中国建设银行
China Construction Bank

1954-2024

China Construction Bank Corporation

2024

Half-Year Report

IMPORTANT NOTICE

The Board, the board of supervisors, directors, supervisors and senior management of the Bank warrant that the information in this half-year report is truthful, accurate and complete and there are no false records, misleading statements or material omissions, and they assume several and joint legal liability for such contents.

This half-year report and results announcement have been reviewed and approved at the Board meeting of the Bank held on 30 August 2024. A total of 12 directors of the Bank attended the meeting.

The Board proposed an interim cash dividend of RMB0.197 per share (including tax) for 2024 to all shareholders. The Bank does not propose any capitalisation of capital reserve into share capital.

The Group's 2024 half-year financial statements prepared under PRC GAAP have been reviewed by Ernst & Young Hua Ming LLP, and the Group's 2024 half-year financial statements prepared under IFRS have been reviewed by Ernst & Young.

Mr. Zhang Yi, vice chairman, executive director and president of the Bank, Mr. Michel Madelain, the independent non-executive director of the Bank, and Mr. Graeme Wheeler, the independent non-executive director of the Bank, hereby warrant the truthfulness, accuracy and completeness of the financial statements in this half-year report.

We have included in this report certain forward-looking statements with respect to our financial position, operating results and business development. These statements are based on current plans, estimates and projections. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements do not constitute a substantive commitment to investors. Please be fully aware of the risks and understand the differences between plans, projections and commitments.

The main risks faced by the Group include credit risk, market risk, operational risk, liquidity risk, reputational risk, country risk, IT risk and strategic risk. We took proactive measures to effectively manage the risks above. For more information, please refer to "Management Discussion and Analysis – Risk Management".

This report is prepared in both Chinese and English. In the case of any discrepancy between the two versions, the Chinese version shall prevail.

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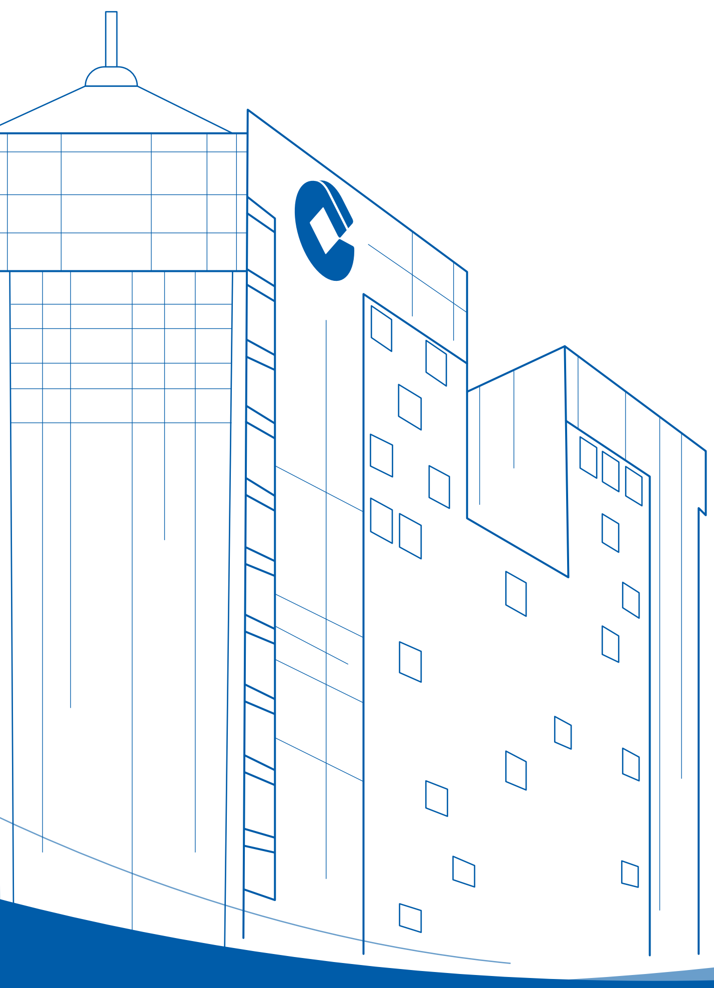

