.2	1,480.9	2.56	155,215.3	1,936.8	2.52

In the first half of 2024, the interest expenses on issued debt securities of the Group amounted to RMB1.481 billion, representing a year-on-year decrease of RMB456 million or 23.54%, the Group optimized and adjusted the liability structure management and reduced the scale of financing from the issued debt securities.

Management Discussion and Analysis

(3) Net interest spread and net interest margin

The table below sets forth, for the periods indicated, the average balances of interest-bearing assets and interest-bearing liabilities of the Group, related interest income or interest expense and average yields (for assets) or average costs rate (for liabilities). The analysis below excludes the impact of lease liabilities on the interest expense and average balances:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024			For the six months ended 30 June 2023		
	Average balance	Interest income/expense	Average yield/cost rate (%)	Average balance	Interest income/expense	Average yield/cost rate (%)
Assets						
Loans and advances to customers	690,116.8	13,963.9	4.07	658,365.2	14,691.4	4.50
Financial investment	495,031.7	7,817.6	3.18	511,722.5	8,567.2	3.38
Balances with Central Bank	49,957.3	386.7	1.56	53,430.9	406.9	1.54
Due from banks and other financial institutions	131,041.5	1,563.9	2.40	132,664.7	1,528.6	2.32
Total interest-bearing assets	1,366,147.3	23,732.1	3.49	1,356,183.3	25,194.1	3.75
Liabilities						
Deposits from customers	922,160.8	8,193.8	1.79	876,626.5	8,284.5	1.91
Borrowings from Central Bank	103,682.8	1,170.5	2.27	89,351.6	1,061.9	2.40
Due to banks and other financial institutions	163,543.1	1,804.4	2.22	172,646.8	1,864.5	2.18
Debt securities issued	116,496.2	1,480.9	2.56	155,215.3	1,936.8	2.52
Total interest-bearing liabilities	1,305,882.9	12,649.6	1.95	1,293,840.2	13,147.7	2.05
Net interest income		11,082.5			12,046.4	
Net interest spread⁽¹⁾			1.54			1.70
Net interest margin⁽¹⁾			1.63			1.79

Note: (1) Net interest spread refers to the difference between the average yield of interest-bearing assets and the average cost rate of interest-bearing liabilities. Net interest margin is the ratio of net interest income to the average balance of interest-earning assets.

In the first half of 2024, the Group's net interest spread was 1.54%, representing a year-on-year decrease of 16 basis points, and the net interest margin was 1.63%, representing a year-on-year decrease of 16 basis points. From the perspective of assets, the Group actively implemented major national strategic deployments, continuously increased the support for real economy and reduced financing costs of enterprises. Due to the comprehensive impact of the repricing of loans, reducing fees and surrendering profits, and the decline in the market interest rates at the beginning of the year, the yield of assets declined. From the perspective of liabilities, the Group continued to strengthen its advantages in terms of volume and price of liabilities, optimized its deposit structure, strengthened the proactive liability management based on the market trend and took multiple measures to further promote the continuous decline in financing costs of liabilities.

The following table sets forth the changes in the Group's interest income and interest expenses due to changes in volume and interest rate. Changes in volume are measured by the movement of the average balance, while changes in the interest rate are measured by the movement of the average interest rate:

(Expressed in RMB million, unless otherwise stated)	Volume factor	Interest rate factor	Changes in amount of interest income and expenses
Assets			
Loans and advances to customers	642.5	(1,370.0)	(727.5)
Financial investments	(263.6)	(486.0)	(749.6)
Balances with Central Bank	(26.9)	6.7	(20.2)
Due from banks and other financial institutions	(19.4)	54.7	35.3
Changes in interest income	<u>332.6</u>	<u>(1,794.6)</u>	<u>(1,462.0)</u>
Liabilities			
Deposits from customers	404.6	(495.3)	(90.7)
Borrowings from Central Bank	161.8	(53.2)	108.6
Due to banks and other financial institutions	(100.4)	40.3	(60.1)
Debt securities issued	(492.2)	36.3	(455.9)
Changes in interest expenses	<u>(26.2)</u>	<u>(471.9)</u>	<u>(498.1)</u>
Changes in net interest income	<u>358.8</u>	<u>(1,322.7)</u>	<u>(963.9)</u>

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The year-on-year decrease in the net interest income was mainly due to the fact that the increase of RMB359 million of net interest income was driven by the changes in the average balance of various assets and liabilities, and the decrease of RMB1.323 billion of net interest income was attributable to the changes in the average yield and the cost rate.

2. Net non-interest income

In the first half of 2024, the Group achieved the net non-interest income of RMB3.561 billion, representing a year-on-year increase of RMB736 million or 26.03%, accounting for 24.32% of the operating income, representing a year-on-year increase of 5.32 percentage points, which was mainly due to the increase in net other non-interest income.

(1) Net fee and commission income

The following table sets forth, for the periods indicated, net fee and commission income of the Group:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024	For the six months ended 30 June 2023	Change in amount	Rate of change (%)
Subtotal fee and commission income	1,084.6	1,213.3	(128.7)	(10.61)
Wealth management fees	181.8	91.4	90.4	98.91
Agency and fiduciary service fees	393.9	425.8	(31.9)	(7.49)
Bank card fees	188.7	286.1	(97.4)	(34.04)
Settlement and clearing fees	86.3	83.8	2.5	2.98
Others	233.9	326.2	(92.3)	(28.30)
Fee and commission expense	(186.0)	(221.0)	35.0	(15.84)
Total net fee and commission income	898.6	992.3	(93.7)	(9.44)

In the first half of 2024, the net fee and commission income of the Group amounted to RMB899 million, representing a year-on-year decrease of RMB94 million or 9.44%. The net fee and commission income accounted for 6.14% of the operating income.

Wealth management fees amounted to RMB182 million, representing a year-on-year increase of RMB90 million, which was mainly due to the fact that the wealth management market has rebounded, and the Group has further strengthened the pricing management of wealth management products and the income from wealth management fees has increased.

Agency and fiduciary service fees amounted to RMB394 million, which was mainly due to the fact that the Group insisted on the “customer-oriented” concept, built a wealth business management platform, and continuously enriched product categories, leading to continuous improvement in its proportion to intermediary business income.

Bank card fees amounted to RMB189 million. The Group adjusted merchant access standards, focused on comprehensive returns for merchants and strengthened cooperation with quality merchant customers.

Settlement and clearing fees amounted to RMB86 million, representing a year-on-year increase of RMB3 million, which was basically stable.

Other fee and commission income amounted to RMB234 million, representing a year-on-year decrease of RMB92 million, which was mainly due to the decline in certain business rates for the market reason.

Management Discussion and Analysis

(2) Net other non-interest income

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

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024	For the six months ended 30 June 2023	Change in amount	Rate of change (%)
Net trading gain	1,402.9	1,292.5	110.4	8.54
Net other business gain	174.9	333.2	(158.3)	(47.51)
Share of net profits from associates	12.0	(17.1)	29.1	(170.18)
Net gain resulted from derecognition of financial assets at fair value through other comprehensive income	190.7	209.0	(18.3)	(8.76)
Net gain resulted from derecognition of financial assets measured at amortised cost	882.0	15.6	866.4	5,553.85
Total net other non-interest income	<u>2,662.5</u>	<u>1,833.2</u>	<u>829.3</u>	<u>45.24</u>

In the first half of 2024, the Group's net other non-interest income amounted to RMB2.663 billion, representing a year-on-year increase of RMB829 million or 45.24%. Net gain resulted from derecognition of financial assets measured at amortised cost amounted to RMB882 million, representing a year-on-year increase of RMB866 million, which was mainly due to the fact that the Group strengthened market research and judgment, seized investment opportunities, rationally arranged investment progress and asset portfolio, and continuously enhanced investment capabilities.

3. Operating expenses

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

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024	For the six months ended 30 June 2023	Change in amount	Rate of change (%)
Staff costs	2,129.0	2,911.4	(782.4)	(26.87)
Salaries, bonuses and allowances	1,530.9	1,992.9	(462.0)	(23.18)
Staff benefits, social insurance premiums, housing provident fund	630.8	657.1	(26.3)	(4.00)
Others	(32.7)	261.4	(294.1)	(112.51)
Taxes and surcharges	188.6	146.8	41.8	28.47
Depreciation and amortisation	390.1	387.4	2.7	0.70
Other general and administrative costs	1,182.3	1,339.9	(157.6)	(11.76)
Other operating cost	40.4	21.0	19.4	92.38
Total operating expenses	<u>3,930.4</u>	<u>4,806.5</u>	<u>(876.1)</u>	<u>(18.23)</u>

In the first half of 2024, the operating expenses of the Group amounted to RMB3.930 billion, representing a year-on-year decrease of RMB876 million or 18.23%. Staff costs were the largest component of operating expenses of the Group, accounting for 54.17% and 60.57% of its total operating expenses for the first half of 2024 and the first half of 2023 respectively. The Group continued to improve its refined management level. Among which, the Group actively optimized resource allocation and took multiple measures to reduce costs and improve efficiency. Other general and administrative expenses amounted to RMB1.182 billion, representing a year-on-year decrease of RMB158 million or 11.76%. In addition, the Group optimized and adjusted the supplemental medical insurance plan, resulting in a corresponding decrease in staff actuarial costs.

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4. Impairment loss

The following table sets forth, for the periods indicated, the impairment loss of the Group:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024	For the six months ended 30 June 2023	Change in amount	Rate of change (%)
Impairment losses on credit on loans and advances to customers	2,535.3	1,370.0	1,165.3	85.06
Impairment losses on credit on financial investments	(96.5)	292.7	(389.2)	(132.97)
Impairment losses on other credit	18.6	182.5	(163.9)	(89.81)
Impairment losses on other assets	4.3	–	4.3	N/A
Total impairment loss	2,461.7	1,845.2	616.5	33.41

In the first half of 2024, the Group's impairment losses were RMB2.462 billion, representing a year-on-year increase of RMB617 million or 33.41%. Among which, impairment losses on loans and advances to customers increased by RMB1.165 billion year-on-year, mainly due to the fact that the Group realized disposal and recovery of large amounts of non-performing assets at the same period of the previous year, with the proportion of 70.76% to the total amount for the whole year and the basis of comparison of impairment loss is lower.

The impairment losses on credit on financial investments decreased by RMB389 million year-on-year and impairment losses on other credit decreased by RMB164 million, mainly due to the fact that the Group made forward-looking impairment provision for credit risk and the asset quality continued to improve.

5. *Income tax expense*

The following table sets forth the profit before tax and income tax expense of the Group for the periods indicated:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024	For the six months ended 30 June 2023	Change in amount	Rate of change (%)
Profit before tax	8,250.0	8,217.4	32.6	0.40
Tax calculated at applicable statutory tax rate	2,063.7	1,979.0	84.7	4.28
Add/(less) the tax effect of the following items:				
Non-deductible expenses	35.8	68.2	(32.4)	(47.51)
Deductible/Non-taxable income	(1,101.8)	(956.3)	(145.5)	15.21
Others	(308.4)	6.0	(314.4)	(5,240.00)
Income tax expense	<u>689.3</u>	<u>1,096.9</u>	<u>(407.6)</u>	<u>(37.16)</u>

In the first half of 2024, income tax expenses amounted to RMB689 million, representing a decrease of RMB408 million year-on-year. The effective income tax rate was 8.36%, lower than the statutory rate of 25%, which was mainly due to the following reasons: firstly, the Group continued to optimize the investment structure of its business and held certain statutory tax-exempt treasury bonds and local government bonds on the basis of balancing risks and returns, thereby reducing the effective income tax rate; secondly, due to the change in income tax rate of the Group's subsidiaries, the re-measurement of deferred income tax assets resulted in a decrease in income tax expenses.

Management Discussion and Analysis

(II) Analysis on Balance Sheet

1. Assets

The following table sets forth, as at the dates indicated, the composition of the Group's total assets:

(Expressed in RMB million, unless otherwise stated)	30 June 2024		31 December 2023		Change in Amount	Rate of change (%)
	Amount	Percentage (%)	Amount	Percentage (%)		
Net loans and advances to customers	676,738.1	44.81	647,276.8	44.90	29,461.3	4.55
Carrying balance of loans and advances to customers	706,864.6	46.80	676,710.6	46.94	30,154.0	4.46
Allowances for impairment on loans and advances to customers ⁽¹⁾	(30,126.5)	(1.99)	(29,433.8)	(2.04)	(692.7)	2.35
Financial investments	619,015.3	40.99	598,782.9	41.53	20,232.4	3.38
Financial assets measured at amortised cost	304,883.5	20.19	321,772.1	22.32	(16,888.6)	(5.25)
Financial assets measured at fair value through other comprehensive income	214,418.7	14.20	166,235.8	11.53	48,182.9	28.98
Financial assets measured at fair value through profit and loss	99,713.1	6.60	110,775.0	7.68	(11,061.9)	(9.99)
Cash and balances with Central Bank	53,350.0	3.53	55,782.7	3.87	(2,432.7)	(4.36)
Deposits and placements with banks and other financial institutions	106,955.4	7.08	108,646.0	7.54	(1,690.6)	(1.56)
Financial assets held under resale agreements	33,489.9	2.22	11,451.8	0.79	22,038.1	192.44
Investment in associates	489.3	0.03	477.3	0.03	12.0	2.51
Goodwill	440.1	0.03	440.1	0.03	–	–
Other assets	19,833.0	1.31	18,664.5	1.31	1,168.5	6.26
Total assets	<u>1,510,311.1</u>	<u>100.00</u>	<u>1,441,522.1</u>	<u>100.00</u>	<u>68,789.0</u>	<u>4.77</u>

Note:

- (1) Includes only the provision for impairment on loans and advances to customers measured at amortised cost.

As of the end of June 2024, the Group's total assets amounted to RMB1,510.311 billion, representing an increase of RMB68.789 billion or 4.77% as compared to the end of the previous year. The increase in the asset size of the Group was mainly due to the increase in loans and advances to customers and financial investments with detailed analysis as below:

(1) Loans and Advances to Customers

The following table sets forth, as at the dates indicated, the composition of the Group's loans and advances to customers:

(Expressed in RMB million, unless otherwise stated)	30 June 2024		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate loans and advances	352,604.0	49.88	327,783.7	48.44
Short-term loans	49,841.5	7.05	47,453.4	7.01
Medium and long-term loans	302,762.5	42.83	280,330.3	41.43
Retail loans and advances	292,426.7	41.37	290,920.1	42.99
Personal mortgage loans ⁽¹⁾	89,748.4	12.70	91,489.2	13.52
Personal business loans ⁽²⁾	123,612.0	17.49	120,119.1	17.75
Other loans ⁽³⁾	79,066.3	11.18	79,311.8	11.72
Discounted bills	61,833.9	8.75	58,006.8	8.57
Total loans and advances to customers	706,864.6	100.00	676,710.6	100.00

Notes:

- (1) Personal mortgage loans primarily consist of residential mortgage loans and commercial property mortgage loans.
- (2) Personal business loans primarily consist of personal loans for business purposes and personal working capital loans.

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- (3) Other loans primarily consist of individual consumption loans and credit card loans.

As of the end of June 2024, the carrying balance of loans and advances to customers of the Group amounted to RMB706.865 billion, representing an increase of RMB30.154 billion or 4.46% as compared to the end of the previous year.

The gross amount of corporate loans and advances was RMB352.604 billion, representing an increase of RMB24.820 billion, or 7.57% as compared to the end of the previous year. Among which, short-term loans increased by RMB2.388 billion, and medium-and long-term loans increased by RMB22.432 billion. The Group earnestly implemented national and local major strategic deployment, strengthened the connection of financial service for the Chengdu-Chongqing Economic Circle and supported the construction of the New International Land-Sea Corridor, and promoted the expansion and increment of exclusive finance products. The Group enriched green product services, diversified green financial service system, adhered to the market positioning of “serving ‘Sannong’, serving small and medium-sized enterprises and serving county-level economy”, and satisfied the multilevel financial needs and supported comprehensive rural revitalization.

Total retail loans and advances amounted to RMB292.427 billion, representing an increase of RMB1.507 billion or 0.52% over the end of the previous year. The Group centered on the strategic orientation of “anchoring the Bank with retail”, tapped into the potential of retail customers and maintained steady growth in personal business loans.

Among which, total personal mortgage loans amounted to RMB89.748 billion, representing a decrease of RMB1.741 billion or 1.90% over the end of the previous year, mainly due to the major support for the local citizens’ reasonable financing requirement for owner-occupied houses, subject to the regulatory requirements.

Total personal business loans amounted to RMB123.612 billion, representing an increase of RMB3.493 billion or 2.91% over the end of the previous year. Leveraging on the online platform created by digital transformation and standard business process, the Group made every effort to promote the growth of personal business loans.

Total other loans amounted to RMB79.066 billion, representing a decrease of RMB246 million or 0.31% over the end of the previous year, mainly due to the fact that the Group optimized internet loan business structure and continued to improve its independent risk control level.

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Discounted bills amounted to RMB61.834 billion, representing an increase of RMB3.827 billion or 6.60% as compared to the end of the previous year, mainly due to the fact that the Group strengthened the support for corporate discount financing demands based on the operating situation of the real economy.

The following table sets forth, as at the dates indicated, the composition of the Group's loans by industry classification:

(Expressed in RMB million, unless otherwise stated)	30 June 2024		31 December 2023	
	Loan amount	Percentage (%)	Loan amount	Percentage (%)
Total corporate loans and advances	352,604.0	49.88	327,783.7	48.44
Leasing and business services	87,631.6	12.40	84,266.6	12.45
Water, environmental and public facility management	76,659.9	10.85	74,605.7	11.02
Manufacturing	72,486.9	10.25	65,672.4	9.70
Transportation, warehousing and postal services	31,163.2	4.41	27,286.1	4.03
Electricity, heat, gas and water production and supply industries	27,780.2	3.93	26,913.1	3.98
Wholesale and retail industries	19,997.1	2.83	17,242.5	2.55
Construction	10,998.4	1.56	9,444.6	1.40
Health and social work	6,568.4	0.93	6,849.2	1.01
Real estate	4,659.0	0.66	3,458.1	0.51
Agriculture, forestry, animal husbandry and fishery	3,917.1	0.55	2,575.1	0.38
Others	10,742.2	1.51	9,470.3	1.41
Retail loans and advances	292,426.7	41.37	290,920.1	42.99
Discounted bills	61,833.9	8.75	58,006.8	8.57
Total loans and advances to customers	706,864.6	100.00	676,710.6	100.00

Since 2024, the Group has actively made efforts on the “five major areas” of finance, focusing on major national and local strategic projects, modern manufacturing cluster systems, and the rural and county market to promote the development of local economy. As of the end of June 2024, the balance of the Group's corporate loans invested in leasing and business service, water, environmental and public facilities management and manufacturing industries were RMB87.632 billion, RMB76.660 billion and RMB72.487 billion respectively, accounting for 12.40%, 10.85% and 10.25% of the Group's total loans and advances, respectively.

Management Discussion and Analysis

(2) Financial Investments

The following table sets forth, as at the dates indicated, the composition of the Group's financial investments:

(Expressed in RMB million, unless otherwise stated)	30 June 2024		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Financial assets measured at amortised cost	304,883.5	49.25	321,772.1	53.74
Financial assets measured at fair value through other comprehensive income	214,418.7	34.64	166,235.8	27.76
Financial assets measured at fair value through profit and loss	99,713.1	16.11	110,775.0	18.50
Total financial Investments	619,015.3	100.00	598,782.9	100.00

As of the end of June 2024, financial investments of the Group amounted to RMB619.015 billion, representing an increase of RMB20.232 billion or 3.38% as compared to the end of the previous year. Among which, financial assets measured at fair value through other comprehensive income amounted to RMB214.419 billion, representing an increase of RMB48.183 billion or 28.98% as compared to the end of the previous year. The Group enhanced research and judgment on the investment market, continued to optimize the allocation of financial assets, promoted the transformation of trading, and improved professional investment and research capacities.

Management Discussion and Analysis

The following table sets forth, as at the dates indicated, the composition of the Group's financial investments:

(Expressed in RMB million, unless otherwise stated)	30 June 2024		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Bonds investment	495,404.9	80.03	479,848.8	80.14
Debt instruments issued by financial institutions	2,282.5	0.37	2,973.0	0.50
Interbank certificates of deposit	54,736.1	8.84	75,647.0	12.63
Debt financing plan	71.9	0.01	2,898.4	0.48
Fund	65,033.6	10.51	36,105.8	6.03
Equity instruments	1,486.3	0.24	1,309.9	0.22
Total financial investments	<u>619,015.3</u>	<u>100.00</u>	<u>598,782.9</u>	<u>100.00</u>

The following table sets forth, as at the dates indicated, the composition of the Group's bond investments by issuer:

(Expressed in RMB million, unless otherwise stated)	30 June 2024		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Government bonds	197,269.4	39.83	204,281.3	42.56
Public institutions and quasi-government bonds	150,871.9	30.45	139,089.6	28.99
Financial institution bonds	100,285.3	20.24	85,299.2	17.78
Corporate bonds	46,978.3	9.48	51,178.7	10.67
Total bonds investment	<u>495,404.9</u>	<u>100.00</u>	<u>479,848.8</u>	<u>100.00</u>

The Group optimized the structure of financial investment. As of the end of June 2024, financial institution bonds, public institutions and quasi-government bonds recorded an increase as compared to the end of the previous year.

(3) Cash and balances with Central Bank

As of the end of June 2024, total cash and balances with the Central Bank of the Group amounted to RMB53.350 billion, representing a decrease of RMB2.433 billion or 4.36% as compared to the end of the previous year, which was mainly to the corresponding decrease in reserve deposits as a result of the lowering of deposit reserve ratio by the PBOC.

(4) Deposits and placements with banks and other financial institutions

As of the end of June 2024, deposits and placements with banks and other financial institutions of the Group amounted to RMB106.955 billion, representing a decrease of RMB1.691 billion or 1.56% as compared to the end of the previous year, which was mainly due to the fact that the Group rationally utilized funds and adjusted its asset structure based on its own business needs.

(5) Financial assets held under resale agreements

As of the end of June 2024, financial assets held under resale agreements of the Group amounted to RMB33.490 billion, representing an increase of RMB22.038 billion or 192.44% as compared to the end of the previous year, which was mainly due to the fact that the Group adjusted its capital utilization structure after comprehensively taking into account the needs of asset-liability and liquidity management.

(6) Investment in associates

As of the end of June 2024, the investment in associates of the Group amounted to RMB489 million, representing an increase of RMB12 million or 2.51% as compared to the end of the previous year.

(7) Other assets

As of the end of June 2024, other assets of the Group amounted to RMB19.833 billion, representing an increase of RMB1.169 billion or 6.26% as compared to the end of the previous year. Other assets include fixed assets, deferred income tax assets, right-of-use assets, other receivables and foreclosed assets, etc. Among which, the Group's foreclosed assets was RMB35 million, and the balance of impairment allowances for foreclosed assets was RMB8 million. Foreclosed assets referred to that the Group may obtain the title of the collateral, through legal actions or voluntary delivery of the borrowers, as compensation for the losses on loans and advances and interest receivable, when recovering impaired loans and advances. Please refer to "Other Assets" under Notes to the Financial Statements for details.

2. Liabilities

The following table sets forth, as at the dates indicated, the composition of the Group's total liabilities:

(Expressed in RMB million, unless otherwise stated)	30 June 2024		31 December 2023		Change in amount	Rate of change (%)
	Amount	Percentage (%)	Amount	Percentage (%)		
Deposits from customers	941,647.5	68.21	896,202.2	68.02	45,445.3	5.07
Deposits and placements from banks and other financial institutions	72,733.2	5.27	107,264.2	8.14	(34,531.0)	(32.19)
Debt securities issued	149,288.0	10.81	119,579.4	9.08	29,708.6	24.84
Borrowings from Central Bank	105,958.6	7.67	107,161.7	8.13	(1,203.1)	(1.12)
Financial assets sold under repurchase agreements	87,192.9	6.32	63,309.7	4.80	23,883.2	37.72
Other liabilities ⁽¹⁾	23,790.7	1.72	24,063.1	1.83	(272.4)	(1.13)
Total liabilities	1,380,610.9	100.00	1,317,580.3	100.00	63,030.6	4.78

Note: (1) Other liabilities consist of accrued staff costs, taxes payable, lease liabilities, other payables, etc.

Management Discussion and Analysis

As of the end of June 2024, the total liabilities of the Group amounted to RMB1,380.611 billion, representing an increase of RMB63.031 billion or 4.78% as compared with the end of the previous year. Deposits from customers are the most core liabilities source of the Group. The increase in the scale of the Group's liabilities was mainly attributable to the increase in the deposits from customers with detailed analysis as below:

(1) Deposits from customers

The following table sets forth, as at the dates indicated, the composition of deposits from customers of the Group:

(Expressed in RMB million, unless otherwise stated)	30 June 2024		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Subtotal corporate deposits				
deposits	126,306.0	13.41	141,843.0	15.83
Demand deposit	88,456.4	9.39	95,349.9	10.64
Time deposit	37,849.6	4.02	46,493.1	5.19
Subtotal personal deposits				
deposits	807,724.8	85.78	747,178.0	83.37
Demand deposit	142,231.7	15.10	145,705.7	16.26
Time deposit	665,493.1	70.68	601,472.3	67.11
Pledged deposits	7,609.4	0.81	7,171.9	0.80
Other deposits	7.3	–	9.3	–
Total deposits from customers	941,647.5	100.00	896,202.2	100.00

As of the end of June 2024, the Group's total deposits from customers amounted to RMB941.648 billion, representing an increase of RMB45.445 billion or 5.07% as compared to the end of the previous year. The Group continued to build a “functional, characteristic and scenario-based” product classification management system, optimized the deposit structure, explored the deposit potential and contribution of key customer groups, and created characteristic deposit products and activities, resulting in steady growth in deposits from customers.

In terms of customer structure, corporate deposits amounted to RMB126.306 billion, representing a decrease of RMB15.537 billion or 10.95% over the end of the previous year, the percentage of deposits from customers recorded a decrease of 2.42 percentage points as compared to the end of the previous year; personal deposits amounted to RMB807.725 billion, representing an increase of RMB60.547 billion or 8.10% over the end of the previous year, the percentage of total deposits from customers recorded a further increase of 2.41 percentage points as compared to the end of the previous year.

In terms of term structure, the demand deposits amounted to RMB230.688 billion, representing a decrease of RMB10.368 billion or 4.30% over the end of the previous year, and accounted for 24.49% of total deposits from customers. Time deposits amounted to RMB703.343 billion, representing an increase of RMB55.377 billion or 8.55% over the end of the previous year, with the proportion of total deposits from customers of 74.70%.

(2) Deposits and placements from banks and other financial institutions

As of the end of June 2024, the deposits and placements from banks and other financial institutions of the Group decreased by RMB34.531 billion or 32.19% as compared with the end of the previous year, mainly due to the fact that the Group proactively adjusted its liabilities structure based on the market condition.

(3) Debt securities issued

As of the end of June 2024, the Group's debt securities issued increased by RMB29.709 billion or 24.84% as compared with the end of the previous year, which was mainly due to the fact that the Group optimized its debt financing structure and actively reduced the costs of debt financing. The Group has not issued any corporate bonds that are required to be disclosed in accordance with the requirements of the "Rules No. 3 on Contents and Format of Information Disclosure by Companies Publicly Issuing Securities—Contents and Format of Interim Report (Revision 2021)" and the "Administrative Measures on Information Disclosure of Corporate Credit Bonds". For details, please refer to "Debt securities payable" under Notes to the Financial Statements.

(4) Borrowings from Central Bank

As of the end of June 2024, the Group's borrowings from Central Bank decreased by RMB1.203 billion or 1.12% as compared with the end of the previous year, mainly due to the reasonable use of Central Bank's monetary policy tools.

(5) Financial assets sold under repurchase agreements

As of the end of June 2024, the financial assets sold under repurchase agreements of the Group increased by RMB23.883 billion or 37.72% as compared to the end of the previous year, mainly due to the adjustment of liabilities structure of the Group based on the market condition.

Management Discussion and Analysis

3. Shareholders' Equity

The following table sets forth, as at the dates indicated, the composition of shareholders' equity of the Group:

(Expressed in RMB million, unless otherwise stated)	30 June 2024		31 December 2023		Change in amount	Rate of change (%)
	Amount	Percentage (%)	Amount	Percentage (%)		
Share capital	11,357.0	8.76	11,357.0	9.16	-	-
Other equity instruments	5,997.6	4.62	5,997.6	4.84	-	-
Capital reserve	20,887.7	16.10	20,895.1	16.86	(7.4)	(0.04)
Investment revaluation reserve	2,428.1	1.87	694.9	0.56	1,733.2	249.42
Actuarial changes reserve	(810.7)	(0.63)	(719.3)	(0.58)	(91.4)	12.71
Surplus reserve	14,822.2	11.43	14,822.2	11.96	-	-
General risk reserve	20,356.2	15.69	19,117.7	15.42	1,238.5	6.48
Retained earnings	52,773.6	40.70	50,008.6	40.35	2,765.0	5.53
Equity attributable to shareholders of the Bank	127,811.7	98.54	122,173.8	98.57	5,637.9	4.61
Non-controlling interests	1,888.5	1.46	1,768.0	1.43	120.5	6.82
Total shareholders' equity	129,700.2	100.00	123,941.8	100.00	5,758.4	4.65

As of the end of June 2024, total equity of the Group amounted to RMB129.7 billion, representing an increase of RMB5.758 billion as compared to the end of the previous year, mainly attributable to the increase in retained earnings. In particular, investment revaluation reserve increased by RMB1.733 billion as compared to the end of the previous year, mainly due to the changes in the fair value of financial assets measured at fair value through other comprehensive income invested by the Group; general risk reserve increased by RMB1.239 billion as compared to the end of the previous year, mainly due to provision with an amount of 1.5% of the balance of risk assets at the end of the previous year.

4. Off-Balance-Sheet Items

As of the end of June 2024, off-balance-sheet items of the Group mainly include unused credit card limit, acceptances, letters of guarantee issued and letters of credit issued, and their respective balances amounted to RMB28.802 billion, RMB10.141 billion, RMB1.442 billion and RMB2.868 billion respectively. All the Group's capital expenditure commitments which have been approved but were unnecessary to be presented on the balance sheet were approved but not contracted or unfulfilled contracts with amount of RMB247 million. The operating lease commitments of the Group that are not included in the measurement of lease liabilities were not significant.

(III) Cash Flows Statement Analysis

The following table sets forth, for the periods indicated, the Group's cash flow statement:

(Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024	For the six months ended 30 June 2023
Net cash flow from operating activities	44,993.4	20,041.1
Net cash flow (used in)/from investing activities	(48,294.0)	6,697.3
Net cash flow from/(used in) financing activities	24,684.3	(30,858.4)

Net cash inflows from operating activities amounted to RMB44.993 billion, representing a year-on-year increase of RMB24.952 billion, among which, the cash inflow was RMB104.317 billion, representing a year-on-year decrease of RMB23.368 billion, mainly due to a year-on-year decrease in the net increase in the deposits from customers and deposits from banks and other financial institutions; and the cash outflow was RMB59.324 billion, representing a year-on-year decrease of RMB48.320 billion, mainly due to a year-on-year decrease in the net increase in financial assets held for trading purpose.

Net cash outflow from investing activities amounted to RMB48.294 billion, representing a year-on-year decrease of RMB54.991 billion. In particular, cash inflow amounted to RMB125.654 billion, representing a year-on-year decrease of RMB46.694 billion, which was mainly due to the decrease in cash received from recovery of investments; cash outflow amounted to RMB173.948 billion, representing a year-on-year increase of RMB8.297 billion, which was mainly due to the increase in cash payments on investments.

Net cash inflow from financing activities amounted to RMB24.684 billion, representing a year-on-year increase of RMB55.543 billion. In particular, cash inflow amounted to RMB137.264 billion, representing a year-on-year increase of RMB23.637 billion, which was mainly due to the increase in the cash received from the issuance of debt bonds by the Group; cash outflow amounted to RMB112.580 billion, representing a year-on-year decrease of RMB31.906 billion, which was mainly due to the decrease in the cash paid for repayment of debt bonds.

(IV) Loan Quality Analysis

1. Breakdown of Loans by the five-category classification

The following table sets forth, as at the dates indicated, the distribution of the Group's loans by the five-category loan classification under which NPLs include those classified into substandard, doubtful and loss categories:

(Expressed in RMB million, unless otherwise stated)	30 June 2024		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Normal	688,532.8	97.40	660,952.9	97.67
Special mention	9,936.8	1.41	7,698.5	1.14
Substandard	3,854.7	0.55	3,527.7	0.52
Doubtful	3,530.2	0.50	3,750.1	0.55
Loss	1,010.1	0.14	781.4	0.12
Total loans and advances to customers	706,864.6	100.00	676,710.6	100.00
Balance of NPLs	8,395.0	—	8,059.2	—
NPL ratio (%)	—	1.19	—	1.19

Since 2024, the Group strictly controlled substantial risks, implemented classification management dynamically, conducted the recovery and disposal of non-performing assets in a timely manner and continuously consolidated quality of asset. As of the end of June 2024, balance of NPLs of the Group was RMB8.395 billion, representing an increase of RMB336 million as compared to that of the end of the previous year. The NPL ratio was 1.19%, which was the same as compared to that of the end of the previous year. Among which, the balance of NPLs of urban area and the balance of NPLs of county area accounted for 56.13% and 43.87%, respectively.

2. Concentration of Loans

(1) Concentration by industry and distribution of NPL

The following table sets forth, as at the dates indicated, the loans and NPLs by industry:

(Expressed in RMB million, unless otherwise stated)	30 June 2024				31 December 2023			
	Loan amount	Percentage (%)	NPL amount	NPL ratio (%)	Loan amount	Percentage (%)	NPL amount	NPL ratio (%)
Corporate loans and advances	352,604.0	49.88	3,761.9	1.07	327,783.7	48.44	3,395.7	1.04
Manufacturing	72,486.9	10.25	596.6	0.82	65,672.4	9.70	592.7	0.90
Production and supply of electricity, gas and water	27,780.2	3.93	14.3	0.05	26,913.1	3.98	247.1	0.92
Real estate	4,659.0	0.66	320.6	6.88	3,458.1	0.51	320.6	9.27
Leasing and commercial services	87,631.6	12.40	488.5	0.56	84,266.6	12.45	302.8	0.36
Water conservancy, environment and public utility management	76,659.9	10.85	406.3	0.53	74,605.7	11.02	406.3	0.54
Construction	10,998.4	1.56	218.8	1.99	9,444.6	1.40	65.7	0.70
Wholesale and retail	19,997.1	2.83	617.0	3.09	17,242.5	2.55	498.7	2.89
Others	52,390.9	7.40	1,099.8	2.10	46,180.7	6.83	961.8	2.08
Retail loans and advances	292,426.7	41.37	4,632.1	1.58	290,920.1	42.99	4,662.5	1.60
Discounted bills	61,833.9	8.75	1.0	0.00	58,006.8	8.57	1.0	0.00
Total loans and advances to customers	706,864.6	100.00	8,395.0	1.19	676,710.6	100.00	8,059.2	1.19

Since 2024, the Group has strictly implemented the guidelines on credit supply, strictly controlled credit access, continuously optimized credit structure and intensified efforts on disposal of non-performing assets. As of the end of June 2024, the balance of the non-performing corporate loans increased by RMB366 million as compared to that of the end of the previous year and the NPL ratio increased by 0.03 percentage point as compared to that of the end of the previous year; the balance of non-performing retail loans decreased by RMB30 million as compared to that of the end of the previous year and the NPL ratio decreased by 0.02 percentage point as compared to that of the end of the previous year.

Management Discussion and Analysis

(2) Concentration of borrowers

As of the end of June 2024, the Group's total loans to its largest single borrower accounted for 3.68% of its net capital while total loans to its top ten clients accounted for 23.14% of its net capital. As of end of June 2024, all the Group's loans to top ten largest single borrowers were not NPLs.

① Indicators of concentration

Major Regulatory Indicators	Regulatory standard	30 June 2024	31 December 2023	31 December 2022
Percentage of the loans to largest single client to the net capital (%)	≤10	3.68	3.72	3.21
Percentage of the loans to single group client to the net capital (%)	≤15	7.25	6.29	6.73
Percentage of the loans to top ten clients to the net capital (%)	—	23.14	22.98	22.37

② Top ten largest single borrowers

(Expressed in RMB million, unless otherwise stated)		30 June 2024	
		Amount	Percentage of total loans and advances (%)
Client A	Water conservancy, environment and public utility management	5,100.0	0.72
Client B	Transportation, warehousing and postal services	4,384.4	0.62
Client C	Leasing and commercial service	3,483.0	0.49
Client D	Leasing and commercial service	3,261.7	0.46
Client E	Manufacturing	3,003.0	0.42
Client F	Water conservancy, environment and public utility management	2,780.6	0.39
Client G	Production and supply of electricity, heat, gas and water	2,742.0	0.39
Client H	Water conservancy, environment and public utility management	2,479.2	0.35
Client I	Leasing and commercial service	2,431.8	0.34
Client J	Leasing and commercial service	2,422.3	0.34

Management Discussion and Analysis

3. Distribution of Loans and NPLs by Product Type

The following table sets forth, for the dates indicated, the loans and NPLs of the Group by product type:

(Expressed in RMB million, unless otherwise stated)	30 June 2024			31 December 2023		
	Loan amount	NPL amount	NPL ratio (%)	Loan amount	NPL amount	NPL ratio (%)
Corporate loans and advances	352,604.0	3,761.9	1.07	327,783.7	3,395.7	1.04
Short-term loans	49,841.5	1,229.5	2.47	47,453.4	957.0	2.02
Medium and long-term loans	302,762.5	2,532.4	0.84	280,330.3	2,438.7	0.87
Retail loans and advances	292,426.7	4,632.1	1.58	290,920.1	4,662.5	1.60
Personal mortgage loans	89,748.4	939.2	1.05	91,489.2	1,019.8	1.11
Personal business and re-employment loans	123,612.0	2,198.1	1.78	120,119.1	2,464.1	2.05
Other loans	79,066.3	1,494.8	1.89	79,311.8	1,178.6	1.49
Discounted bills	61,833.9	1.0	0.00	58,006.8	1.0	0.00
Total loans and advances to customers	706,864.6	8,395.0	1.19	676,710.6	8,059.2	1.19

As of the end of June 2024, the non-performing ratio of corporate loans of the Group increased by 0.03 percentage point to 1.07% as compared to the end of the previous year, whereas the non-performing ratio of retail loans decreased by 0.02 percentage point to 1.58% as compared to the end of the previous year.

4. Restructured Loans and Advances to Customers

The following table sets forth, for the dates indicated, the Group's restructured loans and advances to customers:

(Expressed in RMB million, unless otherwise stated)	30 June 2024		31 December 2023	
	Amount	Percentage of the total amount of loans and advances (%)	Amount	Percentage of the total amount of loans and advances (%)
Restructured loans and advances to customers	3,150.5	0.45	614.5	0.09

As of the end of June 2024, the balance of restructured loans of the Group was RMB3.151 billion, representing an increase of RMB2.536 billion as compared to the end of the previous year, which was mainly due to the fact that the Group continued to determine restructured loans according to the Measures for the Risk Classification of Financial Assets of Commercial Banks after its formal implementation, leading to the increase in restructured loans.

5. *Overdue Loans and Advances to Customers*

The following table sets forth, for the dates indicated, the aging analysis of the Group's overdue loans and advances to customers:

(Expressed in RMB million, unless otherwise stated)	30 June 2024		31 December 2023	
	Amount	Percentage of the total amount of loans and advances (%)	Amount	Percentage of the total amount of loans and advances (%)
Overdue within 3 months	4,404.6	0.62	3,312.8	0.49
Overdue for 3 months to 1 year	3,431.0	0.49	3,167.5	0.47
Overdue for over 1 year and within 3 years	2,214.0	0.31	2,509.9	0.37
Overdue for more than 3 years	695.7	0.10	613.9	0.09
Total overdue loans and advances to customers	10,745.3	1.52	9,604.1	1.42

As of 30 June 2024, the total overdue loans of the Group amounted to RMB10.745 billion, representing an increase of RMB1.141 billion from the end of the previous year; overdue loans accounted for 1.52%, representing an increase of 0.10 percentage point from the end of the previous year.

Management Discussion and Analysis

6. Changes in Provision for Loans Impairment

The following table sets forth, for the periods indicated, the changes in the Group's provision for loans impairment:

(Expressed in RMB million, unless otherwise stated)	Stage 1	Stage 2	Stage 3	Total
Balance as at 31 December 2023	17,125.5	5,416.4	6,891.9	29,433.8
Transfer:				
Transfer to stage 1	476.1	(164.2)	(311.9)	–
Transfer to stage 2	(173.7)	264.7	(91.0)	–
Transfer to stage 3	(184.8)	(444.6)	629.4	–
Provision for the period	157.9	977.3	1,399.8	2,535.0
Write-off and others for the period	–	–	(2,501.1)	(2,501.1)
Recovery of loans written-off for the period	–	–	658.8	658.8
Balance as at 30 June 2024	17,401.0	6,049.6	6,675.9	30,126.5

7. Distribution of Loans by Type of Collateral

The following table sets forth, for the dates indicated, the Group's distribution of loans and advances to customers by type of collateral:

(Expressed in RMB million, unless otherwise stated)	30 June 2024		31 December 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Credit loans	146,920.6	20.78	134,003.1	19.80
Guaranteed loans	188,348.3	26.65	177,830.1	26.28
Collateralised loans	261,431.7	36.98	256,972.4	37.97
Pledged loans	110,164.0	15.59	107,905.0	15.95
Total loans and advances to customers	706,864.6	100.00	676,710.6	100.00

8. Loan Migration Ratios

Items (%)	30 June 2024	31 December 2023	31 December 2022
Migration ratios of normal loans	2.20	1.43	1.54
Migration ratios of special-mentioned loans	43.38	26.60	38.49
Migration ratios of substandard loans	66.06	51.25	29.81
Migration ratios of doubtful loans	26.85	16.98	2.77

Loan migration ratio is calculated according to 1104 statement of the National Financial Regulatory Administration and is the data of the Group.

(V) Segment Information

1. Summary of Geographical Segment

(Expressed in percentage)	30 June 2024		31 December 2023	
	County	Urban	County	Urban
Deposits	73.79	26.21	72.18	27.82
Loans	48.91	51.09	49.30	50.70
Assets	53.01	46.99	51.93	48.07
Deposit-loan ratio	49.75	146.34	51.57	137.62

As of the end of June 2024, the Group's deposits in county area accounted for 73.79%, representing an increase of 1.61 percentage points over the end of the previous year. The loans in county area accounted for 48.91%, representing a decrease of 0.39 percentage point over the end of the previous year, and the assets in county area accounted for 53.01%, representing an increase of 1.08 percentage points over the end of the previous year; county-level deposit to loan ratio was 49.75%, representing a decrease of 1.82 percentage points over the end of the previous year. Taking root in Chongqing, the Group continuously increases the loans and insists on improving the county's financial service capabilities, and supports the development of county economy.

Management Discussion and Analysis

2. Summary of Business Segment

(Expressed in RMB million, unless otherwise stated)	30 June 2024		30 June 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Operating income				
Corporate banking business	4,278.5	29.22	4,629.3	31.13
Retail banking business	6,330.6	43.24	6,486.1	43.62
Financial market business	3,990.8	27.25	3,763.2	25.31
Unallocated	42.2	0.29	(9.5)	(0.06)
Total operating income	14,642.1	100.00	14,869.1	100.00

As of the end of June 2024, the Group's operating income of corporate banking business was RMB4.279 billion, accounting for 29.22%, representing a year-on-year decrease of 1.91 percentage points; operating income of retail banking business was RMB6.331 billion, accounting for 43.24%, representing a year-on-year decrease of 0.38 percentage point; operating income of financial market business was RMB3.991 billion, accounting for 27.25%, representing a year-on-year increase of 1.94 percentage points. In recent years, the Bank has been adhering to the strategy of "anchoring the Bank with retail, propelling the Bank with technology and empowering the Bank with talents", served real economy and increased the efforts to provide credit support for personal and small and micro enterprises. The contribution of operating income of retail banking business was stable.

(VI) Differences between the Financial Statements Prepared in accordance with Chinese Accounting Standards and International Financial Reporting Standards ("IFRS")

1. Differences between the Financial Statements prepared in accordance with Chinese Accounting Standards and IFRS

As a financial institution incorporated in the People's Republic of China, the Bank prepares consolidated financial statements of the Bank and its subsidiaries in accordance with the Accounting Standards for Enterprises promulgated by the Ministry of Finance of the People's Republic of China, relevant regulations issued by the CSRC and other regulatory agencies (collectively referred to as "Accounting Standards for Enterprises").

The Group also compiles consolidated financial statements in accordance with the International Financial Reporting Standards and their interpretations issued by the International Accounting Standards Board and the disclosure regulations applicable to the Hong Kong Listing Rules. There are some differences between the financial statements in this report and the Group's financial statements prepared in accordance with the Accounting Standards for Enterprises. The differentiated items and amounts are listed below:

(Expressed in RMB million, unless otherwise stated)	Net Assets (Consolidated)		
	30 June 2024	31 December 2023	31 December 2022
In accordance with Accounting Standards for Enterprises	129,260.1	123,501.7	115,016.2
Differentiated items and amount			
– Goodwill from acquisitions	440.1	440.1	440.1
In accordance with IFRS	<u>129,700.2</u>	<u>123,941.8</u>	<u>115,456.3</u>

2. *Reasons for the differences between the Financial Statements prepared in accordance with Chinese Accounting Standards and IFRS*

The Bank was incorporated on 27 June 2008 as a limited company by shares, and the newly incorporated company acquired the assets and liabilities of 38 County/District Rural Credit Cooperative Unions, including the former Chongqing Rural Credit Cooperative (重慶市農村信用合作社), Chongqing Yuzhong District Rural Credit Cooperative Union (重慶市渝中區農村信用合作社聯合社) and Chongqing Wulong Rural Cooperative Bank (重慶武隆農村合作銀行) (the “Acquisition”). The Bank first implemented the Accounting Standards for Enterprises on 1 January 2009 and was not required to recognize the goodwill generated from the Acquisition. The Bank made an initial public offering of overseas listed foreign shares (H shares) on the Hong Kong Stock Exchange on 16 December 2010 and adopted IFRS for the first time in the same year. The goodwill generated from the Acquisition was retrospectively recognized in accordance with the relevant requirements of the first implementation of IFRS.

(VII) Changes in Significant Accounting Policies and Significant Accounting Estimates and Judgments

In determining the carrying amounts of some assets and liabilities and the related profit or loss during the Reporting Period in accordance with its accounting policies, the Group makes estimates and judgments in certain aspects. The Group makes estimates and assumptions based on historical experience and expectations of future events, and reviews them on a regular basis. In addition, the Group needs to make further judgments in respect of the application of accounting policies. The Group's management believes that the estimates and judgments made by the Group reflect appropriately the economic context which the Group was subject to. The major areas affected by the estimates and judgments include expected credit loss measurement, fair value of financial instruments, determination of control over structured entities, and income taxes. For changes in significant accounting policies during the Reporting Period, please refer to Note 3 (1) to financial statements.

III. Business Overview

(I) Inclusive Finance Business

1. *Personal Deposit and Loan Business*

Personal deposit business. The Bank continued to build a “functional, characteristic and scenario-based” product classification management system, optimized the deposit structure, tapped the deposit potential and contribution of key customer groups, and created characteristic deposit products and activities to enhance the customers’ sense of exclusivity and inject strong momentum into precision marketing. As of the end of June 2024, the balance of personal deposits amounted to RMB807.725 billion, representing an increase of RMB60.547 billion or 8.10% over the end of the previous year.

Personal loan business. The Bank continued to enrich the consumption finance scenarios and created the pension financial product “Chongqing Pension Insurance Loan”, which filled the gap in the Bank’s pension financial credit products. The Bank built an automobile consumption finance scene, and launched the Bank’s first head office-head office installment product for new energy vehicles- Xiaomi Auto Installment Product. The Bank is the only local corporate bank among the official partners of Xiaomi Automobile Finance Service. As of the end of June 2024, the loan balance of “Yukuai Loan”, a “10 billion-level” hit product, reached a new high level and amounted to RMB23.211 billion, representing a net increase of RMB5.378 billion as compared with the end of the previous year, which maintained the first place in terms of the balance and increment of similar products in Chongqing.

2. *Bank Card Business*

Debit card business. The Bank has continuously improved the “Jiangyu” branded debit card product system, and continuously improved the functions of products. As of the end of June 2024, the total number of debit cards issued by the Group reached 30,012.4 thousand. Among which, nostalgia series of debit cards issued with the function of subsidizing offsite remittance fees reached an issued number of 12,649.6 thousand and gained remote remittance funds of RMB23.432 billion for the current year. The social security card business grew rapidly. The total number of social security cards issued by the Bank exceeded 6,900 thousand.

Credit card business. The Bank accelerated the digital transformation and formulated a digital solution for issuance of credit cards, laying a solid foundation for the integrated marketing of credit cards and consumer loans. The Bank actively responded to national consumption policies and jointly launched installment discounts for durable consumer goods in collaboration with large merchants such as Chongqing Chongbai Shangshe Electric Appliance Co., Ltd. (重百商社電器), JD.COM, SUNING.COM, and Xiaomi Store. As of the end of June 2024, the credit balance amounted to RMB15.610 billion, representing a net increase of RMB662 million as compared to the end of the previous year, with the increment ranking the first in Chongqing.

3. *Wealth Management Business*

Based on the customer label portrait, the Bank realized the integrated design of customer value from three aspects, namely “finding the customer’s product demand, finding the breakpoint of operation process and finding the pain points of customer experience”, and strengthened operations by taking the customers of social security cards, the customers of salary agency payment and merchants as the core customer groups of the Bank. As of the end of June 2024, the number of retail customers of the Bank exceeded 29,000 thousand, the number of VIP customers recorded a net increase of 182.7 thousand or 6.29%, and the balance of VIP customers’ financial assets recorded a net increase of RMB63.608 billion or 9.61%, representing a year-on-year increase of RMB12.708 billion in the increment; the average financial assets of VIP customers increased by 3 percentage points as compared to the end of the previous year, achieving effective improvement in the number and quality of core customer groups.

The Bank continued to increase its creation efforts, highlighted the exclusivity, characteristics and customization of products, and strengthened cooperation with leading insurance companies, funds, trusts and other institutions. In the first half of the year, a total of 143 wealth products were launched. The Bank sold the inclusive commercial medical supplementary insurance “Chongqing Yukuai Insurance” on an agency basis in Chongqing, with an amount of RMB49.25 million and the number of customers being 388.0 thousand, ranking the first in the number of residents served and the insured amount of residents among banking institutions in Chongqing for two consecutive years. The Bank strengthened the technological empowerment and customer-tiered marketing, provided 16 value-added services in five categories for high-net-worth customers, and established an all-around comprehensive service capability.

4. *Small and Micro Businesses*

Digit empowered “grid” and promoted direct credit. The Bank played the role of online platform and standardized business processes, carried out all-staff and overall marketing through online and offline “two-way empowerment” in combination with the deep integration of the personnel advantages of outlets and the grid marketing, forming a unique inclusive small and micro enterprise finance service model, constantly consolidated the “moat” of the local market and fully promoted the increment and expansion of inclusive small and micro enterprise loans.

Broadened the “ecosphere” of scenarios and enriched business channels. The Bank integrated the “BBC Ecosphere” and upgraded and built the “Yukuai Revitalization Loan 2.0”, constantly enriching exclusive products and enhancing the adaptability between supply and demand. At the same time, the Bank established an incentive mechanism for merchants to recommend customers, and developed the merchants of “Yukuai Life Payment” into drainage channels, achieving “mutual benefit and win-win” cooperation between banks and merchants. The Bank strengthened the connection between government affairs service and data, accelerated the construction of “comprehensive management service platform for small and micro enterprises”, and provided a one-stop and diversified financial and government affairs service experience for small and medium-sized enterprises by aggregating enterprise-related service scenarios such as government affairs, settlement and financing. Through online platforms such as “Yu Hui Rong”, “Yu Rong Tong” and “Credit Express”, the Bank gave full play to the role of “Multi-Party Support” and continuously expanded the channels for obtaining customers and services.

Deeply cultivated key “customer groups” and seize strategic opportunities. The Bank focused on the construction of “33618” modern manufacturing cluster system and major strategies of Chongqing such as the double multiplication action plan of science and technology enterprises and high-tech enterprises. By focusing on the new quality productivity represented by “specialized, refined, differential and innovational” small and medium-sized enterprises, the Bank established a service specialist mechanism, built a “credit+” service model, strengthened the visit reception and marketing implementation of key industries, key customer groups and key enterprises, and provided services to a quarter of “specialized, refined, differential and innovational” small and medium-sized enterprises in Chongqing in the field of inclusive small and micro enterprises, strongly promoting the coordinated development of “five major areas” of finance.

As of the end of June 2024, the number of customers of inclusive small and micro enterprise loans of the Bank exceeded 200 thousand and reached 203.4 thousand and the loan balance amounted to RMB136.745 billion, representing an increase of RMB8.229 billion as compared to the end of the previous year, achieving the goal of “two increases” and ranking the first in terms of the increment and stock in Chongqing.

(II) Corporate Financial Business

1. Corporate Business

As of the end of June 2024, the balance of corporate deposit of the Group amounted to RMB126.306 billion, representing a decrease of RMB15.537 billion as compared to the end of previous year. The balance of corporate loans was RMB352.604 billion, representing an increase of RMB24.820 billion or 7.57% as compared to the end of previous year. The increment of green loans and technology loans accounted for 22.04% and 28.61% of the increment of corporate loans, respectively.

In terms of supporting “33618” modern manufacturing industry cluster system, the Bank cooperated with 3,791 customers of “33618” modern manufacturing industry cluster system, representing an increase of 454 as compared to the end of the previous year, and the financing balance amounted to RMB64.92 billion, representing an increase of RMB3.81 billion as compared to the end of the previous year. The Bank provided loans of RMB25.98 billion to support 1,633 “specialized, refined, differential, and innovative” enterprises in Chongqing. The credit coverage ratio was 34.4%. The loans released to the manufacturing industry amounted to RMB72.487 billion, representing a net increase of RMB6.815 billion as compared to the end of the previous year and ranking the first in the market share of loans in Chongqing.

In terms of supporting the construction of the green finance reform and innovation pilot zone, as of the end of June 2024, the balance of green credit was RMB67.46 billion, representing a net increase of RMB5.47 billion as compared to the end of the previous year. The target plan completion rate was 91.2%. The green credit accounted for 10.6%, representing an increase of 0.4 percentage point as compared to the end of the previous year. The Bank declared RMB840 million for carbon emission reduction support tools during the year, driving carbon emission reduction to 652,000 tonnes.

Topic: Finance served the Chengdu-Chongqing Economic Circle, helping to create a new template for inland opening-up construction

The Bank seized the strategic opportunity of Chengdu-Chongqing Economic Circle to actively support the construction of major projects and establish a head office-branch linkage follow-up mechanism, achieving a cooperation rate of more than 50% for the major projects in the Chengdu-Chongqing Economic Circle. At the same time, the Bank, according to the special preferential policies, strengthened guidance in the assessment of task indicators and progress horse racing, actively followed up the progress of construction of projects, and improved the efficiency of financial services for major projects. In the first half of the year, the Bank has provided credit extension support to key transportation infrastructure, high-end manufacturing and other fields, such as Chongqing-Wanzhou High-Speed Railway, Chongqing-Xi'an High-Speed Railway, Chongqing-Suining Expressway Double Track and Ganfeng Lithium Battery Industrial Park. As of the end of June 2024, the Bank had granted RMB114.929 billion to the major projects in the Chengdu-Chongqing Economic Circle and major municipal projects in Chongqing in 2024 (newly released project library in 2024), with a loan balance of RMB19.874 billion, representing a net increase of RMB3.803 billion or more than 20% as compared to the end of the previous year.

2. *Institutional business*

The Bank formed an organic ecosystem around the construction of scenarios, the collaboration of channels and the enhancement of customer value, helping to continuously promote the high-quality development of institutional business. The Bank actively participated in the bidding for cash management of the central treasury, and introduced a total fund of RMB6 billion from other cities for Chongqing. The Bank fulfilled its responsibilities as a local bank and launched the “Civil Capital Verification Connection” system, facilitating social organizations to open accounts nearby by capital verification. The Bank comprehensively optimized the supervision system of pre-sale funds of commercial housing, helping to standardize real estate market transactions.

3. *Transaction banking business*

In the first half of 2024, the Bank recorded the international settlement of USD2.273 billion and foreign exchange settlement and sale of USD582 million. Transaction volume of foreign exchange transaction ranked the first among local corporate banks in Chongqing, of which the transaction volume of interbank foreign exchange settlements amounted to USD4.438 billion.

Helped the construction of the New International Land-Sea Corridor. The Bank actively implemented 17 key tasks of financial support for the construction of the New International Land-Sea Corridor. As of the end of June 2024, the financing balance in terms of financial support for the construction of the New International Land-Sea Corridor amounted to RMB44.27 billion. The Bank promoted the expansion and increment of exclusive financing products, innovatively launched the “Green Cross-Border Loan for Land-Sea New Channel” in combination with the differentiated financing needs of economic and trade enterprises on the channel, continued to promote the increment and expansion of products such as “Land-Sea New Channel Loan” and “Land-Sea Chain Financing”, and granted a total of RMB37 million of “Land-Sea New Channel Loan”. The Bank used the “one-single-system” digital bills of lading of the land-sea new channel multimodal transport to grant RMB340 million of “Land-Sea Chain Financing”, used the movable property pledge of “one-single-system” digital bills of lading to grant RMB2.137 million of “channel-rail financing”, and used the government risk compensation to establish a risk sharing mechanism to grant RMB4.82 million of “Green Cross-Border Loan for Land-Sea New Channel”.

Achieved full coverage of ASEAN currency remittances. The Bank deepened the cooperation with JPMorgan Chase, the account bank, to launch the remittance services in more than 120 small currencies, such as Thai Baht and Vietnamese Dong, signed an inter-bank service cooperation agreement on cross-border payment in small currencies with DBS Bank, launched cross-border remittance services in small currencies and achieved full coverage of ASEAN currencies, helping customers to better cooperate with ASEAN and the countries and regions along “the Belt and Road Initiative”.

Broadened new channels for overseas Singapore dollar clearing. The Bank signed an agreement on Singapore dollar account clearing service with the Bank of China Singapore Branch, broadening the Singapore dollar clearing channels of the Bank, further improving the domestic and overseas multi-channel interbank account reserves, and enhancing the clearing efficiency and customer experience.

4. *Investment banking business*

The Bank led underwriting of 28 debt financing instruments of non-financial enterprises, with an aggregate underwriting share of RMB7.146 billion; the total underwriting amount of all kinds of bonds amounted to RMB54.813 billion.

(III) Financial Market Business

1. *Financial Inter-bank Business*

During the Reporting Period, the Bank steadily improved market influence and brand awareness. The Bank continued to obtain the first-class dealer qualification in open market business in 2024 and was the only corporate institution in Chongqing that was granted this qualification. The Bank successfully created the “Interbank Deposit Certificate Basket in the Chengdu-Chongqing Economic Circle”, becoming the first issuer in Chongqing. The Bank continuously won the honorary awards for innovative business such as monthly “X-Lending” and “X-Repo” active traders issued by the China Foreign Exchange Trade System.

As of the end of June 2024, the investment balance of the Group’s bonds amounted to RMB495.405 billion, of which government bonds, public institutions and quasi government bonds amounted to RMB348.141 billion in total, representing an increase of RMB4.770 billion as compared to the end of the previous year. Among which, AAA¹ rated bonds were RMB112.071 billion, representing an increase of RMB15.619 billion as compared to the end of the previous year. Among other bonds, AA+ rated bonds were RMB24.362 billion, representing a decrease of RMB2.161 billion as compared to the end of the previous year. Among other bonds, AA rated bonds were RMB10.831 billion, representing a decrease of RMB2.672 billion as compared to the end of the previous year.

¹ Bond rating: Debt rating is prioritized. If there is no debt rating, the subject rating is used.

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As of the end of June 2024, the carrying value of the Group's financial institution bonds amounted to RMB249.510 billion which consisted of debt securities issued by policy banks of RMB148.297 billion, commercial banking debts of RMB74.457 billion, asset securitization products of RMB17.653 billion and bonds issued by other financial institutions of RMB9.103 billion. The breakdown of the top ten financial bonds held is as follows:

Unit: RMB million

Name of debt securities	Nominal value	Annualised interest rate (%)	Maturity date	Impairment provision
Debt securities issued by policy banks in 2022	10,450.0	2.97	2032/10/14	–
Debt securities issued by policy banks in 2021	10,240.0	3.66	2031/3/1	–
Debt securities issued by policy banks in 2019	10,000.0	3.48	2029/1/8	–
Debt securities issued by policy banks in 2022	7,530.0	2.90	2032/8/19	–
Debt securities issued by policy banks in 2021	6,220.0	2.73	2024/11/11	–
Debt securities issued by policy banks in 2023	5,330.0	2.82	2033/5/22	–
Debt securities issued by policy banks in 2018	4,290.0	4.88	2028/2/9	–
2023 commercial banking debts	4,030.0	2.59	2026/7/20	–
Debt securities issued by policy banks in 2018	4,000.0	4.00	2025/11/12	–
Debt securities issued by policy banks in 2021	3,990.0	3.41	2031/6/7	–

Note: "Impairment provision" excludes stage 1 impairment provision made in accordance with the expected credit loss model.

2. *Asset Management Business*

CQRC Wealth Management, based on the position of the Group, continued to enhance its ability to serve the national strategy and actively forged its own core competitiveness, and product performance showed stable and improving trend and the internal control management level was improved steadily. CQRC Wealth Management made every effort to maintain a solid foundation and enhance the development.

As of the end of June 2024, the balance of wealth management products of the company was RMB123.286 billion, the total number of sales agents reached 97, and the brand influence continued to expand. The company has actively integrated itself into the Group's digital transformation strategy. At present, the proportion of talents of technology and finance lines is over 20%. The first batch of direct selling systems of wealth management has been launched, the digital risk control engine has been continuously optimized, and the company made great efforts to enhance the driving force of science and technology. The company strove to create diverse and distinctive product lines, created multiple brands characterized by rural revitalization, the Chengdu-Chongqing Economic Circle, the construction of the New International Land-Sea Corridor, and the Jiangyu legacy, and formed a solid, reasonably layered "3+5+N" product system, improved customer-oriented service mechanisms and comprehensively enhanced customer experience. The company continued to improve the investment and research-driven mechanism, constructed a multi-dimensional investment and research system covering macro environment, industry, strategy, and assets, delved deep into the field of fixed income, explored innovative assets, and drove development with innovation on the basis of building a risk bottom line.

3. *Asset Custodial Business*

In the first half of 2024, the Bank improved the construction of assets custodial system in an orderly manner, strove to promote the digital transformation of the custodial business, and improved the daily operational efficiency, thus realizing the steady development of the custodial business.

(IV) Financial Technology

Play the role of the organizational structure and fully promote the digital transformation of the Bank. The Bank further optimized and improved financial technology organizational form of “one meeting, one head quarter and one company”¹, fully played the role of the structure, giving priority to ensure the talent allocation and resource supply of science and technology lines. In first half of 2024, the investment in science and technology maintained steady growth. The Financial Technology Management Committee effectively played the decision-making function and completed 55 decision-making items such as initiation, examination and approval of projects in the first half of 2024. The Bank accelerated the efficient integration of technology and business, comprehensively improved the efficiency and quality of demand research and development, strongly supported the innovation of products, processes and services of the whole Bank, and effectively served over 10 million online customers. The Company continued to deeply cultivate the fields of information security assurance, information infrastructure and technology operation and maintenance to ensure the stable operation of the information system. As of the end of June 2024, there was more than 600 financial technical personnel in the Bank and Chongqing Yuyin Financial Technology Co., Ltd., forming a scientific and technological talent echelon that covers the financial capability map.

Consolidate the foundation of data platform and expand the ability to discover data value. The Bank continued to improve the data quality, promoted the construction of data asset catalogue, and strengthened the intervention and application of external data, and the external data service interfaces have been visited 191 million times in total in the first half of the year. The Bank promoted and implemented the construction of data standardization, optimized the data standardization management platform, and realized the improvement of data quality and the processing and automation of standard management and control. The Bank built a data analysis and mining model based on operation and management, and established various precision marketing models and operational analysis models based on the customer lifecycle, and effectively improved the marketing effect and refined management level. The Bank optimized the intelligent data decision-making platform, and continuously improved the professionalism and efficiency of decision-making, with an average of 865 thousand decisions per day and a success rate of 99.99%.

1 “One meeting, one head quarter and one company”: one meeting refers to the Financial Technology Management Committee under the senior management level; one head quarter refers to the financial technology head quarter composed of five first-level departments of the Head Office, namely the digital finance department, the software development department, the data asset department, the science and technology management department and the digital channel department; one company refers to Chongqing Yuyin Financial Technology Co., Ltd.

Deepen the construction of information systems and continue to improve the intelligence of operation and maintenance. The Bank consolidated the disaster recovery system of “two places and three centers” to realize the balanced development of the disaster recovery system. By taking the implementation of cloud native technology as an opportunity, the Bank steadily promoted the implementation of financial information technology innovation in the Bank and constantly innovated the information system deployment system. By taking the financial AI application as the engine, the Bank promoted the construction of the unified model training and reasoning platform, explored the implementation of intelligent business scenario services of banks, and accelerated the creation of new formats and models of digital finance. The Bank continuously optimized the key development framework of banks, promoted the unification of development, operation and maintenance of technology stack, accelerated the application of intelligent auxiliary tools in scientific and technological scenarios, and comprehensively improved the quality and efficiency of scientific and technological development, operation and maintenance.

Create a featured “patent pool” and “standard library” and construct the core competitiveness of financial technology. The Bank focused on the fields of scientific and technological innovation, basic research, artificial intelligence, risk control decision-making and experience improvement, and took patent and software copyrights as starting points to actively carry out intellectual property protection. As of the end of June 2024, the Bank submitted 12 invention patent applications during the year, accumulatively submitted 157 patents of all kinds and owned 8 software copyrights. Focusing on the application of financial technology, the Bank developed internal and external standards, and participated in the formulation of a total of more than 40 financial industry and group standards. The Bank completed the formulation of 11 enterprise standards, and 3 enterprise standards continued to be included in the list of “leaders” of enterprise standards in the financial field in 2023.

Continue to optimize electronic distribution channels and create a high-quality experience for digital rural commercial bank. The Bank focused on the new engine of “digital intelligence” and continuously deepened telephone banking customer services. During the Reporting Period, the Bank received 3,511.7 thousand calls from customers, and the manual response rate was 92.82%, representing a year-on-year increase of 1.69 percentage points. The customer satisfaction rate was 99.34%. There were 5,976 thousand outbound calls, representing a year-on-year increase of 217.16%, including 5,860.8 thousand outbound calls from robots, accounting for 98.07%, representing a year-on-year increase of 242.93%. The Bank upgraded the one-click multi-binding service of mobile banking App, supported customers to complete the fast payment contract signing of Alipay, Jingdong Payment, Meituan Payment and other payment institutions in one operation. The Bank continuously optimized the UI interface, introduced the intention of voice assistant, and improved the customer service question-and-answer ability by searching. Customers can enjoy the dual services of intelligent customer service and search once they ask questions. As of the end of June 2024, the number of mobile banking users of the Group amounted to 14,761.6 thousand, representing a net increase of 379.2 thousand or 2.64% for the year. The transaction amount for the year amounted to RMB703.427 billion, and there were

38,455.7 thousand financial transactions. The corporate online banking system completed 11 upgrading and iteration, added and optimized 40 functions such as direct connection between banks and farmers, authorization with signing contracts, bulk transfer (multi-account). As of the end of June 2024, the number of customers of corporate online banking of the Group amounted to 165.9 thousand, representing a net increase of 6.2 thousand for the year, and an increase of 3.88% as compared with the end of the previous year. The transaction amount for the year amounted to RMB538.168 billion, and there were 6,133.7 thousand financial transactions, representing a year-on-year increase of 1.64%.

(V) Financial Business in County Area

County area is the principle base where the Group carries out financial services. The financial business in county area has been a long-term strategic focus of the Group. The Group always adheres to the market positioning of “serving ‘Sannong’, serving small and medium-sized enterprises and serving county-level economy”, optimizes service system and mechanism, strengthens the empowerment of Fintech, makes innovation in featured financial products, strove to continuously improve the adaptability and inclusiveness of rural financial services, fully met the diversified and multi-level financial needs of county area market entities, and provided strong service support and financial support for the organic combination of new urbanization and comprehensive rural revitalization and the high-quality development of county area economy. As of the end of June 2024, the balance of agricultural loans of the Group amounted to RMB240.457 billion¹.

1. Channel Construction

As of the end of June 2024, the Group had established 5 branches, 26 first-class sub-branches, 126 second-class sub-branches, 1,283 branch offices, 1 community branch and 12 village and township banks in county areas. The Group has established 2,521 CRSs, 271 ATMs, 43 multimedia inquiry machines and 1,917 smart integrated counters, and built and put into operation 383 rural convenience financial self-service outlets. At the same time, the Group actively built a “nearby handling” service circle of social services and banks. As of the end of June 2024, the Bank has set up 117 “nearby handling” networks in the county areas, provided 275 pieces of semi-self-service business card-making equipment, and provided the first portable business card-making equipment in Chongqing, totaling 37 sets, so that people can fully enjoy the convenience brought by the “integrated” service of social services and banks.

The Bank continued to intensify the construction of county electronic channels. As of the end of June 2024, the Bank had issued a total of 23,652.5 thousand debit cards in county areas, accounting for 78.81% of the debit cards issued by the Bank, of which 751.4 thousand were rural revitalization cards. 11,730.6 thousand users opened mobile banking with the Bank, accounting for 79.47% of the users opening mobile banking with the Group, representing an increase of 302.9 thousand as compared to the end of the previous year.

¹ The Bank adjusted the agricultural loan in accordance with the Notice of the People’s Bank of China on Matters Related to Financial Statistics of Financial Institutions in 2024 (Yin Fa [2024] No.1).

2. *Business Support*

The Group paid attention to tapping the regional value, and took customers as the center and the market as the guide to effectively help the development of county-level economy. As of the end of June 2024, the Group's personal deposits in county-level areas were RMB635.261 billion, accounting for 78.65% of the personal deposits balance of the Group. The Group took multiple measures to promote "national debt to the countryside". The branches and sub-branches in county-level areas underwrote the net value of national debt of RMB1.101 billion, accounting for 83.92% of the net sales value of the Bank. The Group made innovation in the consumption assistance model, strengthened the cooperation between the bank and the government, and continued to organize the live broadcast goods-bringing activities of "there are good things in rural areas, and Yukuai helps revitalization", which drove the sales of characteristic agricultural and sideline products in county-level areas to RMB2.03 million, thus effectively empowering rural revitalization.

According to the China's No.1 Central Document for 2024, the Bank sorted out the key support fields in the county areas from the aspects of ensuring supply, strengthening foundation, promoting development and promoting construction, such as grain storage projects, outstanding leading enterprises in planting, agricultural machinery and equipment manufacturing, etc., strengthened financial support for the agricultural supply side, and gradually promoted the implementation of "One County, One Loan". The Bank paid attention to the construction of a beautiful countryside that is desirable to live and work in, vigorously supported the construction, renovation and upgrading of infrastructure such as water supply, power supply and gas supply, paid attention to the shift of the focus of rural industrial chain from the production side to the processing and consumption side, and promoted the development of rural revitalization and integration projects and deep processing industries of agricultural products.

CQRC Wealth Management took the lead in launching the "rural revitalization" series wealth management products and created a new model of "wealth management + rural revitalization", providing rural customers with the caring services of "investing in the wealth management products during the slack season, and providing support with gains from investment for the busy season". The cumulative issuance amount of series products exceeded RMB16 billion, generating profit of nearly RMB400 million for customers in total. CQRC Wealth Management is committed to be the most trustworthy wealth management expert for customers in county areas. CQRC Financial Leasing focused on supporting culture and tourism, ecological engineering, rural revitalization, modern agriculture and other projects, innovated products and business models and precisely connected with micro, small and medium-sized entity enterprises and Sannong customers. The balance of leased assets in Chongqing amounted to RMB14 billion with the proportion of 77% in county areas. In 2024, the amount of newly invested rental projects in Chongqing amounted to RMB2.96 billion, with the proportion of 56.32% in county areas.

Topic: Practice inclusive finance and promote the full coverage of “whole village credit extension”

The “whole village credit extension” was a typical practice of the Bank to “intensively cultivate” and promote “retail business in batches” around the rural market. Through the implementation of the business model of active credit extension and batch credit extension, and in view of characteristics such as a large number of farmers going out, few financing channels and insufficient collateral, the Bank effectively solved the problems of long processes, large amount of materials and difficult handling of traditional offline farmer loans, and better met farmers’ fund needs with characteristics of “short cycle, small amount, high frequency and high urgency”.

The Bank strengthened the empowerment of financial technology, independently developed and built the “Digital Financial Service Platform for Rural Revitalization”, realized standardized information collection, refined rating model, differentiated credit extension strategy and active credit extension in batch mode, customized 1,500 smart work phones for branches to meet the needs of customer managers in various business scenarios such as going to the countryside to visit farmers and handling loans, and launched the exclusive product of “Yukuai Village Loan (Whole Village Credit Extension)”, which has the characteristics of “no mortgage, active credit extension, on-demand use, and pay-as-you-go lending”, with a credit limit of up to RMB300,000. As of the end of June 2024, the “whole village credit extension” had achieved full coverage in 38 agricultural districts and counties in Chongqing, covering 7,752 administrative villages, with a coverage rate of nearly 98%, and providing pre-credit extension of more than RMB20.2 billion to 1.33 million farmers.

(VI) Principal Controlled and Investee Companies

1. Information on Controlled Subsidiaries

(1) CQRC Village and Township Bank

CQRC Village and Township Bank is a general name for the village and township banks established by the Bank as the major promoter. The establishment of village and township banks is of great significance to fulfilling the Rural Revitalization Strategy, earnestly performing social responsibility, further broadening and deepening the service to new rural construction, exploring the development of business growth and establishing a sustainable model for the growth of profit of the Bank. As of the end of the Reporting Period, the Bank has established 12 CQRC Village and Township Banks in 12 counties (districts/cities) across 5 provinces, of which the shareholding ratio is not less than 51% for all, with registered capital amounting to RMB1.662 billion, total assets amounting to RMB5.246 billion, net assets amounting to RMB1.913 billion, the respective aggregate balance of deposits and loans amounting to RMB2.426 billion and RMB4.653 billion, NPL ratio and provision coverage rate of 1.47% and 323.08%, respectively, and net profits amounting to RMB26 million.

(2) CQRC Financial Leasing Co., Ltd.

CQRC Financial Leasing is a controlling subsidiary of the Bank. It was established in December 2014 with a registered capital of RMB2.5 billion. It is mainly engaged in financial leasing business, assign and transfer of finance lease assets, fixed income securities investment business, interbank lending, borrowing from financial institutions, sales and disposals of leased property business, brokerage consulting, and establishment of project companies in domestic bonded districts to conduct leasing business, etc. The Bank held 80% equity interests in CQRC Financial Leasing. As of the end of the Reporting Period, the total assets and net assets of CQRC Financial Leasing were RMB65.679 billion and RMB8.056 billion, respectively, recording a net operating income of RMB1.143 billion and a net profit of RMB1.018 billion during the Reporting Period.

(3) CQRC Wealth Management Co., Ltd.

CQRC Wealth Management is a wholly-owned subsidiary of the Bank. It was established in June 2020. It is the first wealth management subsidiary of rural commercial banks in China and corporate banks in western China, with a registered capital of RMB2 billion. It is primarily engaged in public offering of wealth management products to the general public, investment and management of properties entrusted by investors; private placement of wealth management products to qualified investors, investment and management of properties entrusted by investors; wealth management advisory and consulting services; and other businesses approved by the banking supervisory authorities of the State Council. As of the end of the Reporting Period, the total assets and net assets of CQRC Wealth Management were RMB2.921 billion and RMB2.841 billion, respectively, recording a net profit of RMB138 million during the Reporting Period.

2. *Principal Investee Companies*

Chongqing Xiaomi Consumer Finance Co., Ltd. is the second licensed consumer finance company in Chongqing. It was established in May 2020 and is mainly engaged in granting personal consumption loans business. Its registered capital was RMB1.5 billion. The Bank held its 30% equity interests. As of the end of the Reporting Period, the total assets and net assets of Chongqing Xiaomi Consumer Finance Co., Ltd. were RMB18.644 billion and RMB1.631 billion, respectively, recording a net profit of RMB40 million during the Reporting Period.

IV. Key Issues of Operation Concerns

(I) About Net Interest Margin

During the Reporting Period, the Group's net interest margin was 1.63%, representing a decrease of 10BP as compared with the end of the previous year, and the decline was narrowed by 8BP as compared with the same period of the previous year. Under the background of fluctuation and downward of market interest rate and the continuous downward adjustment of LPR, the return on assets continued its downward trend, representing a decrease of 18BP as compared with the end of the previous year. In order to consolidate the advantage of debt costs, the Group further optimized the balanced development of volume, price and structure of debts, and the interest payment rate on debts decreased by 8BP as compared with the end of the previous year, easing some downward pressure on interest margin.

Looking forward to the second half of the year, under the influence of surrendering of profits to the real economy and the downward market interest rate, the downward pressure on the net interest margin will still exist, but the decline is expected to be narrowed by improving the asset-liability allocation and pricing ability. On the asset side, firstly, the Group will give full play to the advantage of "familiarity with people and places", seize the opportunity of the construction of Chengdu-Chongqing Economic Circle, and maintain the steady growth of the loan scale. The Group will focus on strengthening support for major strategies and key areas, accelerate the construction of a financial ecological circle by relying on organizational structure reform, vigorously expand upstream and downstream customers of core enterprises, promote the scenario-based consumer finance and the grid-based inclusive finance, and increase the release of retail inclusive loans. Secondly, the Group will improve the pricing capacity and slow down the downward trend of prices. Through digital empowerment, the Group will improve the refined, differentiated and fast pricing system, enhance the accuracy and efficiency of pricing, and strive to achieve balanced development of scale, price and benefit. Thirdly, the Group will expand and improve the asset allocation capacity in the financial market, strengthen the forward-looking study and judgment of interest rates, optimize investment strategies, accelerate the circulation efficiency of fund transactions and improve the efficiency of fund utilization. On the liability side, firstly, the Group will stabilize the existing stock base, and continuously expand the sources of deposits and maintain the leading position in deposits in combination with the construction of merchant system, social security services, salary agency payment and other scenarios. Secondly, the Group will guide the adjustment of deposit duration and continuously optimize the deposit costs. The Group will continue to strengthen the term control of deposits, and at the same time vigorously develop cash management, payment and settlement services, increase the proportion of settlement funds, and make more efforts to promote the stability of demand deposits. Thirdly, the Group will improve the refined management level of active liabilities, flexibly arrange the scale and structure of active liabilities, and promote the continuous decline of liability costs.

(II) About the Growth of Operating Income

During the Reporting Period, the Group achieved an operating income of RMB14.642 billion. Due to the continuous narrowing of the net interest margin, the operating income decreased on a year-on-year basis, but the decline was narrowed by 1.41 percentage points as compared with the first quarter.

Looking forward to the second half of the year, the return on assets will still face downward pressure, and the Group will continue to adapt to changes, enhance the development resilience and focus on improving the operating efficiency. Firstly, strengthen the core businesses and stabilize the scale growth. The Group will integrate the advantages of resources and channels of the Bank, increase support for key projects, and consolidate and expand the leading advantages of financial services in manufacturing, private, consumption and other fields. At the same time, relying on the Bank's characteristic products and platform advantages, the Group will properly and thoroughly develop the rural credit market and continue to broaden and deepen the moat of rural revitalization. Secondly, expand service scenarios and enhance customer value creation. The Group will focus on customers, enhance the comprehensive work capability of "empowerment platform" and "marketing iron army" through the layout of outlets + "customer service centers", actively contact and acquire customers through online and offline channels, improve the closed loop of "comprehensive identification, accurate matching and efficient service", fully tap customer value and enhance customer value creation ability. Thirdly, deeply study the market and stabilize the non-interest contribution. The Group will continue to strengthen market analysis, study and judgment, effectively improve asset allocation, enrich the variety and scope of transactions, and at the same time formulate flexible and effective trading strategies to seize trading opportunities and stabilize the contribution of non-interest income.

(III) About Profit Growth

During the Reporting Period, the Group strengthened the management of reducing costs and increasing efficiency, and the net profit increased by RMB440 million on a year-on-year basis, representing an increase rate of 6.18%, and the operating performance maintained steady growth.

Looking forward to the second half of the year, the Group will further improve the level of refined management while stabilizing the interest margin and operating income, fully tap the potential from the aspects of improving management efficiency and risk control quality, and strive to maintain stable operating results. Firstly, improve the efficiency of utilizing financial resources. The Group will do a good job in allocating large categories of expenses, improve the efficiency of financial resource allocation according to the principle of "encouragements and discouragements", at the same time strengthen the input-output evaluation of business development expenses, introduce the input-output ratio into all aspects of resource allocation, refine the input-output analysis dimension of each project, strengthen tracking analysis, effectively improve the expense efficiency and further enhance the value and benefit creation capability. Secondly, promote comprehensive risk management to improve quality and efficiency. The Group will enhance the risk monitoring and identification capabilities through digital and standardized processes, find out the risk base of existing assets, properly resolve the risks of key enterprises, and at the same time increase the collection and revitalization of overdue loans and non-performing loans to improve the quality and efficiency of non-performing assets disposal.

(IV) About Asset Quality

In the first half of 2024, faced with the new challenges brought by the obvious increase in the complexity, severity and uncertainty of the external environment and the continuous deepening of domestic structural adjustment, the Group continued to strengthen credit risk monitoring, strictly controlled material risks, dynamically implemented classification management, and constantly consolidated the asset quality. The main indicators remained generally stable in the first half of the year.

Firstly, the non-performing loan ratio was the same as that at the end of the previous year. As of the end of June 2024, the Group's non-performing loan ratio was 1.19%, which was the same as that at the end of the previous year and continued to maintain a good level.

Secondly, the proportion of overdue loans increased slightly as compared with the end of the previous year. As of the end of June 2024, the percentage of the Group's overdue loans was 1.52%, representing a slight increase of 0.1 percentage point over the end of the previous year. Retail loans accounted for a relatively high proportion in overdue loans, mainly due to the fact that some individual industrial and commercial households failed to operate as expected in recent two years, and the debt repayment pressure was relatively high, and at the same time, the income of some individual customers declined, leading to an increase of overdue retail loans. However, the secured loans accounted for 82.67% of the overdue loans of the Group, of which the collateral value of the mortgaged and pledged loans covered 1.89 times of the principal of loans, with good risk mitigation capabilities and overall controllable risks.

Thirdly, the percentage of loans of concern increased. As of the end of June 2024, the percentage of loans of concern of the Group was 1.41%, representing an increase of 0.27 percentage point over the end of the previous year. On the one hand, some retail loans were downgraded to the type of concern due to overdue influence; on the other hand, in the first half of the year, the Group, in strict accordance with the requirements of the new classification rules, downgraded the loan risk classification of some corporate loans that had undergone contract adjustment to the type of concern according to the substantive risks, most of which were real estate customers, and the sales repayments were weakened in the current market environment, or the operation was not as expected. According to the real estate-related support policies, the Group reformulated repayment plans for eligible customers, and downgraded their loan risk types based on the principle of prudence. The secured loans accounted for 90.04% of the Group's loans of concern, of which the collateral value of the mortgaged and pledged loans covered 2.59 times of the principal of loans, with good risk mitigation capabilities, and the Group had made forward-looking provision for impairment. As of the end of June 2024, the average provision ratio of the Group's loans of concern was 32.56%. At the same time, under the premise of full analysis, the Group reformulated the repayment plan for the above loans, which was conducive to the sound development of enterprises and the continuous stability of the Group's asset quality. Subsequently, the Group will continuously monitor such loans and dynamically adjust the above loan risk classification.

Fourthly, the NPL formation ratio of corporate loans decreased on a year-on-year basis. As of the end of June 2024, the NPL ratio of corporate loans of the Group was 1.07%, representing an increase of 0.03 percentage point over the end of the previous year, but the NPL formation ratio continued to decline compared with the same period of the previous year.

Looking forward to the second half of the year, the tone of the “positive” fiscal policy will continue, and it is expected that the domestic economy will continue to recover and improve and the income situation of residents will be further improved. The Group will closely follow the policy orientation, actively and properly do the “five major areas” of finance, make great efforts to deeply tap into the rural county area markets, connect with major strategic projects, and provide financial support for the high-quality development of local economy. At the same time, the Group will accelerate the promotion of digital empowerment, further strengthen the risk assessment before, during and after lending, classify and manage financial assets in strict accordance with the Measures for the Risk Classification of Financial Assets of Commercial Banks, and make forward-looking provision for impairment. The Group will strengthen the collection and disposal of non-performing assets and steadily improve the operating efficiency. On the whole, it is expected that the quality of the assets of the Group will continue to be stable in the second half of the year, and relevant indicators will continue to be controllable and maintain a good level.

(V) About Impairment Provision

The Group has always adhered to the business philosophy of giving equal importance to efficiency and scale, quality and speed, and internal control and development and the principles of compliance, prudent and stable operation, strictly implemented the relevant requirements of the Administrative Measures for the Implementation of the Expected Credit Loss Approach of Commercial Banks, followed the comprehensiveness, authenticity, prudence, dynamics and matching of impairment provision, and maintained the continuity of the provision approach. There were no significant changes in provision approach. As of the end of June 2024, the balance of credit risk loss provision of the Group amounted to RMB34.263 billion, representing an increase of RMB617 million as compared to the end of the previous year. Among which, the balance of credit asset impairment provision amounted to RMB30.246 billion. The provision coverage ratio was 360.29% and provision-to-loan ratio was 4.28%, maintaining at a relatively high level and ranking at the front of listed banks. The Group’s provision coverage ratio of loans overdue for more than 90 days was 477.01%, and that of loans overdue for more than 60 days was 413.32%. The Group continued to maintain the sufficient risk replenishment capability.

In the first half of 2024, the Group made provision for credit impairment losses of RMB2.457 billion, representing an increase of RMB612 million as compared with the same period of last year and a year-on year increase of 33.18%. On the one hand, the Group made provision for credit impairment losses of RMB2.535 billion with respect to loans and advances, representing an increase of RMB1.165 billion as compared with the same period of last year and a year-on year increase of 85.06%, which was mainly due to the recovery of a large amount of loans previously written off in the previous period in the same period of last year, resulting in the reversal of impairment provision. On the other hand, the asset quality of the Group’s debt investments was relatively stable, therefore, the provision of debt investments decreased by RMB445 million as compared with the same period of last year.

V. Risk Management

Since 2024, the Group has adhered to seeking progress while maintaining stability, focused on the “five major areas” of finance and digital transformation strategy to constantly improve the capacity and efficiency of risk management, and actively responded to external risk situation and changes in industry trend.

Improve the management system and enhance the “comprehensiveness” of risk management.

The Group published annual risk preference, and clarified the qualitative requirements and quantitative indicators of various major risks. The Group issued annual risk management opinions, fully deployed the key risk management work of the Head Office, branches, sub-branches and subsidiaries, and used management tools such as risk limit and performance assessment to promote the implementation of risk preference and work opinions. The Group implemented new regulatory regulations, revised the management systems for financial asset risk classification, market risk, information technology risk and off-balance sheet business risk, continuously improved the ESG risk management, issued management measures, integrated environmental and social risk management into the whole process of credit business, and established a classification system for environmental and social risks of credit customers.

Optimize management measures and improve the “initiative” of risk management. In view of the macroeconomic situation, the Group carried out special stress test on key areas in addition to the regular stress tests on the credit, market and liquidity risks, and prospectively and quantitatively evaluated the impact of extreme risks on capital adequacy. The Group carried out risk classification screening, promoted the reclassification plan during the transition period of the new regulations in an orderly manner, and consolidated the asset quality. The Group strengthened the life-cycle risk assessment of Internet loan products and implemented differentiated control measures by classification. The Group appropriately decentralized the approval authority of “specialized, refined, differential and innovational” enterprises and housing mortgage loans, followed up the risk monitoring and made efforts on the “five major areas” of finance. The Group established a multi-dimensional and frequency-divided monitoring and early warning and disposal mechanism for risk preference and risk limit. All quantitative indicators performed well during the Reporting Period.

Increase efforts in transformation and improve the “intelligence” of risk management. The internal evaluation model was continuously optimized, and the retail internal evaluation model was optimized and updated independently. The amount coverage rate of the model to retail products increased to 99%. At the same time, by taking the implementation of the Group’s digital transformation strategy as an opportunity, the Group vigorously promoted the implementation of relevant market risk management projects, initiated the construction of the model risk management system, launched the optimization and upgrading project of operational risk management system, promoted the construction of unified risk view of risk data mart, promoted the iterative upgrading of comprehensive risk management, improved the level of intelligent risk control and complied with the regulatory compliance.

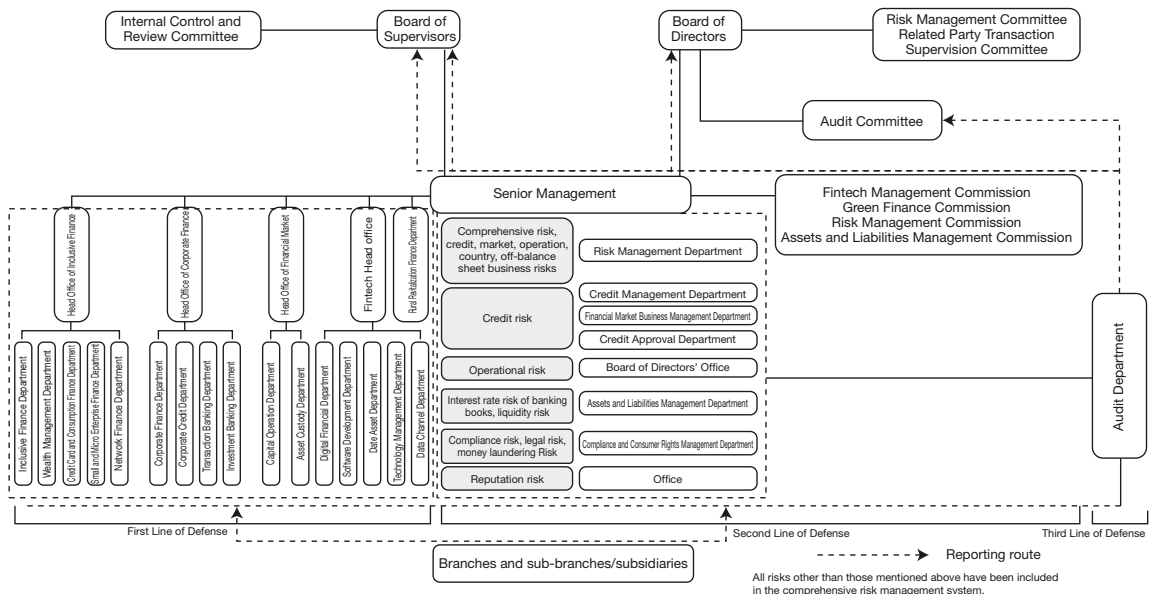
(I) Risk Management Structure

The Board of Directors assumed the ultimate responsibility for comprehensive risk management, set up a risk management committee to perform responsibilities related to comprehensive risk management with the Board's authorization, reviewed the risk appetite statement of the Group on a regular basis and transmitted it through appropriate policies. The senior management assumed the responsibilities for implementing comprehensive risk management, implementing the risk strategy formulated by the Board, and setting up risk management commission to make collective decisions on major matters related to risk management. The Board of Supervisors assumed the responsibilities for overseeing comprehensive risk management, supervising and inspecting the due diligence performance of the Board of Directors and senior management in respect of risk management and supervising their rectification.

The headquarter's risk management department is the leading department of comprehensive risk management, and is responsible for leading the implementation of comprehensive risk management system and timely reporting to the senior management on the Group's comprehensive risks and various major risks. Each department of the headquarter assumed direct responsibility for the risk management of the line and the department, and managed various risks of the Bank including credit risk, market risk, liquidity risk, and operational risk in accordance with the division of responsibilities. The audit department of the headquarter is responsible for performing internal audits on relevant performance of duties. Each branch is responsible for the daily management of comprehensive risks of the branch. Each subsidiary institution has established the risk appetite and risk management policy that is appropriate to the business nature, scale and complexity of its business, focused on its main business and high-quality development, improved the "three lines of defense" mechanism of its own risk management and reported risks to the promoter according to the prescribed route and frequency.

Risk Management Structure

The Bank's comprehensive risk management structure consists of the Board of Directors, the Board of Supervisors, senior management and special committees authorized by it, the headquarters' risk management department, other relevant functional departments, the audit department and branches and sub-branches and subsidiaries.



(II) Credit Risk Management

Credit risk refers to the risk of losses of banking business arising from the failure of the borrower or the counterparty of the Bank to fulfill relevant obligations as per the contract for various reasons.

In the first half of 2024, the Group actively implemented policies and guidelines of governments at all levels, continuously strengthened the support for major projects related to local economic development, and constantly strengthened the management and control of credit risks, and the overall asset quality remained stable. Firstly, the Group continuously improved the credit risk management system, issued the annual credit investment guidelines, and promoted the optimization of credit asset structure. Secondly, the Group continued to conduct risk investigation, comprehensively sorted out the risk status of stock assets in combination with the management requirements of risk classification of financial assets, dynamically conducted the classification management and continued to consolidate the asset quality. Thirdly, the Group conducted stress tests related to credit risk, quantified the risk transmission of key areas to the Bank. Fourthly, the Group strictly controlled the concentration risk, carried out the large-amount risk exposure management, continuously optimized the functions of large-amount risk exposure system, and promoted the application of various functions. As of the end of June 2024, the relevant indicators of large-amount risk exposure of the Group were better than the regulatory standards.

(III) Market Risk Management

Market risk refers to the risk of losses from on-balance-sheet and off-balance-sheet businesses of the Group arising from adverse changes in the market price (such as interest rate, exchange rate, stock price and commodity price, etc.). The market risks faced by the Group primarily include interest rate risk and exchange rate risk. The purpose of market risk management is to control potential market risk losses through identification, measurement, evaluation, monitoring and other measures to the extent that the Group can bear, thus maximizing risk-adjusted returns.

The Group proactively managed the interest rate risk and exchange rate risk in accordance with the regulatory requirements and based on the actual operation and management, and formulated a management system for market risks through regulations on authorization, credit extension and risk appetite and risk limit, monitoring and reporting.

In the first half of 2024, the Group continuously improved proactive market risk management capabilities and steadily advanced various management work. The Group formulated an annual market risk appetite and limit plan according to the business plan, enhanced monitoring on the execution and properly made risk warnings. The Group properly conducted daily valuation and forward-looking analysis, and conducted analysis with different frequencies on a regular basis. The Group reasonably adjusted stress test scenarios according to the macro policies and economic situation and conducted stress test on a regular basis, and assessed the impact of different stress scenarios on capital. The Group strengthened the analysis of interest rates and exchange rates, and regularly conducted analysis on national and international economic fundamentals and financial data to improve the foresight of market risk analysis. The Group continued to promote the implementation of relevant market risk management projects and enhance the informatization and digitization of the market risk management.

1. *Interest Rate Risk Management*

Interest rate risk refers to risks of losses in economic value and overall income of the Group arising from adverse changes in interest rate level, term structure and other factors. Interest rate risk is the major market risk faced by the Group, including trading books and banking books. The Group adopted corresponding methods of identifying, measuring, monitoring and controlling market risk according to the different nature and characteristics of books.

In the first half of 2024, the national monetary policy continuously remained flexible and moderate, the liquidity of the banking system generally remained reasonably abundant and the momentum of the domestic economy was weak, as well as the transformation of economic structure was accelerated, the yield of 10-year government bonds broke through 2.21% downward. According to the existing economic situation and monetary policy direction, it is expected that there will be great uncertainty in the market interest rate in the second half of 2024. The Group will pay close attention to the policy changes and the recovery of economic fundamentals, improve the forward-looking management of interest rate risks, and strengthen the differential and refined pricing of internal and external interest rates, so as to ensure the continuous improvement of the Group's revenue and market value.

1.1 Trading book interest rate risk management

The Group assesses trading book interest rate risk through the analysis of interest rate repricing gaps and measure it through duration analysis, scenario simulation and stress test. The Group monitors the valuation and quota implementation of the bond business of trading books on a daily basis. In the first half of 2024, no limit was triggered and the stress test results show that there is minor interest rate risk of trading books.

1.2 Banking book interest rate risk management

The Group measures interest rate sensitivity gap on a regular basis, evaluates interest rate risk through gap analysis, and further assesses the impact of interest rate changes on economic value and net interest income in varied interest rate scenarios. The stress test results show that the interest rate risk of banking books is controllable.

Management Discussion and Analysis

The structure of the Group's interest rate risk gap on the contract re-pricing date or maturity date (whichever was earlier) is as follows:

(Expressed in RMB million)	Within 3 months	3 months-1 year	1-5 years	Over 5 years	Non-interest bearing	Total
Interest rate gap as at 30 June 2024	<u>(243,762.9)</u>	<u>(25,278.6)</u>	<u>153,760.5</u>	<u>184,218.7</u>	<u>49,087.8</u>	<u>118,025.5</u>
Interest rate gap as at 31 December 2023	<u>(138,132.8)</u>	<u>(72,605.0)</u>	<u>100,665.4</u>	<u>204,573.6</u>	<u>18,351.3</u>	<u>112,852.5</u>

Note: The data in the above table included data in trading books.

As of the end of June 2024, the Group's accumulated gaps of interest rate risk for all maturities amounted to RMB118.03 billion, representing an increase of RMB5.17 billion over the end of the previous year.

1.3 Banking book interest rate sensitivity analysis

The following table illustrates the interest rate sensitivity analysis of the Group on the assumption that the overall interest rate in the market moves in parallel and not considering any risk management actions the management may take to mitigate interest rate risk:

(Expressed in RMB million)	The Group 30 June 2024		The Group 31 December 2023	
	Impact on net profit	Impact on other comprehensive income	Impact on net profit	Impact on other comprehensive income
Change in interest rate basis points				
Increase in 100 basis points	<u>(460.3)</u>	<u>(3,158.4)</u>	149.9	(3,663.5)
Decrease in 100 basis points	<u>460.3</u>	<u>3,275.3</u>	<u>(151.2)</u>	<u>3,920.4</u>

Note: The data in the above table included data in trading books.

2. Exchange Rate Risk Management

Exchange rate risk primarily results from mismatches in the currency denomination of the Group's assets and liabilities and currency position mismatches caused by currency mismatched between capitals and foreign exchange transactions. The Group mainly adopts foreign exchange exposure analysis, sensitivity analysis and other means to measure exchange rate risk. The Group is mainly engaged in the Renminbi business with certain transactions related to USD, Euro and HKD, but seldom conducts transactions in other currencies. Transactions in foreign currencies are mainly the Group's self-operated and agency spot business, self-operated and agency swaps business and agency forward business.

In the first half of 2024, the exchange rate of USD against RMB showed a gradual uptrend mainly because market lowered the Fed's interest rate cut expectation due to the resilience of the US economy, and the slow recovery of domestic economy. The overall exchange rate of USD against RMB rose as compared to the end of the previous year. As of 30 June 2024, the spot exchange rate of USD against RMB in the inter-bank foreign exchange market closed at 7.2659, representing an increase of 2.45% as compared to the end of the previous year. With the appreciation of the USD, the Group appropriately increased its exposure to the USD as compared to the end of the previous year. As of the end of June 2024, the total foreign exchange exposure was a positive exposure of RMB697 million, and the foreign exchange risk was generally controllable. Looking forward to the second half of the year, it is expected that the Federal Reserve Board may cut interest rates and the exchange rate of USD against RMB will decline. The Group will continuously pay attention to global economic situation and policies, strengthen the study and judgment on the trend of foreign exchange rate and reasonably allocate local and foreign currency assets. The Group will strengthen its management capability of its exposure to foreign exchange risks and the management standard of foreign exchange assets and liabilities by enhancing the dynamic management of the deposits and loans of foreign exchange and arranging the utilization of foreign exchange capital reasonably.

As of the end of June 2024, the position of foreign currencies on the Group's balance sheet denominated in RMB is as follows:

(Expressed in RMB million)	RMB	US dollars	HK dollars	Other	Total
		RMB equivalent	RMB equivalent	currencies RMB equivalent	
Net position as at 30 June 2024	<u>117,793.7</u>	<u>223.2</u>	<u>9.8</u>	<u>(1.2)</u>	<u>118,025.5</u>
Net position as at 31 December 2023	<u>111,969.6</u>	<u>681.6</u>	<u>185.4</u>	<u>15.9</u>	<u>112,852.5</u>

Management Discussion and Analysis

2.1 Exchange Rate Sensitivity Analysis

The following table illustrates the exchange rate sensitivity analysis of the Group on the assumption that the RMB spot and forward exchange rate against USD in the market moves and not considering any risk management actions the management may take to mitigate exchange rate risk:

(Expressed in RMB million)	30 June 2024	31 December 2023
Exchange rate changes	Impact on net profit	Impact on net profit
5% appreciation	(8.4)	(25.6)
5% depreciation	8.4	25.6

(IV) Liquidity Risk Management

Liquidity risk refers to the risk of inability in getting sufficient funds at reasonable costs in a timely manner to meet the due liabilities or other obligations for payments or other capital needs required for the conduction of normal business. The objective of liquidity risk management of the Group is to meet the liquidity needs of asset, liability and off-balance sheet activities and meet its payment obligation to external parties on a timely basis, to maintain stable operation with overall security, to protect the interests of depositors, and to effectively balance fund profitability and overall security during the normal operation or at a stressed condition through the development of a scientific and comprehensive liquidity risk management mechanism and the implementation of effective identification, measurement, monitoring and reporting measures on liquidity risk.

The Board of Directors of the Group is ultimately responsible for liquidity risk management. The Assets and Liabilities Management Commission and Risk Management Commission under senior management are responsible for establishing policies and strategies relating to the Group's overall management of liquidity risk. The Assets and Liabilities Management Department, the Risk Management Department, the Capital Operation Department, the Transaction Banking Department and other related departments cooperated with each other to form an organizational structure of liquidity risk management with division of work and cooperation, clear responsibilities and efficient operation.

The Group ensured safety of the payment through continuous monitoring and management of positions across the Bank. The Group, leveraging its unremitting efforts in strengthening liquidity risk monitoring as well as the application of the FTP, a system for internal fund transfer pricing, had improved the management of internal fund allocation under the system. The Group updated liquidity risk pressure tests scenarios annually and carried out liquidity risk pressure tests quarterly to examine the ability of the Group to withstand risks under extreme pressure. The results showed that the management of liquidity risks under pressure, though more difficult, was controllable.

During the Reporting Period, the PBOC continued its prudent monetary policy, and the liquidity of the inter-bank market has remained reasonable and sufficient. The Group adhered to the prudent and compliant operation philosophy, continued to optimize the asset-liability structure, formulated and implemented the liquidity risk preference and limit control plan for 2024, carried out calculation of the indicators of forward-looking liquidity risks in combination with the external environment and internal business change needs, deployed in advance and dynamically adjusted the management strategies for liquidity risks, and promoted the indicators of liquidity risks to meet the standards continuously. The Group enhanced the construction and upgrading of the information management system, and promoted the implementation of refined liquidity management. During the Reporting Period, the Group maintained a good liquidity level and all the main indicators reflecting the liquidity status of the Group met the regulatory requirements.

The Group appraised the liquidity risk conditions by means of liquidity gap analysis. As of the end of June 2024, the liquidity gap analysis of the Group is as follows:

(Expressed in RMB million)	Undiscounted contractual cash flows categorised by contractual maturities							Total
	Overdue/Undated	On demand	Within 1 month	1-3 months	3 months -12 months	1-5 years	Over 5 years	
Net position of assets and liabilities as at 30 June 2024	<u>52,649.0</u>	<u>(192,270.3)</u>	<u>(51,468.8)</u>	<u>(53,114.2)</u>	<u>(285,225.5)</u>	<u>357,506.6</u>	<u>536,718.7</u>	<u>364,795.5</u>
Net position of assets and liabilities as at 31 December 2023	<u>52,679.6</u>	<u>(238,674.4)</u>	<u>(103,291.0)</u>	<u>(115,683.0)</u>	<u>(72,255.8)</u>	<u>282,536.6</u>	<u>561,664.5</u>	<u>366,976.5</u>

The Group measured and disclosed its liquidity ratio, net stable funding ratio and liquidity coverage ratio in accordance with the relevant requirements of Methods for Liquidity Risk Management in Commercial Banks (《商業銀行流動性風險管理辦法》) (CBIRC Order 2018 No. 3).

As of the end of June 2024, the liquidity ratio of the Group is as follows:

Liquidity ratio (%)	30 June 2024	31 December 2023	31 December 2022
Renminbi	<u>95.86</u>	91.42	87.55
Foreign currency	<u>220.88</u>	<u>87.62</u>	<u>236.85</u>

Liquidity ratio is calculated by dividing current assets by current liabilities.

Management Discussion and Analysis

As of the end of June 2024, the net stable funding ratio of the Group is as follows:

(Expressed in RMB million)	30 June 2024	31 March 2024
Available stable funding	1,025,017.69	1,027,433.86
Required stable funding	798,977.82	806,140.41
Net stable funding ratio (%)	128.29	127.45

Net stable funding ratio is calculated by dividing available stable funding by the required stable funding. It is used to evaluate whether commercial banks have sufficient and stable funding sources to meet the needs of stable funding from various assets and off-balance sheet risk exposures.

As of the end of June 2024, the liquidity coverage ratio of the Group is as follows:

(Expressed in RMB million)	30 June 2024
Qualified and high-quality liquid assets	127,563.65
Net cash outflows in future 30 days	37,696.32
Liquidity coverage rate (%)	338.40

The qualified and high-quality liquid assets mean various assets which can be cashed quickly in the financial market through sale or mortgage (pledge) without loss or with minimal loss in the pressure scenarios set by the liquidity coverage ratio. The net cash outflow in future 30 days means the differences between the expected total cash outflow and the expected total cash inflow in the future 30 days in the pressure scenarios set by the liquidity coverage ratio. The expected total cash outflow is the sum of the products of the balance of the relevant liabilities and off-balance-sheet items and its expected churn rate or extraction rate in the pressure scenarios set by the liquidity coverage ratio. The expected total cash inflow is the sum of the products of the balance of the relevant on and off-balance-sheet contractual receivables and its expected inflow rate in the pressure scenarios set by the liquidity coverage ratio. The expected total cash inflow which can be included shall not exceed 75% of the expected total cash outflow.

(V) Operational Risk Management

Operational risk refers to the risk of loss due to errors in internal procedures, personnel and scientific and technological information systems or external events. Adhering to the principle of comprehensiveness and prudence and based on a comprehensive risk management system, the Group implements an operational risk management strategy that matches its asset size and business complexity in compliance with the overall risk appetite.

During the Reporting Period, the Group continued to strengthen its operational risk management system, and the overall operational risk were under control. Firstly, the Group improve the operational risk management system. The Group launched consulting on the optimization and improvement of the operational risk management system and promoted the enhancement and improvement of operational risk management in terms of mechanism, process, tools and system. Secondly, the Group continued to deepen the application of three tools of operational risk. The Group optimized operational risk monitoring indicators, enhanced risk loss data collection and analysis, improved the capabilities of risk monitoring and prediction, and promoted the effectiveness and pertinence or risk prevention. Thirdly, the Group carried out a number of risk investigations. The Group organized special investigations on employees' acts and case risks, and constantly strengthened risk prevention in key areas. Fourthly, the Group continued to strengthen the quality and efficiency of business continuity management, made a drill plan as a whole, coordinated technical and business departments to rationally integrate drill resources, and strengthened coordination and cooperation to ensure the stable operation of important businesses.

(VI) Reputation Risk Management

Reputation risk refers to the risk of negative evaluation of the Group by the stakeholders, the public and the media due to the Group's operations, management and other actions or external events, thereby damaging the brand value of the Group, adversely affecting the normal operation of the Group, or even affecting market stability and social stability.

During the Reporting Period, the Group established and improved the reputation risk management mechanism, and further strengthened the classified management of reputation risks, customer emergency and complaint handling, emergency handling of sudden public opinion, information release process management, and standardized management of publicity work, etc. At the same time, the Group continued to properly monitor and deal with the public opinion, actively and effectively prevented reputation risks and responded to negative public opinion events, and actively maintained the Bank's good market image to achieve the overall goal of reputation risk management.

(VII) Information Technology Risk Management

Information technology risks refer to operational, legal, and reputational risks arising from the use of information technology due to natural factors, human factors, technical loopholes, and management defects.

During the Reporting Period, the Group continued to improve the information technology risk management system and enhance the efficiency of information technology risk management, without any major information technology risk events. Firstly, optimize the institutional system. The Group updated the Measures of Information Technology Risk Management and other systems, further standardized various aspects of information technology risk management to enhance the comprehensiveness, effectiveness and operability of the systems. Secondly, strengthen operation and maintenance management and control. The Group strengthened the 7×24 operation and maintenance on-duty management, strove to maintain network security at important points such as New Year's Day and Spring Festival, and effectively maintained the stable operation of important businesses. Thirdly, implement assessment and monitoring. The Group applied the expert team review mechanism to implement the risk assessment links before the construction of important information system projects, regularly carried out information technology risk monitoring and analysis, organized and carried out information technology outsourcing risk management assessment, fully identified the shortcomings in the information technology risk management and continuously improved risk control measures to enhance the information technology risk management level of the Group.

(VIII) Money Laundering Risk Management

The Group conscientiously implemented the spirit of Chongqing Anti-Money Laundering Work Conference, deepened the construction of the active management of duty performance system, and enhanced the capacity of risk prevention.

During the Reporting Period, the Group adhered to the “risk-oriented” concept, actively explored the close integration of anti-money laundering and corporate governance, and condensed the management synergy. The Group revised the internal control system of anti-money laundering, conducted anti-money laundering compliance review on business systems and business requirements, and optimized the internal control mechanism of anti-money laundering. The Group improved the monitoring model of suspicious transactions, promoted the application of artificial intelligence, machine learning, external data and other technologies, and efficiently and accurately screened and reported suspicious transactions. The Group conducted assessments of products and channel risks and special inspection of anti-money laundering, identified risk loopholes and weak links, and further supervised rectifications and upgrading. The Group held an anti-money laundering work meeting, forwarded risk warnings, and gave play to the synergy and linkage of the three lines of defense. The Group conducted anti-money laundering training for retail customer managers, organized special publicity on “Four Seasons Travel”, and continuously built an anti-money laundering compliance culture.

(IX) Internal Audit

The Group has established a sound internal audit system according to laws and regulations. The internal audit team works under the leadership of the Party Committee and the Board, and is accountable to and reports to the Party Committee and the Board. The Articles of Association clearly stated that the Board was responsible for establishing and maintaining a sound and effective internal audit system to ensure the sufficient independence of internal audit. The internal audit departments were equipped with designated audit personnel, which was in compliance with the regulatory requirements.

During the Reporting Period, the internal audit adhered to the goal of serving the organization, fully performed its audit supervision duties, strengthened policy research and risk analysis, systematically sorted out internal and external requirements, promoted high-quality development around the principal of “the utmost interests of the nation”, promoted the reform breakthrough of “Three Fights and One Revitalization” around comprehensive deepening of reform, and carried out audit projects around the implementation of regulatory policies to prevent the risks in key areas. The Bank comprehensively improved the efficiency of audit supervision, paid attention to the change of ideas, and took research-based audit as an important starting point for performance of auditing duties to improve the accuracy and practicality of economic physical examination. The Bank paid attention to the construction of ability, continuously strengthened the construction of auditors’ own abilities, and further enhanced the ability to do audit work well in the new development stage. The Bank focused on consolidating the cohesive force, actively explored the effective paths for the thorough integration of various kinds of supervision, and made efforts in the same direction, resonated with the same frequency and answered the same questions to help the Bank develop with high quality.

(X) Related Party Transactions

During the Reporting Period, in accordance with the requirements for listed banks, the Bank continued to improve its management of related party transaction. The Bank strengthened the management of the list of related parties. It communicated with shareholders, directors, supervisors and senior management and other persons about the importance and principles of related party transaction management, regularly collected information from related parties, conducted dynamic management and timely updates of the list, strengthened identification of related parties, thereby laying a solid foundation for related party transaction management. The Bank strictly examined and approved related party transactions, controlled the compliance risks of related party transactions, standardized the implementation of the review and disclosure standards of related party transactions, and performed the obligation of filing or submitting transactions in a timely manner. The Bank strengthened the concentration management and control of related party transactions. It regularly monitored concentration indicators to prevent concentration risk. During the Reporting Period, all relevant indicators met the regulatory requirements.

Management Discussion and Analysis

1. Related party transactions during the ordinary course of business

During the Reporting Period, the Bank conducted related party transactions by following the regulatory requirements and the Administrative Measures for the Related Party Transactions (《關聯交易管理辦法》) of the Bank, the related party transactions were priced fairly and in line with the interests of the Bank and shareholders as a whole.

- (1) In accordance with the relevant regulations of the regulatory authority of the banking industry, a total of 4 significant related party transactions were approved during the Reporting Period. The credit balance was RMB19.192 billion as at the end of the Reporting Period, with details as follows:

Unit: RMB0'000

No.	Name of related party	Transaction type	Credit balance	Percentage of net capital
1	Chongqing Yufu Holding Group Co., Ltd. (重慶渝富控股集團有限公司) and group members	Credit	1,077,177.87	8.70%
2	Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司) and group members	Credit	432,519.20	3.49%
3	Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) and group members	Credit	374,957.20	3.03%
4	Chongqing Airport Group Co., Ltd. (重慶機場集團有限公司)	Credit	34,500.00	0.28%

- (2) In accordance with the relevant regulations of the Shanghai Stock Exchange, during the Reporting Period, related party transactions that occurred between the Bank and related parties under the relevant regulations of the Shanghai Stock Exchange considered by the Board or general meetings are as follows:

The 40th meeting of the fifth session of the Board of Directors of the Bank considered and approved “the resolution in relation to the related party transaction with Chongqing Airport Group Co., Ltd. (重慶機場集團有限公司)” on 1 March 2024, agreeing to grant credit of RMB3.5 billion to Chongqing Airport Group Co., Ltd. (重慶機場集團有限公司) with a credit period of 1 year. For details, please refer to the “Announcement on Related Party Transactions of Chongqing Rural Commercial Bank Co., Ltd.” (Announcement No.: 2024-006) published by the Bank on the website of the Shanghai Stock Exchange.

The 43rd meeting of the fifth session of the Board of Directors and the 2023 annual general meeting of the Bank considered and approved “the resolution in relation to the related party transactions with Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司) and its related parties”, “the resolution in relation to the related party transactions with Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司) and its related parties” and “the resolution in relation to the related party transactions with Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) and its related parties” on 8 May 2024 and 28 May 2024 respectively, agreeing on the group comprehensive credit limit of RMB17,699.67 million to Chongqing Yufu Holding Group Co., Ltd. (重慶渝富控股集團有限公司) with a credit period of 1 year, the group comprehensive credit limit of RMB18,500 million to Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司) with a credit period of 1 year and the group comprehensive credit limit of RMB18,500 million to Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) with a credit period of 1 year. For details, please refer to the “Announcement on Related Party Transactions of Chongqing Rural Commercial Bank Co., Ltd.” (Announcement No.: 2024-022) published by the Bank on the website of the Shanghai Stock Exchange.

2. *Related party transactions in connection with purchase or sale of assets or equity interests*

During the Reporting Period, the Bank was not involved in significant related party transaction in connection with purchase or sale of assets or equity interest.

3. *Related party transactions in connection with joint external investment*

During the Reporting Period, the Bank was not involved in significant related party transaction in connection with joint external investment.

4. *Claims, debt transactions with related parties*

During the Reporting Period, the Bank was not involved in significant claims or debt transactions of a non-operating nature.

5. *Business transactions with related finance companies*

During the Reporting Period, there was no finance company controlled by the Bank. The Bank was not involved in significant related party transactions in connection with deposits, loans, credit or other financial business with related finance companies.

6. *Other significant related party transactions*

During the Reporting Period, apart from the transactions mentioned above, the Bank did not have any other significant related party transactions that met the requirements of the securities regulatory authorities.

VI. Capital Management

The Group implemented comprehensive capital management, including the formulation of capital management policies, capital planning, capital adequacy ratio management plans, capital measurement, internal capital adequacy assessment, capital allocation and capital assessment management. The goal of the Group's capital management is to mainly accumulate internal capital, with external capital as supplement, to effectively balance capital supply and demand, to strengthen capital restrictions and guidance to the business, so as to maintain a capital level that is consistently higher than regulatory requirements, and to reserve a certain room for margin and buffer as security.

In the first half of 2024, the Group continued to promote the refinement of capital management, formulated and implemented the capital planning for 2024-2026, rationally arranged risk-weighted asset plans, adjusted business structure, improved capital utilization efficiency, maintained continuous growth of capital, further consolidated capital strength of the Bank, and constantly enhanced the service capability for real economy. During the Reporting Period, the capital indicators performed well, providing a strong guarantee for the Group's stable business development and strategic implementation.

(I) Capital Adequacy Ratio

Since 2024, the Group has calculated the core tier 1 capital adequacy ratios, tier 1 capital adequacy ratios, and capital adequacy ratios in accordance with the Regulation Governing Capital of Commercial Banks (《商業銀行資本管理辦法》) and relevant provisions, among which, the credit risk was measured at weight method, the market risk was measured at simplified standard method and the operational risk was measured at standard method. The calculation range of capital adequacy ratio includes all branches of the Bank, its subsidiary village and township banks, CQRC Financial Leasing and CQRC Wealth Management.

As at the end of June 2024, the Group's capital adequacy ratio was 15.71%, representing a decrease of 0.28 percentage point from the end of the previous year; the core tier 1 capital adequacy ratio and the tier 1 capital adequacy ratio were 13.83% and 14.53%, respectively, representing an increase of 0.30 percentage point and 0.29 percentage point respectively from the end of the previous year. In 2024, the Regulation Governing Capital of Commercial Banks was officially implemented, which comprehensively restructured the risk-weighted asset measurement framework. The growth rate of the Group's risk-weighted assets declined year-on-year. The growth rate of net core tier-one capital and net tier-one capital is higher than that of risk-weighted assets, and the core tier 1 capital adequacy ratio and the tier 1 capital adequacy ratio increased slightly from the end of the previous year. Due to the exercise of rights to redeem RMB5 billion of tier-two capital bonds in the second quarter, the growth rate of net capital was lower than that of risk-weighted assets and the capital adequacy ratio declined slightly as compared to the end of the previous year.

Management Discussion and Analysis

The following table sets forth the Group's and the Bank's capital adequacy ratio at each tier as at the end of June 2024 calculated in accordance with the Regulation Governing Capital of Commercial Banks and the calculation of capital adequacy ratio at each tier as at the end of December 2023 in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》).

Calculation results of capital adequacy ratio of the Group and the Bank

(Expressed in RMB million, unless otherwise stated)	30 June 2024		31 December 2023	
	The Group	The Bank	The Group	The Bank
Core tier 1 capital, net	122,128.7	108,451.6	116,457.3	104,057.3
Net tier 1 capital	128,263.8	114,449.2	122,587.9	110,054.9
Net capital	138,696.4	123,809.7	137,660.4	124,143.1
Risk-weighted assets	882,970.8	813,709.2	860,884.9	796,915.7
Include: Credit risk weighted assets	822,754.7	758,203.0	794,324.4	736,145.7
Market risk weighted assets	6,881.4	6,881.4	11,692.8	10,523.5
Operational risk weighted assets	53,334.7	48,624.8	54,867.7	50,246.5
Core tier 1 capital adequacy ratio (%)	13.83	13.33	13.53	13.06
Tier 1 capital adequacy ratio (%)	14.53	14.07	14.24	13.81
Capital adequacy ratio (%)	15.71	15.22	15.99	15.58

Management Discussion and Analysis

Capital Adequacy Ratio of the Group

(Expressed in RMB million, unless otherwise stated)	30 June 2024	31 December 2023
Core tier 1 capital	122,845.7	117,173.6
Portion of paid-in capital that may be included	11,357.0	11,357.0
Portion of capital reserve that may be included	20,887.7	20,895.1
Surplus reserve and general risk reserve	35,178.4	33,939.9
Retained earnings	52,773.6	50,008.6
Non-controlling interests	1,031.6	997.4
Others	1,617.4	(24.4)
Core tier 1 capital deductible items	(717.0)	(716.3)
Goodwill, net of relevant deferred tax liabilities	(440.1)	(440.1)
Other intangible assets (excluding land use rights), net of relevant deferred tax liabilities	(282.1)	(284.0)
Total of others that should be deducted from core tier 1 capital	5.2	7.8
Core tier 1 capital, net	122,128.7	116,457.3
Other tier 1 capital	6,135.1	6,130.6
Undated capital bonds	5,997.6	5,997.6
Non-controlling interests	137.5	133.0
Net tier 1 capital	128,263.8	122,587.9
Tier 2 capital	10,432.6	15,072.5
Tier 2 capital instruments and related premium that may be included	–	5,000.0
Excessive loss allowances	10,157.5	9,806.5
Non-controlling interests	275.1	266.0
Net capital	138,696.4	137,660.4
Total risk-weighted assets	882,970.8	860,884.9
Core tier 1 capital adequacy ratio (%)	13.83	13.53
Tier 1 capital adequacy ratio (%)	14.53	14.24
Capital adequacy ratio (%)	15.71	15.99

The following table shows the credit risk exposures as at the end of June 2024 as measured by credit risk weighting method in accordance with the Regulation Governing Capital of Commercial Banks and the calculation of the credit risk exposures as at the end of December 2023 in accordance with the Regulation Governing Capital of Commercial Banks (Provisional).

(Expressed in RMB million, unless otherwise stated)	30 June 2024		31 December 2023	
	Risk exposure	Unmitigated risk exposure	Risk exposure	Unmitigated risk exposure
On-balance sheet credit risk	1,488,709.4	1,436,210.0	1,370,980.6	1,340,003.1
Off-balance sheet credit risk	54,339.5	27,987.1	19,972.7	12,393.3
Counterparty credit risk	11,976.2	11,976.2	20,989.7	20,989.7
Total	1,555,025.1	1,476,173.3	1,411,943.0	1,373,386.1

(II) Leverage Ratio

As at the end of June 2024, the Group's leverage ratio was 8.20%, a decrease of 0.20 percentage point from the end of the previous year, mainly because the growth rate of net tier 1 capital was lower than the growth rate of on-balance sheet and off-balance sheet assets.

The following table sets out Group's leverage ratio as at the end of June 2024 calculated in accordance with the Regulation Governing Capital of Commercial Banks and the calculation of the leverage ratio as at the end of December 2023 in accordance with the Regulation Governing Capital of Commercial Banks (Provisional).

Management Discussion and Analysis

Leverage Ratio

(Expressed in RMB million, unless otherwise stated)	30 June 2024	31 December 2023
Tier 1 capital, net	128,263.8	122,587.9
The balance of assets on and off-balance sheet after adjustments	1,564,019.4	1,459,669.7
Leverage ratio (%)	8.20	8.40

According to the requirements of the Regulation Governing Capital of Commercial Banks (《商業銀行資本管理辦法》), more details of the regulatory consolidation, key prudential regulatory indicators, the main characteristics of the capital instrument and the leverage ratio of the Reporting Period will be further disclosed in the “investor relations – capital supervision” column on the website of the Bank (www.cqrcb.com).

VII. Outlook

(I) Regional Economy Situation

In the first half of 2024, China's economy made steady progress and the quality of development continued to improve. GDP increased by 5.0% on a year-on-year basis, and the per capita disposable income of national residents increased by 5.4% on a year-on-year basis.

In terms of the regional economy in Chongqing during the same period, Chongqing's gross regional product reached RMB1.51 trillion, representing a year-on-year increase of 6.1%, and the per capita disposable income of residents increased by 5.6% on a year-on-year basis. In the first half of the year, Chongqing actively cultivated new quality productivity and accelerated the construction of a modern industrial system. The industrial added value increased by 8.6% on a year-on-year basis, and emerging industries such as new energy vehicles, integrated circuits and LCD screens grew at a high speed. Chongqing promoted the deepening and consolidation of "Tale of Two Cities" in the west in the new era, with an investment amount of RMB245.34 billion and an investment progress of 56.2% for 300 major joint projects. Chongqing continued to innovate consumption scenarios and expand the scale of the consumer market. Emerging consumption demand such as digitalization, intelligence and greening was strong, and online retail sales of commodities amounted to RMB77.09 billion, representing a year-on-year increase of 16.5%. In the second half of the year, Chongqing will accelerate the construction of a new development pattern, promote the continuous expansion of effective investment, accurately release consumption potential, and strive to promote the effective improvement of quality and reasonable growth of quantity of the economy.

(II) Development Strategy and Operating Plan of the Company

In the first half of 2024, the Bank thoroughly implemented the important speeches and instructions made by Chinese General Secretary Xi Jinping during his inspection of Chongqing and his important comments on financial work, fully implemented major strategic deployments such as the construction of the Chengdu-Chongqing Economic Circle and the New International Land-Sea Corridor and regulatory requirements, and diligently made efforts on the “five major areas” of finance, adhered to the market positioning of “serving Sannong, serving small and medium-sized enterprises and serving economy in county area”. The effects of reform have initially achieved, the joint forces of transformation have constantly been gathered, and the pace of high-quality development has been solid.

Looking forward to the second half of the year, the Bank will continued to further promote the strategy of “anchoring the Bank with retail, propelling the Bank with technology and empowering the Bank with talents”, focus on building a development system of “all-in-one four-wheel drive”, takes the “large retail” business as the subject of core competitiveness and takes the corporate financial business, financial market business, financial technology and talent team as the “four driving forces” with interconnected development and unified goals of the Bank, jointly promoting the Bank’s high-quality and connotative development. Firstly, focus on improving the operation efficiency and deeply tap the potential of rural county area markets. The Bank will stick to the positioning of supporting “agriculture, rural areas and farmers” and supporting small and micro businesses and give full play to the characteristics of “more outlets and more people” to actively expand the growth point of agricultural loans, broaden the channels to obtain small and micro enterprises customers, and promote the expansion and increment of inclusive finance. Secondly, focus on the overall development of services and strive to undertake major strategic projects. The Bank will continue to increase the layout of new quality productivity, scientific and technological innovation, green and low-carbon, inclusive small and micro enterprises, elderly care industry and other fields, and promote the launch of major projects by focusing on the construction of Chengdu-Chongqing Economic Circle, the construction of the New International Land-Sea Corridor, the “33618” modern manufacturing cluster system and the “416” scientific and technological innovation layout. Thirdly, focus on giving full play to the advantages of innovation and strive to accelerate the empowerment of digital technology. The Bank will deeply integrate itself into the construction of digital Chongqing, adhere to improving processes through standardization and enhance efficiency through digitization, strengthen the effectiveness of technology empowerment, and accelerate the promotion of digital transformation. Fourthly, focus on promoting steady operation and strive to keep the bottom line of risk prevention and control. The Bank will strengthen comprehensive risk management, strictly control the quality of assets, improve the quality and efficiency of disposal of non-performing assets, and strictly carry out case prevention and compliance management to ensure the safe and stable operation of the Bank. Fifthly, focus on improving management efficiency and strive to improve the value creation capability. The Bank will focus on the breakthrough tasks of “Three Tough Battles and One Revitalization” reform, continue to deepen reform and transformation, optimize the measures to reduce costs and increase efficiency, and continuously improve the internal management efficiency.

I. Overview of Corporate Governance

During the Reporting Period, the Bank convened a total of 1 general meeting, at which 12 proposals were considered and approved and 3 reports were reviewed. The Bank convened 7 meetings of the Board of Directors (57 proposals were considered and approved and 32 reports were heard or reviewed), 23 meetings of the Special Committees of the Board of Directors (including 3 meetings of the Strategic Development Committee, 4 meetings of the Audit Committee, 3 meetings of the Related Party Transaction Supervision Committee, 6 meetings of the Risk Management Committee, 2 meetings of the Remuneration Committee, 2 meetings of Nomination Committee, 2 meetings of Consumer Rights Protection Committee and 1 meeting of the Sannong Financial Service Committee, at which 40 proposals were considered and 23 reports were reviewed), 6 meetings of the Board of Supervisors (24 proposals were considered and 9 reports were heard) and 4 meetings of the Special Committees of the Board of Supervisors (10 proposals were considered and no reports were heard).

The Bank has strictly complied with the principles and code provisions of Part 2 of the Corporate Governance Code (the “CG Code”) set out in Appendix C1 to the Hong Kong Listing Rules and also complied with most of the recommended best practices therein. During the Reporting Period, the legal action which the directors may face is basically covered in the internal risk management and control scope of the Bank. The Bank purchased the “liability insurance for directors, supervisors and senior management” for all directors.

The Bank also strictly complied with the requirements under the relevant laws and regulations, and the Hong Kong Listing Rules in respect of management of inside information. There is no significant difference between the corporate governance of the Bank and that as required by the laws including the Company Law of the People’s Republic of China and administrative regulations and the relevant requirements to the corporate governance for listed company of the CSRC and Hong Kong Stock Exchange.

The Bank will continue to review and enhance its corporate governance to ensure that it will continue to meet the requirements of the CG Code and the rising expectations of shareholders and investors.

II. Securities Transactions by Directors and Supervisors

The Bank has adopted, in respect of securities transactions by directors and supervisors, the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Hong Kong Listing Rules. Having made specific enquiries with all directors and supervisors, all directors and supervisors confirmed that they have complied with the Model Code for the half year ended 30 June 2024.

III. Amendments to the Articles of Association

During the Reporting Period, the Bank did not make any amendments to the Articles of Association.

IV. Details of the General Meeting

Session of meeting	Convening date	Resolutions of the meeting	Website to publish resolutions
2023 annual general meeting	28 May 2024	12 resolutions and 3 reports including the 2023 work report of the Board of Directors of Chongqing Rural Commercial Bank Co., Ltd.	Official website of the Bank (www.cqrcb.com), website of Shanghai Stock Exchange (www.sse.com.cn) and the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk)

V. Information on Directors, Supervisors, Senior Management, Employees and Institutes

(I) Basic Information on Directors, Supervisors and Senior Management

1. Information on existing directors, supervisors and senior management

Directors

Name	Position	Gender	Age	Term of office ¹
Xie Wenhui	Secretary to the Party Committee, Chairman, Executive Director	Male	52	August 2014 –
Sui Jun	Deputy Secretary to the Party Committee, President, Executive Director	Male	55	July 2023 –
Zhang Peizong	Member of the Party Committee, Vice President, Secretary to the Board, Executive Director	Male	49	December 2018 –
Hu Chun	Non-executive Director	Female	52	October 2022 –
Yin Xianglin	Non-executive Director	Male	42	December 2020 –
Zhang Qiaoyun	Independent Non-executive Director	Male	61	December 2018 –
Lee Ming Hau	Independent Non-executive Director	Male	46	June 2019 –
Li Jiaming	Independent Non-executive Director	Male	58	December 2020 –
Bi Qian	Independent Non-executive Director	Female	55	December 2020 –

Supervisors

Name	Position	Gender	Age	Term of office
Huang Qingqing	Shareholder Representative Supervisor	Female	40	October 2020 –
Zhang Jinruo	External Supervisor	Male	44	October 2020 –
Hu Yuancong	External Supervisor	Male	50	October 2020 –
Zhang Yingyi	External Supervisor	Male	51	October 2020 –
Zheng Yi	Employee Representative Supervisor	Male	59	November 2011 –
Le Xiaoming	Employee Representative Supervisor	Male	48	June 2019 –
Zhou Wei	Employee Representative Supervisor	Female	47	November 2021 –

¹ The term of office of directors shown in this table was the term approved by the regulatory authority of the banking industry.

Senior Management

Name	Position	Gender	Age	Term of office ²
Sui Jun	Deputy Secretary to the Party Committee, President, Executive Director	Male	55	March 2023 –
Zhou Guohua	Member of the Party Committee, Vice President	Male	58	October 2023–
Zhang Peizong	Member of the Party Committee, Vice President Secretary to the Board Executive Director	Male	49	September 2016 – September 2020 –
Tan Bin	Member of the Party Committee, Vice President	Male	49	December 2023 –
Zhang Jin	Member of the Party Committee, Vice President	Male	52	March 2024 –

2. Changes in directors, supervisors and senior management

(1) Engagement and resignation

Due to personal work arrangement, Ms. Gu Xiaoxu ceased to be the non-executive director and the positions of relevant special committees of the Board of Directors of the Bank since January 2024.

Due to job transfer, Ms. Dong Lu ceased to be the vice president of the Bank since January 2024.

Mr. Tan Bin has served as a member of the Party Committee of the Bank since December 2023 and was appointed as the vice president of the Bank by the Board in January 2024 and obtained the qualification approval for appointment as the vice president from the National Financial Regulatory Administration Chongqing Office and officially performed his duty in February 2024.

Mr. Zhang Jin has served as a member of the Party Committee of the Bank since March 2024 and was appointed as the vice president of the Bank by the Board in March 2024 and obtained the qualification approval for appointment as the vice president from the National Financial Regulatory Administration Chongqing Office and officially performed his duty in April 2024.

On 28 March 2024, it was resolved to remove Ms. Shu Jing from the position as the vice president of the Bank at the 41st meeting of the fifth session of the Board of Directors of the Bank.

² The term of office of the president and vice president shown in this table was the time appointed or nominated by superior departments.

(2) Change in information

Mr. Lee Ming Hau ceased to be the managing director of The Carlyle Group in January 2024 and has served as the partner of Ares Management since January 2024.

Mr. Zhang Jinruo ceased to be the external independent director of Chongqing Iron & Steel Company Limited since June 2024.

3. Particulars of changes in shareholdings of directors, supervisors and senior management

Changes in shareholdings of existing directors, supervisors and senior management

Name	Position	Number of shares held at the beginning of the Reporting Period	Number of shares held at the end of the Reporting Period	Increase/(Decrease) in the number of shares during the Reporting Period	Reasons for Increase/(Decrease)
Xie Wenhui	Secretary to the Party Committee, Chairman, Executive Director	46,500	46,500	-	-
Sui Jun	Deputy Secretary to the Party Committee, President, Executive Director	75,400	75,400	-	-
Zhang Peizong	Member of the Party Committee, Vice President, Secretary to the Board, Executive Director	39,300	39,300	-	-
Yin Xianglin	Non-executive Director	2,900	2,900	-	-

Changes in shareholdings of outgoing directors, supervisors and senior management

Name	Position	Number of shares held at the beginning of the Reporting Period	Number of shares held at the end of the Reporting Period	Increase/(Decrease) in the number of shares during the Reporting Period	Reasons for Increase/(Decrease)
Dong Lu	Member of the Party Committee, Vice President	39,000	39,000	-	-
Shu Jing	Member of the Party Committee, Vice President	39,300	39,300	-	-

(II) Basic Information of Employees and Institutions

1. Employees

As of the end of June 2024, the Group had 14,592 regular employees, among which, the Bank had 14,156 employees and subsidiaries had 436 employees.

Number of regular employees of the Bank	14,156
Position Structure	
Business development	10,501
Technology information	530
Risk control	1,017
Operation and comprehensive management	2,108
Age Structure	
30 and below	1,573
31-40	6,704
41-50	3,343
51 and above	2,536
Academic Background Structure	
Master's degree and above	1,019
Bachelor's degree	10,418
College's degree and below	2,719

Note: (1) In addition, the Bank had 385 dispatch workers, 292 internally retired employees and 7,587 retired employees.

(2) Certain employees of the Bank were formally transferred to Chongqing Yuyin Financial Technology Co., Ltd., so the number of technology information employees of the Bank decreased slightly during the Reporting Period as compared to the end of the previous year.

2. Employee Remuneration Policy

The Bank adheres to the principle of combining remuneration management with enterprise strategic goals and linking it to operating performance, and built a remuneration system with the functions of guarantee, incentive, restraint and regulation. The remuneration package of the employees consists of basic remuneration, performance remuneration and welfare income. In particular, the basic remuneration is the fixed remuneration, with a view to guarantee the basic lives of employees; performance remuneration is a variable remuneration that reflects the Bank's operating benefits and employees' performance. According to the principle of "give priority to benefits with due consideration to fairness", the Bank links performance remuneration to the annual operating performance, and established a mechanism for deferred payment, recourse and deduction of performance remuneration in accordance with regulatory requirements and based on the needs of operation and management. The Bank fully mobilizes the enthusiasm of employees at all levels by establishing a market-oriented and profit-targeted incentive and restraint mechanism, so as to promote its business development and improve the operating efficiency.

3. *Overview of human resources management*

In the first half of 2024, the Bank further improved the mechanism of introduction, cultivation, management and use of talents, promoted the strategy of “empowering the Bank with talents” in an in-depth, practical, practicable and effective manner. The Bank made great efforts to enhance the supporting role of talent resources in corporate strategic goals.

The service capacity has been continuously improved. The Bank implemented a project of improving the quality of marketing talents, built a marketing talent training system of “integration of work and training” in stages, improved the mechanism of “compulsory training” for key positions and “compulsory examination” for job qualifications, and guided cadres and talents to build a “marketing iron army” and strengthen their responsibilities in serving the real economy.

The talent mechanism was obviously optimized. The Bank promoted the construction of a talent development system compatible with the strategy of “anchoring the Bank with retail, propelling the Bank with technology and empowering the Bank with talents” and the development system of “all-in-one four-wheel drive”, and optimized the exchange and cultivation mechanism of key cultivation of professional talents, tracking cultivation of management trainees, rotation cultivation of reserve cadres as well as up-appointment and down-transfer. The Bank has carried out more than 750 training sessions in total with more than 60 thousand participants .

The vitality of teams continued to increase. The Bank adhered to the customer-centered principle, and iterated the framework of inclusive finance, corporate finance, financial market and financial technology, so as to “build a platform” for gathering talents and wisdom. The Bank adhered to the principle of striving for excellence and horse racing competition and promoted the improvement of the quality of all employees. The proportion of employees with bachelor degree or above increased to 80.79%.

4. The distribution of branches

Operating outlets are the primary distribution channels of the Bank. As of the end of June 2024, the Bank had 1,743 branches, including the Head Office and the business department, 7 branches, 35 first-class sub-branches, 156 second-class sub-branches, 1 community sub-branch, and 1,542 branch offices. The network of branches and sub-branches covers all the 38 administrative districts and counties with 1,439 distribution outlets in the county area of Chongqing and 302 outlets in the city's urban area. The Bank has put the construction of distribution channels into its medium and long-term strategic development plan and stepped up optimising the layout of outlets and restructuring to improve its service coverage, service capabilities and operational efficiency.

The Bank provided customers with more convenient and efficient financial self-services through establishment of self-service banks and release of self-service machines. As of the end of June 2024, the Bank established 74 24-hour self-service banking centers with 6,149 self-service equipment (including: 2,489 smart counters, 3,247 CRSs, 370 ATMs, and 43 self-service inquiry machines), and the proportion of machine to outlet was 3.53:1. The Bank continued to deepen the basic financial services in rural areas, promoted the service coverage expansion and supported rural revitalization. 390 convenient rural financial service centers had been established and put into use. The Bank effectively strengthened financial supply in rural areas and solved the problem of financial service for people in remote rural areas.

Name	Address	Number of Outlet	Number of staff	Assets Size (RMB100 million)
The headquarters and its business department	No. 36 Jinshamen Road, Jiangbei District, Chongqing City	2	1,624	3,817.28
Yuzhong Branch	No. 142 Xinhua Road, Yuzhong District, Chongqing City	8	144	59.76
Dadukou Branch	1-3, 1-4-1-1, Block 1; 1-4-1-2, 1-4-2-2, Block 1, 11 Tianchenhuafu, Chunhui Road Street, Dadukou District, Chongqing City	13	158	114.64
Jiangbei Branch	1-1, No. 10, Yanghe Road East, Jiangbei District, Chongqing City	28	287	284.54
Shapingba Branch	Annex 37, 38, 39, No. 118 Xiaoyanggong Bridge, Shapingba District, Chongqing City	28	284	257.64
Jiulongpo Branch	Annex 1, No. 2 Xijiao Road, Yang Jia Ping, Jiulongpo District, Chongqing City	40	309	329.64
Kexuecheng Branch	No. 28, Xiyong Avenue, High-tech Zone, Chongqing City	16	141	171.71
Nan'an Branch	No. 24 Jiangnan Avenue, Nanping, Nan'an District, Chongqing City	30	318	260.20

Name	Address	Number of Outlet	Number of staff	Assets Size (RMB100 million)
Beibei Branch	No. 20 Beixia West Road, Beibei District, Chongqing City	27	259	263.47
Yubei Branch	1-1, Block 1, No. 91 Shuanglong Avenue, Shuanglonghu Street, Yubei District, Chongqing City	37	293	271.40
Liangjiang Branch	No. 21, 23, 25 Jintong Road, New North Zone, Chongqing City	17	227	174.76
Ba'nan Branch	No. 145 Longzhou Avenue, Ba'nan District, Chongqing City	56	368	345.08
Wansheng Branch	No. 36 Wandong North Road, Wansheng District, Chongqing City	13	122	89.41
Fuling Branch	Block 1, Hongfu Building No. 55 Xinghua Middle Road, Fuling District, Chongqing City	74	432	358.68
Changshou Branch	No. 13 Xiangyang Road, Fengcheng Street Office, Changshou District, Chongqing City	46	314	272.61
Jiangjin Branch	Annex 6, 7, No. 183, Xijiang Avenue, Shengquan Street, Jiangjin District, Chongqing City	83	483	527.17
Hechuan Branch	No. 2 Jiuchang Road, Hechuan District, Chongqing City	89	568	583.99
Yongchuan Branch	No. 399, Honghe Middle Road, Yongchuan District, Chongqing City	56	349	319.13
Nanchuan Branch	No. 24 Jinpo Avenue, Nanchuan District, Chongqing City	40	279	198.09
Qijiang Branch	No. 34 Jiulong Avenue, Wenlong Street, Qijiang District, Chongqing City	43	295	235.92
Tongnan Branch	No. 4, Xingtong Avenue, Guilin Street Office, Tongnan District, Chongqing City	40	260	213.69
Tongliang Branch	No. 102 Zhongxing Road, Bachuan Street, Tongliang District, Chongqing City	50	337	271.41
Dazu Branch	Annex 1, No. 227 Middle Section of Wuxing Avenue, Tangxiang Street, Dazu District, Chongqing City	39	287	234.20
Rongchang Branch	No. 106 Haitang Avenue, Changzhou Street, Rongchang District, Chongqing City	36	268	204.61
Bishan Branch	No. 4 Bitong Road, Bicheng Street, Bishan District, Chongqing City	40	313	274.15
Wanzhou Branch	No. 91 Taibai Road, Wanzhou District, Chongqing City	92	627	577.20
Liangping Branch	No. 1, Block 26, Minghao Commercial Area, Liangshan Street, Liangping District, Chongqing City	45	328	294.00

Corporate Governance

Name	Address	Number of Outlet	Number of staff	Assets Size (RMB100 million)
Chengkou Branch	No. 30 South Street, Gecheng Town, Chengkou County, Chongqing City	25	155	81.59
Fengdu Branch	No. 187 2nd Shangye Road, Sanhe Street, Fengdu County, Chongqing City	47	315	261.91
Dianjiang Branch	No. 371 Renmin East Road, Guixi Street, Dianjiang County, Chongqing City	47	304	233.07
Zhong County Branch	No. 49 Ba Wang Road, Zhongzhou Town, Zhong County, Chongqing City	60	365	280.77
Kaizhou Branch	(Shimin Plaza) Kaizhou Avenue, Hanfeng Street Office, Kaizhou District, Chongqing City	63	457	520.49
Yunyang Branch	No. 1335 Yunjiang Avenue, Qinglong Street, Yunyang County, Chongqing City	68	435	375.77
Fengjie Branch	No. 32 Gongping Lane, Yufu Street, Fengjie County, Chongqing City	46	330	246.34
Wushan Branch	No. 258 Guangdong Middle Road, Wushan County, Chongqing City	31	239	129.29
Wuxi Branch	Unit 1-1, No. 7 Yanghe Garden, No. 25 Binhe Zhilu, Boyang Street, Wuxi County, Chongqing City	38	265	146.06
Qianjiang Branch	No. 217 Jiefang Road, Chengdong Street, Qianjiang District, Chongqing City	35	269	134.11
Wulong Branch	No. 36 Furong Middle Road, Furong Street, Wulong District, Chongqing City	34	258	162.57
Shizhu Branch	Annex 6, No. 10 Wanshou Avenue, Nanbin Street, Shizhu Tujia Autonomous County, Chongqing City	33	215	170.61
Xiushan Branch	No. 35, Yuxiu Avenue, Zhonghe Street, Xiushan Tujia and Miao Autonomous County, Chongqing City	34	241	148.39
Youyang Branch	No. 6, Middle Section of Taohuayuan Avenue, Taohuayuan Street, Youyang Tujia and Miao Autonomous County, Chongqing City	46	286	197.65
Pengshui Branch	Annex 4, No. 2 Shizui Street, Hanjia Street, Pengshui Miao and Tujia Autonomous County, Chongqing City	46	294	169.53
Qujing Branch	No. 460, Qilin West Road, Qilin District, Qujing City, Yunnan Province	2	54	9.75
Total		1,743	14,156	14,272.24

VI. Implementation of Dividends Distribution

1. According to the resolution passed at the 2023 annual general meeting of the Bank held on 28 May 2024, a cash dividend of RMB0.2885 per share (tax inclusive) for 2023 was distributed to all shareholders with a total of RMB3.276 billion (tax inclusive) distributed, based on the total share capital of 11.357 billion shares. Specifically: cash dividend of RMB2.551 billion (tax inclusive) was distributed for A shares on 28 June 2024; cash dividend of RMB725 million (tax inclusive) was distributed for H shares in HK dollars on 28 June 2024.
2. The dividend distribution of the Bank in the past three years is as follows:

Year	Dividends for 10 shares (RMB, tax inclusive)	Total cash dividends (RMB100 million, tax inclusive)	As a percentage of net profit attributable to shareholders of the listed company (%)
2023	2.885	32.76	30.05
2022	2.714	30.82	30.00
2021	2.525	28.68	30.00

VII. Interim Profit Distribution or Proposal for Capitalisation of Capital Reserve

In order to further increase returns for investors and boost investors' confidence in long-term shareholding, the Bank intends to implement the interim dividends distribution proposal for the year in accordance with relevant requirements of the "Regulatory Guideline No. 3 for Listed Companies — Cash Dividend of Listed Companies", the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Articles of Association. The specific plan will be announced and implemented after fulfilling the corporate governance procedures.

No capitalisation of the capital reserve to share capital is proposed by the Bank during the 2024 interim period.

VIII. Incentive Measures

During the Reporting Period, the Bank had no equity incentive plan, employee stock ownership plan or other employee incentives.

Environmental and Social Responsibilities

I. Developing Green Finance

The Bank improved the system, formulated normative and guiding documents such as the Guidelines on Credit Supply and the Opinions on Green Finance Work, and set the industry classification guidance of green credit industry as the “priority support” category, effectively guiding more funds to flow to green and low-carbon fields. The Bank improved the incentive mechanism, formulated special incentive policies such as green credit horse racing competition, gave preferential interest rates to qualified green enterprises and projects, continued to implement the internal fund transfer pricing policy tilt, and built a multi-dimensional green incentive mechanism. The Bank focused on key green areas and increase investment in areas such as ecological environment restoration. The Bank strengthened cooperation with Changjiang Eco-environmental Protection Group Corporation (長江生態環保集團公司). As of the end of June 2024, the Bank had supported a total of 9 ecological restoration and environmental protection construction projects of such group in the Yangtze River Economic Belt, with a credit amount of RMB6.385 billion and a loan balance of RMB557 million. The Bank enriched green products and services, innovated green exclusive products such as “Solid Waste Loan” and “Green Electricity Loan”, and formed an all-round and diversified green financial service system covering green credit, green bonds, green leasing and green wealth management.

By focusing on the Chongqing’s “33618” modern manufacturing cluster system and taking the construction of trillion-level intelligent networked new energy vehicles in Chongqing as the starting point, the Bank innovatively launched the financing for traffic and transportation industry (automobile dealers), the green truck mortgage, the green car installment payment and other businesses, further enhancing the financial supply efficiency of extending, supplementing, and strengthening the automotive industry chain. The Bank strengthened cooperation with State Grid Chongqing Electric Power Company (國網重慶電力公司), focused on the construction of new power systems, explored and formulated comprehensive green financial service plans, overcome the difficulties in supply chain financing, and jointly promoted the development of the clean energy industry chain. The Bank strengthened digital application, continue to push the system of list of green projects, green factories and green supply chain enterprises, and further improved the efficiency of enterprise financing interconnection and loan approval.

II. Promoting Rural Revitalization

The Bank took the overall revitalization of rural areas as the general starting point of the “Sannong” work in the new era and new journey, innovated and upgraded the service mode of supporting agriculture, and achieved remarkable results in the work of financial support for poverty alleviation, rural industrial development and digital rural construction, and the depth, breadth, accuracy and enthusiasm of “Sannong” financial services concerning “agriculture, rural areas and farmers” have been continuously improved.

“Party building + finance” continued to consolidate and expand the achievements of poverty alleviation. The Bank adhered to and strengthened the Party’s overall leadership over the “Sannong” work, made special research and deployment by the Party Committee, issued opinions and evaluation plans on financial support to promote the comprehensive revitalization of rural areas, and clarified five practical tasks that are accessible to farmers, including consolidating and expanding the achievements of poverty alleviation. The Bank implemented fixed-point contact, special shift work, assessment and incentives and other service mechanisms, and achieved “provision of loans as much as possible” for people lifted out of poverty in microfinance and the “increment and expansion” of “Yukuai Assistance Agricultural Loan”, thus promoting the sustained growth of loans in poverty-stricken areas. The Bank properly carried out pairing-off assistance in Youyang County and Huatian Township. At the beginning of the year, the Bank identified 3 aspects and 10 specific tasks, and effectively performed the responsibilities as a financial state-owned enterprise. As at the end of June 2024, the balance of the Group’s agricultural loans was RMB240.457 billion.

“Digital + finance” promoted the actual implementation and achieve results in helping farmers and benefiting the people. The Bank actively participated in the construction of “digital Sannong” in Chongqing, undertook the application of digital intelligence of “Chongqing Agricultural Economic Management”, provided “integrated” services for rural grassroots organizations, such as “Three Capital” management, direct connection between banks and farmers and rural civilization points, supported the expansion of rural collective economic organizations, and helped rural areas to realize the goal of “strengthening villages and enriching the people”. The Bank promoted the use of the “digital financial service platform for rural revitalization” to upgrade digital and online services, relied on the service path of “one intelligent platform + one smart phone + one rating and credit extension system” to vigorously promote the construction of rural credit system, and promoted “whole village credit extension” in 38 agricultural-related districts and counties and nearly 98% administrative villages in Chongqing, providing advance credit extension of more than RMB20.2 billion to 1,330 thousand households. Farmers could obtain loans without submitting paper materials and “without leaving their homes”.

“Standard + characteristics” supported the development of rural characteristic industries. By focusing on the industrial development plan of the “One Main and Two Auxiliaries” in all districts and counties, the Bank implemented the service model of “One Policy for One Industry” and “One Product for One Township”, and launched more than 20 standardized characteristic credit products such as “Pickled Mustard Loan”, “Navel Orange Loan” and “Crisp Plum Loan”, among which, in the first half of 2024, the Bank newly launched special products such as “Liangping Rice Loan” and “Two Mountain Homestay Loan” to support grain production and ensure the supply of important agricultural products, and promote the integrated development of primary, secondary and tertiary industries in rural areas. By relying on the top-down service system of “Special Committee for Rural Revitalization + Finance Department for Rural Revitalization + Special Team for Rural Revitalization” and following closely Chongqing’s layout of citrus, pickled mustard, animal husbandry and other ecologically characteristic agriculture, the Bank has built 85 township and town-level rural revitalization institutions to support the development of local industries with distinctive, branded and professional services.

“Integration of intelligence and technology” helped to improve the quality and efficiency of the construction of beautiful rural areas. The Bank used “offline + online” omni-channel financial services such as physical outlets, rural convenience service points, online banking and WeChat banking to help the development of “Sannong”. The Bank promoted rural version of mobile banking, “Dialect Bank”, “Air Bank” and other services to help farmers and facilitate the people to meet the financial needs suitable for agriculture and the elderly. The Bank implemented the service mode of “financial grid manager”, properly served as “a liaison for party building and joint construction, a financial knowledge disseminator, an entrepreneurship and wealth creation helper and a trustworthy promoter”, and continuously decentralized financial services. The Bank promoted activities such as agricultural technology going to the countryside, consultation with Chinese medicine, and gathering places for migrant workers to broaden the breadth and warmth of financial services. The Bank upgraded diversified financial assistance, and promoted the sales of rural “local special products” and stimulated the rural tourism consumption by launching the live broadcast goods-bringing activities, building an integral mall special zone, implementing fixed-point purchasing of materials and organizing “going to beautiful countryside” activities.

III. Protection of Consumer Rights and Interests

The Bank attached great importance to the protection of consumers’ rights and interests, and continuously promoted the actual implementation of protection of consumers’ rights and interests by improving the working system and mechanism, publicizing multi-dimensional financial knowledge and strengthening the traceability and rectification of complaints.

The Board of Directors of the Bank bore the ultimate responsibility for protection of consumer rights and interests, and the Consumer Rights and Interests Protection Committee of the Board of Directors was established to determine the direction for protection of consumer rights and interests. The Bank established the Leading Group for Consumer Rights and Interests of the senior management, established the Compliance and Consumer Rights Management Department to take the lead in organizing and conducting the protection of consumer rights and interests and coordinated to formulate a work plan for protection of consumer rights and interests. The Bank continued to improve consumer protection mechanisms such as consumer protection assessment, consumer protection review, complaint handling, and personal financial information protection to ensure smooth operation for protection of consumer rights and interests and promote legal and compliant operations of the Bank.

By relying on the image of “Yu Xiaomei”, the Bank clarified the publicity theme every month through the “one-point, three-channel” propaganda and education scene, and regularly published WeChat pictures and texts, and financial knowledge tips, so as to make the financial knowledge publicity normal and long-lasting. The Bank actively participated in the publicity activities such as “3.15 Education and Publicity Week on the Protection of Financial Consumers’ Rights and Interests” and “Publicity of Financial Knowledge in Banking Industry”, focused on the elderly groups, rural resident groups, new citizen groups and youth groups, and launched three major theme promotions, namely “Glimmer of Protection of Consumers’ Rights and Interests”, “Escort of Protection of Consumers’ Rights and Interests” and “Growth of Protection of Consumers’ Rights and Interests”. During the Reporting Period, the Bank conducted 3,288 financial knowledge publicity activities with 1,015.3 thousand person-time audiences.

The Bank continued to improve the long-term mechanism for preventing and resolving complaints and disputes, optimized the functions of the complaint management system, comprehensively adopted measures such as consumer protection tips, complaint analysis reports and complaint analysis meetings, notified the complaint data, strengthened the monitoring and analysis of complaint data, and improved the ability of traceability and rectification of complaints. During the Reporting Period, the Bank accepted a total of 874 consumer complaints through various channels, mainly involving 14 business categories including RMB savings, loans and bank cards, 9 complaint handling channels including business sites, middle and back office business channels and third-party channels, and 11 complaint reasons including service attitude and quality, business system and facilities, systems and business rules and procedures. 41 branches and sub-branches of the Bank were involved, including 40 branches and sub-branches in Chongqing and 1 branch in Yunnan.

Major Events

I. Performances of Undertakings

During the Reporting Period, the Bank and its shareholders, directors, supervisors and senior management strictly fulfilled various obligations and responsibilities undertaken in the Prospectus for Initial Public Offering disclosed on 20 September 2019 and the Announcement on the Listing of the Shares under Initial Public Offering disclosed on 28 October 2019.

Undertaking background	Type of undertaking	Undertaking party	Contents of the undertaking	Effective date of undertaking	Duration of undertaking
Undertakings in relation to the initial public offer	Limited sales of shares	Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司), Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司), Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司) and Loncin Holdings Co., Ltd. (隆鑫控股有限公司) ¹	<p>Within 36 months from the listing of the shares issued by Chongqing Rural Commercial Bank, the company shall not transfer or entrust others to manage the domestic shares issued by Chongqing Rural Commercial Bank directly or indirectly held by the company before the initial public offering of A shares, and the part of those shares held by the company will not be repurchased by Chongqing Rural Commercial Bank.</p> <p>Shareholders' intention to hold shares and undertakings in relation to reducing their holdings:</p> <ol style="list-style-type: none"> 1. Within 6 months from the listing date of shares issued by Chongqing Rural Commercial Bank, if the closing price of A shares of Chongqing Rural Commercial Bank is lower than the issue price for 20 consecutive trading days, or the closing price is lower than the issue price as at the end of the 6-month period upon the listing (if the day is not a trading day, it will be the first trading day after that day), the lock-up period of the shares of Chongqing Rural Commercial Bank held by it will be automatically extended for another 6 months on the basis of 36 months. If Chongqing Rural Commercial Bank has any ex-rights and ex-dividend events such as dividend distribution, bonus shares of issue, and capitalisation of capital reserves after the issuance and listing, the issue price will be adjusted by ex-rights and ex-dividend. 2. Within 2 years after the expiry of the above lock-up period (including the extended lock-up period), if it reduces its holdings in Chongqing Rural Commercial Bank's A shares which were directly or indirectly held by it before this issuance of Chongqing Rural Commercial Bank (excluding A shares newly purchased from the public market after this issuance of Chongqing Rural Commercial Bank), the reduction price shall not be lower than the issue price of the issuance. If Chongqing Rural Commercial Bank has any ex-rights and ex-dividend events such as dividend distribution, bonus shares of issue, and capitalisation of capital reserves after the issuance and listing, the issue price will be adjusted by ex-rights and ex-dividend. 3. After the expiry of the lock-up period (including the extended lock-up period) of the shares of Chongqing Rural Commercial Bank held by it, when it reduces its holdings of Chongqing Rural Commercial Bank's A shares, it will notify Chongqing Rural Commercial Bank in writing of the intention to reduce its holdings and the amount of its proposed reduction and Chongqing Rural Commercial Bank shall perform the announcement obligation (if required) in accordance with the rules in force at that time. After 3 trading days from the date of the announcement of Chongqing Rural Commercial Bank, it can reduce its holdings of Chongqing Rural Commercial Bank's A shares. 	29 October 2019	29 October 2019 – 29 April 2025

¹ The 433,221,289 restricted shares of the Bank held by Loncin Holdings Co., Ltd. were judicially transferred by Chongqing No. 5 Intermediate People's Court to Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) on 22 December 2022. The transferee, Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) will continue to fulfill the above commitments regarding such transferred shares.

Major Events

Undertaking background	Type of undertaking	Undertaking party	Contents of the undertaking	Effective date of undertaking	Duration of undertaking
Undertakings in relation to the initial public offer	Limited sales of shares	Individuals of the Bank who hold more than 50,000 internal employee shares of the Bank	The shares of Chongqing Rural Commercial Bank that I hold will not be transferred within 3 years from the listing date of the A shares of Chongqing Rural Commercial Bank. After the expiry of the above 3-year lock-up period, the shares of Chongqing Rural Commercial Bank sold by me in each year shall not exceed 15% of my total shareholdings in Chongqing Rural Commercial Bank. The total number of shares of the Chongqing Rural Commercial Bank transferred by me within 5 years from the expiry of the above 3-year lock-up period shall not exceed 50% of my total shareholdings in Chongqing Rural Commercial Bank.	29 October 2019	29 October 2019 – 29 October 2027
Undertakings in relation to the initial public offer	Shareholding reduction	Domestic shareholders holding over 1% of shares of the Bank ²	The company will comply with Several Provisions on the Reduction of Shares Held by the Shareholders, Directors, Supervisors, and Senior Executives of the Listed Company (《上市公司股東、董監高減持股份的若干規定》) issued by the CSRC, and relevant requirements under the Rules Governing the Listing of Stocks (《股票上市規則》) and the Detailed Implementing Rules of the Shanghai Stock Exchange for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies (《上海證券交易所上市公司股東及董事、監事、高級管理人員減持股份實施細則》) issued by the Shanghai Stock Exchange. ³	29 October 2019	29 October 2019 – permanent

² Prior to the initial public offering of A Shares of the Bank, domestic shareholders holding over 1% of shares of the Bank include Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司), Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司), Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司), Loncin Holdings Co., Ltd. (隆鑫控股有限公司), Chongqing Casin Group Co., Ltd. (重慶財信企業集團有限公司), Beijing Jiuding Real Estate Development Co., Ltd. (北京九鼎房地產開發有限責任公司), Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司), Chongqing Yerui Property Development Co., Ltd. (重慶業瑞房地產開發有限公司), Jiangsu Huaxi Group Co., Ltd. (江蘇華西集團有限公司), Chongqing Water Group Co., Ltd. (重慶水務集團股份有限公司), Panhua Group Co., Ltd. (攀華集團有限公司), Chongqing Guanghua Holding (Group) Co., Ltd. (重慶光華控股(集團)有限公司) and Chongqing Jinyuan Times Shopping Mall Co., Ltd. (重慶金源時代購物廣場有限公司).

³ On 24 May 2024, the Several Provisions on the Reduction of Shares Held by the Shareholders, Directors, Supervisors, and Senior Executives of the Listed Company (《上市公司股東、董監高減持股份的若干規定》) issued by the CSRC was replaced by the “Provisional Measures for the Management of Reduction of Shareholding by Shareholders of Listed Companies” (上市公司股東減持股份管理暫行辦法), and on 24 May 2024, the Detailed Implementing Rules of the Shanghai Stock Exchange for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies (《上海證券交易所上市公司股東及董事、監事、高級管理人員減持股份實施細則》) was replaced by the Guidelines for Self-regulation of Listed Companies on the Shanghai Stock Exchange No. 15 – the Reduction of Shareholdings by Shareholders, Directors, Supervisors and Senior Management (《上海證券交易所上市公司自律監管指引第15號—股東及董事、監事、高級管理人員減持股份》). The shareholding reduction by shareholders will comply with new regulatory rules.

Major Events

Undertaking background	Type of undertaking	Undertaking party	Contents of the undertaking	Effective date of undertaking	Duration of undertaking
Undertakings in relation to the initial public offer	Resolution of horizontal competition	Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司)	<ol style="list-style-type: none"> 1. The existing main business of the company and its subsidiaries (including wholly-owned, holding subsidiaries and enterprises that the company has actual controls over them) does not involve commercial banking business, and has no horizontal competition with Chongqing Rural Commercial Bank. 2. During the period of the company as a substantial shareholder of Chongqing Rural Commercial Bank, the company and its subsidiaries (including wholly-owned, holding subsidiaries and enterprises that the company has actual controls over them) will not, directly or indirectly, engage in business activities that compete with or may compete with the main business of Chongqing Rural Commercial Bank in any way. The company will supervise its subsidiaries in accordance with this undertaking and exercise necessary rights to ensure them to comply with this undertaking. 3. Notwithstanding Articles 1 and 2 above, considering that the company is a wholly state-owned company whose establishment has been approved by Chongqing Municipal People's Government and engaged in comprehensive investment and management of state-owned asset and carries out businesses including financial businesses such as investment in securities companies, banks and insurance companies, and manages relevant financial assets, the company and the enterprises controlled by the company may invest in enterprises engaged in commercial banking business, to the extent authorized by Chongqing Municipal People's Government, in any form permitted by laws and regulations (including but not limited to sole proprietorship, joint venture, cooperative operation and direct or indirect ownership of shares or other interests in other companies or enterprises). As at the date of giving the undertakings, the company invested in Bank of Chongqing Co., Ltd. and held 13.02% of shares of the bank, in addition to investment in Chongqing Rural Commercial Bank. 4. The company undertakes to fairly treat the commercial banks in which the company and the enterprises controlled by the company invest, and will not grant or provide to any commercial banks, government approval, authorization, license or business opportunities obtained or possibly obtained by the company and the enterprises controlled by the company for carrying out commercial banking business, or use the status as a major shareholder of Chongqing Rural Commercial Bank or the information obtained with such status, to make any decision or judgment which is adverse to Chongqing Rural Commercial Bank but beneficial to other commercial banks in which the company or the enterprises controlled by the company invest, and will make efforts to avoid the occurrence of such event. In exercising the rights of a shareholder of Chongqing Rural Commercial Bank, the company will act in the best interests of Chongqing Rural Commercial Bank as if the Chongqing Rural Commercial Bank is the sole commercial bank in which the company invests, and the business judgment of the company as a shareholder of Chongqing Rural Commercial Bank to seek the best interests for Chongqing Rural Commercial Bank will not be affected as a result of the investment of the company and the enterprises controlled by the company in other commercial banks. 5. The company warrants that it will strictly comply with relevant rules and regulations of CSRC and the stock exchange where Chongqing Rural Commercial Bank is listed, the Articles of Association of Chongqing Rural Commercial Bank, measures for management of related party transactions and other corporate management policies, exercise the rights of a shareholder and perform obligations of a shareholder equally with other shareholders, and will not use the status as a major shareholder to seek improper advantage, or damage the legitimate rights and interests of Chongqing Rural Commercial Bank and other shareholders. 	20 September 2019	20 September 2019 – permanent

II. Misappropriation of the Funds by Controlling Shareholder or Other Related Parties

During the Reporting Period, the Bank had no misappropriation of the Bank's funds by controlling shareholders or other related parties for non-operating purposes.

III. Appointment and Removal of Accounting Firms

As considered and approved by the 2023 annual general meeting of the Bank, the Bank appointed KPMG Huazhen LLP and KPMG as external auditors of the Bank for 2024 which will be responsible for providing relevant services pursuant to PRC and international auditing standards, respectively. The term of the appointment is one year. For details, please refer to documents of the 2023 annual general meeting of the Bank and relevant resolution announcements.

IV. Matters Relating to Insolvency or Restructuring

During the Reporting Period, the Bank had no matters relating to insolvency or restructuring.

V. Material Legal Proceedings and Arbitrations

During the Reporting Period, there were no material legal proceedings or arbitrations which had substantial impact on the operating activities of the Group.

As of the end of the Reporting Period, pending legal proceedings in which the Group was a defendant or a third party involved an amount of RMB9.3594 million. In the view of the Bank, these will not have any material effect on the Bank's operating activities.

VI. Penalties Imposed on the Bank and Directors, Supervisors and Senior Management of the Bank

During the Reporting Period, none of the Bank or its current directors, supervisors and senior management was investigated or subject to compulsory measures in accordance with the law, subject to criminal penalties, investigated by the CSRC or subject to administrative penalties, significant administrative penalties by other competent authorities, subject to detention measures by disciplinary inspection and supervision authorities and affecting the performance of their duties, subject to disciplinary punishment by the stock exchanges, or subject to compulsory measures by other competent authorities and affecting the performance of their duties.

VII. Integrity

During the Reporting Period, the Bank did not exist the situations of refusing the execution of effective court judgments or unsettling significant due debts.

VIII. Material Related Party Transactions

During the Reporting Period, for details of material related party transactions of the Bank, please refer to the section headed “Management Discussion and Analysis – V. Risk Management – (X) Related Party Transactions” of this report.

IX. Material Contracts and their Performance

During the Reporting Period, the Bank did not have any major custody, contracting or leasing of the assets of other companies or other custody, contracting or leasing of the assets of the Bank. The guarantee business is the daily business of the Bank. During the Reporting Period, except for the financial guarantee business within the business scope approved by the regulatory authorities, the Bank had no other major guarantee matters that needed to be disclosed.

X. Acquisition and Disposal of Assets and Merger of Enterprises

During the Reporting Period, the Bank had no material acquisition and disposal of assets and merger of enterprises.

XI. Review

The interim condensed consolidated financial information for the six months ended 30 June 2024 prepared by the Bank in accordance with International Financial Reporting Standards has been reviewed by KPMG, which has issued unqualified review report.

The unaudited interim report of the Bank for the six months ended 30 June 2024 has been reviewed by the Audit Committee of the Board of Directors and the Board of Directors.

This report was prepared in Chinese and English respectively. In case of any ambiguity in the understanding of the Chinese and English versions of the report, the Chinese version shall prevail.

Changes in Shares and Particulars of Shareholders

I. Changes in Share Capital of Ordinary Shares

(I) Changes in Ordinary Shares

Unit: share

	31 December 2023		Change for the Reporting Period	30 June 2024	
	Number of shares	Percentage (%)		Number of shares	Percentage (%)
I. Shares with selling restrictions	7,590,170	0.07	0	7,590,170	0.07
1. State-owned shares	-	-	-	-	-
2. Shares held by state-owned legal persons	0	0.00	0	0	0.00
3. Shares held by other domestic investors	7,590,170	0.07	0	7,590,170	0.07
Among which: Shares held by domestic non-state-owned legal persons	0	0.00	0	0	0.00
Shares held by domestic natural persons	7,590,170	0.07	0	7,590,170	0.07
4. Shares held by foreign investors	-	-	-	-	-
II. Tradable shares without selling restrictions	11,349,409,830	99.93	0	11,349,409,830	99.93
1. RMB-denominated ordinary shares	8,836,073,789	77.80	0	8,836,073,789	77.80
2. Domestic listed foreign shares	-	-	-	-	-
3. Overseas listed foreign share	2,513,336,041	22.13	0	2,513,336,041	22.13
4. Others	-	-	-	-	-
III. Total ordinary shares	11,357,000,000	100.00	-	11,357,000,000	100.00

(II) Explanation of Changes in Ordinary Shares

During the Reporting Period, there was no change in the total share capital of the Bank, and shares with selling restrictions remained unchanged.

II. Particulars of Shareholders

(I) Total Number of Shareholders

As at the end of the Reporting Period, the total number of shareholders of the Bank was 175,010 holders. Of which, 173,852 were shareholders of A shares and 1,158 were shareholders of H shares. As of 31 July 2024 (i.e. the end of the previous month on the publication date of the Bank's A-share interim report), the total number of shareholders of the Bank was 169,389 holders. Of which, 168,232 were shareholders of A shares and 1,157 were shareholders of H shares.

Changes in Shares and Particulars of Shareholders

(II) Shareholdings of the Top Ten Shareholders

1. Particulars of shareholdings of the top ten shareholders

Unit: share

Name of shareholder (Full name)	Particulars of shareholdings of the top ten shareholders				Pledged or frozen		
	Increase/ (Decrease) during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Type of shares	Condition of shares	Number of shares	Nature of shareholder
HKSCC Nominees Limited	4,768,840	2,505,935,531	22.07	H shares	Unknown	-	Overseas legal person
Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司)	0	988,000,000	8.70	A shares	-	-	State-owned legal person
Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司)	0	797,087,430	7.02	A shares	-	-	State-owned legal person
Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司)	0	589,084,181	5.19	A shares	-	-	State-owned legal person
Chongqing Water Conservancy Investment Group Co., Ltd. (重慶市水利投資(集團)有限公司)	0	566,714,256	4.99	A shares	-	-	State-owned legal person
Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司)	0	433,221,289	3.81	A shares	-	-	State-owned legal person
Hong Kong Securities Clearing Company Limited	(37,939,608)	344,464,360	3.03	A shares	Unknown	-	Overseas legal person
Chongqing Casin Group Co., Ltd. (重慶財信企業集團有限公司)	0	160,000,000	1.41	A shares	Pledged, judicial freezing	160,000,000	Domestic non-state-owned legal person
Loncin Holdings Co., Ltd. (隆鑫控股有限公司)	0	136,778,711	1.20	A shares	Pledged	127,425,073	Domestic non-state-owned legal person
Chongqing Water Group Co., Ltd. (重慶水務集團股份有限公司)	0	125,000,000	1.10	A shares	Judicial freezing	136,778,711	State-owned legal person
Statement on specific repurchase accounts of top ten shareholders	Nil						
Statement on aforesaid shareholder's entrusted voting rights, trusted voting rights and abandoned voting rights	Nil						
Statement on the related relations or concerted actions among the shareholders above	HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited and Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司) is the person acting-in-concert with Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司).						
Statement on preference shareholders with resumed voting right and their number of shares held	Nil						

Changes in Shares and Particulars of Shareholders

Notes:

- (1) The number of shares held by HKSCC Nominees Limited refers to the total number of H shares of the Bank held by all institutional and individual investors who maintained an account with it as at the end of the Reporting Period, which includes the H shares of the Bank held by Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) as set out in the above table.
- (2) The number of shares held by Hong Kong Securities Clearing Company Limited represents the total number of A shares of the Bank (northbound shares under Shanghai-Hong Kong Stock Connect) held by it as a nominee designated by and on behalf of investors from Hong Kong and overseas.
- (3) The shares held by above shareholders are shares without selling restrictions.
- (4) As at the record date of the 2023 annual general meeting, the total number of shares of the Bank pledged by the shareholders who have pledged 50% or above of A shares they held was 593,972,873 in total, and such shareholders held a total of 613,326,611 shares, representing 5.40% of the total share capital of the Bank. The Bank restricted the voting rights of the above shareholders at general meetings in accordance with the Articles of Association. The above shareholders did not appoint directors to the Bank.
- (5) The top ten shareholders did not participate in securities margin trading and refinancing business during the Reporting Period.

2. Number of shares held by and selling restriction of the top ten shareholders with selling restrictions

Unit: share

No.	Name of shareholder with selling restrictions	Number of shares held with selling restrictions	Details of approved tradable shares with selling restrictions		
			Time available for trading	Additional number of approved tradable shares	Selling restrictions
1	Zhang Li	184,660	Release in batches: October 2024: 39,570 shares; October 2025: 13,190 shares; October 2027: 131,900 shares;	0	60 months, 72 months and 96 months from the date of the Bank's listing, respectively
2	Chen Kaiming	164,780	Release in batches: October 2024: 35,310 shares; October 2025: 11,770 shares; October 2027: 117,700 shares;	0	60 months, 72 months and 96 months from the date of the Bank's listing, respectively
3	Xu Min	109,410	Release in batches: October 2024: 23,445 shares; October 2025: 7,815 shares; October 2027: 78,150 shares;	0	60 months, 72 months and 96 months from the date of the Bank's listing, respectively

Changes in Shares and Particulars of Shareholders

No.	Name of shareholder with selling restrictions	Number of shares held with selling restrictions	Details of approved tradable shares with selling restrictions		
			Time available for trading	Additional number of approved tradable shares	Selling restrictions
4	Zhu Jingmei	96,250	Release in batches: October 2024: 20,625 shares; October 2025: 6,875 shares; October 2027: 68,750 shares;	0	60 months, 72 months and 96 months from the date of the Bank's listing, respectively
5	Wang Shaoji	92,540	Release in batches: October 2024: 19,830 shares; October 2025: 6,610 shares; October 2027: 66,100 shares;	0	60 months, 72 months and 96 months from the date of the Bank's listing, respectively
6	Luo Jing	91,910	Release in batches: October 2024: 19,695 shares; October 2025: 6,565 shares; October 2027: 65,650 shares;	0	60 months, 72 months and 96 months from the date of the Bank's listing, respectively
7	Xu Xiaohong	87,500	Release in batches: October 2024: 18,750 shares; October 2025: 6,250 shares; October 2027: 62,500 shares;	0	60 months, 72 months and 96 months from the date of the Bank's listing, respectively
8	Zeng Lifeng	84,000	Release in batches: October 2024: 18,000 shares; October 2025: 6,000 shares; October 2027: 60,000 shares;	0	60 months, 72 months and 96 months from the date of the Bank's listing, respectively
9	Yang Hongkun	79,660	Release in batches: October 2024: 17,070 shares; October 2025: 5,690 shares; October 2027: 56,900 shares;	0	60 months, 72 months and 96 months from the date of the Bank's listing, respectively
10	Liang Shuang	78,750	Release in batches: October 2024: 16,875 shares; October 2025: 5,625 shares; October 2027: 56,250 shares;	0	60 months, 72 months and 96 months from the date of the Bank's listing, respectively
Statement on the related relations or concerted actions among the shareholders above			Not aware of related relations or concerted actions existing among the shareholders above		

(III) Explanation of the Absence of Controlling Shareholders and Actual Controllers of the Company

The shareholding structure of the Bank is diversified, as of the end of the Reporting Period, the percentage of shareholding of the largest shareholder was 8.70%, and there are no controlling shareholders holding more than 50% of the shares. For major shareholders holding more than 5% of the shares, their respective shares do not exceed 10% of the total share capital, and their total shareholding does not exceed 50%. As the voting rights enjoyed by the shares held by them are not sufficient to make a material impact to resolutions approved on general meetings, no controlling shareholder of the Bank existed. The Bank does not have any person who can actually control the Bank through investment relations, agreements or other arrangements, although not being a shareholder of the Bank, so no actual controller existed.

(IV) Particulars of Major Shareholders

1. *Major shareholders holding more than 5% of the shares*

- (1) Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司) was established in February 2004 with a registered capital of RMB10 billion. It is a state-owned capital operation company organized under the approval of Chongqing Municipal People's Government and mainly engaged in the acquisition and disposal of assets and relevant property investment, investment advisory, financial consultancy, consultancy and agency for corporate reorganizations and mergers, custody of enterprises and assets under the authority of the municipal government.

As at the end of the Reporting Period, Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司) held 988,000,000 A shares of the Bank, representing 8.70% of the total share capital of the Bank, and its related party Chongqing Yufu (Hong Kong) Co., Ltd. (重慶渝富(香港)有限公司) held 13,246,000 H shares of the Bank. Chongqing Chuanyi Automation Co., Ltd. (重慶川儀自動化股份有限公司) and Chongqing Sanxia Financing Guarantee Group Corporation (重慶三峽融資擔保集團股份有限公司), all being the related parties of Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司), respectively held 10,000,000 A shares and 15,000,454 A shares of the Bank, respectively. Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司) and above related parties jointly hold 1,026,246,454 shares of the Bank, accounting for 9.04% of the total share capital of the Bank collectively.

Note: According to the approval documents of the Chongqing SASAC and the guidance requirements of the financial regulatory authorities, the Bank ceased to manage Chongqing River & Holiday Hotel Management Co., Ltd. (重慶兩江假日酒店管理有限公司), a subsidiary of Chongqing Tourism Investment Group Co., Ltd. (重慶旅遊投資集團有限公司), as a related party of Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司), a shareholder of the Bank. Therefore, 2,000,000 shares of the Bank held by Chongqing River & Holiday Hotel Management Co., Ltd. (重慶兩江假日酒店管理有限公司) will no longer be included in the consolidated shareholding scope of Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司).

In order to deepen the reform of state-owned enterprises, on 31 August 2023, Chongqing SASAC decided to transfer its 80% equity interest in Chongqing Water & Environment Holdings Group Ltd. (重慶水務環境控股集團有限公司) to Chongqing Yufu Holding Group Co., Ltd. (重慶渝富控股集團有限公司) at nil consideration. Upon the transfer, Chongqing Water Group Co., Ltd. (重慶水務集團股份有限公司), a shareholder of the Bank became a related party of Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司). Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司) and its related parties jointly hold 1,151,246,454 shares of the Bank, accounting for 10.14% of the total share capital of the Bank collectively. As at the date of this report, the transfer matter at nil consideration was subject to the completion of the relevant transfer registration procedures.

Changes in Shares and Particulars of Shareholders

- (2) Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司) was established in February 1993 with a registered capital of RMB20 billion. It is a large investment group with city infrastructure constructions as its major business, covering real estates, financial equity, intelligent traffic, medical and health service, exhibition economy, general aviation and other industries, positioning itself as a “general contractor, general construction agent and general operator” of major infrastructure projects.

As at the end of the Reporting Period, Chongqing City Construction Investment (Group) Company Co., Ltd. (重慶市城市建設投資(集團)有限公司) held 797,087,430 A shares of the Bank, representing 7.02% of the total share capital of the Bank, and its related party Chongqing Yukaifa Co., Ltd. (重慶渝開發股份有限公司) held 30,000,000 A shares of the Bank. Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司) and its related party jointly hold 827,087,430 A shares of the Bank, accounting for 7.28% of the total share capital of the Bank collectively.

- (3) Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司) (formerly known as “Chongqing Transport and Travel Investment Group Company Limited” (重慶交通旅遊投資集團有限公司)) was established in December 2002 with a registered capital of RMB5.287 billion. It is a wholly-owned controlling subsidiary of Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司). It implemented a two-wheel drive strategy of “asset management + equity investment” and was engaged in commercial asset investment and operation management, as well as financial equity investment.

Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) was established in August 2018 with a registered capital of RMB20 billion. It is a solely state-owned enterprise established under the approval of the Chongqing Municipal People’s Government. The company takes it as its responsibility to coordinate the proper use of capital and assets resources, fill the shortcomings of major infrastructure, promote the optimal layout of emerging formats and serve the economic and social development strategy, carry out the investment and financing, industrial cultivation, equity operation, capital operation, value management, etc.

As at the end of the Reporting Period, Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司) held 589,084,181 A shares of the Bank, representing 5.19% of the total share capital of the Bank, and its related party Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司) held 433,221,289 A shares and 23,814,000 H shares of the Bank, collectively representing 4.02% of the total share capital of the Bank. Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司) and its related party jointly hold 1,046,119,470 shares of the Bank, accounting for 9.21% of the total share capital of the Bank collectively.

2. Other major shareholders under regulations

- (1) Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司) was established in November 1987 with a registered capital of RMB3,896 million. It is an A-share listed company. Its business segments include: jewellery and fashion, business management, cultural catering, food and beverage, Chinese fashion watches, beauty and health, and real estates with composite functions.

As at the end of the Reporting Period, Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司) held 150,549,000 H shares of the Bank, representing 1.33% of the total share capital of the Bank, and its related parties Fosun International Limited, Fidelidade-Companhia de Seguros, S.A., Shanghai Fosun High Technology (Group) Co., Ltd., Peak Reinsurance Company Limited, Fosun Hani Securities Limited, Hong Kong Xinmao Investment Co., Limited (香港鑫茂投資有限公司) and Hainan Mining Co., Ltd. held 190,170,000 H shares of the Bank in total. Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司) and its related parties jointly hold 340,719,000 H shares of the Bank, accounting for 3.00% of the total share capital of the Bank collectively.

Note: Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司) has pledged all the 150,549,000 H shares it held in the Bank, and jointly recommended Mr. Peng Yulong as the non-executive director of the Bank with the shareholders such as Shanghai Fosun High Technology (Group) Co., Ltd. The relevant nomination resolution was considered and approved at the 41st meeting of the 5th session of the Board and the 2023 annual general meeting of the Bank, and the qualification is subject to the approval of the National Financial Regulatory Administration Chongqing Office.

- (2) Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司), formerly known as “Xiamen Gaoxinhong Equity Investment Co., Ltd.” (廈門市高鑫泓股權投資有限公司), was established in May 2001 with a registered capital of RMB0.1 billion, and is engaged in private fund equity investment, investment management, asset management and other activities.

Changes in Shares and Particulars of Shareholders

As at the end of the Reporting Period, Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司) held 76,169,600 A shares of the Bank, representing 0.67% of the total share capital of the Bank. Xiamen Huishanghong Equity Investment Co., Ltd. is a major shareholder of the Bank who has assigned a supervisor to the Bank.

Name of shareholder	Controlling shareholder	Actual controller	Ultimate beneficiary
Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司)	Chongqing Yufu Holding Group Co., Ltd. (重慶渝富控股集團有限公司)	Chongqing SASAC	Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團有限公司)
Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司)	Chongqing SASAC	Chongqing SASAC	Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設投資(集團)有限公司)
Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司)	Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司)	Chongqing SASAC	Chongqing Development and Real Estate Management Company Limited (重慶發展置業管理有限公司)
Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司)	Chongqing SASAC	Chongqing SASAC	Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司)
Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司)	Xiamen Huishangcheng Trade Co., Ltd. (廈門匯尚成貿易有限公司)	Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming	Xiamen Huishanghong Equity Investment Co., Ltd. (廈門市匯尚泓股權投資有限公司)
Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司)	Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司)	Guo Guangchang	Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司)

Note: As at the end of the Reporting Period, there were no major shareholders holding 10% or more of the shares (as defined under the Hong Kong Listing Rules) of the Bank.

(V) Substantial Interests and Short Positions

As at the end of the Reporting Period, to the knowledge of the Bank, the following individuals (other than the directors, supervisors and chief executives) had an interest and short position in the shares of the Bank which would fall to be disclosed to the Bank and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance of Hong Kong, or interests and short positions in the shares of the Bank as recorded in the register required to be kept by the Bank under Section 336 of the Securities and Futures Ordinance of Hong Kong:

A Shares

Unit: share

Name of shareholder	Capacity	Number of shares held (Share)	Percentage of the A shares (%)	Percentage of the total share capital of the Bank (%)
Chongqing Yufu Capital Operation Group Company Limited (重慶渝富資本運營集團 有限公司)	Beneficial Owner	988,000,000	11.17	8.70
Chongqing City Construction Investment (Group) Company Limited (重慶市城市建設 投資(集團)有限公司)	Beneficial Owner	797,087,430	9.01	7.02
Chongqing Development and Real Estate Management Company Limited (重慶發展置 業管理有限公司)	Beneficial Owner	589,084,181	6.66	5.19
Chongqing Water Conservancy Investment Group Co., Ltd. (重慶市水利投資(集團)有 限公司)	Beneficial Owner	566,714,256	6.41	4.99
Chongqing Development Investment Co., Ltd. (重慶發展投資有限公司)	Beneficial Owner	433,221,289	4.90	3.81

Changes in Shares and Particulars of Shareholders

H Shares

Unit: share

Name of shareholder	Capacity	Number of shares held ⁽³⁾	Percentage of the H shares (%)	Percentage of the total share capital of the Bank (%)
BlackRock Global Funds	Beneficial Owner	132,885,000 (L)	5.29	1.17
Guo Guangchang ⁽¹⁾⁽²⁾	Interest of controlled corporations	340,719,000 (L)	13.56	3.00
Fosun International Holdings Ltd. ⁽¹⁾⁽²⁾	Interest of controlled corporations	340,719,000 (L)	13.56	3.00
Fosun Holdings Limited ⁽¹⁾⁽²⁾	Interest of controlled corporations	340,719,000 (L)	13.56	3.00
Fosun International Limited ⁽¹⁾⁽²⁾	Interest of controlled corporations	340,719,000 (L)	13.56	3.00
Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司) ⁽²⁾	Beneficial Owner	150,549,000 (L)	5.99	1.33

Notes:

- (1) Guo Guangchang holds 85.29% equity interests in Fosun International Holdings Ltd. Fosun International Holdings Ltd. holds 100% equity interests in Fosun Holdings Limited. Fosun Holdings Limited holds 71.05% equity interests in Fosun International Limited. Therefore, Guo Guangchang, Fosun International Holdings Ltd. and Fosun Holdings Limited are all deemed to be interested in the shares of the Bank held by Fosun International Limited and various corporations controlled by it. Guo Guangchang holds jointly a long position in 340,719,000 H shares of the Bank through Fosun International Limited and other corporations controlled by it.
- (2) According to Notice of Disclosure of Corporate Substantial Shareholders' Interests filed by Guo Guangchang, Fosun International Holdings Ltd. and Fosun International Limited on 13 October 2020, the long position of 340,719,000 H shares of the Bank that they are deemed to hold, compose of a long position of 150,549,000 H shares of the Bank directly held by Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司). Fosun International Limited holds 100% equity interests in Shanghai Fosun High Technology (Group) Co., Ltd. and Shanghai Fosun High Technology (Group) Co., Ltd. directly and indirectly (through its subsidiary) holds 68.59% equity interests in Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司) in total, therefore, Guo Guangchang, Fosun International Holdings Ltd., Fosun Holdings Limited and Fosun International Limited are all deemed to be interested in a long position in 150,549,000 H shares of the Bank held by Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司).

- (3) (L) – Long position.

(VI) Directors', Supervisors' and the Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Bank

As of the end of the Reporting Period, the interests of the directors, supervisors and the chief executive of the Bank and their associates in the shares, underlying shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong) as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance of Hong Kong or as otherwise notified to the Bank and Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name	Position	Capacity	Number of A shares held	Percentage of the A shares (%)	Percentage of the total share capital (%)
Xie Wenhui	Secretary to the Party Committee, Chairman, Executive Director	Beneficial Owner	46,500	0.00053	0.00041
Sui Jun	Deputy Secretary to the Party Committee, President, Executive Director	Beneficial Owner	75,400	0.00085	0.00066
Zhang Peizong	Member of the Party Committee, Vice President, Executive Director, Secretary to the Board	Beneficial Owner	39,300	0.00044	0.00035
Yin Xianglin	Non-executive Director	Beneficial Owner	2,900	0.00003	0.00003

Note: The above number of shares refers to long position.

Save as disclosed above, none of the directors, supervisors, or the chief executive of the Bank or their associates held any interests or short positions in the shares, underlying shares and debentures of the Bank or its associated corporations as of 30 June 2024.

III. Issue, Purchase, Sale and Redemption of Securities

During the Reporting Period, the Bank has not issued new ordinary shares or publicly issued any corporate bonds listed on the stock exchange. Save as disclosed herein, the Bank and its subsidiaries have not purchased, sold or redeemed any shares and bonds (including sales of treasury shares of the Bank). As of the end of the Reporting Period, the Bank did not hold any treasury shares.

In June 2019, the Bank issued the tier-two capital bonds with an issuing scale of RMB5 billion in the national interbank bond market. Such tier-two capital bonds are subject to the redemption option of the issuer, pursuant to which the Bank has redeemed the tier-two capital bonds on 14 June 2024. For details of the redemption of the bonds, please refer to the announcement published by the Bank on the website of China Bond on 7 May 2024.

Report on Review of Interim Financial Statements

To the board of directors of Chongqing Rural Commercial Bank Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial statements set out on pages 124 to 245, which comprises the interim condensed consolidated statement of financial position of Chongqing Rural Commercial Bank Co., Ltd. (the “Bank”) and its subsidiaries (collectively the “Group”) as of 30 June 2024 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six months ended 30 June 2024, and the notes to the interim condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of interim financial statements 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 statements in accordance with International Accounting Standard 34.

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

Scope of Review

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

Report on review of interim financial statements (Continued)

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.

KPMG

Certified Public Accountants

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

28 August 2024

Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Interest income		23,732,093	25,194,093
Interest expense		(12,651,056)	(13,150,522)
Net interest income	5	<u>11,081,037</u>	<u>12,043,571</u>
Fee and commission income		1,084,614	1,213,318
Fee and commission expense		(186,014)	(221,000)
Net fee and commission income	6	<u>898,600</u>	<u>992,318</u>
Net trading gains	7	1,402,893	1,292,461
Share of profits of associates		11,971	(17,101)
Other operating income, net	8	174,988	333,270
Net gains on derecognition of financial assets measured at fair value through other comprehensive income		190,652	208,974
Net gains on derecognition of financial assets measured at amortised cost		<u>882,025</u>	<u>15,616</u>
Operating income		14,642,166	14,869,109
Operating expenses	9	(3,930,459)	(4,806,519)
Credit impairment losses	10	(2,457,359)	(1,845,180)
Impairment losses on other assets		(4,334)	–
Profit before tax		8,250,014	8,217,410
Income tax expense	11	(689,320)	(1,096,902)
Profit for the period		<u>7,560,694</u>	<u>7,120,508</u>
Attributable to:			
– Shareholders of the Bank		7,358,215	6,986,015
– Non-controlling interests		<u>202,479</u>	<u>134,493</u>
Earnings per share (Expressed in Renminbi (“RMB”) Yuan per share)			
Basic and diluted	12	<u>0.64</u>	<u>0.61</u>

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

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit for the period	7,560,694	7,120,508
Other comprehensive income, after tax:		
Items that will not be reclassified to profit or loss:		
– Changes in remeasurement of defined benefit plans	(91,389)	–
– Changes in fair value of equity instruments measured at fair value through other comprehensive income	(93,241)	(44,594)
Items that may be reclassified:		
– Changes in fair value of debt instruments measured at fair value through other comprehensive income	1,775,451	792,080
– Credit impairment losses of debt instrument measured at fair value through other comprehensive income	50,928	9,284
Other comprehensive income for the period (net of tax)	1,641,749	756,770
Total comprehensive income for the period	9,202,443	7,877,278
Total comprehensive income attributable to:		
Shareholders of the Bank	8,999,943	7,742,785
Non-controlling interests	202,500	134,493

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

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

		30 June 2024 (Unaudited)	31 December 2023 (Audited)
	Notes		
Assets			
Cash and balances with central bank	14	53,349,969	55,782,700
Deposits with banks and other financial institutions	15	17,739,778	15,434,655
Placements with banks and other financial institutions	16	89,215,608	93,211,313
Derivative financial assets	17	12,758	20,911
Financial assets held under resale agreements	18	33,489,878	11,451,770
Loans and advances to customers	19	676,738,081	647,276,750
Financial investments:	20		
– Financial assets measured at fair value through profit or loss		99,713,107	110,774,968
– Financial assets measured at fair value through other comprehensive income		214,418,733	166,235,752
– Financial assets measured at amortised cost		304,883,473	321,772,087
Investments in associates	21(2)	489,314	477,343
Property and equipment	22	4,633,026	4,835,972
Right-of-use assets	23	164,621	188,534
Goodwill	24	440,129	440,129
Deferred tax assets	25	12,052,446	11,541,786
Other assets	26	2,970,202	2,077,402
Total assets		1,510,311,123	1,441,522,072
Liabilities			
Borrowings from central bank	27	105,958,637	107,161,736
Deposits from banks and other financial institutions	28	15,213,203	55,923,696
Placements from banks and other financial institutions	29	57,520,033	51,340,489
Financial liabilities measured at fair value through profit or loss	30	8,019,780	8,748,274
Derivative financial liabilities	17	12,897	15,061
Financial assets sold under repurchase agreements	31	87,192,856	63,309,673
Deposits from customers	32	941,647,543	896,202,230
Accrued staff costs	33	5,309,573	5,765,320
Debt securities issued	34	149,287,980	119,579,392
Income tax payable		879,399	466,000
Lease liabilities		146,726	165,213
Other liabilities	35	9,422,238	8,903,238
Total liabilities		1,380,610,865	1,317,580,322

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

Interim Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

		30 June 2024 (Unaudited)	31 December 2023 (Audited)
	Notes		
Equity			
Share capital	36	11,357,000	11,357,000
Other equity instruments	37	5,997,648	5,997,648
Capital reserve	38	20,887,778	20,895,218
Investment revaluation reserve	39	2,428,064	694,926
Actuarial changes reserve		(810,724)	(719,314)
Surplus reserve	40	14,822,232	14,822,232
General reserve	41	20,356,246	19,117,715
Retained earnings	42	52,773,533	50,008,344
Equity attributable shareholders of the Bank		127,811,777	122,173,769
Non-controlling interests		1,888,481	1,767,981
Total equity		<u>129,700,258</u>	<u>123,941,750</u>
Total equity and liabilities		<u>1,510,311,123</u>	<u>1,441,522,072</u>

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 August 2024.

XIE WENHUI

CHAIRMAN

ZHANG JIN

HEAD OF ACCOUNTING
DEPARTMENT

(COMPANY CHOP)

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

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024 (Unaudited)

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Attributable to shareholders of the Bank								Non-controlling interests	Total	
		Share capital	Other equity instrument	Capital reserve	Investment revaluation reserve	Actuarial changes reserve	Surplus reserve	General reserve	Retained earnings			Subtotal
As at 1 January 2024		11,357,000	5,997,648	20,895,218	694,926	(719,314)	14,822,232	19,117,715	50,008,344	122,173,769	1,767,981	123,941,750
Profit for the period		-	-	-	-	-	-	-	7,358,215	7,358,215	202,479	7,560,694
Other comprehensive income		-	-	-	1,733,138	(91,410)	-	-	-	1,641,728	21	1,641,749
Total comprehensive income for the period		-	-	-	1,733,138	(91,410)	-	-	7,358,215	8,999,943	202,500	9,202,443
Acquisition of subsidiary with non-controlling interests	38	-	-	(7,440)	-	-	-	-	-	(7,440)	(82,000)	(89,440)
Appropriation to general reserve	41	-	-	-	-	-	-	1,238,531	(1,238,531)	-	-	-
Dividends paid to ordinary equity holders	13	-	-	-	-	-	-	-	(3,276,495)	(3,276,495)	-	(3,276,495)
Dividends paid to other equity instrument holders	13	-	-	-	-	-	-	-	(78,000)	(78,000)	-	(78,000)
As at 30 June 2024		11,357,000	5,997,648	20,887,778	2,428,064	(810,724)	14,822,232	20,356,246	52,773,533	127,811,777	1,888,481	129,700,258

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

Interim Condensed Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

		Attributable to shareholders of the Bank								Non-controlling interests	Total	
Notes	Share capital	Other equity instrument	Capital reserve	Investment revaluation reserve	Actuarial changes reserve	Surplus reserve	General reserve	Retained earnings	Subtotal			
As at 1 January 2023		11,357,000	5,997,648	20,924,618	(345,762)	(576,208)	13,841,815	17,848,932	44,675,479	113,723,522	1,732,759	115,456,281
Profit for the period		-	-	-	-	-	-	-	6,986,015	6,986,015	134,493	7,120,508
Other comprehensive income		-	-	-	756,770	-	-	-	-	756,770	-	756,770
Total comprehensive income for the period		-	-	-	756,770	-	-	-	6,986,015	7,742,785	134,493	7,877,278
Appropriation to general reserve	41	-	-	-	-	-	-	1,236,864	(1,236,864)	-	-	-
Dividends paid to ordinary equity holders	13	-	-	-	-	-	-	-	(3,082,290)	(3,082,290)	-	(3,082,290)
Dividends paid to other equity instrument holders	13	-	-	-	-	-	-	-	(78,000)	(78,000)	-	(78,000)
As at 30 June 2023		11,357,000	5,997,648	20,924,618	411,008	(576,208)	13,841,815	19,085,796	47,264,340	118,306,017	1,867,252	120,173,269

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

Interim Condensed Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2023 (Audited)

(Amounts in thousands of Renminbi, unless otherwise stated)

Notes	Attributable to shareholders of the Bank									Non-controlling interests	Total
	Share capital	Other equity instrument	Capital reserve	Investment revaluation reserve	Actuarial changes reserve	Surplus reserve	General reserve	Retained earnings	Subtotal		
As at 1 January 2023	11,357,000	5,997,648	20,924,618	(345,762)	(576,208)	13,841,815	17,848,932	44,675,479	113,723,522	1,732,759	115,456,281
Profit for the year	-	-	-	-	-	-	-	10,902,355	10,902,355	222,797	11,125,152
Other comprehensive income	-	-	-	1,040,688	(143,106)	-	-	-	897,582	(75)	897,507
Total comprehensive income for the year	-	-	-	1,040,688	(143,106)	-	-	10,902,355	11,799,937	222,722	12,022,659
Acquisition of subsidiary with non-controlling interests	38	-	-	(29,400)	-	-	-	-	(29,400)	(187,500)	(216,900)
Appropriation to surplus reserve	40	-	-	-	-	980,417	-	(980,417)	-	-	-
Appropriation to general reserve	41	-	-	-	-	-	1,268,783	(1,268,783)	-	-	-
Dividends paid to ordinary equity holders	13	-	-	-	-	-	-	(3,082,290)	(3,082,290)	-	(3,082,290)
Dividends paid to other equity instrument holders	13	-	-	-	-	-	-	(238,000)	(238,000)	-	(238,000)
As at 31 December 2023	11,357,000	5,997,648	20,895,218	694,926	(719,314)	14,822,232	19,117,715	50,008,344	122,173,769	1,767,981	123,941,750

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

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Operating activities		
Profit before tax	8,250,014	8,217,410
Adjustments for:		
Depreciation and amortisation	430,466	408,462
Credit impairment losses	2,457,359	1,845,180
Impairment losses on other assets	4,334	–
Interest income arising from investment securities	(7,817,570)	(8,567,213)
Interest expense arising from debt securities issued	1,480,851	1,936,776
Net gains on disposal of investment securities	(1,722,378)	(877,731)
Net (gains)/losses on investments in associates	(11,971)	17,101
Dividend income from investment securities	(25,619)	(2,400)
Net gains on disposal of property, equipment and other assets	(12,073)	(3,283)
Fair value losses/(gains)	272,278	(429,830)
Foreign exchange gains	(9,859)	(41,225)
Operating cash flows before movements in working capital	3,295,832	2,503,247
Net change in operating assets and operating liabilities:		
Increase in balances with central bank, deposits with banks and other financial institutions	(3,666,674)	(383,060)
Decrease/(increase) in placements with banks and other financial institutions	6,597,897	(8,107,495)
Decrease/(increase) in financial assets held under resale agreements	191,499	(2,108)
Decrease/(increase) in financial assets held for trading purpose	39,504,360	(37,713,590)
Increase in loans and advances to customers	(30,575,981)	(40,756,029)
Increase in financial assets sold under repurchase agreements	23,962,574	11,592,600
(Decrease)/increase in borrowings from central bank	(1,465,141)	7,118,760
Increase in placements from banks and other financial institutions	6,092,106	12,354,756
Increase in deposits from customers, deposits from banks and other financial institutions	8,478,780	75,201,227
(Decrease)/increase in financial liabilities measured at fair value through profit or loss	(728,222)	2,420,006
Increase in other operating assets	(2,365,953)	(1,670,574)
Decrease in other operating liabilities	(2,994,025)	(1,108,408)

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

Interim Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended 30 June 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Cash from operating activities		46,327,052	21,449,332
Income tax paid		(1,333,692)	(1,408,279)
Net cash generated from operating activities		44,993,360	20,041,053
Investing activities			
Cash received from disposal and redemption of investment securities		116,967,973	162,910,403
Interest income received from investment securities		8,626,858	9,396,403
Cash received from disposal of property, equipment and other assets		33,599	38,855
Dividends income from investment securities		25,619	2,400
Cash paid for purchase of investment securities		(173,739,279)	(165,156,175)
Cash paid for purchase of property, equipment and other assets		(201,320)	(494,620)
Cash paid for acquisition of subsidiary with non-controlling interests		(7,440)	—
Net cash (used in)/generated from investing activities		(48,293,990)	6,697,266
Financing activities			
Cash received from debt securities issued		137,264,437	113,627,383
Repayments of debt securities issued		(108,650,000)	(140,700,000)
Dividends paid to shareholders of the Bank		(3,319,502)	(3,116,151)
Interest paid on debt securities issued		(386,700)	(626,837)
Cash paid in other financing activities		(223,916)	(42,752)
Net cash from/(used in) financing activities		24,684,319	(30,858,357)
Net increase/(decrease) in cash and cash equivalents		21,383,689	(4,120,038)
Cash and cash equivalents as at 1 January		43,210,418	31,518,342
Effect of foreign exchange rate changes		4,037	18,513
Cash and cash equivalents as at 30 June	43	64,598,144	27,416,817
Net cash from operating activities include:			
Interest received		15,798,700	15,947,641
Interest paid		(14,642,827)	(11,530,248)
Net interest received from operating activities		1,155,873	4,417,393

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

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts in thousands of Renminbi, unless otherwise stated)

1 GENERAL INFORMATION

Chongqing Rural Commercial Bank Co., Ltd. (the “Bank”) is a joint-stock commercial bank incorporated in the People’s Republic of China (the “PRC”) on 27 June 2008. Prior to its incorporation, the business acquired by the Bank (the “Business”) was carried out by 38 rural credit cooperative unions and Chongqing Wulong Rural Cooperative Bank in Chongqing of the PRC (collectively, the “39 Rural Credit Unions”). All of them were managed by the Chongqing Rural Credit Cooperative Union (the “CRCCU”) at the municipal level of Chongqing, the PRC.

Pursuant to the promoters’ agreement among the promoters of the Bank, the Bank acquired all the assets and liabilities of the 39 Rural Credit Unions and the CRCCU on 27 June 2008, and the Business was transferred to the Bank.

The Bank was listed on the Stock Exchange of Hong Kong Limited on 16 December 2010 and was listed on Shanghai Stock Exchange on 29 October 2019.

The Bank has financial services certificate No. B0335H250000001 issued by the China’s National Financial Regulatory Administration (the former “China Banking and Insurance Regulatory Commission”, hereinafter referred to as “NFRA”), and a corporate legal person business license with a unified social credit code 91500000676129728J issued by the Chongqing Administration of Industry and Commerce.

The principal activities of the Bank and its subsidiaries (together referred to as the “Group”) comprise provision of banking services, which includes deposit taking, loan lending, payment and settlement services, wealth management, financial leasing and other services as approved by NFRA.

2 BASIS OF PREPARATION

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

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES

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

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

(1) Other amendments to the standards effective in 2024 relevant to and adopted by the Group

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

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

- (i) Descriptions of these standards and amendments were disclosed in the Group's consolidated financial statements for the year ended 31 December 2023. The adoption of these standards and amendments did not have significant impacts on the financial position and comprehensive income of the Group.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(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 new or amended standards 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 7 and IFRS 9	Classification of financial assets	1 January 2026	(ii)
(3)	IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	(iii)
(4)	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)

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

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

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

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

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

(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)

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

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In preparing these interim condensed consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

5 NET INTEREST INCOME

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Interest income		
Loans and advances to customers	13,963,851	14,691,323
Including: Corporate loans and advances	7,212,761	7,094,478
Personal loans and advances	6,326,732	7,161,686
Discounted bills	424,358	435,159
Financial investments	7,817,570	8,567,213
Including: Financial assets measured at amortised cost	5,463,793	7,000,897
Financial assets measured at fair value through other comprehensive income	2,353,777	1,566,316
Placements with banks and other financial institutions	1,219,244	1,173,936
Balances with central bank	386,743	406,896
Financial assets held under resale agreements	250,808	286,390
Deposits with banks and other financial institutions	93,877	68,335
Subtotal	23,732,093	25,194,093
Interest expense		
Deposits from customers	(8,193,838)	(8,284,547)
Debt securities issued	(1,480,851)	(1,936,776)
Borrowings from central bank	(1,170,486)	(1,061,887)
Placements from banks and other financial institutions	(739,791)	(748,883)
Financial assets sold under repurchase agreements	(603,759)	(535,717)
Deposits from banks and other financial institutions	(460,810)	(579,926)
Lease liabilities	(1,521)	(2,786)
Subtotal	(12,651,056)	(13,150,522)
Net interest income	11,081,037	12,043,571
Included in interest income		
Interest income on listed investments	7,765,022	8,231,008
Interest income on unlisted investments	52,548	336,205
Total	7,817,570	8,567,213

Listed investments mainly include securities traded in the interbank bond market in Mainland China and securities listed on the stock exchange.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

6 NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Fee and commission income		
Agency and fiduciary service fees	393,919	425,756
Bank card fees	188,666	286,125
Wealth management fees	181,809	91,438
Settlement and clearing fees	86,260	83,847
Others	233,960	326,152
Subtotal	1,084,614	1,213,318
Fee and commission expense		
Bank card fees	(147,609)	(181,301)
Settlement and clearing fees	(17,594)	(12,753)
Others	(20,811)	(26,946)
Subtotal	(186,014)	(221,000)
Total	898,600	992,318

7 NET TRADING GAINS

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Net gains on financial assets measured at fair value through profit or loss	1,411,065	1,298,355
Net losses on financial liabilities measured at fair value through profit or loss	(419)	(359)
Net losses on derivative financial instruments	(7,753)	(5,535)
Total	1,402,893	1,292,461

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

8 OTHER OPERATING INCOME, NET

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Government grants	92,308	243,913
Rental income	62,520	35,967
Net gains on disposal of property, equipment and other assets	12,029	3,283
Foreign exchange gains	9,859	41,225
Penalty and compensation income	2,228	3,348
Others, net	(3,956)	5,534
Total	<u>174,988</u>	<u>333,270</u>

9 OPERATING EXPENSES

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Staff costs	(1)	2,128,998	2,911,433
General operating and administrative expenses		1,120,731	1,268,447
Depreciation and amortisation		390,062	387,422
Tax and surcharges		188,625	146,827
Costs of operating lease business		40,404	21,040
Others		61,639	71,350
Total		<u>3,930,459</u>	<u>4,806,519</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

9 OPERATING EXPENSES (Continued)

(1) Staff costs

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Salaries, bonuses and allowances		1,530,860	1,992,950
Social insurance		392,036	415,977
Housing funds		189,074	190,088
Enterprise annuity		92,124	92,283
Labour union fees and staff education expenses		55,658	102,913
Staff welfare		49,746	51,032
Supplementary retirement benefits	33(1)	(182,650)	66,190
Early retirement benefits	33(2)	2,150	–
Total		<u>2,128,998</u>	<u>2,911,433</u>

10 CREDIT IMPAIRMENT LOSSES

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Loans and advances to customers:		
Measured at amortised cost	2,534,949	1,369,007
Measured at fair value through other comprehensive income	309	953
Financial investments:		
Financial assets measured at amortised cost	(164,074)	281,198
Financial assets measured at fair value through other comprehensive income	67,595	11,525
Financial assets held under resale agreements	102,817	(5,634)
Other assets	58,835	59,118
Deposits with banks and other financial institutions	4,752	(3,838)
Placements with banks and other financial institutions measured at amortised cost	(49,688)	13,802
Loan commitments	(98,136)	119,149
Placements with banks and other financial institutions measured at fair value through other comprehensive income	–	(100)
Total	<u>2,457,359</u>	<u>1,845,180</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

11 INCOME TAX EXPENSE

(1) Income tax expense

		Six months ended 30 June	
	Notes	2024 (Unaudited)	2023 (Unaudited)
Income tax expense comprises:			
Current income tax			
– PRC Enterprise Income Tax		1,747,091	1,490,757
Deferred tax	25(2)	(1,057,771)	(393,855)
Total		689,320	1,096,902

(2) Reconciliation between income tax expense and profit before tax per the interim condensed consolidated income statement:

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

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Profit before tax		<u>8,250,014</u>	<u>8,217,410</u>
Tax calculated at applicable statutory tax rate of 25%		2,062,504	2,054,353
Difference of income tax calculated at subsidiaries' applicable statutory tax rate of 15%		1,174	(75,308)
Tax effect of non-taxable income and tax reduction	(a)	(1,101,772)	(956,321)
Tax effect of expenses not deductible for tax purpose	(b)	35,813	68,174
Impact of changes in tax rates on prior-period deferred tax assets		(336,092)	–
Others		<u>27,693</u>	<u>6,004</u>
Income tax expense		<u>689,320</u>	<u>1,096,902</u>

(a) Interest income from government bonds and local government bonds is not subject to income tax; and interest income from railway construction bonds is subject to income tax levied at half in accordance with the relevant PRC tax regulations.

(b) Non-deductible expenses mainly include staff costs and entertainment expenses in excess of deduction allowed under the relevant PRC tax regulations.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

12 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Earnings:		
Profit for the period attributable to shareholders of the Bank	7,358,215	6,986,015
Less: profit for the period attributable to other equity instrument holders of the Bank	(78,000)	(78,000)
Profit for the period attributable to ordinary equity holders of the Bank	<u>7,280,215</u>	<u>6,908,015</u>
Number of shares:		
Weighted average number of shares in issue (thousand)	<u>11,357,000</u>	<u>11,357,000</u>
Basic and diluted earnings per share (RMB Yuan)	<u>0.64</u>	<u>0.61</u>

There was no potential dilutive ordinary share outstanding for the six months ended 30 June 2024 and the six months ended 30 June 2023. Accordingly, diluted earnings per share was the same as basic earnings per share.

13 DIVIDENDS

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Dividend recognised as distribution during the period			
Year 2023 – RMB28.85 cents per share	(1)	3,276,495	–
Year 2022 – RMB27.14 cents per share	(2)	<u>–</u>	<u>3,082,290</u>
Interest on perpetual bonds declared and paid	(3)	<u>78,000</u>	<u>78,000</u>

- (1) A dividend of RMB28.55 cents per share (tax inclusive) in respect of the year ended 31 December 2023 with a total of RMB3,276 million has been proposed by the Board of Directors on 28 March 2024 and was approved by the shareholders in the 2023 annual general meeting on 28 May 2024.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

13 DIVIDENDS (Continued)

- (2) A dividend of RMB27.14 cents per share (tax inclusive) in respect of the year ended 31 December 2022 with a total of RMB3,082 million has been proposed by the Board of Directors on 30 March 2023 and was approved by the shareholders in the 2022 annual general meeting on 25 May 2023.
- (3) As at 26 April 2024 and 26 April 2023, the Bank distributed the interest of perpetual bonds amounting to RMB78 million respectively.

14 CASH AND BALANCES WITH CENTRAL BANK

		As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
	Notes		
Cash		2,533,062	3,086,789
Statutory reserve deposits with central bank	(1)	45,978,072	46,597,530
Surplus reserve deposits with central bank	(2)	4,818,507	6,047,798
Other deposits with central bank	(3)	20,328	50,583
Total		<u>53,349,969</u>	<u>55,782,700</u>

- (1) The Group places statutory reserve deposits with The People's Bank of China ("PBOC"). These statutory reserve deposits are not available for the Group's daily operations.

The Bank's statutory reserve deposits rates as at the balance sheet date are as follows:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
– RMB statutory reserve deposits rates	5.00%	5.25%
– Foreign currency statutory reserve deposits rates	<u>4.00%</u>	<u>4.00%</u>

Statutory reserve deposits rates of the Bank's subsidiaries are subject to relevant PBOC requirements.

- (2) The surplus reserve deposits are maintained with PBOC for clearing purposes.
- (3) The majority of other deposits with central bank are fiscal deposits placed with PBOC. Fiscal deposits refer to funds from fiscal institutions and deposited with PBOC in accordance with regulations, which cannot be used for daily business operations. Fiscal deposits placed with PBOC are non-interest bearing.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

15 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Deposits with:		
Domestic banks	16,574,409	13,167,704
Other domestic financial institutions	855,952	1,806,313
Overseas banks	344,085	490,554
Subtotal	17,774,446	15,464,571
Expected credit loss ("ECL") allowances	(34,668)	(29,916)
Carrying amount	<u>17,739,778</u>	<u>15,434,655</u>

- (1) As at 30 June 2024, deposits with other financial institutions in mainland China of the Group and the Bank included RMB0.96 million security deposits. There were restrictions on the Group and the Bank's ability to use these deposits (As at 31 December 2023: RMB0.96 million security deposits for the Group and the Bank).
- (2) As at 30 June 2024 and 31 December 2023, the carrying amount of deposits with banks and other financial institutions of the Group and the Bank were both classified to Stage 1 which their provision measured at an amount equivalent to the ECL for the next 12 months, and neither the carrying amount nor the ECLs of deposits with banks and other financial institutions of the Group and the Bank were transferred among Stages. For the amount of the provision for deposits with banks and other financial institutions of the Group and the Bank for the period/year and the basis for determining whether credit risk has significantly increased, refer to Note 49(1).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

16 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Placements with:		
Other domestic financial institutions	89,454,049	93,499,442
ECL allowances	<u>(238,441)</u>	<u>(288,129)</u>
Total	<u>89,215,608</u>	<u>93,211,313</u>

- (1) As at 30 June 2024 and 31 December 2023, the carrying amount of placements with banks and other financial institutions of the Group and the Bank were both classified to Stage 1 which their provision measured at an amount equivalent to the ECL for the next 12 months, and neither the carrying amount nor the ECLs of placements with banks and other financial institutions of the Group and the Bank were transferred among Stages. For the amount of the provision for placements with banks and other financial institutions of the Group and the Bank for the period/year and the basis for determining whether credit risk has significantly increased, refer to Note 49(1).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

17 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	As at 30 June 2024 (Unaudited)			As at 31 December 2023 (Audited)		
	Contract/ Nominal amount	Fair Value		Contract/ Nominal amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Currency derivatives						
Currency forward	998	–	(8)	22,459	685	(569)
Foreign exchange swap	775,758	88	(11,580)	392,522	12,496	(12,329)
Interest derivatives						
Interest swap	3,049,190	1,309	(1,309)	7,618,760	2,163	(2,163)
Others	592,000	11,361	–	732,000	5,567	–
Total	<u>4,417,946</u>	<u>12,758</u>	<u>(12,897)</u>	<u>8,765,741</u>	<u>20,911</u>	<u>(15,061)</u>

The nominal amount of derivative financial instruments only provides a basis for comparison with the fair value of the assets or liabilities recognized in the balance sheet, and does not represent the future cash flow or current fair value, and therefore does not reflect the credit risk or market risk faced by the Group.

The Group manages foreign exchange risk by implementing the foreign exchange net position limit. The Group monitors the trading volume and balance of its business in various currencies on a daily basis, matches assets and liabilities in different currencies through foreign exchange transactions, and manages the portfolios and structural positions of assets and liabilities in foreign currency with the appropriate derivative financial instruments. As the portfolios managed by foreign currency derivatives were constantly changing and the gains and losses arising from the underlying foreign currency derivatives and from exchange rate fluctuations of the assets or liabilities in foreign currency have been recognized in foreign exchange gains and losses, the Group does not adopt hedge accounting for this type of business.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

18 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Analysed by collateral type:		
Debt securities	33,633,534	11,492,609
ECL allowances	(143,656)	(40,839)
Carrying amount	<u>33,489,878</u>	<u>11,451,770</u>

- (1) As at 30 June 2024 and 31 December 2023, the carrying amount of financial assets held under resale agreements of the Group and the Bank were both classified to Stage 1 which their provision measured at an amount equivalent to the ECL for the next 12 months, and neither the carrying amount nor the ECLs of financial assets held under resale agreements of the Group and the Bank were transferred among Stages. For the amount of the provision for financial assets held under resale agreements of the Group and the Bank for the period/year and the basis for determining whether credit risk has significantly increased, refer to Note 49(1).

19 LOANS AND ADVANCES TO CUSTOMERS

(1) Analysis of loans and advances to customers

	Notes	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Gross amount of loans and advances to customers measured at amortised cost		645,030,754	618,703,855
ECL allowances		<u>(30,126,495)</u>	<u>(29,433,889)</u>
Carrying amount of loans and advances measured at amortised cost	(a)	614,904,259	589,269,966
Carrying amount of loans and advances measured at fair value through other comprehensive income		<u>61,833,822</u>	<u>58,006,784</u>
Total		<u>676,738,081</u>	<u>647,276,750</u>

As at the balance sheet date, certain discounted bills were pledged as collaterals in repurchase agreement transactions, refer to Note 47(5).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(1) Analysis of loans and advances to customers (Continued)

(a) Carrying amount of loans and advances measured at amortised cost

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Corporate loans and advances	349,104,718	324,562,236
Trade financing	3,499,295	3,221,503
Subtotal	352,604,013	327,783,739
Personal loans and advances		
– Loans to private business	123,611,964	120,119,147
– Mortgages	89,748,405	91,489,198
– Personal consumption loan	63,399,893	64,312,194
– Credit cards	15,666,479	14,999,577
Subtotal	292,426,741	290,920,116
ECL allowances	(30,126,495)	(29,433,889)
Carrying amount of loans and advances measured at amortised cost	614,904,259	589,269,966

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

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Unsecured loans	146,920,584	134,003,092
Guaranteed loans	188,348,338	177,830,133
Collateralised and other secured loans		
Including: Collateralised loans	261,431,698	256,972,411
Pledged loans	110,163,956	107,905,003
Total	706,864,576	676,710,639

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(3) Loans and advances to customers analysed by industry

	As at 30 June 2024 (Unaudited)		As at 31 December 2023 (Audited)	
	Amount	%	Amount	%
Leasing and commercial services	87,631,599	12.40	84,266,594	12.45
Water conservancy, environment and public facilities management	76,659,890	10.85	74,605,653	11.02
Manufacturing	72,486,901	10.25	65,672,415	9.70
Transportation, logistics and postal services	31,163,223	4.41	27,286,084	4.03
Production and supply of electricity, heating, gas and water	27,780,178	3.93	26,913,078	3.98
Retail and wholesale	19,997,101	2.83	17,242,540	2.55
Construction	10,998,364	1.56	9,444,560	1.40
Sanitation and social work	6,568,449	0.93	6,849,205	1.01
Real estate	4,658,977	0.66	3,458,108	0.51
Agriculture, forestry, animal husbandry, fishery	3,917,140	0.55	2,575,130	0.38
Education	2,845,078	0.40	2,469,242	0.37
Culture, sports and entertainment	2,211,938	0.31	2,433,645	0.36
Financial business	1,473,261	0.21	1,129,611	0.17
Others	4,211,914	0.59	3,437,874	0.51
Subtotal of corporate loans and advances	352,604,013	49.88	327,783,739	48.44
Personal loans and advances	292,426,741	41.37	290,920,116	42.99
Discounted bills	61,833,822	8.75	58,006,784	8.57
Total	<u>706,864,576</u>	<u>100.00</u>	<u>676,710,639</u>	<u>100.00</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(4) Overdue loans analysed by security type and overdue period

	As at 30 June 2024 (Unaudited)				
	Overdue within three months (including three months)	Overdue between three months and one year (including one year)	Overdue between one year and three years (including three years)	Overdue over three years	Total
Unsecured loans	734,436	741,253	344,996	41,407	1,862,092
Guaranteed loans	476,748	303,427	239,537	573,612	1,593,324
Collateralised loans	3,190,574	2,384,277	1,545,906	79,400	7,200,157
Pledged loans	2,835	2,072	83,569	1,264	89,740
Total	4,404,593	3,431,029	2,214,008	695,683	10,745,313

	As at 31 December 2023 (Audited)				
	Overdue within three months (including three months)	Overdue between three months and one year (including one year)	Overdue between one year and three years (including three years)	Overdue over three years	Total
Unsecured loans	712,192	548,331	339,581	40,329	1,640,433
Guaranteed loans	927,014	232,659	398,793	514,951	2,073,417
Collateralised loans	1,671,381	2,358,264	1,707,489	57,352	5,794,486
Pledged loans	2,258	28,256	64,000	1,264	95,778
Total	3,312,845	3,167,510	2,509,863	613,896	9,604,114

Overdue loans refer to all or part of the principal or interest overdue for more than one day.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(5) Loans and advances to customers analysed by credit risk and ECL

(a) Movements of ECL allowances on loans and advances to customers measured at amortised cost

	Six months ended 30 June 2024 (Unaudited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	17,125,680	5,416,324	6,891,885	29,433,889
Transfer:				
to stage 1	476,068	(164,185)	(311,883)	–
to stage 2	(173,706)	264,743	(91,037)	–
to stage 3	(184,809)	(444,553)	629,362	–
Additions during the period	157,882	977,321	1,399,746	2,534,949
Written-off and transfers out during the period	–	–	(2,501,156)	(2,501,156)
Recoveries during the period	–	–	658,813	658,813
As at 30 June 2024	<u>17,401,115</u>	<u>6,049,650</u>	<u>6,675,730</u>	<u>30,126,495</u>

	Year ended 31 December 2023 (Audited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	14,175,856	6,246,569	7,169,211	27,591,636
Transfer:				
to stage 1	959,797	(848,410)	(111,387)	–
to stage 2	(271,305)	580,919	(309,614)	–
to stage 3	(116,227)	(650,398)	766,625	–
Additions during the year	2,377,559	87,644	1,655,107	4,120,310
Written-off and transfers out during the year	–	–	(4,209,740)	(4,209,740)
Recoveries during the year	–	–	1,931,683	1,931,683
As at 31 December 2023	<u>17,125,680</u>	<u>5,416,324</u>	<u>6,891,885</u>	<u>29,433,889</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(5) Loans and advances to customers analysed by credit risk and ECL (Continued)

(b) Movements of ECL allowances on loans and advances to customers measured at fair value through other comprehensive income

	Six months ended 30 June 2024 (Unaudited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	118,085	–	1,000	119,085
Transfer:				
to stage 1	–	–	–	–
to stage 2	–	–	–	–
to stage 3	–	–	–	–
Additions during the period	309	–	–	309
As at 30 June 2024	<u>118,394</u>	<u>–</u>	<u>1,000</u>	<u>119,394</u>

	Year ended 31 December 2023 (Audited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	12,532	–	1,000	13,532
Transfer:				
to stage 1	–	–	–	–
to stage 2	–	–	–	–
to stage 3	–	–	–	–
Additions during the year	105,553	–	–	105,553
As at 31 December 2023	<u>118,085</u>	<u>–</u>	<u>1,000</u>	<u>119,085</u>

ECL allowances on loans and advances to customers measured at fair value through other comprehensive income are recognised in other comprehensive income. Impairment losses are recognised in profit or loss for the current period and does not influence the carrying amount of the financial asset in the balance sheet.

For the ECL allowances on loans and advances to customers measured at fair value through other comprehensive income held by the Group and the Bank and the basis for evaluating whether the credit risk has increased significantly, refer to Note 49 (1).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

20 FINANCIAL INVESTMENTS

		As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
	Notes		
Financial assets measured at fair value through profit or loss	(1)	99,713,107	110,774,968
Financial assets measured at fair value through other comprehensive income	(2)	214,418,733	166,235,752
– Debt instruments		213,227,895	164,925,901
– Equity instruments		1,190,838	1,309,851
Financial assets measured at amortised cost	(3)	304,883,473	321,772,087
Total		<u>619,015,313</u>	<u>598,782,807</u>

(1) Financial assets measured at fair value through profit or loss

By nature

		As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
	Notes		
Funds		65,033,617	36,105,825
Interbank certificates of deposit		18,608,256	57,160,877
Debt securities	(a)	13,881,358	14,923,382
Asset management plans		740,739	755,842
Investment in wealth management products (“WMPs”)		680,915	731,975
Trust plans		472,726	747,852
Others Investments		<u>295,496</u>	<u>349,215</u>
Total		<u>99,713,107</u>	<u>110,774,968</u>
Analysed as:			
– Listed outside Hong Kong		32,775,059	72,423,423
– Unlisted		<u>66,938,048</u>	<u>38,351,545</u>
Total		<u>99,713,107</u>	<u>110,774,968</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

20 FINANCIAL INVESTMENTS (Continued)

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

(a) Debt securities analysed by type of issuers

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Debt securities issued by:		
Corporate bonds	7,335,213	6,071,192
Financial institution bonds	5,333,410	7,347,529
Government bonds	654,792	862,930
Public sector and quasi-government bonds	557,943	641,731
Total	<u>13,881,358</u>	<u>14,923,382</u>

Bond investments in financial assets measured at fair value through profit or loss are all traded in bond market in mainland China.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

20 FINANCIAL INVESTMENTS (Continued)

(2) Financial assets measured at fair value through other comprehensive income

		As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
	Notes		
Debt instruments:			
Public sector and quasi-government bonds		86,852,124	76,178,520
Financial institution bonds		62,928,180	44,283,746
Interbank certificates of deposit		33,771,285	18,486,086
Government bonds		19,934,422	17,054,664
Corporate bonds		9,741,884	8,922,885
Subtotal	(a)	213,227,895	164,925,901
Equity instruments:			
Corporations		1,118,576	1,244,139
Banks and other financial institutions		72,262	65,712
Subtotal		1,190,838	1,309,851
Total		214,418,733	166,235,752
Analysed as:			
Listed outside Hong Kong	(b)	213,650,681	165,467,700
Unlisted		768,052	768,052
Total		214,418,733	166,235,752

- (a) As at balance sheet date, part of the financial assets measured at fair value through other comprehensive income were pledged as collaterals for repurchase and other transactions, see Note 47(5).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

20 FINANCIAL INVESTMENTS (Continued)

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

- (b) Debt instruments measured at fair value through other comprehensive income presented as “Listed outside Hong Kong” are traded in bond market in mainland China; equity instruments presented as “Listed outside Hong Kong” are all listed in mainland China.

Movements of ECL allowances on financial assets measured at fair value through other comprehensive income

	Six months ended 30 June 2024 (Unaudited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	162,094	–	–	162,094
Transfer:				
to stage 1	–	–	–	–
to stage 2	–	–	–	–
to stage 3	–	–	–	–
Charge	67,595	–	–	67,595
As at 30 June 2024	229,689	–	–	229,689

	Year ended 31 December 2023 (Audited)			
	Stage 1 12 – month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	11,160	–	–	11,160
Transfer:				
to stage 1	–	–	–	–
to stage 2	–	–	–	–
to stage 3	–	–	–	–
Charge	150,934	–	–	150,934
As at 31 December 2023	162,094	–	–	162,094

ECL allowances on debt instruments measured at fair value through other comprehensive income are recognised in other comprehensive income. Impairment losses are recognised in profit or loss for the current period and does not influence the carrying amount of the financial asset in the balance sheet.

For the ECL allowances on debt instruments measured at fair value through other comprehensive income held by the Group and the basis for evaluating whether the credit risk has increased significantly, see Note 49(1).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

20 FINANCIAL INVESTMENTS (Continued)

(3) Financial assets measured at amortised cost

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Debt securities (analysed by type of issuers):		
Government bonds	176,957,529	186,675,740
Public sector and quasi-government bonds	63,466,276	62,273,765
Financial institution bonds	32,084,850	33,735,884
Corporate bonds	30,138,588	36,473,890
Subtotal	302,647,243	319,159,279
Trust plans	2,538,135	2,538,135
Interbank deposit certificates	2,362,193	–
Debt financing plans	74,102	2,976,947
Gross balances	307,621,673	324,674,361
ECL Allowances	(2,738,200)	(2,902,274)
Net balances	<u>304,883,473</u>	<u>321,772,087</u>
Analysed as:		
Listed outside Hong Kong	298,791,940	312,940,891
Listed in Hong Kong	143,104	142,163
Unlisted	<u>5,948,429</u>	<u>8,689,033</u>
Total	<u>304,883,473</u>	<u>321,772,087</u>

As at the balance sheet date, certain financial assets measured at amortised cost were pledged as collaterals in repurchase and other transactions, see Note 47(5).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

20 FINANCIAL INVESTMENTS (Continued)

(3) Financial assets measured at amortised cost (Continued)

Movements of ECL allowances on financial assets measured at amortised cost

	Six months ended 30 June 2024 (Unaudited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	709,660	42,554	2,150,060	2,902,274
Transfer:				
to stage 1	–	–	–	–
to stage 2	–	–	–	–
to stage 3	–	–	–	–
Reverse	(153,212)	(10,862)	–	(164,074)
As at 30 June 2024	<u>556,448</u>	<u>31,692</u>	<u>2,150,060</u>	<u>2,738,200</u>
	Year ended 31 December 2023 (Audited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	686,334	6,669	1,622,303	2,315,306
Transfer:				
to stage 1	6,669	(6,669)	–	–
to stage 2	(2,067)	2,067	–	–
to stage 3	–	–	–	–
Charge	18,724	40,487	861,770	920,981
Transfer out	–	–	(334,013)	(334,013)
As at 31 December 2023	<u>709,660</u>	<u>42,554</u>	<u>2,150,060</u>	<u>2,902,274</u>

For the ECL allowances on financial assets measured at amortised cost held by the Group and the basis for evaluating whether the credit risk has increased significantly, see Note 49(1).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

21 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND STRUCTURED ENTITIES

(1) Investments in subsidiaries

As at 30 June 2024, details of the Bank's subsidiaries are set out below:

Name of entity	Date of incorporation	Nature of entity	Place of incorporation/ Principal place of operation	Paid-in capital (RMB, million)	Proportion of equity interest (%)	Proportion of voting rights in the general meeting (%)	Principal activities
Jiangsu Zhangjiagang CQRC Village and Township Bank Co., Ltd.	23/04/2010	Joint stock company	Jiangsu	200	90.00	90.00	Banking
Sichuan Dazhu CQRC Village and Township Bank Co., Ltd.	12/11/2010	Joint stock company	Sichuan	100	81.00	81.00	Banking
Yunnan Dali CQRC Village and Township Bank Co., Ltd.	14/12/2010	Limited liability company	Yunnan	200	100.00	100.00	Banking
Yunnan Xiangyun CQRC Village and Township Bank Co., Ltd.	04/12/2012	Limited liability company	Yunnan	100	100.00	100.00	Banking
Yunnan Heqing CQRC Village and Township Bank Co., Ltd.	09/01/2013	Limited liability company	Yunnan	100	100.00	100.00	Banking
Guangxi Luzhai CQRC Village and Township Bank Co., Ltd.	09/01/2013	Limited liability company	Guangxi	100	100.00	100.00	Banking
Fujian Shaxian CQRC Village and Township Bank Co., Ltd.	04/02/2013	Limited liability company	Fujian	100	93.00	93.00	Banking
Fujian Fu'an CQRC Village and Township Bank Co., Ltd.	05/02/2013	Limited liability company	Fujian	200	91.00	91.00	Banking
Yunnan Shangri-La CQRC Village and Township Bank Co., Ltd.	23/04/2013	Limited liability Company	Yunnan	62	100.00	100.00	Banking
Fujian Pingtan CQRC Village and Township Bank Co., Ltd.	09/08/2013	Limited liability company	Fujian	100	93.50	93.50	Banking
CQRC Financial Leasing Co., Ltd.	19/12/2014	Limited liability company	Chongqing	2,500	80.00	80.00	Financial Leasing
Fujian Shishi CQRC Village and Township Bank Co., Ltd.	02/09/2015	Limited liability company	Fujian	200	91.00	91.00	Banking
Yunnan Xishan CQRC Village and Township Bank Co., Ltd.	05/01/2016	Limited liability company	Yunnan	200	100.00	100.00	Banking
CQRC Wealth Management Co., Ltd.	28/06/2020	Limited liability company	Chongqing	2,000	100.00	100.00	Wealth Management

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

21 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND STRUCTURED ENTITIES (Continued)

(1) Investments in subsidiaries (Continued)

For the six months ended 30 June 2024, the Bank acquired additional interests from non-controlling shareholders of its subsidiaries Jiangsu Zhangjiagang CQRC Village and Township Bank Co., Ltd., resulting in increases in long-term equity investment by RMB68 million. The proportion of equity and voting rights in the Board of Directors increased by 31.50%.

For the six months ended 30 June 2024, the Bank acquired additional interests from non-controlling shareholders of its subsidiaries Yunnan Heqing CQRC Village and Township Bank Co., Ltd., resulting in increases in long-term equity investment by RMB21 million. The proportion of equity and voting rights in the Board of Directors increased by 19.00%.

In addition to the above matters, for the six months ended 30 June 2024, there was no change in the proportion of equity interest or voting rights the Bank held in its subsidiaries.

All the 14 subsidiaries above were sponsored to establish by the Bank. As at 30 June 2024 and 31 December 2023, the amount of non-controlling interests of each subsidiary of the Bank, individually or collectively, was insignificant to the Group and hence not disclosed further.

There was no significant restriction on the Bank's or its subsidiaries' ability to access or use its assets and settle its liabilities.

As at 30 June 2024, the Bank believes that there was no need to make provisions for impairment of investments in subsidiaries (As at 31 December 2023: Nil).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

21 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND STRUCTURED ENTITIES (Continued)

(2) Investments in associates

Name of entity	Date of incorporation	Nature of entity	Place of incorporation/ Principal place of operation	Paid-in capital (RMB, million)	Proportion of equity interest (%)	Proportion of voting rights in the general meeting (%)	Principal activities
Chongqing Xiaomi Consumer Finance Co., Ltd.	29/05/2020	Limited liability company	Chongqing	1,500	30.00	30.00	Consumer Finance

Details of the Group's interests in associates are as follows:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Carrying amount:		
Non-listed	477,343	454,685
Proportion of the Group in consolidated income and other comprehensive income after deducting profit distribution	11,971	22,658
	<u>489,314</u>	<u>477,343</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

21 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND STRUCTURED ENTITIES (Continued)

(2) Investments in associates (Continued)

The key financial information of Chongqing Xiaomi Consumer Finance Co., Ltd. is as follows:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Total assets	<u>18,643,638</u>	<u>16,415,591</u>
	Six months ended 30 June 2024 (Unaudited)	Year ended 31 December 2023 (Audited)
Profit for the period/year	<u>39,903</u>	<u>75,528</u>

Investment income enjoyed by the Group is recognised according to the financial position of Chongqing Xiaomi Consumer Finance Co., Ltd. as follows:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Net assets of associates	1,631,047	1,591,144
Share of entity interest	<u>30.00%</u>	<u>30.00%</u>
Shares of net assets of the Group in associates	<u>489,314</u>	<u>477,343</u>

There was no significant restriction on the associate's ability to remit funds to the Group in the form of cash dividends, or to repay loans or prepayments to the Group.

As at 30 June 2024, the Bank believes that there was no need to make provisions for impairment of investments in associates (As at 31 December 2023: Nil).

(3) The Group also consolidated structured entities as disclosed in Note 46 Structured Entities.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

22 PROPERTY AND EQUIPMENT

	Buildings	Electronic equipment	Motor vehicles	Furniture and Fixtures	Construction in progress	Total
Cost						
As at 1 January 2023	7,712,575	1,575,568	85,052	1,223,478	512,810	11,109,483
Additions	69,622	177,312	–	457,906	193,881	898,721
Transferred in/(out)	273,831	21,176	11,627	16,356	(322,990)	–
Reductions	(59,480)	(63,334)	(9,415)	(58,535)	(87,059)	(277,823)
As at 31 December 2023 (Audited)	7,996,548	1,710,722	87,264	1,639,205	296,642	11,730,381
Additions	13,996	54,744	–	8,794	96,689	174,223
Transferred in/(out)	47,703	61	–	663	(48,427)	–
Reductions	(38,324)	(18,894)	(2,693)	(22,956)	(7,880)	(90,747)
As at 30 June 2024 (Unaudited)	8,019,923	1,746,633	84,571	1,625,706	337,024	11,813,857
Accumulated depreciation						
As at 1 January 2023	(4,317,385)	(1,216,447)	(72,801)	(764,372)	–	(6,371,005)
Charge for the year	(417,599)	(164,428)	(3,529)	(116,450)	–	(702,006)
Reductions	51,400	61,416	9,132	56,654	–	178,602
As at 31 December 2023 (Audited)	(4,683,584)	(1,319,459)	(67,198)	(824,168)	–	(6,894,409)
Charge for the period	(210,317)	(77,973)	(2,444)	(65,152)	–	(355,886)
Reductions	26,808	18,249	2,613	21,794	–	69,464
As at 30 June 2024 (Unaudited)	(4,867,093)	(1,379,183)	(67,029)	(867,526)	–	(7,180,831)
Carrying amount						
As at 30 June 2024 (Unaudited)	<u>3,152,830</u>	<u>367,450</u>	<u>17,542</u>	<u>758,180</u>	<u>337,024</u>	<u>4,633,026</u>
As at 31 December 2023 (Audited)	<u>3,312,964</u>	<u>391,263</u>	<u>20,066</u>	<u>815,037</u>	<u>296,642</u>	<u>4,835,972</u>

As at 30 June 2024, the Bank believes that there was no need to make provisions for impairment of property and equipment (As at 31 December 2023: Nil).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

22 PROPERTY AND EQUIPMENT (Continued)

As at 30 June 2024, the Group had no significant amount of temporarily idle assets (As at 31 December 2023: Nil).

According to relevant laws and regulations, the legal title of fixed assets previously held by the predecessor entity are to be transferred to the Bank, subsequent to the Bank's transformation into a joint stock company. As at 30 June 2024, the registration transfer process of certain properties have not been completed. Management believes that the incomplete registration transfer process does not affect the Bank's right to inherit these assets or adversely affect the Bank's operations.

As at 30 June 2024, the carrying amount of fixed assets leased out through operating leases in the course of the Group's leasing business was RMB637 million (As at 31 December 2023: RMB677 million).

23 RIGHT-OF-USE ASSETS

As at 30 June 2024, the right-of-use assets recognized by the Group mainly include operation buildings, and are mainly used for daily business. Depreciation expense for the six months ended 30 June 2024 amounted to RMB33 million (For the year ended 31 December 2023: RMB66 million), and the accumulated depreciation as at 30 June 2024 amounted to RMB160 million (As at 31 December 2023: RMB156 million).

24 GOODWILL

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Cost and carrying amount	<u>440,129</u>	<u>440,129</u>

As at 30 June 2024, based on assessment performed by the Bank, there was no impairment for the goodwill (As at 31 December 2023: Nil).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

25 DEFERRED TAXATION

(1) Recognised deferred tax assets and liabilities which have not been offset:

	As at 30 June 2024 (Unaudited)				
	Deductible temporary differences	Deferred tax assets	Taxable temporary differences	Deferred tax liabilities	Net balance
ECL allowances	45,759,657	11,433,053	–	–	11,433,053
Accrued and unpaid staff costs	3,647,085	910,355	–	–	910,355
Retirement benefits	1,152,673	288,168	–	–	288,168
Provision	405,575	101,394	–	–	101,394
Government grants	69,157	17,289	–	–	17,289
Adjustments of book value of assets and liabilities on the date of establishment	43,453	10,863	(151,104)	(37,776)	(26,913)
Changes in fair value of financial instruments	210,429	52,607	(2,817,272)	(704,318)	(651,711)
Depreciation expense and others	521,482	130,370	(598,237)	(149,559)	(19,189)
Total	<u>51,809,511</u>	<u>12,944,099</u>	<u>(3,566,613)</u>	<u>(891,653)</u>	<u>12,052,446</u>

	As at 31 December 2023 (Audited)				
	Deductible temporary differences	Deferred tax assets	Taxable temporary differences	Deferred tax liabilities	Net balance
ECL allowances	43,750,286	10,601,703	–	–	10,601,703
Accrued and unpaid staff costs	3,032,660	749,955	(52,812)	(13,203)	736,752
Retirement benefits	1,041,488	260,234	–	–	260,234
Provision	504,372	126,093	–	–	126,093
Government grants	70,455	17,614	–	–	17,614
Adjustments of book value of assets and liabilities on the date of establishment	53,583	13,396	(152,600)	(38,150)	(24,754)
Changes in fair value of financial instruments	206,341	41,991	(725,172)	(181,293)	(139,302)
Depreciation expense and others	422,407	105,602	(568,624)	(142,156)	(36,554)
Total	<u>49,081,592</u>	<u>11,916,588</u>	<u>(1,499,208)</u>	<u>(374,802)</u>	<u>11,541,786</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

25 DEFERRED TAXATION (Continued)

- (2) The followings are the major deferred tax assets and liabilities recognised and movements thereon:

	Six months ended 30 June 2024 (Unaudited)			
	1 January 2024	Recognised in profit or loss	Recognised in equity	30 June 2024
Deferred tax				
– ECL allowances	10,601,703	848,326	(16,976)	11,433,053
– Accrued and unpaid staff costs	736,752	173,603	–	910,355
– Retirement benefits	260,234	(2,668)	30,602	288,168
– Provision	126,093	(24,699)	–	101,394
– Government grants	17,614	(325)	–	17,289
– Adjustment of book value of assets and liabilities on the date of establishment	(24,754)	(2,159)	–	(26,913)
– Changes in fair value of financial instruments	(139,302)	48,328	(560,737)	(651,711)
– Depreciation expense and others	(36,554)	17,365	–	(19,189)
Total	<u>11,541,786</u>	<u>1,057,771</u>	<u>(547,111)</u>	<u>12,052,446</u>
	Year ended 31 December 2023 (Audited)			
	1 January 2023	Recognised in profit or loss	Recognised in equity	31 December 2023
Deferred tax				
– ECL allowances	9,731,170	934,630	(64,097)	10,601,703
– Accrued and unpaid staff costs	685,041	51,711	–	736,752
– Retirement benefits	219,602	(7,037)	47,669	260,234
– Provision	76,036	50,057	–	126,093
– Government grants	18,263	(649)	–	17,614
– Adjustment of book value of assets and liabilities on the date of establishment	(20,646)	(4,108)	–	(24,754)
– Changes in fair value of financial instruments	134,037	9,460	(282,799)	(139,302)
– Depreciation expense and others	(70,177)	33,623	–	(36,554)
Total	<u>10,773,326</u>	<u>1,067,687</u>	<u>(299,227)</u>	<u>11,541,786</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

26 OTHER ASSETS

		As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
	Notes		
Other receivables	(1)	1,480,207	908,564
Pre-paid tax		636,199	449,979
Land use rights		322,826	330,000
Intangible assets	(2)	282,139	283,999
Items in process of clearing and settlement		104,840	–
Interest receivable	(3)	83,933	34,097
Foreclosed assets	(4)	27,516	31,955
Others		32,542	38,808
Total		<u>2,970,202</u>	<u>2,077,402</u>

(1) The amounts mainly represent receivables from suppliers, temporary payments of other receivables, deferred expenditure.

(2) Intangible assets are mainly computer software which are amortised from 1 year to 10 years.

As at 30 June 2024, the proportion of the carrying amount of intangible assets arising from the Group's internal research and development projects to the total year-end carrying amount of intangible assets was not significant (As at 31 December 2023: Nil).

(3) Interest receivable

As at 30 June 2024 and 31 December 2023, the Group included the interests on financial instruments, accrued using the effective interest rate method, in the carrying amounts of the corresponding financial instruments, and recorded the interests on related financial instruments that had become due and receivable but not yet been received as at the balance sheet date in interest receivable under other assets.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

26 OTHER ASSETS (Continued)

(4) Foreclosed assets

Analysed by type

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Land use rights and buildings	35,398	35,503
Allowance for impairment losses	(7,882)	(3,548)
Total	<u>27,516</u>	<u>31,955</u>

27 BORROWINGS FROM CENTRAL BANK

As at 30 June 2024, borrowings from central bank mainly contain the medium-term lending facilities from PBOC, PBOC special refinancing and refinancing for supporting agricultural and small companies. As at 30 June 2024, the principal of the Bank's medium-term lending facilities from PBOC amounted to RMB50,300 million (As at 31 December 2023: RMB55,500 million).

28 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Analysed by location and type of counterparties:		
Deposits from domestic banks	2,028,363	3,637,780
Deposits from other domestic financial institutions	<u>13,184,840</u>	<u>52,285,916</u>
Total	<u>15,213,203</u>	<u>55,923,696</u>

Deposits from banks and other financial institutions are interest bearing at prevailing market rate.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

29 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Analysed by location and type of counterparties:		
Placements from domestic banks	54,279,619	48,054,606
Placements from other domestic financial institutions	<u>3,240,414</u>	<u>3,285,883</u>
Total	<u>57,520,033</u>	<u>51,340,489</u>

30 FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Shares of combined structured entities belong to third party holders	8,019,780	8,647,320
Short selling of bonds	<u>–</u>	<u>100,954</u>
Total	<u>8,019,780</u>	<u>8,748,274</u>

31 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Analysed by collateral type:		
– Debt securities	59,340,537	40,746,323
– Bills	<u>27,852,319</u>	<u>22,563,350</u>
Total	<u>87,192,856</u>	<u>63,309,673</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

32 DEPOSITS FROM CUSTOMERS

		As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
	Notes		
Demand deposits			
Corporate customers		88,456,381	95,349,857
Individual customers		142,231,757	145,705,680
Time deposits			
Corporate customers		37,849,599	46,493,197
Individual customers		665,493,081	601,472,318
Pledged deposits	(1)	7,609,391	7,171,896
Others (Including outward remittance and remittance outstanding)		7,334	9,282
Total		<u>941,647,543</u>	<u>896,202,230</u>

(1) Analysed by products for which pledged deposits are required:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Bank acceptances	6,072,186	5,247,430
Loans and receivables	933,657	1,241,861
Letters of credit	346,728	351,648
Letters of guarantee	30,870	39,383
Others	225,950	291,574
Total	<u>7,609,391</u>	<u>7,171,896</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

33 ACCRUED STAFF COSTS

		As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
	Notes		
Salaries, bonuses and allowances		2,356,767	2,704,793
Supplementary retirement benefits	(1)	2,518,278	2,619,070
Labor union fees and staff education expenses		369,388	365,647
Early retirement benefits	(2)	65,140	75,810
Total		<u>5,309,573</u>	<u>5,765,320</u>

(1) Supplementary retirement benefits

The Group sponsors defined benefit plans for qualified employees. The defined benefit plans include supplementary retirement benefits. Supplemental retirement benefits include supplemental pensions and medical benefits.

The plans mainly expose the Group to actuarial risks such as: interest rate risk, longevity risk and employee benefit risk.

- Interest risk: A decrease in the bond interest rate will increase the plan liability.
- Longevity risk: Present value of the defined benefit plan liability is calculated with reference to the best estimate of the mortality or survival ages of the participants both during and after their employment. An increase in life expectancy of the participants will increase the plan's liability.
- Employee benefit risk: Present value of the defined benefit plan liabilities are calculated with reference to the future benefits of the participants. As such, an increase in the benefit of the participants will increase the plan's liability.

The Group's obligation in respect of the supplementary retirement benefits at the end of the reporting period was calculated using the projected accumulated unit credit method by Willis Towers Watson, an external independent actuary.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

33 ACCRUED STAFF COSTS (Continued)

(1) Supplementary retirement benefits (Continued)

The principal assumptions used for the purpose of actuarial valuation for supplementary retirement benefits were as follows:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Discount rate – supplementary retirement benefits	2.50%	2.75%
Discount rate – early retirement benefits	1.75%	2.25%
Annual growth rate of enterprise annuity payment	6.00%	6.00%
Annual average medical expense inflation rate	7.00%	7.00%
Expected increase rate of cost of living for beneficiaries	4.50%	4.50%
Mortality rate	China Insurance Industry Experience Mortality Table 2010–2013	

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

		Six months ended 30 June	
	Notes	2024 (Unaudited)	2023 (Unaudited)
Service cost:			
– Current service cost		26,960	26,480
– Past service cost	(a)	(241,660)	–
Net interest expense		<u>32,050</u>	<u>39,710</u>
Components of supplementary retirement benefit costs recognised in profit or loss		<u>(182,650)</u>	<u>66,190</u>
Remeasurement of the net defined benefit liability:	(a)		
– Actuarial gains resulting from experience adjustments		60	–
– Actuarial losses arising from changes in actuarial assumptions		<u>121,931</u>	<u>–</u>
Components of supplementary retirement benefit costs recognised in other comprehensive income		<u>121,991</u>	<u>–</u>
Total		<u>(60,659)</u>	<u>66,190</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

33 ACCRUED STAFF COSTS (Continued)

(1) Supplementary retirement benefits (Continued)

Movements in present value of the supplementary retirement benefits in the current period/year were as follows:

		Six months ended 30 June 2024 (Unaudited)	Year ended 31 December 2023 (Audited)
	Notes		
Defined benefit obligation at the beginning of the period/year		2,619,070	2,384,904
Interest cost		32,050	76,260
Losses/(gains) arising from remeasurement of the defined benefit liability	(a)		
– Actuarial losses/(gains) resulting from experience adjustments		60	(64,700)
– Actuarial losses arising from changes in actuarial assumptions		121,931	255,550
Current service cost		26,960	54,900
Past service cost	(a)	(241,660)	1,320
Benefits paid		<u>(40,133)</u>	<u>(89,164)</u>
Defined benefit obligation at the end of the period/year		<u>2,518,278</u>	<u>2,619,070</u>

(a) The changes resulting from the plan amendments recognised in profit or loss in past service cost and the remeasurement of the net liabilities of the defined benefit plans are mainly caused by the changes in defined benefit plans, experience adjustments and actuarial assumptions.

(2) Early retirement benefits

Early retirement benefits include basic salary and allowances paid monthly/annually, social insurance premiums and housing funds, annuities and supplemental medical benefits in excess of the statutory level paid by the government-mandated basic medical program to original and new retired staffs until they reach their normal retirement age. As early retired staffs no longer bring economic benefits to the Group, the accounting treatment of the Group's early retirement benefits provided to early retired staffs is in accordance with termination benefits.

For the six months ended 30 June 2024, the Group incurred RMB2 million (year ended 31 December 2023: RMB7 million) and paid RMB13 million (year ended 31 December 2023: RMB35 million) in respect of the early retirement benefits plan.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

34 DEBT SECURITIES ISSUED

(1) Debt securities issued analysed by type:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Interbank certificates of deposit issued	134,993,235	97,247,336
Bonds issued	14,294,745	22,332,056
Total	149,287,980	119,579,392

(2) Movements of debt securities issued:

		Six months ended 30 June 2024 (Unaudited)				
	Notes	Beginning Balance	Issued during the period	Paid during the period	Interest and Amortisation	Ending Balance
Interbank certificates of deposit issued	(a)	97,247,336	137,264,437	(100,650,000)	1,131,462	134,993,235
Bonds issued	(b)	22,332,056	–	(8,386,700)	349,389	14,294,745
Total		119,579,392	137,264,437	(109,036,700)	1,480,851	149,287,980

		Year ended 31 December 2023 (Audited)				
	Notes	Beginning Balance	Issued during the year	Paid during the year	Interest and Amortisation	Ending Balance
Interbank certificates of deposit issued	(a)	143,558,606	227,978,856	(277,310,000)	3,019,874	97,247,336
Bonds issued	(b)	27,510,570	6,996,887	(12,902,400)	726,999	22,332,056
Total		171,069,176	234,975,743	(290,212,400)	3,746,873	119,579,392

As at 30 June 2024, none of the above debt securities issued are in default (As at 31 December 2023: None in default).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

34 DEBT SECURITIES ISSUED (Continued)

(2) Movements of debt securities issued: (Continued)

- (a) As at 30 June 2024, there were 108 outstanding interbank deposit certificates issued by the Group and the Bank with maximum maturity of 366 days. (As at 31 December 2023: there were 92 outstanding interbank deposit certificates issued by the Group and the Bank with maximum maturity of 366 days.)
- (b) As at the balance sheet date, details of bonds issued by the Group are shown as follows:

		As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
	Notes		
Fixed rate green financial bond maturing in June 2024	(i)	–	3,055,796
Fixed rate financial bond maturing in July 2025	(ii)	5,143,384	5,070,190
Fixed rate green financial bond maturing in December 2025	(iii)	2,033,221	2,003,143
Fixed rate financial bond for “agriculture, rural areas and farmers” maturing in April 2026	(iv)	2,010,210	2,039,052
Fixed rate financial bond for maturing in September 2026	(v)	5,107,930	5,037,991
Tier-two capital fixed rate bond maturing in June 2029	(vi)	–	5,125,884
Total		<u>14,294,745</u>	<u>22,332,056</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

34 DEBT SECURITIES ISSUED (Continued)

(2) Movements of debt securities issued: (Continued)

- (b) As at the balance sheet date, details of bonds issued by the Group are shown as follows:
(Continued)
- (i) On 3 June 2021, the Bank issued a three-year fixed rate green financial bond, with a coupon rate of 3.29%, payable annually.
 - (ii) On 5 July 2022, the Bank issued a three-year fixed rate financial bond, with a coupon rate of 2.93%, payable annually.
 - (iii) On 6 December 2022, the Bank issued a three-year fixed rate green financial bond, with a coupon rate of 3.00%, payable annually.
 - (iv) On 24 April 2023, the Bank issued a three-year fixed rate financial bond for “agriculture, rural areas and farmers”, with a coupon rate of 2.90%, payable annually.
 - (v) On 19 September 2023, the Bank issued a three-year fixed rate financial bond, with a coupon rate of 2.80%, payable annually.
 - (vi) On 13 June 2019, the Bank issued a 10-year tier-two capital fixed rate bonds with a coupon rate of 4.60%, payable annually. The Bank has an option to redeem all of the bond at face value on 14 June 2024 if specified redemption conditions stipulated in the offering documents are met, subject to regulatory approval. The tier-two capital bond has the write-down feature, which allows the Bank to write down the entire principals of the bond when regulatory triggering events as stipulated in the offering documents occur and any accumulated unpaid interest would become not payable.

The Bank exercised the redemption right and redeem the bonds at the per value as a whole on 14 June 2024.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

35 OTHER LIABILITIES

		As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
	Notes		
Other payables	(1)	6,349,961	6,744,819
Notes payable		1,777,677	844,417
Tax payable (excluding corporate income tax payable)	(2)	566,463	406,906
Provision	(3)	405,207	504,749
Deferred income	(4)	219,993	290,667
Dividends payable		78,195	43,202
Contract liabilities		24,742	68,478
Total		<u>9,422,238</u>	<u>8,903,238</u>

(1) Other payables

		As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
	Notes		
Leasing business related payables		4,595,398	4,341,154
Payables from providing agency services		660,934	882,534
Accrued expenses		254,880	250,279
Items in process of clearing and settlement		47,039	377,870
Long term loans	(a)	31,331	31,331
Others		760,379	861,651
Total		<u>6,349,961</u>	<u>6,744,819</u>

- (a) The amount represents special-purpose loans from International Fund for Agriculture Development ("IFAD") to support petty loans in the PRC.

As at 30 June 2024 and 31 December 2023, the loans bear a fixed interest rate of 0.75% per annum. As at 30 June 2024, these loans have 19 years to maturity with similar terms with related loans granted to customers.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

35 OTHER LIABILITIES (Continued)

(2) Tax payable (excluding corporate income tax payable)

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Value added tax	466,370	350,322
Individual income tax	41,097	5,106
Urban maintenance and construction tax	27,089	26,976
Others	31,907	24,502
Total	566,463	406,906

(3) Provision

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
ECL allowances for loan commitments (a)	309,687	407,823
Others	95,520	96,926
Total	405,207	504,749

(a) ECL allowances for loan commitments

	Six months ended 30 June 2024 (Unaudited)			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2024	344,802	53,743	9,278	407,823
Transfer:				
to stage 1	1,425	(578)	(847)	–
to stage 2	(46)	55	(9)	–
to stage 3	(749)	(401)	1,150	–
(Reserve)/Changes	(60,200)	(51,706)	13,770	(98,136)
As at 30 June 2024	285,232	1,113	23,342	309,687

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

35 OTHER LIABILITIES (Continued)

(3) Provision (Continued)

(a) ECL allowances for loan commitments (Continued)

	Year ended 31 December 2023 (Audited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2023	152,252	29,549	9,937	191,738
Transfer:				
to stage 1	2,729	(543)	(2,186)	–
to stage 2	(8)	14	(6)	–
to stage 3	(10)	(148)	158	–
Changes	189,839	24,871	1,375	216,085
As at 31 December 2023	344,802	53,743	9,278	407,823

(4) Deferred income

Deferred income mainly represents deferred financial leasing income and government grants, for which the income will be amortised and recognised over the periods necessary to match them with the related costs.

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Deferred leasing income	152,096	221,463
Government grants	67,897	69,204
Total	219,993	290,667

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

36 SHARE CAPITAL

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Listed domestically (A shares), with par value of RMB1.00 per share	8,843,664	8,843,664
Listed overseas (H shares), with par value of RMB1.00 per share	2,513,336	2,513,336
Share capital	<u>11,357,000</u>	<u>11,357,000</u>

37 OTHER EQUITY INSTRUMENTS

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Perpetual bonds	<u>5,997,648</u>	<u>5,997,648</u>

(1) Perpetual bonds outstanding at the end of the period:

Financial instruments issued	Issue date	Accounting classification	Original interest	Issue price (Yuan)	Amount in shares (in millions)	In RMB (in millions)	Maturity	Conversion conditions	Conversion status
2021 Perpetual bond in RMB	24/08/2021	Equity	4.00%	100	40	4,000	No fixed maturity date	N/A	N/A
2022 Perpetual bond in RMB	28/04/2022	Equity	3.90%	100	20	2,000	No fixed maturity date	N/A	N/A
Less: Issuance costs						<u>(2)</u>			
Carrying amount						<u>5,998</u>			

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

37 OTHER EQUITY INSTRUMENTS (Continued)

(2) Main clauses

The Bank issued perpetual bond with the amount of RMB2 billion in the national interbank bond market on 28 April 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 3.90%.

The Bank issued perpetual bond with the amount of RMB4 billion in the national interbank bond market on 24 August 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 4.00%.

The perpetual bonds will continue to be outstanding so long as the Bank's business continues to operate. The bonds have set forth terms regarding the Bank's redemption with pre-conditions, by which the Bank is entitled to redeem the bonds after five years since the issue date in whole or in part on the annual interest payment date (including the interest payment date of the fifth year after the issue date). If, after the issuance, the perpetual bonds no longer qualify as additional tier-one capital as a result of an unforeseeable change or amendment to relevant provisions of supervisory regulations, the Bank may redeem the whole but not part of the perpetual bonds.

The claims in respect of the perpetual bonds are subordinated to the claims of depositors, general creditors, and subordinated indebtedness that rank senior to the perpetual bonds; and will rank in priority to all classes of equity shares held by the Bank's shareholders and rank pari passu with the claims in respect of any other additional tier-one capital instruments of the Bank that rank pari passu with the perpetual bonds.

Upon the occurrence of a Non-Viability Triggering Event, the Bank has the right to write down in whole or in part, without the need for the consent of the holders of the bonds. The bonds are written down according to the proportion of their outstanding par value in the total outstanding par value of all other tier-one capital instruments with the same trigger event.

The distributions on the perpetual bonds are non-cumulative, and the Bank shall have the right to cancel, in whole or in part, distributions on the bonds and any such cancellation shall not constitute an event of default. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. Cancellation of any distributions on the bonds, no matter in whole or in part, will not impose any other restriction on the Bank, except in relation to dividend distributions to ordinary shares.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

37 OTHER EQUITY INSTRUMENTS (Continued)

(3) Statement of changes in perpetual bonds outstanding at the end of the period:

	Beginning Balance		Increased during the period		Ending Balance	
	Amount (In millions)	Book value (In thousand Yuan)	Amount (In millions)	Book value (In thousand Yuan)	Amount (In millions)	Book value (In thousand Yuan)
Financial instruments in issued						
2021 perpetual bonds in RMB	40	3,998,338	-	-	40	3,998,338
2022 perpetual bonds in RMB	20	1,999,310	-	-	20	1,999,310
Total	60	5,997,648	-	-	60	5,997,648

(4) Equity attributable to equity instrument holders

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Total equity attributable to equity holders of the parent company	127,811,777	122,173,769
Equity attributable to ordinary equity holders of the parent company	121,814,129	116,176,121
Equity attributable to other equity holders of the parent company	5,997,648	5,997,648
Total equity attributable to non-controlling interests	1,888,481	1,767,981
Equity attributable to non-controlling interests of ordinary shares	1,888,481	1,767,981

Dividends paid to other equity instrument holders by the Bank, please refer to Note 42.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

38 CAPITAL RESERVE

The Bank issued shares at a premium. Share premium was recorded in capital reserve after deducting direct issuance costs which mainly included underwriting fees and professional fees. Where the Bank acquired equity interests from non-controlling shareholders, which is assessed as equity transactions. The difference between fair value of any considerations paid and the relevant share acquired of the carrying amount of net assets of the subsidiary was recorded in capital reserve.

The acquisition of additional interests from the non-controlling shareholders of its subsidiaries is equity transaction. The capital premium of discount amount was charged to capital reserve.

Capital reserve of the Bank included premium of RMB910 million from the placement of ordinary shares in 2010, premium of RMB7,706 million from the initial public offering of overseas listed foreign shares on the Hong Kong Stock Exchange in 2010, premium of RMB3,291 million from the placement of ordinary shares in 2017, and premium of RMB8,531 million from the initial public offering of A shares on the Shanghai Stock Exchange in 2019. Equity premium excluding direct issue costs is included in capital reserve. Direct issue costs mainly include underwriting fees and professional agency service fees.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

39 INVESTMENT REVALUATION RESERVE

	Pre-tax amount	Tax impact	Net-of-tax amount
As at 1 January 2023	(461,016)	115,254	(345,762)
Fair value (losses)/gains for the year			
Amount reclassified to profit or loss upon disposal of financial assets measured at fair value through other comprehensive income	1,792,073	(448,018)	1,344,055
Amount that cannot be reclassified to profit or loss upon disposal of financial assets measured at fair value through other comprehensive income	(404,489)	101,122	(303,367)
As at 31 December 2023 (Audited)	926,568	(231,642)	694,926
Fair value gains/(losses) for the period			
Amount reclassified to profit or loss upon disposal of financial assets measured at fair value through other comprehensive income	2,435,172	(608,793)	1,826,379
Amount that cannot be reclassified to profit or loss upon disposal of financial assets measured at fair value through other comprehensive income	(124,321)	31,080	(93,241)
As at 30 June 2024 (Unaudited)	3,237,419	(809,355)	2,428,064

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

40 SURPLUS RESERVE

Under the relevant PRC Laws, the Bank and its subsidiaries are required to appropriate 10% of its net profit to a non-distributable statutory surplus reserve. Appropriation to statutory surplus reserve may cease when the balance of such reserves has reached 50% of the share capital.

After making the appropriation to the statutory surplus reserve, the Bank may also appropriate its profit for the year determined under the Generally Accepted Accounting Principles of the PRC ("PRC GAAP") to the discretionary surplus reserve upon approval by the shareholders in the general meetings. The discretionary surplus reserve may be used to offset accumulated loss of the Bank, if any, and may be converted into capital.

For the six months ended 30 June 2024, the Bank did not make any appropriation to statutory surplus reserve (For the six months ended 30 June 2023: Nil). For the six months ended 30 June 2024, the Bank did not make any appropriation to discretionary surplus reserve (For the six months ended 30 June 2023: Nil).

41 GENERAL RESERVE

Pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance of the PRC, in addition to the allowances for impairment losses, the Bank is required to establish and maintain a general reserve within equity to address potential unidentified impairment losses. The general reserve should not be less than 1.5% of the aggregate amount of risk assets as defined by the above measures.

For the six months ended 30 June 2024, the Bank transferred RMB1,073 million to general reserve pursuant to the regulatory requirement (six months ended 30 June 2023: RMB1,124 million).

The Group's general reserve also includes other general reserve made by the Bank's subsidiaries in accordance with the applicable regulations of their respective industries.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

42 RETAINED EARNINGS

The movements of retained earnings of the Group are set out below:

	Six months ended 30 June 2024 (Unaudited)	Year ended 31 December 2023 (Audited)
Retained earnings at the beginning of the period/year	50,008,344	44,675,479
Profit for the period/year	7,358,215	10,902,355
Appropriation to surplus reserve	–	(980,417)
Appropriation to general reserve	(1,238,531)	(1,268,783)
Dividends paid to ordinary equity holders	(3,276,495)	(3,082,290)
Dividends paid to other equity instrument holders	(78,000)	(238,000)
Retained earnings at the end of the period/year	<u>52,773,533</u>	<u>50,008,344</u>

43 CASH AND CASH EQUIVALENTS

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents include the following balances with an original maturity of less than three months:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Cash	2,533,062	3,086,789
Surplus reserve deposits with central bank	4,818,507	6,047,798
Deposits with banks and other financial institutions	11,773,167	13,786,582
Placements with banks and other financial institutions	11,850,000	8,998,857
Financial assets held under resale agreements	<u>33,623,408</u>	<u>11,290,392</u>
Total	<u>64,598,144</u>	<u>43,210,418</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

44 SEGMENT ANALYSIS

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the board of directors and relevant management committees (chief operating decision maker) for the purposes of allocating resources to segments and assessing their performance. The Group operates mainly in Chongqing, the PRC. Majority of its customers and non-current assets are located in Chongqing, the PRC. The Group's chief operating decisionmaker reviews financial information based on business activities for the purpose of allocating resources and performance assessment.

The measurement of segment assets and liabilities, segment income and results is based on the Group's accounting policies in accordance with accounting rules and financial regulations applicable to PRC enterprises. There is no significant difference between the segment accounting policies and the policies applied in preparing the consolidated financial statements.

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

Corporate banking

The corporate banking segment provides financial products and services to corporations, government agencies and financial institutions. The products and services include current account, deposits, overdraft, loans, trade related products, other types of credit services and foreign currency services.

Personal banking

The personal banking segment provides financial products and services to individual customers. The products and services include personal loans, deposit products, card business, personal wealth management services and other types of personal intermediary services.

Financial market operations

The Group's financial market operations segment conducts money market or repurchase transactions. The operating results of this segment include the impact of profit or loss on internal fund surpluses or shortages between segments due to interest-bearing assets and interest-bearing liabilities.

Unallocated

Unallocated include other businesses not included in the above reporting segments or businesses that cannot be allocated on a reasonable basis, including equity investment businesses and income tax expense.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

44 SEGMENT ANALYSIS (Continued)

	Six months ended 30 June 2024 (Unaudited)					
	Corporate banking	Personal banking	Financial market operations	Segment total	Unallocated	Total
External interest income	7,691,550	6,659,043	9,381,500	23,732,093	–	23,732,093
External interest expense	(945,784)	(7,181,761)	(4,523,511)	(12,651,056)	–	(12,651,056)
Inter-segment interest (expense)/income	(2,765,348)	6,506,824	(3,741,476)	–	–	–
Net interest income	3,980,418	5,984,106	1,116,513	11,081,037	–	11,081,037
Fee and commission income	223,740	465,264	395,610	1,084,614	–	1,084,614
Fee and commission expense	(6,070)	(161,260)	(18,684)	(186,014)	–	(186,014)
Net fee and commission income	217,670	304,004	376,926	898,600	–	898,600
Net trading gains	–	–	1,402,893	1,402,893	–	1,402,893
Share of profits of associates	–	–	–	–	11,971	11,971
Other operating income, net	80,396	42,564	21,754	144,714	30,274	174,988
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	–	–	190,652	190,652	–	190,652
Net gains on derecognition of financial assets measured at amortised cost	–	–	882,025	882,025	–	882,025
Operating income	4,278,484	6,330,674	3,990,763	14,599,921	42,245	14,642,166
Operating expenses	(1,148,318)	(1,844,852)	(937,289)	(3,930,459)	–	(3,930,459)
Credit impairment losses	(1,329,193)	(1,172,344)	44,178	(2,457,359)	–	(2,457,359)
Impairment losses on other assets	(4,334)	–	–	(4,334)	–	(4,334)
Profit before tax	1,796,639	3,313,478	3,097,652	8,207,769	42,245	8,250,014
Income tax expense	–	–	–	–	(689,320)	(689,320)
Profit for the period	1,796,639	3,313,478	3,097,652	8,207,769	(647,075)	7,560,694
Depreciation and amortisation included in operating expenses	154,364	183,085	93,017	430,466	–	430,466
Capital expenditure	58,817	94,495	48,008	201,320	–	201,320

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

44 SEGMENT ANALYSIS (Continued)

	As at 30 June 2024 (Unaudited)					Total
	Corporate banking	Personal banking	Financial market operations	Segment total	Unallocated	
Segment assets	<u>361,159,057</u>	<u>280,013,636</u>	<u>850,734,156</u>	<u>1,491,906,849</u>	<u>18,404,274</u>	<u>1,510,311,123</u>
Segment liabilities	<u>141,713,466</u>	<u>811,359,507</u>	<u>425,295,051</u>	<u>1,378,368,024</u>	<u>2,242,841</u>	<u>1,380,610,865</u>
Supplementary information						
– Credit commitments	<u>14,451,069</u>	<u>28,802,267</u>	<u>–</u>	<u>43,253,336</u>	<u>–</u>	<u>43,253,336</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

44 SEGMENT ANALYSIS (Continued)

	Six months ended 30 June 2023 (Unaudited)					
	Corporate banking	Personal banking	Financial market operations	Segment total	Unallocated	Total
External interest income	7,602,325	7,495,894	10,095,874	25,194,093	-	25,194,093
External interest expense	(1,024,387)	(7,186,617)	(4,939,518)	(13,150,522)	-	(13,150,522)
Inter-segment interest (expense)/income	(2,271,890)	5,580,982	(3,309,092)	-	-	-
Net interest income	4,306,048	5,890,259	1,847,264	12,043,571	-	12,043,571
Fee and commission income	246,858	628,217	338,243	1,213,318	-	1,213,318
Fee and commission expense	(23,279)	(173,845)	(23,876)	(221,000)	-	(221,000)
Net fee and commission income	223,579	454,372	314,367	992,318	-	992,318
Net trading gains	-	-	1,292,461	1,292,461	-	1,292,461
Share of profits of associates	-	-	-	-	(17,101)	(17,101)
Other operating income, net	99,717	141,465	84,486	325,668	7,602	333,270
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	-	-	208,974	208,974	-	208,974
Net gains on derecognition of financial assets measured at amortised cost	-	-	15,616	15,616	-	15,616
Operating income	4,629,344	6,486,096	3,763,168	14,878,608	(9,499)	14,869,109
Operating expenses	(1,336,720)	(2,318,187)	(1,151,612)	(4,806,519)	-	(4,806,519)
Credit impairment losses	(417,992)	(1,096,482)	(330,706)	(1,845,180)	-	(1,845,180)
Profit before tax	2,874,632	3,071,427	2,280,850	8,226,909	(9,499)	8,217,410
Income tax expense	-	-	-	-	(1,096,902)	(1,096,902)
Profit for the period	2,874,632	3,071,427	2,280,850	8,226,909	(1,106,401)	7,120,508
Depreciation and amortisation included in operating expenses	128,784	186,854	92,824	408,462	-	408,462
Capital expenditure	137,557	238,556	118,507	494,620	-	494,620

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

44 SEGMENT ANALYSIS (Continued)

	As at 30 June 2023 (Unaudited)					
	Corporate banking	Personal banking	Financial market operations	Segment total	Unallocated	Total
Segment assets	<u>334,244,256</u>	<u>284,470,231</u>	<u>802,665,978</u>	<u>1,421,380,465</u>	<u>17,410,633</u>	<u>1,438,791,098</u>
Segment liabilities	<u>168,622,227</u>	<u>744,682,232</u>	<u>403,232,079</u>	<u>1,316,536,538</u>	<u>2,081,291</u>	<u>1,318,617,829</u>
Supplementary information						
– Credit commitments	<u>17,232,370</u>	<u>26,381,330</u>	<u>–</u>	<u>43,613,700</u>	<u>–</u>	<u>43,613,700</u>

There was no significant transactions with a single external customer that the Group mainly relied on.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

45 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(1) Information about subsidiaries of the Bank

Information about subsidiaries of the Bank is disclosed in Note 21(1).

(2) Information about associates of the Bank

Information about insignificant associates of the Bank is disclosed in Note 21(2).

(3) Related parties with no controlling relationship

There are certain related party transactions between the Bank and related parties with no controlling relationship. The conditions and prices of these transactions are determined on the basis of market price and normal business procedure or contractual terms. They are assessed based on transaction type and approved by corresponding decision-making authority.

Principal shareholders identified as related parties of the Bank

The names and share of equity interests of shareholders with more than 5% (including 5%) shares of the Bank, or shareholders who hold less than 5% of the total shares or capital but have significant influence on the Bank's operation and management are as follows:

Name of shareholders	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Chongqing Yufu Capital Operation Group Co., Ltd. ("Yufu Group") 重慶渝富資本運營集團有限公司	8.70%	8.70%
Chongqing City Construction Investment (Group) Co., Ltd. ("City Investment Group") 重慶市城市建設投資 (集團) 有限公司	7.02%	7.02%
Chongqing Development and Real Estate Management Co., Ltd. ("Development and Real Estate Company") 重慶發展置業管理有限公司	5.19%	5.19%
Chongqing Development Investment Co., Ltd. ("Development Investment Company") 重慶發展投資有限公司	4.02%	4.02%
Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. 上海豫園旅遊商城 (集團) 股份有限公司	1.33%	1.33%
Xiamen Huishanghong Equity Investment Co., Ltd. 廈門市匯尚泓股權投資有限公司	0.98%	0.98%

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

45 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(4) Related party transactions

The amounts of significant transactions, significant transaction balances and significant off-balance sheet items between the Group and its related parties as at the balance sheet date were as follows:

	Yufu Group and its affiliates	City Investment Group and its affiliates	Development and Real Estate Company and its affiliates	Other related legal entities	Related personnel	Total	Proportion in amount/ balance of similar transactions
Significant transactions for the six months ended							
30 June 2024 (Unaudited):							
Interest income	182,674	68,851	69,097	3,436	938	324,996	1.37%
Interest expense	(42,022)	(2,973)	(9,958)	(77,766)	(2,235)	(134,954)	1.07%
Fee and commission income	7,568	3	74	14	4	7,663	0.71%
Net trading gains	3,749	(48,557)	1,115	(7,432)	-	(51,125)	(3.64%)
Operating expenses	-	-	-	(25,542)	-	(25,542)	0.65%
Other comprehensive income	26,023	3,334	24,845	(109,922)	-	(55,720)	(3.39%)
Significant transaction balances as at 30 June							
2024: (Unaudited):							
Deposits with banks and other financial institutions	-	2	-	916,550	-	916,552	5.16%
Derivative financial assets	899	-	55	11,381	-	12,335	96.68%
Loans and advances to customers	10,529,641	3,456,349	3,412,068	-	55,260	17,453,318	2.47%
Financial assets measured at fair value through profit or loss	-	285,445	-	-	-	285,445	0.29%
Financial assets measured at fair value through other comprehensive income	1,375,725	237,778	1,100,798	292,162	-	3,006,463	1.40%
Financial assets measured at amortised cost	-	668,429	151,071	168,313	-	987,813	0.32%
Deposits from banks and other financial institutions	(137,643)	(3)	-	-	-	(137,646)	0.90%
Placements from banks and other financial institutions	(705,979)	(201,956)	-	(302,935)	-	(1,210,870)	2.11%
Derivative financial liabilities	(899)	-	(55)	(20)	-	(974)	7.55%
Deposits from customers	(6,240,552)	(327,494)	(1,714,814)	(634,892)	(129,845)	(9,047,597)	0.96%
Debt securities issued	-	-	-	(3,700,000)	-	(3,700,000)	2.48%
Significant off-balance sheet items as at 30 June							
2024 (Unaudited):							
Unutilised credit card facilities	-	-	-	-	75,040	75,040	0.26%
Letters of guarantee	35,000	400,000	-	-	-	435,000	30.17%
Entrusted lending arrangements	900,000	-	-	-	-	900,000	30.08%
The balance of the loan guaranteed by related guaranteed companies	5,983,097	-	225,908	-	-	6,209,005	0.88%
The balance of financial investments guaranteed by related guarantee companies	912,000	-	-	-	-	912,000	0.15%
Related parties' investment in WMPs issued by the Group	16,216	-	-	-	143,568	159,784	0.13%

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

45 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(4) Related party transactions (Continued)

	Yufu Group and its affiliates	City Investment Group and its affiliates	Development and Real Estate Company and its affiliates	Other related legal entities	Related personnel	Total	Proportion in amount/ balance of similar transactions
Significant transactions for the six months ended 30 June 2023 (Unaudited):							
Interest income	108,946	56,937	63,451	10,903	1,467	241,704	0.96%
Interest expense	(40,537)	(13,564)	(22,728)	(74,581)	(4,485)	(155,895)	1.19%
Fee and commission income	6,725	4	588	14	4	7,335	0.60%
Net trading gains	11,333	1,212	-	(1,309)	-	11,236	0.87%
Other comprehensive income	9,370	1,470	11,697	(53,454)	-	(30,917)	(4.09%)
Significant transaction balances as at 31 December 2023 (Audited):							
Deposits with banks and other financial institutions	-	2	-	1,134,987	-	1,134,989	7.34%
Derivative financial assets	778	-	87	4,057	-	4,922	23.54%
Loans and advances to customers	11,043,621	2,812,860	2,294,193	-	93,880	16,244,554	2.40%
Financial assets measured at fair value through other comprehensive income	1,640,283	231,162	921,757	402,084	-	3,195,286	1.92%
Financial assets measured at amortised cost	-	111,607	153,557	258,258	-	523,422	0.16%
Placements from banks and other financial institutions	(613,620)	(100,930)	-	(800,507)	-	(1,515,057)	2.95%
Derivative financial liabilities	(778)	-	(87)	-	-	(865)	5.74%
Deposits from customers	(4,477,448)	(91,845)	(1,443,436)	(662,514)	(117,754)	(6,792,997)	0.76%
Debt securities issued	-	-	-	(7,650,000)	-	(7,650,000)	6.40%
Significant off-balance sheet items as at 31 December 2023 (Audited):							
Unutilised credit card facilities	-	-	-	-	397,937	397,937	1.43%
Letters of guarantee	55,000	400,000	-	-	-	455,000	28.43%
The balance of the loan guaranteed by related guarantee companies	6,149,183	-	194,269	-	-	6,343,452	0.94%
The balance of financial investments guaranteed by related guarantee companies	2,106,820	-	-	-	-	2,106,820	0.35%
Related parties' investment in WMPs issued by the Group	9,679	-	-	-	334,881	344,560	0.29%

The above transactions with related parties were conducted on normal commercial terms and in the normal course of business and were priced in accordance with the principles of transactions with independent third parties.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

45 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(5) Key management personnel remuneration

Key management personnel are those persons in the Group who have the authority and responsibility to plan, direct and control the activities of the Bank or the Group.

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Paid remuneration (before tax)	1,029	1,348
Retirement plan contributions	358	463
Others	94	132
Total	<u>1,481</u>	<u>1,943</u>

Key management personnel remuneration refers to paid remuneration to directors and key management personnel in the current year approved in accordance with internal and external management requirements, including basic annual salary and advance performance salary for the six months ended 30 June 2024 that was paid in accordance with external regulatory requirements.

Certain key management personnel's final emoluments for the six months ended 30 June 2024 have not been finalised on report date as required by relevant authorities. Management of the Group believes that difference in emoluments will not have significant impact on the consolidated financial statements of the Group for the six months ended 30 June 2024.

For the six months ended 30 June 2024, both the loans made to key management personnel and their relatives, and the corresponding interest income were not significant.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

45 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(6) Transactions between the Bank and its subsidiaries

Amounts of significant transactions between the Bank and its subsidiaries during the reporting period were as follows:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Interest income	91,082	86,077
Interest expense	(1,089)	(975)

For the six months ended 30 June 2024 and 2023, transactions between the Bank and its subsidiaries other than the transactions above were not significant.

Amounts of significant transaction balances between the Bank and its subsidiaries as at the balance sheet date were as follows:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Deposits with banks and other financial institutions	1,093,912	1,282,785
Placements with banks and other financial institutions	4,692,143	7,251,131
Deposits from banks and other financial institutions	(1,092,188)	(1,281,143)

For the six months ended 30 June 2024 and the year ended 31 December 2023, outstanding balances between the Bank and its subsidiaries other than the balances above were not significant.

All intra-group transactions and balances have been off set when preparing the consolidated financial statements.

As at 30 June 2024 and 31 December 2023, the principal balance of WMPs issued by the Bank's subsidiary and purchased by the Bank amounted to RMB3,417 million and RMB4,174 million.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

45 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(7) Transactions between the Group and its associates

Amounts of significant transaction balances between the Bank and its associates as at the balance sheet date were as follows:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Placements with banks and other financial institutions	200,177	–
Deposits from banks and other financial institutions	(241,075)	(227,612)

(8) Transactions with enterprise annuity plan

In addition to contributions to the Group's enterprise annuity fund, no related party transactions have been made during the reporting period.

46 STRUCTURED ENTITIES

(1) Rights and interests in unconsolidated structured entities initiated and established by the Group

Structured entities initiated and established by the Group that are not included in the scope of the consolidated financial statements mainly comprise wealth management products ("WMPs") issued by the Group. The nature and purpose of these structured entities are mainly to manage investors' assets and receive management fees, which are financed by issuing investment products to investors. The Group's rights and interests in these unconsolidated structured entities mainly consists of holding investments directly or receiving income from management fees through the management of these structured entities. As at 30 June 2024, the overall size of outstanding unconsolidated WMPs initiated and established by the Group was RMB115,853 million (As at 31 December 2023: RMB109,564 million). The management fee income received by the Group from the aforesaid WMPs amounted to RMB182 million for the year ended 30 June 2024 (For the year ended 30 June 2023: RMB91 million).

There was no contractual liquidity arrangement, guarantee or other commitment among or between the Group, WMP vehicles or any third parties that could increase the level of the Group's risk from or reduce its interest in WMP vehicles disclosed above for the year ended 30 June 2024 and the year ended 31 December 2023. The Group is not required to absorb any loss incurred by WMPs before other parties.

The WMPs issued by the Group did not cause losses to the interests of the Group, nor did they encounter financial difficulties for the six months ended 30 June 2024 and the year ended 31 December 2023.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

46 STRUCTURED ENTITIES (Continued)

(2) Unconsolidated structured entities held by the Group

The Group invests in a number of other unconsolidated structured entities which are issued or managed by other entities for investment return, and records trading gains or losses and interest income therefrom. As at 30 June 2024 and 31 December 2023, the Group's maximum risk exposure from these unconsolidated structured entities is summarised in the table below.

	As at 30 June 2024 (Unaudited)			
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortised cost	Total
Asset-backed securities	–	1,596,572	16,056,862	17,653,434
Funds	63,551,619	–	–	63,551,619
Asset management plans and trust plans	1,213,465	–	388,075	1,601,540
Investments in WMPs	680,915	–	–	680,915
Other investments	10,051	760,052	–	770,103
Total	<u>65,456,050</u>	<u>2,356,624</u>	<u>16,444,937</u>	<u>84,257,611</u>

	As at 31 December 2023 (Audited)			
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortised cost	Total
Asset-backed securities	–	1,974,648	24,528,045	26,502,693
Funds	34,986,334	–	–	34,986,334
Asset management plans and trust plans	1,503,694	–	388,075	1,891,769
Investments in WMPs	731,975	–	–	731,975
Other investments	10,051	760,052	–	770,103
Total	<u>37,232,054</u>	<u>2,734,700</u>	<u>24,916,120</u>	<u>64,882,874</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

46 STRUCTURED ENTITIES (Continued)

(2) Unconsolidated structured entities held by the Group (Continued)

The underlying assets of trust plans and asset-backed securities primarily include trust loans and credit assets. The underlying assets of funds, asset management plans and WMPs primarily include interbank assets and bonds. Asset-backed securities were all issued by financial institutions. Other investments were primarily foreclosed assets acquired in connection with debt restructuring.

(3) Consolidated structured entities

The Group managed or invested in several structured entities, including funds, asset management plans, trust plans, WMPs and asset-backed securities. The Group mainly assesses its overall economic interests (including the expected return from direct ownership and management fee) in the structured entities and its decision-making rights covered through its involvement in the decisions on the establishment of the structured entities and relevant contract arrangements. If the Group has power over a structured entity and variable returns and the ability to use that power to affect its returns from the structured entity through arrangements such as investment contracts, then the Group believes that it has control over the structured entity and include it in the consolidated financial statements. If the Group has no substantive power over principal activities of a structured entity, or enjoys immaterial economic interests and thus acts as an agent rather than a principal, the Group does not need to include it in the consolidated financial statements.

The Group's consolidated structured entities included certain funds, asset management plans and certain WMPs issued by CQRC Wealth Management Co., Ltd., held by the Group. As at 30 June 2024, the Group's consolidated structured entities amounted to RMB24,206 million (As at 31 December 2023: RMB25,933 million). The group included these investments and corresponding liabilities in the corresponding financial assets and financial liabilities based on their nature according to the accounting policies of the Group.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

47 CONTINGENT LIABILITIES AND COMMITMENTS

(1) Legal proceedings

The Group has certain legal proceedings in its normal business. As at 30 June 2024, the carrying amount of contingent liabilities estimated based on court judgment or advice of legal counsel was not significant (As at 31 December 2023, the carrying amount of contingent liabilities estimated based on court judgment or advice of legal counsel was not significant). As final results of these lawsuits are uncertain, management of the Group believes final results of these lawsuits will not have a material impact on the financial position or operations of the Group after consulting with legal counsel.

(2) Capital commitments

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Approved but not contracted or provided for	<u>247,039</u>	<u>414,624</u>

(3) Loan commitments

Loan commitments include unutilised credit card facilities, issued acceptances, financial guarantees and letters of credit.

The amount of credit card facilities represents the amount when unutilised credit card facilities are fully drawn. Acceptances represent commitments of the Group to pay acceptances issued by customers. The Group expects most acceptances to be settled simultaneously with reimbursements from customers. The amounts of guarantees and letters of credit represent the maximum potential loss that would be recognised if counterparties failed to completely perform as contracted.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

47 CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

(3) Loan commitments (Continued)

As credit card facilities may not be utilised before expiration, the amounts set out in the following table do not represent expected future cash outflows.

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Unutilised credit card facilities	28,802,267	27,898,120
Acceptances	10,141,130	11,051,344
Letters of credit issued	2,867,966	2,736,008
Letters of guarantee	1,441,973	1,600,443
Total	<u>43,253,336</u>	<u>43,285,915</u>

The Group grants loan commitments to specific customers. The directors of the Group are of the opinion that such commitments are conditional and revocable and are therefore not included in the commitment's disclosure above.

Credit risk weighted amount of loan commitments

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Loan commitments	<u>28,652,805</u>	<u>12,266,527</u>

Credit risk-weighted amount of loan commitments are calculated in accordance with guidelines issued by NFRA based on, among other things, the counterparty's credit worthiness and maturity. Contingent liabilities and loan commitments are subject to risk weights ranging from 0% to 100%.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

47 CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

(4) Operating lease commitments

As at the balance sheet date, the Group's operating lease commitments not recognized as lease liabilities were not significant.

(5) Collaterals

Assets pledged as collaterals

The carrying amounts of assets pledged by the Group as collaterals and respective liabilities were as follows:

	As at 30 June 2024 (Unaudited)		As at 31 December 2023 (Audited)	
	Collaterals	Liabilities	Collaterals	Liabilities
Bonds	195,294,510	169,874,000	171,231,094	151,012,190
Bills	<u>27,849,326</u>	<u>27,852,319</u>	<u>22,557,512</u>	<u>22,563,350</u>
Total	<u>223,143,836</u>	<u>197,726,319</u>	<u>193,788,606</u>	<u>173,575,540</u>

Collaterals accepted

As part of the repurchase agreements, the Group has accepted collateral that is allowed to sell or repledge in the absence of default by their owners. As at 30 June 2024, the Group had no collateral mentioned above (31 December 2023: RMB207 million). As 31 December 2023, the Group had sold or re-pledged, but was obligated to return all the collateral mentioned above. These transactions are conducted under standard terms in the normal course of business.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

47 CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

(6) Bond underwriting commitments and redemption obligations

The Group and the Bank did not have any irrevocable bond underwriting commitment as at the balance sheet date.

As an underwriting agent of PRC government bonds, the Group has the obligation to buy back if bond holders decided to redeem the bonds before maturity. The redemption price is the principal value of the Bonds plus unpaid interest till redemption date. Accrued interest payables to the bond holders are calculated in accordance with relevant requirements set by Ministry of Finance or PBOC. The redemption price may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations of the Group for government bonds sold but not yet matured as at the balance sheet date based on their principal value were as follows:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Redemption obligations	<u>6,439,418</u>	<u>6,845,294</u>

48 TRANSFER OF FINANCIAL ASSETS

(1) Credit asset securitisation

During securitisation transactions, the Group sells assets to special purpose trusts from whom the asset-backed securities are subsequently sold to investors. The Group may hold some asset-backed securities in these businesses, thus reserving part of risks and rewards of transferred credit assets. The Group analyses and judges whether to derecognize relevant credit assets based on degree of risk and reward retention.

As at 30 June 2024 and 31 December 2023, the Group has no outstanding balance of credit asset securitization business.

(2) Transfer of credit assets

For the six months ended 30 June 2024, the Group has no disposed non-performing loans (For the six months ended 30 June 2023, the carrying amount of the Group disposed non-performing loans was not significant) by transferring them to third parties. The Group analyzed whether to derecognize related credit assets based on degree of risk and reward retention. The Group has derecognized relevant credit assets after assessment.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

48 TRANSFER OF FINANCIAL ASSETS (Continued)

(3) Repurchase agreements

In daily operating activities, the Group entered repurchase agreements with certain counterparties. The Group sold debt securities and bills to certain counterparties and were subject to the simultaneous agreements with commitments to repurchase at specified future dates and prices. As stipulated in the repurchase agreements, there is no transfer of the legal ownership of these debt securities and bills to the counterparties during the covered period. However, the Group is not allowed to sell or pledge these securities during the covered period unless both parties mutually agree with such arrangement. Accordingly, the Group has determined that it retains substantially all the risks and rewards of these debt securities and therefore has not derecognised from the consolidated financial statements but regarded as “collateral” for the secured lending from the counterparties.

(4) 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 RMB23,800 million (As at 31 December 2023: RMB22,950 million).

49 FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks in its operating activities, including:

- Credit risk
- Market risk
- Liquidity risk

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

The Group has designed risk management policies and has set up controls to identify, analyse, monitor and report risks by means of relevant and up-to-date information systems. The Group regularly reviews its risk management policies and systems to address changes in markets, products and emerging best practice.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework

The Board of Directors sets out a risk management committee. The risk management committee is responsible for setting the overall risk management and internal control strategies of the Group and the Bank, monitoring credit risk, market risk, liquidity risk and operation risk, periodically assessing the overall risk position, risk acceptance and management capabilities, and making recommendations and suggestions on risk management and internal control of the Group and the Bank.

Following the risk management strategies sets by the risk management committee, the Risk Management Department of the Group formulates and implements relevant risk management policies and procedures to monitor the risk arising from financial instruments of the Group.

(1) Credit risk

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations. Credit risk can also arise from operational failures that result in an unauthorised or inappropriate advance, commitment or investment of funds. The major credit risk of the Group comes from loans and advances to customers and other on-balance sheet and off-balance sheet credit risk exposures.

The Bank measures and manages the quality of financial assets containing both on-balance sheet and off-balance sheet credit risk exposures, in accordance with the Rules on Risk Classification of Financial Assets of Commercial Banks, Guidelines on Risk Classification of Credit Assets of Rural Cooperative Financial Institutions and other relevant regulatory requirements. The Bank has established a complete risk classification management system and clarified the responsibilities for risk classification management; The bank has formulated internal risk classification management policies, which specifies the risk classification methodology for each type of financial assets and the risk classification management process of "preliminary classification, determination and approval". Financial assets are classified by their risk level into the five categories of Normal, Special-Mention, Substandard, Doubtful, and Loss, with the latter three collectively referred to as non-performing assets.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(1) Credit risk (Continued)

The core definition of the five categories are defined as follows:

Normal:	The debtor is able to fulfill the contract without objective evidence that the principal, interest, or income cannot be paid in full and on time.
Special-mention:	The debtor is currently capable of paying the principal, interests, and income notwithstanding a number of factors that might adversely affect its capacity to meet its contractual obligations.
Substandard:	The debtor is incapable of paying the principal, interests, or income in full or the financial assets have undergone credit impairment.
Doubtful:	The debtor is incapable of paying the principal, interests, or income in full and the financial assets have undergone significant credit impairment.
Loss:	None or only a minimum fraction of the financial assets can be recovered after exhausting all available options.

The Group implements the “Measures for Management of Bad Debt Verification of Financial Enterprises” issued by Ministry of Finance. For those claims that have taken necessary measures and implemented necessary procedures and are still unable to recover, they will be written off after approval if complying with the conditions for the recognition of bad debts. For the six months ended 30 June 2024, the Group wrote off non-performing loans of RMB2,478.19 million (For the six months ended 30 June 2023: RMB1,900.82 million).

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(1) Credit risk (Continued)

Loans and advances to customers

The Group exercises standardised credit management procedures, including credit investigation and proposals, credit limit review, loan disbursement, post lending monitoring, and non-performing loans management. The Group enhances its credit risk management by strict access and standard credit management procedures; strengthening customer investigation, lending approval and post lending monitoring; enhancing risk mitigation effect of loans through collateral; accelerating disposal process of non-performing loans and continuously upgrade of Credit Management System.

Due from banks and other financial institutions

The Group adopts a Group-to-Group principle for credit to financial institutions. The Group sets credit lines for financial institutions and single financial institution that has financial transactions with the Group.

Bonds and other notes

The Group manages the credit risk exposure of bonds and other notes by controlling the scale of investment, setting the list of granting entities, rating access, Group-to-Group credit, and post-investment management.

Other financial assets

Other financial assets mainly include asset management products, debt financing plans, funds, trust plans, wealth management plans issued by other banks, etc. The Group implements a rating system for cooperating with financial institutions and sets credit lines for the ultimate financing party of the asset management products and debt financing plans, and conducts subsequent risk management on a regular basis.

Loan commitments

The main purpose of the loan commitments is to ensure that customers receive the funds they need. The letters of guarantee, acceptances and letters of credit issued are an irrevocable undertaking of the Group, that is, the Group undertakes to pay on behalf of its customer to the third party or to perform the payment on behalf of customers upon their failure to perform under the terms of the contract. There is a possibility that customer violates the terms of the contract and the Group needs to perform the payment on behalf of its customers. Risks arising from financial guarantees are similar to those associated with loans and advances. These transactions are, therefore, subject to the same risk management procedures and policies.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(1) Credit risk (Continued)

(a) ECL Measurement

Portfolio segmentation of credit risk exposures

By considering credit risk characteristics including product types, customer types, industry and market distribution, etc, the Group makes portfolio segmentation of credit risk exposures.

Financial Instrument Stages

The Group decide the stage of each financial instrument and estimate the ECL based on whether a significant increase in credit risk has occurred since initial recognition or whether a financial asset is considered to be credit-impaired. The major definitions of three stages of financial instruments are set out below.

- | | |
|----------|--|
| Stage 1: | Financials instruments with no significant increase in credit risk after initial recognition. ECL losses in the next 12 months is recognised. |
| Stage 2: | There are significant increase in credit risk since initial recognition, but no objective evidence of impairment of the financial instrument. Lifetime ECL of financial instruments is recognised. |
| Stage 3: | Financial instruments show objective evidence of impairment as at the balance sheet date. Lifetime ECL of financial instruments is recognised. |

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(1) Credit risk (Continued)

(a) ECL Measurement (Continued)

Significant Increase in Credit Risk

The Group sufficiently considers available and valid information in order to decide the stage of financial assets, which reflects the significant increase in credit risk, including the forward-looking information. The major factors considered include internal and external credit grading, repayment ability, operation capacity, contract terms of the loan, repayment behaviors, etc. The Group evaluates the change in default risk on reporting date and initial recognition of one financial instrument or a portfolio of financial instruments that shares the similar credit risk features.

The Group sets a series of quantitative and qualitative criteria to determine whether there are significant changes in credit risk of financial instruments since initial recognition. The following factors are mainly considered:

- Interest or principal paid by debtors is overdue for more than 30 days but less than 90 days
- A significant decrease in debtor's credit rating compared to that of initial recognition;
- Significant adverse changes in the debtor's operations or financial situation;
- Other objective evidence indicating there are significant changes in credit risk.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(1) Credit risk (Continued)

(a) ECL Measurement (Continued)

Definition on Default and Credit-impaired Assets

The Group determined whether the assets were credit impaired based on a series of quantitative and qualitative standards such as credit ratings, and the risk profile changes of the debtor. The Group defines a financial instrument as in default when it meets one or more of the following criteria. In order to evaluate whether a financial asset is credit impaired, the Group considers the following criteria:

- Credit rating grade is D;
- Significant financial difficulty of the borrower or issuer;
- Breach of contract term, such as a default or delinquency in interest or principal payments for over 90 days;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Group would not otherwise consider;
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for financial assets because of financial difficulties;
- Other objective evidence indicating there is an impairment of the financial asset.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(1) Credit risk (Continued)

(a) ECL Measurement (Continued)

Parameters in Measuring ECL

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the discounted product of the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), defined as follows:

The PD represents the likelihood of a borrower breaching the contractual terms or defaulting on its financial obligation over a specific time, either the next 12 months, or the remaining lifetime of the obligation.

The LGD refers to the extent of loss on a defaulted exposure, which is the ratio of the expected loss in the total amount of a loan. The Group's LGD is calculated in line with recovery amount according to different types of guarantees.

The EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

The Group measures ECL of credit-impaired financial assets with large amount and high risk with discounted cash flow modelling approach. The ECL of financial assets using the discounted cash flow modelling approach is measured based on the difference between the book value and the present value of estimated future cash flows discounted at a certain discount rate.

The Group reviews assumptions related to ECL model periodically, including but not limited to changes in PD and LGD.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(1) Credit risk (Continued)

(a) ECL Measurement (Continued)

Forward-looking Information

The Group incorporates forward-looking information when assess measuring ECL.

The Group has performed historical analysis and identified the key economic indicators impacting credit risk and ECL for each portfolio, mainly including growth rate of Gross Domestic Product (the “GDP”) in Chongqing Province, M2, urban residents’ per capita disposable income, etc, to calculate the forward-looking impact of the macro-economic environment on ECL. The Group regularly forecasts these economic indicators and provides the best estimate of economic conditions for the next future year.

The Group has established forecast model along with time series data collection of the above key economic indicators from Wind China Macro and Industry Database and internal data. On this basis, combined with the experience of experts, a certain proportion of the predicted value of the model is used as the forecast value of future key economic indicators and the weights of the three scenarios, optimistic, baseline and pessimistic are determined.

Similar to other economic projections, there is a high degree of inherent uncertainty in the estimation of expected values and likelihood of occurrence, so actual results may differ from forecasts. The Group updates the expected values of macroeconomic indicators periodically. The Group believes that these projections reflect the Group’s best estimate of possible outcomes to determine that the scenarios selected are appropriate to represent possible scenarios.

For the six months ended 30 June 2024, the forecast value range of the Group’s baseline scenario for the year-on-year growth rate of Chongqing’s gross product (GDP) is 4.4%-6.6%. The Group fully considered the uncertainty of internal and external economic environment when evaluating the forecast information used in the ECL model, and then made careful adjustments to the macroeconomic forecast.

Combined with expert judgement, the Group set the weighting of multiple scenarios based on the principle of taking the baseline scenario as the main and the rest scenarios as a supplement. The weight of the baseline scenario of the Group as at 30 June 2024 is slightly higher than the weights of other scenarios.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(1) Credit risk (Continued)

(a) ECL Measurement (Continued)

Sensitivity Analysis

ECL are sensitive to the parameters used in the model, the macro-economic variables of the forecast, the weight probabilities in the three scenarios, and other factors considered in the application of expert judgement. Changes in these inputs, assumptions, models, and judgements will have an impact on the significant increase in credit risk and the measurement of ECL.

As at 30 June 2024, the Group's credit impairment provision would increase by RMB379 million, assuming that the weighting of the optimistic scenario is reduced by 10% while the weighting of the baseline scenario is increased by 10%. The Group's credit impairment provision would decrease by RMB821 million, if the weighting of the pessimistic scenario is reduced by 10%, and the weight of baseline scenario is increased by 10%.

As at 31 December 2023, the Group's credit impairment provision would increase by RMB502 million, assuming that the weighting of the optimistic scenario is reduced by 10% while the weighting of the baseline scenario is increased by 10%. The Group's credit impairment provision would decrease by RMB1,198 million, if the weighting of the pessimistic scenario is reduced by 10%, and the weight of baseline scenario is increased by 10%.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(1) Credit risk (Continued)

(b) Maximum exposure to credit risk

As at the balance sheet date, the maximum exposure to credit risk of the Group without considering any collateral held or other credit enhancements are as follows:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Balances with central bank	50,816,907	52,695,911
Deposits with banks and other financial institutions	17,739,778	15,434,655
Placements with banks and other financial institutions	89,215,608	93,211,313
Derivative financial assets	12,758	20,911
Financial assets held under resale agreements	33,489,878	11,451,770
Loans and advances to customers	676,738,081	647,276,750
Financial investments		
– Financial assets measured at fair value through profit or loss	99,713,107	110,774,968
– Financial assets measured at fair value through other comprehensive income	214,418,733	166,235,752
– Financial assets measured at amortised cost	304,883,473	321,772,087
Other financial assets	1,669,632	969,833
Subtotal	1,488,697,955	1,419,843,950
Off-balance sheet loan commitments	42,943,649	42,878,092
Total	1,531,641,604	1,462,722,042

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(1) Credit risk (Continued)

(b) Maximum exposure to credit risk (Continued)

The Group conducts internal stratified management of asset risk characteristics according to the quality status of assets. Financial assets included in the ECL are further classified into “Risk level 1”, “Risk level 2”, “Risk level 3” and “Default” within each stage according to internal rating scales and overdue days, the results of this layered management are used by the Bank for internal credit risk management purposes. “Risk level 1” means that the asset quality is good, and the rating is high, or there is no overdue situation, or there is no reason to suspect that the asset is expected to default; “Risk level 2” means medium rating, or although there is a certain overdue situation, the asset quality is good or there may be factors that have an adverse effect, but there is no sufficient reason to suspect that the asset is expected to default. “Risk level 3” means that the rating is low or the overdue situation is more serious, which means that there are factors that have a significantly adverse effect on the asset default, but there is no event indicating that the default has occurred. The criteria for “Default” is consistent with definition of credit impairment that has occurred.

Maximum exposure to credit risk of loans and advances to customers measured at amortised cost analysed by internal stratified management:

	As at 30 June 2024 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Credit rating				
Risk level 1	529,861,473	3,831,906	–	533,693,379
Risk level 2	89,151,606	10,258,746	–	99,410,352
Risk level 3	–	3,265,399	–	3,265,399
Default	–	–	8,661,624	8,661,624
Gross carrying amount	619,013,079	17,356,051	8,661,624	645,030,754
ECL allowance	(17,401,115)	(6,049,650)	(6,675,730)	(30,126,495)
Carrying amount	<u>601,611,964</u>	<u>11,306,401</u>	<u>1,985,894</u>	<u>614,904,259</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(1) Credit risk (Continued)

(b) Maximum exposure to credit risk (Continued)

	As at 31 December 2023 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
Credit rating				
Risk level 1	509,133,682	1,568,195	–	510,701,877
Risk level 2	85,302,465	10,986,806	–	96,289,271
Risk level 3	–	3,306,339	–	3,306,339
Default	–	–	8,406,368	8,406,368
Gross carrying amount	594,436,147	15,861,340	8,406,368	618,703,855
ECL allowance	(17,125,680)	(5,416,324)	(6,891,885)	(29,433,889)
Carrying amount	<u>577,310,467</u>	<u>10,445,016</u>	<u>1,514,483</u>	<u>589,269,966</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(1) Credit risk (Continued)

(c) Analysis of credit quality on financial assets

As at 30 June 2024, the Group's credit risk stages of financial instruments included in impairment assessment are as follows:

	As at 30 June 2024 (Unaudited)							
	Book value				ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<i>Financial assets measured at amortised cost</i>								
Balances with central bank	50,816,907	-	-	50,816,907	-	-	-	-
Deposits with banks and other financial institutions	17,774,446	-	-	17,774,446	(34,668)	-	-	(34,668)
Placements with banks and other financial institutions	89,454,049	-	-	89,454,049	(238,441)	-	-	(238,441)
Financial assets held under resale agreements	33,633,534	-	-	33,633,534	(143,656)	-	-	(143,656)
Loans and advances to customers	619,013,079	17,356,051	8,661,624	645,030,754	(17,401,115)	(6,049,650)	(6,675,730)	(30,126,495)
Financial assets measured at amortised cost	304,304,466	779,072	2,538,135	307,621,673	(556,448)	(31,692)	(2,150,060)	(2,738,200)
Other financial assets	<u>1,728,640</u>	<u>25,596</u>	<u>241,715</u>	<u>1,995,951</u>	<u>(98,155)</u>	<u>(7,617)</u>	<u>(220,547)</u>	<u>(326,319)</u>
Total	<u>1,116,725,121</u>	<u>18,160,719</u>	<u>11,441,474</u>	<u>1,146,327,314</u>	<u>(18,472,483)</u>	<u>(6,088,959)</u>	<u>(9,046,337)</u>	<u>(33,607,779)</u>
<i>Financial assets measured at fair value through other comprehensive income</i>								
Loans and advances to customers	61,832,822	-	1,000	61,833,822	(118,394)	-	(1,000)	(119,394)
Financial assets measured at fair value through other comprehensive income	<u>213,227,895</u>	<u>-</u>	<u>-</u>	<u>213,227,895</u>	<u>(229,689)</u>	<u>-</u>	<u>-</u>	<u>(229,689)</u>
Total	<u>275,060,717</u>	<u>-</u>	<u>1,000</u>	<u>275,061,717</u>	<u>(348,083)</u>	<u>-</u>	<u>(1,000)</u>	<u>(349,083)</u>
Loan commitments	<u>43,105,511</u>	<u>16,843</u>	<u>130,982</u>	<u>43,253,336</u>	<u>(285,232)</u>	<u>(1,113)</u>	<u>(23,342)</u>	<u>(309,687)</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(1) Credit risk (Continued)

(c) Analysis of credit quality on financial assets (Continued)

As at 31 December 2023, the Group's credit risk stages of financial instruments included in impairment assessment are as follows:

	As at 31 December 2023 (Audited)							
	Book value				ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<i>Financial assets measured at amortised cost</i>								
Balances with central bank	52,695,911	-	-	52,695,911	-	-	-	-
Deposits with banks and other financial institutions	15,464,571	-	-	15,464,571	(29,916)	-	-	(29,916)
Placements with banks and other financial	93,499,442	-	-	93,499,442	(288,129)	-	-	(288,129)
Financial assets held under resale agreements	11,492,609	-	-	11,492,609	(40,839)	-	-	(40,839)
Loans and advances to customers	594,436,147	15,861,340	8,406,368	618,703,855	(17,125,680)	(5,416,324)	(6,891,885)	(29,433,889)
Financial assets measured at amortised cost	320,929,644	1,206,582	2,538,135	324,674,361	(709,660)	(42,554)	(2,150,060)	(2,902,274)
Other financial assets	973,554	38,900	222,896	1,235,350	(49,776)	(12,107)	(203,634)	(265,517)
Total	1,089,491,878	17,106,822	11,167,399	1,117,766,099	(18,244,000)	(5,470,985)	(9,245,579)	(32,960,564)
<i>Financial assets measured at fair value through other comprehensive income</i>								
Loans and advances to customers	58,005,784	-	1,000	58,006,784	(118,085)	-	(1,000)	(119,085)
Financial assets measured at fair value through other comprehensive income	164,925,901	-	-	164,925,901	(162,094)	-	-	(162,094)
Total	222,931,685	-	1,000	222,932,685	(280,179)	-	(1,000)	(281,179)
Loan commitments	43,047,892	191,045	46,978	43,285,915	(344,802)	(53,743)	(9,278)	(407,823)

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(1) Credit risk (Continued)

(d) Concentration risk

If counterparties are concentrated in a particular industry or region, or share certain economic characteristics, their credit risk will generally increase accordingly. Meanwhile, different industries and regions have their own unique characteristics of economic development, and therefore the credit risk of different industries and regions is different.

(i) Loans and advances to customers

The industry concentration risk of loans and advances to customers refers to Note 19(3).

(ii) Bonds and other investments

The Group uses credit ratings to monitor the credit risk positions of its debt investment portfolio. The ratings can refer to the rating evaluated by the rating agencies recognised by PBOC.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(1) Credit risk (Continued)

(d) Concentration risk (Continued)

(ii) Bonds and other investments (Continued)

As at the balance sheet date, the gross carrying amounts of bonds and other investments by investment ratings were as follows:

	As at 30 June 2024 (Unaudited)			
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortised cost	Total
Debt securities:				
AAA	5,342,463	65,303,874	110,806,981	181,453,318
AA	1,097,515	664,207	6,418,934	8,180,656
Unrated debt securities and others:				
Public sector and quasi-government bonds	557,943	86,852,124	61,816,531	149,226,598
Government bonds	654,792	16,705,005	95,813,285	113,173,082
Funds	65,033,617	–	–	65,033,617
Interbank deposit certificates	18,608,256	33,771,285	2,362,193	54,741,734
Corporate bonds	6,198,176	7,704,151	19,002,440	32,904,767
Financial institutions bonds	30,469	2,227,249	8,789,072	11,046,790
Trust and asset management plans	1,213,465	–	2,538,135	3,751,600
Wealth management products	680,915	–	–	680,915
Others	295,496	–	74,102	369,598
Total	<u>99,713,107</u>	<u>213,227,895</u>	<u>307,621,673</u>	<u>620,562,675</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(1) Credit risk (Continued)

(d) Concentration risk (Continued)

(ii) Bonds and other investments (Continued)

	As at 31 December 2023 (Audited)			
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortised cost	Total
Debt securities:				
AAA	7,197,313	45,814,430	115,897,863	168,909,606
AA	1,221,560	656,543	8,383,285	10,261,388
Unrated debt securities and others:				
Public sector and quasi-government bonds	641,731	76,178,520	60,657,551	137,477,802
Government bonds	862,930	16,206,864	105,375,429	122,445,223
Interbank deposit certificates	57,160,877	18,486,086	–	75,646,963
Funds	36,105,825	–	–	36,105,825
Corporate bonds	4,999,848	7,381,470	23,431,725	35,813,043
Financial institutions bonds	–	201,988	5,413,426	5,615,414
Trust and asset management plans	1,503,694	–	2,538,135	4,041,829
Wealth management products	731,975	–	–	731,975
Others	349,215	–	2,976,947	3,326,162
Total	<u>110,774,968</u>	<u>164,925,901</u>	<u>324,674,361</u>	<u>600,375,230</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(1) Credit risk (Continued)

(e) Restructured loans and advances

According to the latest regulation of loan risk classification which released by NFRA, restructured loans and advances are financial assets made by commercial banks in favor of the debtor's adjustment of debt contracts or the provision of refinancing for the debtor's existing debts, to encourage the debtor to repay debts due to financial difficulties. As at 30 June 2024, the restructured loans and advances which meet above definition amounted to RMB3,151 million (As at 31 December 2023: RMB614 million).

(f) Credit-impaired loans and advances

The portions covered and not covered by collaterals held are as follows:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Portion covered	5,574,991	5,503,604
Portion not covered	3,087,633	2,903,764
Total	8,662,624	8,407,368

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(2) Market risk

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

The Group is primarily exposed to interest rate risk arising from the structural interest rate risk from commercial banking business and the risk of its capital trading position. Interest rate risk originates from multiple businesses and largely arises from mismatches between the re-pricing dates of assets and liabilities.

The Group's foreign currency risk is the risk of loss in respect of its foreign currency exposures, arising from transactions taken on foreign currency denominated assets and liabilities, which results from movements in foreign exchange rates.

(a) 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 continuously monitor the macro-economic factors that may impact on PBOC benchmark interest rates. The Group optimize internal and external pricing strategy according to market changes, use pricing tools such as Funds Transfer Pricing (FTP) to guide and adjust the repricing period of business portfolio, and strengthen interest rate risk management through limit management system.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(2) Market risk (Continued)

(a) Interest rate risk (Continued)

(i) Analysis of repricing date structure

The tables below summarise the contractual repricing or maturity date, whichever is earlier, of the Group's financial assets and liabilities.

	As at 30 June 2024 (Unaudited)					
	Non-interest bearing	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets						
Cash and balances with central bank	2,574,167	50,775,802	–	–	–	53,349,969
Deposits with banks and other financial institutions	23,316	12,249,439	5,458,075	8,948	–	17,739,778
Placements with banks and other financial institutions	786,114	40,123,936	47,407,271	898,287	–	89,215,608
Derivative financial assets	12,758	–	–	–	–	12,758
Financial assets held under resale agreements	10,127	33,479,751	–	–	–	33,489,878
Loans and advances to customers (Note i)	1,756,565	108,474,464	465,868,603	84,794,218	15,844,231	676,738,081
Financial investments (Note ii)	75,306,358	54,887,418	73,651,019	246,754,628	168,415,890	619,015,313
Other financial assets	1,669,632	–	–	–	–	1,669,632
Total financial assets	82,139,037	299,990,810	592,384,968	332,456,081	184,260,121	1,491,231,017
Financial liabilities						
Borrowings from central bank	737,680	17,849,874	87,371,083	–	–	105,958,637
Deposits from banks and other financial institutions	83,263	15,129,940	–	–	–	15,213,203
Placements from banks and other financial institutions	505,729	28,092,804	27,899,000	1,022,500	–	57,520,033
Financial liabilities measured at fair value through profit or loss	8,019,780	–	–	–	–	8,019,780
Derivative financial liabilities	12,897	–	–	–	–	12,897
Financial assets sold under repurchase agreements	89,748	76,355,164	10,747,944	–	–	87,192,856
Deposits from customers	15,130,654	338,189,443	424,733,625	163,593,821	–	941,647,543
Debt securities issued	296,990	68,115,575	66,877,661	13,997,754	–	149,287,980
Lease liabilities	–	20,917	34,230	81,538	10,041	146,726
Other financial liabilities	8,174,502	–	–	–	31,331	8,205,833
Total financial liabilities	33,051,243	543,753,717	617,663,543	178,695,613	41,372	1,373,205,488
Interest rate risk gap	49,087,794	(243,762,907)	(25,278,575)	153,760,468	184,218,749	118,025,529

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(2) Market risk (Continued)

(a) Interest rate risk (Continued)

(i) Analysis of repricing date structure (Continued)

	As at 31 December 2023 (Audited)					Total
	Non-interest bearing	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Financial assets						
Cash and balances with central bank	3,163,907	52,618,793	–	–	–	55,782,700
Deposits with banks and other financial institutions	14,027	14,204,055	1,207,582	8,991	–	15,434,655
Placements with banks and other financial institutions	1,084,753	41,548,423	49,779,741	798,396	–	93,211,313
Derivative financial assets	20,911	–	–	–	–	20,911
Financial assets held under resale agreements	10,717	11,441,053	–	–	–	11,451,770
Loans and advances to customers (Note i)	1,891,885	345,556,747	196,189,454	86,615,045	17,023,619	647,276,750
Financial investments (Note ii)	47,917,100	54,235,821	91,427,391	212,602,097	192,600,398	598,782,807
Other financial assets	969,833	–	–	–	–	969,833
Total financial assets	55,073,133	519,604,892	338,604,168	300,024,529	209,624,017	1,422,930,739
Financial liabilities						
Borrowings from central bank	475,864	18,225,000	88,460,872	–	–	107,161,736
Deposits from banks and other financial institutions	351,993	21,901,703	33,670,000	–	–	55,923,696
Placements from banks and other financial institutions	418,290	15,512,895	34,859,304	550,000	–	51,340,489
Financial liabilities measured at fair value through profit or loss	8,748,274	–	–	–	–	8,748,274
Derivative financial liabilities	15,061	–	–	–	–	15,061
Financial assets sold under repurchase agreements	169,139	58,530,630	4,609,904	–	–	63,309,673
Deposits from customers	18,605,885	503,879,065	188,995,460	184,721,820	–	896,202,230
Debt securities issued	336,220	39,673,625	60,573,415	13,996,560	4,999,572	119,579,392
Lease liabilities	–	14,768	40,243	90,736	19,466	165,213
Other financial liabilities	7,601,107	–	–	–	31,331	7,632,438
Total financial liabilities	36,721,833	657,737,686	411,209,198	199,359,116	5,050,369	1,310,078,202
Interest rate risk gap	18,351,300	(138,132,794)	(72,605,030)	100,665,413	204,573,648	112,852,537

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(2) Market risk (Continued)

(a) Interest rate risk (Continued)

(i) Analysis of repricing date structure (Continued)

Note i For loans and advances to customers, the “3 months or less” category includes overdue amounts as at 30 June 2024 and 31 December 2023 net of allowances for impairment losses. Overdue amounts represent loans of which the whole or part of the principals or interests were overdue.

Note ii Financial investments comprise financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost.

(ii) Interest rate sensitivity analysis

The following table illustrates the potential impact after taxation of a parallel upward or downward shift of 100 basis points of the yields of all the currencies on the net profit and comprehensive income, based on the structure of interest-earning assets and interest-bearing liabilities as at the balance sheet date.

	As at 30 June 2024 (Unaudited)		As at 31 December 2023 (Audited)	
	Net profit	Other comprehensive income	Net profit	Other comprehensive income
+100 basis points	<u>(460,308)</u>	<u>(3,158,415)</u>	<u>149,907</u>	<u>(3,663,547)</u>
- 100 basis points	<u>460,308</u>	<u>3,275,315</u>	<u>(151,180)</u>	<u>3,920,444</u>

Given the nature of demand deposits, their interest rate fluctuations are less volatile than those of other products; therefore the impact of yield curves movement on interest expenses related to demand deposits has been excluded.

The impact on net profits reflects the effect of certain interest rate changes on the net profits of financial assets and financial liabilities held at the end of the period/year and expected to be repriced or matured within the next year.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(2) Market risk (Continued)

(a) Interest rate risk (Continued)

(ii) Interest rate sensitivity analysis (Continued)

The impact on other comprehensive income reflects the effect of certain interest rate changes on fair value of debt instruments measured at fair value through other comprehensive income held at the end of the period/year, whose fair value changes are recorded as an element of other comprehensive income.

The above interest rate sensitivity analysis assumes that all assets and liabilities repriced or matured within three months and three months to one year are to be repriced or matured in the middle of the relevant period, and the yield curve moves in parallel with the change of interest rate, does not incorporate actions that would be taken by management to mitigate the impact of interest rate risk. As the actual situation and assumptions maybe different, the actual changes in the Group's net interest income and equity caused by the increase or decrease in interest rates may be different from the results of this sensitivity analysis.

(b) Foreign currency risk

Foreign currency risk is the risk of loss, which results from negative movements in foreign exchange rates. The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD and to a lesser extent in other currencies. The Group's foreign currency transactions mainly involve foreign currency treasury business, deposits, loans and advances, foreign exchanges and derivatives. The Group's foreign currency risk mainly arises from currency mismatch between foreign currency assets and liabilities and currency derivatives.

The Group controls foreign currency risk by setting relevant limits, taking the initiative to adjust the structure of foreign currency assets for a proper matching of currency structure of assets and liabilities, and applying appropriate exchange rate financial derivatives to manage foreign currency asset and liability portfolios and structural positions. Meanwhile, the Group conducts foreign currency sensitivity analysis on a regular basis.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(2) Market risk (Continued)

(b) Foreign currency risk (Continued)

(i) Exposure to foreign currency risk

As at the balance sheet date, the exposure to foreign currency risk are as follows:

	As at 30 June 2024 (Unaudited)				Total
	RMB	USD RMB equivalent	HKD RMB equivalent	Other currencies RMB equivalent	
Financial assets					
Cash and balances with central bank	53,333,619	16,241	109	–	53,349,969
Deposits with banks and other financial institutions	17,278,723	409,782	12,724	38,549	17,739,778
Placements with banks and other financial institutions	89,215,608	–	–	–	89,215,608
Derivative financial assets	12,670	88	–	–	12,758
Financial assets held under resale agreements	33,489,878	–	–	–	33,489,878
Loans and advances to customers	676,674,622	63,459	–	–	676,738,081
Financial investments (Note i)	618,872,209	143,104	–	–	619,015,313
Other financial assets	1,669,632	–	–	–	1,669,632
Total financial assets	1,490,546,961	632,674	12,833	38,549	1,491,231,017
Financial liabilities					
Borrowings from central bank	105,958,637	–	–	–	105,958,637
Deposits from banks and other financial institutions	15,213,203	–	–	–	15,213,203
Placements from banks and other financial institutions	57,520,033	–	–	–	57,520,033
Financial liabilities measured at fair value through profit or loss	8,019,780	–	–	–	8,019,780
Derivative financial liabilities	1,309	8,607	2,524	457	12,897
Financial assets sold under repurchase agreements	87,192,856	–	–	–	87,192,856
Deposits from customers	941,238,202	369,493	489	39,359	941,647,543
Debt securities issued	149,287,980	–	–	–	149,287,980
Lease liabilities	146,726	–	–	–	146,726
Other financial liabilities	8,174,500	31,331	–	2	8,205,833
Total financial liabilities	1,372,753,226	409,431	3,013	39,818	1,373,205,488
Net position	117,793,735	223,243	9,820	(1,269)	118,025,529
Loan commitments	42,882,229	359,243	–	11,864	43,253,336

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(2) Market risk (Continued)

(b) Foreign currency risk (Continued)

(i) Exposure to foreign currency risk (Continued)

	As at 31 December 2023 (Audited)				Total
	RMB	USD RMB equivalent	HKD RMB equivalent	Other currencies RMB equivalent	
Financial assets					
Cash and balances with central bank	55,759,424	23,149	127	–	55,782,700
Deposits with banks and other financial institutions	14,829,309	365,311	185,655	54,380	15,434,655
Placements with banks and other financial institutions	92,535,373	675,940	–	–	93,211,313
Derivative financial assets	8,415	12,425	71	–	20,911
Financial assets held under resale agreements	11,451,770	–	–	–	11,451,770
Loans and advances to customers	647,059,149	217,601	–	–	647,276,750
Financial investments (Note i)	598,640,644	142,163	–	–	598,782,807
Other financial assets	969,833	–	–	–	969,833
Total financial assets	1,421,253,917	1,436,589	185,853	54,380	1,422,930,739
Financial liabilities					
Borrowings from central bank	107,161,736	–	–	–	107,161,736
Deposits from banks and other financial institutions	55,923,696	–	–	–	55,923,696
Placements from banks and other financial institutions	51,092,141	248,348	–	–	51,340,489
Financial liabilities measured at fair value through profit or loss	8,748,274	–	–	–	8,748,274
Derivative financial liabilities	2,162	632	101	12,166	15,061
Financial assets sold under repurchase agreements	63,309,673	–	–	–	63,309,673
Deposits from customers	895,711,509	464,090	309	26,322	896,202,230
Debt securities issued	119,579,392	–	–	–	119,579,392
Lease liabilities	165,213	–	–	–	165,213
Other financial liabilities	7,590,481	41,955	–	2	7,632,438
Total financial liabilities	1,309,284,277	755,025	410	38,490	1,310,078,202
Net position	111,969,640	681,564	185,443	15,890	112,852,537
Loan commitments	42,909,358	370,075	–	6,482	43,285,915

Note i Financial investments comprise financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(2) Market risk (Continued)

(b) Foreign currency risk (Continued)

(ii) Foreign currency sensitivity analysis

The table below indicates the potential effect of an appreciation or depreciation of RMB spot and forward exchange rate against USD by 5% on net profit.

	Sensitivity of net profit and equity	
	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Unaudited)
RMB5% appreciation	(8,372)	(25,559)
RMB5% depreciation	8,372	25,559

The impact on the net profit arises from the effects of movement in RMB exchange rate on the net positions of foreign monetary assets and liabilities. Changes in foreign exchange rate will not affect other comprehensive income.

The effect on the net profit is based on the assumption that the Group's net foreign currency at the end of the reporting period remains unchanged. The Group mitigates its foreign currency risk through active management of its foreign currency exposures, based on the management expectation of future foreign currency movements, and therefore the above sensitivity analysis may differ to the actual situation.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(3) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from cash flow or maturity mismatches of assets and liabilities.

The Asset and Liability Management Committee of the Group mapped out the index management system of the ratios of asset and liability structure, based on the principles of liquidity, safety, and profitability; determines annual target values of these indexes in accordance with regulatory requirement and business plan; and allocates the tasks to branches for implementation.

The Group established the supervision system of indexes of asset and liability management, the liquidity reverse system, and relevant emergency management measures, to reduce the liquidity risk of the Group. The Group worked out the regulatory indicators of liquidity in accordance with the requirement of the regulator, and reported to the regulator periodically.

The assets which can be used for repaying debt and paying for the outstanding credit commitments contain cash and balances with central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, financial assets measured at fair value through profit or loss, and so forth. In normal operation, majority of deposits will not be withdrawn immediately on the maturity date. Therefore, the Group will retain this part of cash flow.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(3) Liquidity risk (Continued)

(a) Maturity analysis

The table below summarises the maturity analysis of financial assets and liabilities by remaining contractual maturities at the end of the reporting period.

	As at 30 June 2024 (Unaudited)							Total
	Overdue/ undated	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Financial assets								
Cash and balances with central bank	45,977,623	7,351,569	-	20,777	-	-	-	53,349,969
Deposits with banks and other financial institutions	-	10,431,221	1,123,539	700,867	5,475,159	8,992	-	17,739,778
Placements with banks and other financial institutions	-	-	11,982,185	28,597,236	47,737,453	898,734	-	89,215,608
Derivative financial assets	-	-	175	433	9,488	2,662	-	12,758
Financial assets held under resale agreements	-	-	33,489,878	-	-	-	-	33,489,878
Loans and advances to customers	3,538,586	-	41,754,303	37,525,266	200,061,134	201,761,936	192,096,856	676,738,081
Financial investments (Note i)	1,874,409	43,922,366	16,182,417	18,601,015	75,817,705	277,669,961	184,947,440	619,015,313
Other financial assets	83,933	1,585,699	-	-	-	-	-	1,669,632
Total financial assets	51,474,551	63,290,855	104,532,497	85,445,594	329,100,939	480,342,285	377,044,296	1,491,231,017
Financial liabilities								
Borrowings from central bank	-	-	3,796,473	14,791,049	87,371,115	-	-	105,958,637
Deposits from banks and other financial institutions	-	1,130,249	4,523,371	9,559,583	-	-	-	15,213,203
Placements from banks and other financial institutions	-	-	12,479,032	15,865,692	28,142,806	1,032,503	-	57,520,033
Financial liabilities measured at fair value through profit or loss	-	3,574,521	22,620	925,441	2,275,198	1,222,000	-	8,019,780
Derivative financial liabilities	-	-	6,873	673	5,351	-	-	12,897
Financial assets sold under repurchase agreements	-	-	63,976,613	12,452,228	10,764,015	-	-	87,192,856
Deposits from customers	-	248,894,195	36,593,018	55,295,803	433,006,423	167,858,104	-	941,647,543
Debt securities issued	-	-	36,016,394	32,099,180	66,877,661	14,294,745	-	149,287,980
Lease liabilities	-	-	9,455	11,462	34,230	81,538	10,041	146,726
Other financial liabilities	-	1,962,214	175,676	1,058,673	1,086,921	3,352,322	570,027	8,205,833
Total financial liabilities	-	255,561,179	157,599,525	142,059,784	629,563,720	187,841,212	580,068	1,373,205,488
Net position	51,474,551	(192,270,324)	(53,067,028)	(56,614,190)	(300,462,781)	292,501,073	376,464,228	118,025,529

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(3) Liquidity risk (Continued)

(a) Maturity analysis (Continued)

	As at 31 December 2023 (Audited)							Total
	Overdue/ undated	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Financial assets								
Cash and balances with central bank	46,624,950	9,134,587	-	23,163	-	-	-	55,782,700
Deposits with banks and other financial institutions	-	10,848,825	3,204,631	159,009	1,213,164	9,026	-	15,434,655
Placements with banks and other financial institutions	-	-	9,540,096	32,604,867	50,267,253	799,097	-	93,211,313
Derivative financial assets	-	-	71	966	14,959	4,915	-	20,911
Financial assets held under resale agreements	-	-	11,451,770	-	-	-	-	11,451,770
Loans and advances to customers	2,936,734	-	39,288,110	44,366,199	181,023,146	194,993,275	184,669,286	647,276,750
Financial investments (Note i)	2,047,141	15,705,570	6,197,002	26,502,691	94,806,923	237,509,474	216,014,006	598,782,807
Other financial assets	34,097	935,736	-	-	-	-	-	969,833
Total financial assets	51,642,922	36,624,718	69,681,680	103,656,895	327,325,445	433,315,787	400,683,292	1,422,930,739
Financial liabilities								
Borrowings from central bank	-	-	7,965,619	10,735,009	88,461,108	-	-	107,161,736
Deposits from banks and other financial institutions	-	981,149	7,971,122	13,083,565	33,887,860	-	-	55,923,696
Placements from banks and other financial institutions	-	-	5,593,514	10,151,722	35,044,732	550,521	-	51,340,489
Financial liabilities measured at fair value through profit or loss	-	1,409,284	100,954	2,121,080	3,078,590	2,038,366	-	8,748,274
Derivative financial liabilities	-	-	-	-	14,139	922	-	15,061
Financial assets sold under repurchase agreements	-	-	54,617,236	4,061,709	4,630,728	-	-	63,309,673
Deposits from customers	-	270,407,938	91,828,273	148,710,246	191,224,856	194,030,917	-	896,202,230
Debt securities issued	-	-	6,462,481	33,211,144	60,629,506	14,150,377	5,125,884	119,579,392
Lease liabilities	-	-	5,554	9,214	40,243	90,736	19,466	165,213
Other financial liabilities	-	2,500,788	133,260	278,461	1,116,067	3,320,116	283,746	7,632,438
Total financial liabilities	-	275,299,159	174,678,013	222,362,150	418,127,829	214,181,955	5,429,096	1,310,078,202
Net position	51,642,922	(238,674,441)	(104,996,333)	(118,705,255)	(90,802,384)	219,133,832	395,254,196	112,852,537

Note i Financial investments comprise financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(3) Liquidity risk (Continued)

(b) Analysis of the undiscounted contractual cash flows

The tables below presents the cash flows of financial assets and financial liabilities by remaining contractual maturities at the end of each reporting period. The Group's actual cash flows on these instruments may vary significantly from this analysis.

	As at 30 June 2024 (Unaudited)							
	Overdue/ undated	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets								
Cash and balances with central bank	45,977,623	7,351,569	-	20,777	-	-	-	53,349,969
Deposits with banks and other financial institutions	-	10,431,221	1,123,542	700,885	5,476,043	8,994	-	17,740,685
Placements with banks and other financial institutions	-	-	11,982,311	28,598,310	47,745,060	899,055	-	89,224,736
Financial assets held under resale agreements	-	-	33,494,671	-	-	-	-	33,494,671
Loans and advances to customers	4,713,070	-	42,460,597	39,058,797	212,308,452	238,069,871	330,117,904	866,728,691
Financial investments (Note i)	1,874,409	43,922,366	17,345,439	21,227,734	86,912,537	315,730,719	207,181,165	694,194,369
Other financial assets	83,933	1,585,699	-	-	-	-	-	1,669,632
Total financial assets	52,649,035	63,290,855	106,406,560	89,606,503	352,442,092	554,708,639	537,299,069	1,756,402,753
Financial liabilities								
Borrowings from central bank	-	-	3,985,996	14,984,343	88,129,397	-	-	107,099,736
Deposits from banks and other financial institutions	-	1,130,249	4,527,706	9,600,503	-	-	-	15,258,458
Placements from banks and other financial institutions	-	-	12,490,995	15,942,358	28,611,521	1,082,991	-	58,127,865
Financial liabilities measured at fair value through profit or loss	-	3,574,521	22,620	925,441	2,275,198	1,222,000	-	8,019,780
Financial assets sold under repurchase agreements	-	-	63,986,074	12,480,561	10,827,805	-	-	87,294,440
Deposits from customers	-	248,894,195	36,616,493	55,475,222	438,875,651	176,619,154	-	956,480,715
Debt securities issued	-	-	36,060,000	32,241,836	67,824,137	14,839,245	-	150,965,218
Lease liabilities	-	-	9,806	11,799	36,928	86,300	10,377	155,210
Other financial liabilities	-	1,962,214	175,676	1,058,673	1,086,921	3,352,322	570,027	8,205,833
Total financial liabilities	-	255,561,179	157,875,366	142,720,736	637,667,558	197,202,012	580,404	1,391,607,255
Net position	52,649,035	(192,270,324)	(51,468,806)	(53,114,233)	(285,225,466)	357,506,627	536,718,665	364,795,498
Derivative financial instruments								
Settled by total amount								
- Total inflows	-	-	354,565	26,499	395,171	2,662	-	778,897
- Total outflows	-	-	(361,262)	(24,460)	(391,034)	-	-	(776,756)
Net position	-	-	(175)	(275)	(859)	-	-	(1,309)
Total derivative financial instruments	-	-	(6,872)	1,764	3,278	2,662	-	832
Loan commitments	1,213,914	28,802,267	969,776	4,490,021	6,438,182	1,311,176	28,000	43,253,336

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

Risk Management Framework (Continued)

(3) Liquidity risk (Continued)

(b) Analysis of the undiscounted contractual cash flows (Continued)

	As at 31 December 2023 (Audited)							Total
	Overdue/ undated	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Financial assets								
Cash and balances with central bank	46,624,950	9,134,587	-	23,163	-	-	-	55,782,700
Deposits with banks and other financial institutions	-	10,848,825	3,204,675	159,838	1,226,046	9,032	-	15,448,416
Placements with banks and other financial institutions	-	-	9,547,327	32,770,608	51,020,490	823,397	-	94,161,822
Financial assets held under resale agreements	-	-	11,453,571	-	-	-	-	11,453,571
Loans and advances to customers	3,973,362	-	39,976,948	45,754,217	193,199,050	226,987,279	321,491,780	831,382,636
Financial investments (Note i)	2,047,141	15,705,570	7,529,307	28,957,746	105,881,853	280,030,146	245,834,364	685,986,127
Other financial assets	34,097	935,736	-	-	-	-	-	969,833
Total financial assets	52,679,550	36,624,718	71,711,828	107,665,572	351,327,439	507,849,854	567,326,144	1,695,185,105
Financial liabilities								
Borrowings from central bank	-	-	8,168,439	10,928,306	89,658,795	-	-	108,755,540
Deposits from banks and other financial institutions	-	981,149	7,978,393	13,114,992	34,235,192	-	-	56,309,726
Placements from banks and other financial institutions	-	-	5,601,080	10,208,472	35,656,779	584,621	-	52,050,952
Financial liabilities measured at fair value through profit or loss	-	1,409,284	100,954	2,121,080	3,078,590	2,038,366	-	8,748,274
Financial assets sold under repurchase agreements	-	-	54,624,159	4,069,565	4,659,704	-	-	63,353,428
Deposits from customers	-	270,407,938	91,920,590	149,257,635	193,518,831	203,598,312	-	908,703,306
Debt securities issued	-	-	6,470,000	33,360,000	61,615,873	15,673,507	5,355,884	122,475,264
Lease liabilities	-	-	5,971	10,053	43,428	98,304	21,993	179,749
Other financial liabilities	-	2,500,788	133,260	278,461	1,116,067	3,320,116	283,746	7,632,438
Total financial liabilities	-	275,299,159	175,002,846	223,348,564	423,583,259	225,313,226	5,661,623	1,328,208,677
Net position	52,679,550	(238,674,441)	(103,291,018)	(115,682,992)	(72,255,820)	282,536,628	561,664,521	366,976,428
Derivative financial instruments								
Settled by total amount								
- Total inflows	-	-	4,391	11,760	408,330	8,314	-	432,795
- Total outflows	-	-	(4,320)	-	(405,655)	(4,320)	-	(414,295)
Net position	-	-	-	-	(1,304)	(858)	-	(2,162)
Total derivative financial instruments	-	-	71	11,760	1,371	3,136	-	16,338
Loan commitments	1,031,915	27,898,120	2,790,064	5,135,678	5,200,103	1,202,035	28,000	43,285,915

Note i Financial investments comprise financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

50 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(1) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in 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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In estimating fair value of an asset or a liability, the Group uses market-observable data to the extent it is available such as the market price of listed equity securities on exchanges. Where Level 1 inputs are not available, fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models, including discounted cash flow analysis, using prices from observable current market transactions for similar instruments to the extent available.

The main valuation techniques used by the Group is the discounted cash flow model for financial instruments. The main inputs used in discounted cash flow model include recent transaction prices, interest rates and counterparty credit spreads, as appropriate. If these parameters used are substantively based on observable market data and/or obtainable from active open market, the instruments are classified as Level 2.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

50 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(1) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

The following tables give the three levels of the fair value hierarchies about carrying amount of the Group's financial instruments measured at fair value:

	As at 30 June 2024 (Unaudited)			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Recurring fair value measurement				
Assets				
Derivative financial assets	–	12,638	120	12,758
Loans and advances to customers	–	–	61,833,822	61,833,822
Financial assets measured at fair value through profit or loss				
– Debt securities	–	13,881,358	–	13,881,358
– Funds	42,493,851	22,539,766	–	65,033,617
– Asset management plans and trust plans	938,825	–	274,640	1,213,465
– Interbank certificates of deposit	–	18,608,256	–	18,608,256
– Wealth management products	215,050	465,865	–	680,915
– Other investments	285,445	–	10,051	295,496
Financial assets measured at fair value through other comprehensive income				
– Debt securities	–	179,456,610	–	179,456,610
– Interbank certificates of deposit	–	33,771,285	–	33,771,285
– Equity instruments	422,786	–	768,052	1,190,838
Total assets measured at fair value on a recurring basis	44,355,957	268,735,778	62,886,685	375,978,420
Liabilities				
Derivative financial liabilities	–	(12,897)	–	(12,897)
Financial liabilities measured at fair value through profit or loss	(3,574,522)	(4,445,258)	–	(8,019,780)
Total liabilities measured at fair value on a recurring basis	(3,574,522)	(4,458,155)	–	(8,032,677)

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

50 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(1) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

	As at 31 December 2023 (Audited)			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
Recurring fair value measurement				
Assets				
Derivative financial assets	–	19,400	1,511	20,911
Loans and advances to customers	–	–	58,006,784	58,006,784
Financial assets measured at fair value through profit or loss				
– Debt securities	–	14,923,382	–	14,923,382
– Funds	13,521,392	22,584,433	–	36,105,825
– Asset management plans and trust plans	1,229,054	–	274,640	1,503,694
– Interbank deposit certificates	–	57,160,877	–	57,160,877
– Wealth management products	324,435	407,540	–	731,975
– Other investments	339,164	–	10,051	349,215
Financial assets measured at fair value through other comprehensive income				
– Debt securities	–	146,439,815	–	146,439,815
– Interbank deposit certificates	–	18,486,086	–	18,486,086
– Equity instruments	541,799	–	768,052	1,309,851
Total assets measured at fair value on a recurring basis	<u>15,955,844</u>	<u>260,021,533</u>	<u>59,061,038</u>	<u>335,038,415</u>
Liabilities				
Derivative financial liabilities	–	(15,061)	–	(15,061)
Financial liabilities measured at fair value through profit or loss	<u>(1,409,284)</u>	<u>(7,338,990)</u>	<u>–</u>	<u>(8,748,274)</u>
Total liabilities measured at fair value on a recurring basis	<u>(1,409,284)</u>	<u>(7,354,051)</u>	<u>–</u>	<u>(8,763,335)</u>

There were no significant transfers of the Group's financial assets and liabilities between all levels during the reporting period.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

50 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(1) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

(a) Level 1 fair value measurement

If there is a reliable quoted price in an active market (such as an authorized stock exchange or an active open-end fund manager), the closing price or redemption price in the active market on the last trading day before balance sheet date shall be used as fair value.

(b) Level 2 fair value measurement

Financial instruments of the Group that are classified as level 2 mainly include debt securities, interbank deposit certificates, open-ended funds with fixed open term and WMPs.

The fair value of debt securities and interbank deposit certificates are determined using valuation results provided by the securities clearing institutions and exchanges. The fair value of open-ended funds with fixed open term and WMPs are based on net value per unit provided by managers. Observable inputs that reflect market conditions were adopted by relevant institutions in the valuation process.

(c) Level 3 fair value measurement

The Group has developed relevant processes to determine the appropriate valuation techniques and inputs used in continuous level 3 fair value measurement, and regularly review the relevant processes and the appropriateness of the determination of fair value.

Financial instruments of the Group that are classified as level 3 mainly include discounted bills, asset management plans, trust plans and unlisted foreclosed equity. Their fair values are based on net asset provided by third parties or fair values of underlying assets (mainly include bonds traded in inter-bank bond market and money market financial instruments), or calculated using discounted cash flows with unobservable inputs including risk adjusted discount rate.

The above assumptions and methods provide a unified basis for calculation of fair value of the Group's assets and liabilities. However, since other institutions may use different methods and assumptions, the fair values disclosed by different financial institutions may not be completely comparable.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

50 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(2) Reconciliation from the opening balances to the ending balances for fair value measurement in level 3 of the fair value hierarchy

For the six months ended 30 June 2024 (Unaudited)

	As at 1 January 2024	Total gains and losses during the period Recognised in profit or loss	Recognised in other comprehensive income	Additions and settlements		As at 30 June 2024	For asset held and liabilities assumed at the end of the period, unrealised gains or losses recognised in profit or loss during the period
				Purchases	Settlements		
Assets							
Derivative instruments							
- Derivative financial assets	1,511	(724)	-	-	(667)	120	(403)
Loans and advances to customers							
- Loans and advances measured at fair value through other comprehensive income	58,006,784	424,358	24,183	74,173,226	(70,794,729)	61,833,822	-
Financial assets measured at fair value through profit or loss							
- Asset management plans and trust plans	274,640	-	-	-	-	274,640	-
- Other investments	10,051	-	-	-	-	10,051	-
Financial assets measured at fair value through other comprehensive income							
- Unlisted equity securities	768,052	-	-	-	-	768,052	-
Total	<u>59,061,038</u>	<u>423,634</u>	<u>24,183</u>	<u>74,173,226</u>	<u>(70,795,396)</u>	<u>62,886,685</u>	<u>(403)</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

50 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(2) Reconciliation from the opening balances to the ending balances for fair value measurement in level 3 of the fair value hierarchy (Continued)

For the year ended 31 December 2023 (Audited)

	As at 1 January 2023	Recognised in profit or loss	Recognised in other comprehensive income	Additions and settlements		As at 31 December 2023	For asset held and liabilities assumed at the end of the year, unrealised gains or losses recognised in profit or loss during the year
				Purchases	Settlements		
Assets							
Derivative instruments							
- Derivative financial assets	1,473	(4,682)	-	4,720	-	1,511	(4,682)
Loans and advances to customers							
- Loans and advances measured at fair value through other comprehensive income	51,220,270	829,048	60,529	125,261,880	(119,364,943)	58,006,784	-
Financial assets measured at fair value through profit or loss							
- Asset management plans and trust plans	8,317,248	(696,840)	-	195	(7,345,963)	274,640	(697,042)
- Other investments	12,630	(2,579)	-	-	-	10,051	(2,579)
Financial assets measured at fair value through other comprehensive income							
- Unlisted equity securities	8,000	-	(321,691)	1,081,743	-	768,052	-
Total	<u>59,559,621</u>	<u>124,947</u>	<u>(261,162)</u>	<u>126,348,538</u>	<u>(126,710,906)</u>	<u>59,061,038</u>	<u>(704,303)</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

50 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(3) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not measured at their fair values. Financial assets and liabilities for which the carrying amounts approximate their fair values, such as balances with central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, financial assets held under resale agreements, loans and advances to customers, borrowings from central bank, deposits from banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements and Deposits from customers are not included in the table below.

	As at 30 June 2024 (Unaudited)		As at 31 December 2023 (Audited)	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets measured at amortised cost	<u>304,883,473</u>	<u>321,425,749</u>	<u>321,772,087</u>	<u>333,257,319</u>
Financial liabilities				
Debt securities issued	<u>149,287,980</u>	<u>149,505,706</u>	<u>119,579,392</u>	<u>119,751,404</u>

Fair values of these financial assets and financial liabilities not measured at fair value are determined as follows:

- Fair values of investments in debt securities, interbank deposit certificates and debt securities issued are measured based on the quotes provided by the securities clearing institutions. Observable inputs that reflect market conditions are used by quotation institutions when preparing the quotation.
- There is no quoted price of market or referable organisations for trust plans and debt financing plans included in financial assets measured at amortised cost. Therefore, fair values of those investments are determined by using the discounted cash flow method with credit risk adjusted yield curve of relevant investments at the end of the reporting period.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

51 CAPITAL MANAGEMENT

The Group's objectives on capital management are as follows:

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

The Group calculate capital adequacy ratios in accordance with the Administrative Measures on the Capital of Commercial Banks issued by NFRA from January 1, 2024. As at 30 June 2024 and 31 December 2023, the Group is in compliance with these legal and regulatory requirements.

The weighted credit risk assets of on-balance sheet exposures are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, considering any eligible collateral or guarantee. The similar calculation is adopted for off-balance sheet credit risk exposures, with adjustments made to reflect the more contingent nature of any potential loss. Market risk-weighted assets are calculated using the simplified standard approach. Standardized approach is used to calculate the risk weighted assets of operational risk.

The Group calculated and disclosed the following net core tier-one capital, net tier-one capital and net capital in accordance with regulatory requirements and relevant regulations.

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

51 CAPITAL MANAGEMENT (Continued)

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Components of capital base		
Core tier-one capital:		
Share capital	11,357,000	11,357,000
Valid portion of capital reserve	20,887,778	20,895,218
Surplus reserve and general reserve	35,178,478	33,939,947
Retained earnings	52,773,533	50,008,344
Valid portion of non-controlling interests	1,031,620	997,399
Others	1,617,340	(24,388)
Total core tier-one capital	<u>122,845,749</u>	<u>117,173,520</u>
Deductions:		
Goodwill	(440,129)	(440,129)
Other intangible assets	(282,139)	(283,999)
Other deductible items from core tier-one capital	<u>5,189</u>	<u>7,784</u>
Net core tier-one capital	<u>122,128,670</u>	<u>116,457,176</u>
Other tier-one capital:		
Other equity instruments	5,997,648	5,997,648
Non-controlling interests	<u>137,549</u>	<u>132,986</u>
Net tier-one capital	<u>128,263,867</u>	<u>122,587,810</u>
Tier-two capital		
Valid portion of tier-two capital instruments issued and related premium	–	5,000,000
Surplus provision for impairment	10,157,465	9,806,474
Valid portion of non-controlling interests	<u>275,099</u>	<u>265,973</u>
Net capital base	<u>138,696,431</u>	<u>137,660,257</u>

Notes to the Interim Condensed Consolidated Financial Statements (Continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

52 EVENTS AFTER THE REPORTING PERIOD

The bank intends to implement the interim dividends distribution proposal for the year. The specific plan will be announced and implemented after fulfilling the corporate governance procedures.

In addition to the above matters, the Group and the Bank have no significant events after the reporting period.

53 COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform to current period's presentation.

Unreviewed Supplementary Financial Information

For the six months ended 30 June 2024

(Amounts in millions of Renminbi, unless otherwise stated)

LIQUIDITY RATIO (EXPRESSED IN PERCENTAGE)

The Group

	As at 30 June 2024	As at 31 December 2023
RMB current assets to RMB current liabilities	95.86	91.42
Foreign currency current assets to foreign currency current liabilities	<u>220.88</u>	<u>87.62</u>

LIQUIDITY COVERAGE RATIO (EXPRESSED IN PERCENTAGE)

The Group

	As at 30 June 2024	As at 31 December 2023
Liquidity coverage ratio	<u>338.40</u>	<u>414.05</u>

Unreviewed Supplementary Financial Information (Continued)

For the six months ended 30 June 2024

(Amounts in millions of Renminbi, unless otherwise stated)

CURRENCY CONCENTRATIONS

The Group

	Equivalent in Renminbi			
	USD	HKD	Others	Total
As at 30 June 2024				
Spot assets	639.5	12.9	38.7	691.1
Spot liabilities	(492.8)	(189.0)	(4,548.7)	(5,230.5)
Forward purchases	565.8	175.2	4,535.8	5,276.8
Forward sales	(37.4)	–	(3.8)	(41.2)
Net position	<u>675.1</u>	<u>(0.9)</u>	<u>22.0</u>	<u>696.2</u>

	Equivalent in Renminbi			
	USD	HKD	Others	Total
As at 31 December 2023				
Spot assets	1,415.7	186.9	52.9	1,655.5
Spot liabilities	(784.2)	(187.5)	(4,438.6)	(5,410.3)
Forward purchases	209.2	–	4,412.2	4,621.4
Forward sales	(216.9)	–	–	(216.9)
Net position	<u>623.8</u>	<u>(0.6)</u>	<u>26.5</u>	<u>649.7</u>

Unreviewed Supplementary Financial Information (Continued)

For the six months ended 30 June 2024

(Amounts in millions of Renminbi, unless otherwise stated)

INTERNATIONAL CLAIMS

The Group is principally engaged in business operations within Mainland China, the Group's international claims are the sum of cross-border claims in all currencies and local claims in foreign currencies.

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

International claims are disclosed based on different countries or regions. A country or region is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfer. Risk transfer is only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	Banks and other financial institutions	Non-bank private sectors	Total
As at 30 June 2024			
Asia Pacific	245.2	206.6	451.8
– of which attributed to Hong Kong	110.0	–	110.0
North America	215.5	–	215.5
Europe	20.0	–	20.0
Total	480.7	206.6	687.3

	Banks and other financial institutions	Non-bank private sectors	Total
As at 31 December 2023			
Asia Pacific	1,081.6	364.2	1,445.8
– of which attributed to Hong Kong	265.6	–	265.6
North America	193.1	–	193.1
Europe	31.2	–	31.2
Total	1,305.9	364.2	1,670.1

Unreviewed Supplementary Financial Information (Continued)

For the six months ended 30 June 2024

(Amounts in millions of Renminbi, unless otherwise stated)

SUMMARY OF INFORMATION ON GEOGRAPHICAL SEGMENTS

When information is prepared based on the geographical segments, total operating income is allocated in accordance with the locations of branches recording the income. The table below sets forth the total operating income attributable to county area branches and urban area branches for the periods indicated.

	As at 30 June 2024			As at 30 June 2023		
	Country Area ⁽¹⁾	Urban Area	Total	Country Area ⁽¹⁾	Urban Area	Total
Net interest income	1,676.5	9,404.5	11,081.0	2,107.9	9,935.7	12,043.6
Net fee and commission income	352.2	546.4	898.6	462.5	529.8	992.3
Net trading gains	–	1,402.9	1,402.9	–	1,292.5	1,292.5
Share of profits of associates	–	12.0	12.0	–	(17.1)	(17.1)
Other operating income, net	12.4	162.6	175.0	16.2	317.1	333.3
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	–	190.7	190.7	–	209.0	209.0
Net gains on derecognition of financial assets measured at amortised cost	–	882.0	882.0	–	15.6	15.6
Total operating income	2,041.1	12,601.1	14,642.2	2,586.6	12,282.6	14,869.2
Internal transfer of income and expenses	4,892.4	(4,892.4)	–	4,107.3	(4,107.3)	–
Income after adjustment	<u>6,933.5</u>	<u>7,708.7</u>	<u>14,642.2</u>	<u>6,693.9</u>	<u>8,175.3</u>	<u>14,869.2</u>

- (1) County Area refers to regions other than Urban Area of Chongqing City. The information of County Area also includes the information of the twelve village and township bank subsidiaries and the information of Qujing Branch.

Unreviewed Supplementary Financial Information (Continued)

For the six months ended 30 June 2024

(Amounts in millions of Renminbi, unless otherwise stated)

ABSTRACT OF GEOGRAPHICAL SEGMENTS

(Expressed in percentage)	As at 30 June 2024		As at 31 December 2023	
	Country Area	Urban Area	Country Area	Urban Area
Deposits	73.79	26.21	72.18	27.82
Loans	48.91	51.09	49.30	50.70
Assets	53.01	46.99	51.93	48.07
Loan-deposit ratio	<u>49.75</u>	<u>146.34</u>	<u>51.57</u>	<u>137.62</u>

(Expressed in percentage)	As at 30 June 2024		As at 31 December 2023	
	Country Area	Urban Area	Country Area	Urban Area
Return on average total assets	0.80	0.64	0.86	0.73
Net fee and commission income to operating income	5.08	7.09	5.50	7.40
Cost-to-income ratio	<u>29.76</u>	<u>21.77</u>	<u>34.08</u>	<u>34.20</u>

Unreviewed Supplementary Financial Information (Continued)

For the six months ended 30 June 2024

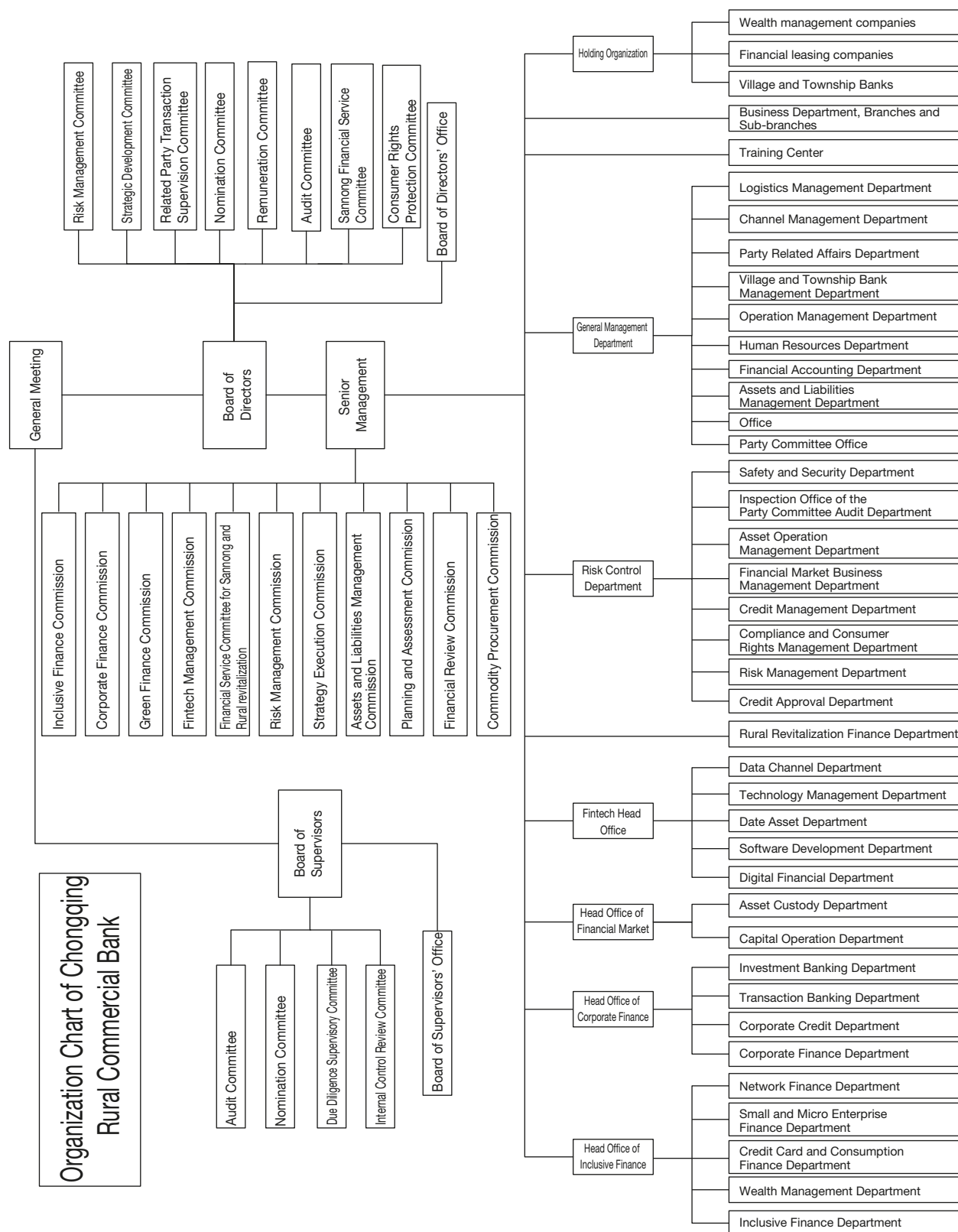
(Amounts in millions of Renminbi, unless otherwise stated)

CAPITAL ADEQUACY RATION

The Group calculated the following core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio in accordance with the Administrative Measures on the Capital of Commercial Banks and relevant requirements promulgated by regulator.

	As at 30 June 2024	As at 31 December 2023
Core tier-one capital adequacy ratio	<u>13.83%</u>	<u>13.53%</u>
Tier-one capital adequacy ratio	<u>14.53%</u>	<u>14.24%</u>
Capital adequacy ratio	<u>15.71%</u>	<u>15.99%</u>
Net core tier-one capital	<u>122,128,670</u>	<u>116,457,176</u>
Net tier-one capital	<u>128,263,867</u>	<u>122,587,810</u>
Net capital base	<u>138,696,431</u>	<u>137,660,257</u>
Risk-weighted assets:		
Credit risk-weighted assets	822,754,674	794,324,413
Market risk-weighted assets	6,881,435	11,692,838
Operational risk-weighted assets	53,334,730	54,867,679

Organizational Chart



重慶農村商業銀行股份有限公司
Chongqing Rural Commercial Bank Co., Ltd.

(於中華人民共和國註冊成立的股份有限公司)
(a joint stock limited company incorporated in the People's Republic of China with limited liability)

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