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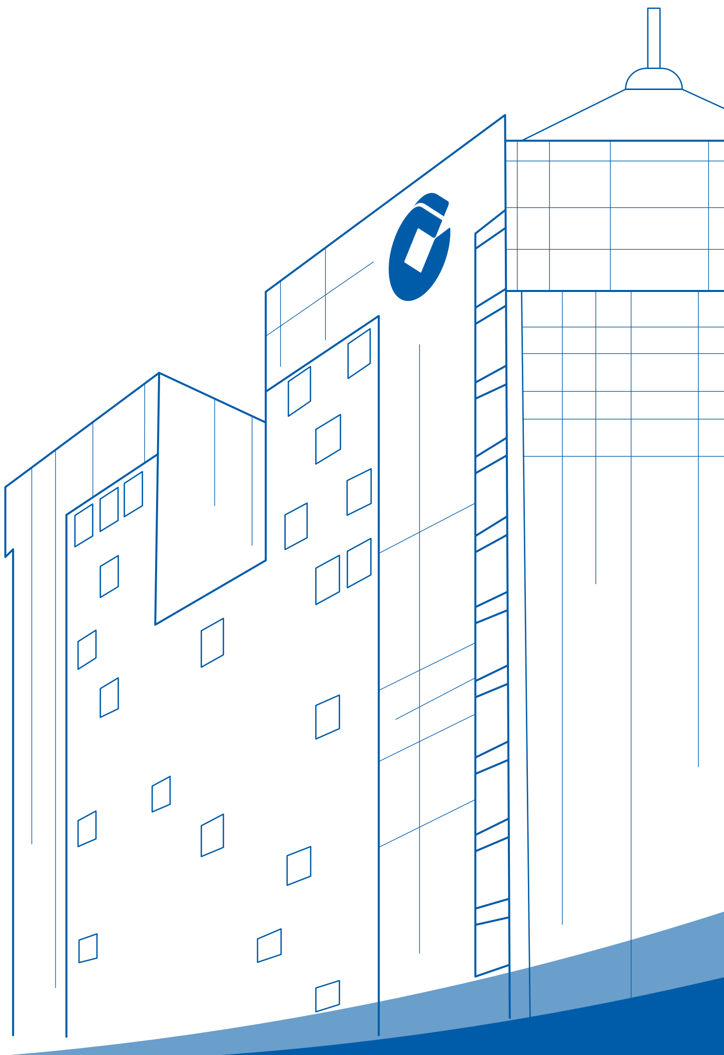

DEFINITIONS

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

Abbreviations of organisations

MOF	Ministry of Finance of the People's Republic of China
PBOC	The People's Bank of China
NFRA	National Financial Regulatory Administration
Former CBIRC	Former China Banking and Insurance Regulatory Commission
CSRC	China Securities Regulatory Commission
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Huijin	Central Huijin Investment Ltd.
State Grid	State Grid Corporation of China
Yangtze Power	China Yangtze Power Co., Limited
Baowu Steel Group	China Baowu Steel Group Corporation Limited
Bank	China Construction Bank Corporation
Group	China Construction Bank Corporation and its subsidiaries
Board	Board of directors
CCB Asia	China Construction Bank (Asia) Corporation Limited
CCB Consulting	CCB Engineering Consulting Co., Ltd.
CCB Consumer Finance	CCB Consumer Finance Co., Ltd.
CCB Europe	China Construction Bank (Europe) S.A.
CCB Financial Leasing	CCB Financial Leasing Co., Ltd.
CCB FinTech	CCB FinTech Co., Ltd.
CCB Futures	CCB Futures Co., Ltd.
CCB Housing	CCB Housing Services Co., Ltd.
CCB Housing Rental	CCB Housing Rental Private Fund Management Co., Ltd.
CCB Housing Rental Fund	CCB Housing Rental Fund (Limited Partnership)
CCB Indonesia	PT Bank China Construction Bank Indonesia Tbk
CCB International	CCB International (Holdings) Limited
CCB Investment	CCB Financial Asset Investment Co., Ltd.
CCB Life	CCB Life Insurance Co., Ltd.
CCB London	China Construction Bank (London) Limited
CCB Malaysia	China Construction Bank (Malaysia) Berhad

CCB New Zealand	China Construction Bank (New Zealand) Limited
CCB Pension	CCB Pension Management Co., Ltd.
CCB Principal Asset Management	CCB Principal Asset Management Co., Ltd.
CCB Private Equity	CCB Private Equity Investment Management Co., Ltd.
CCB Property & Casualty	CCB Property & Casualty Insurance Co., Ltd.
CCB Russia	China Construction Bank (Russia) Limited
CCB Trust	CCB Trust Co., Ltd.
CCB Wealth Management	CCB Wealth Management Co., Ltd.
Sino-German Bausparkasse	Sino-German Bausparkasse Co., Ltd.

Platforms, products and services

CCB Huidongni	An integrated ecological service platform built by the Bank for inclusive finance customers by using the Internet, big data, artificial intelligence and biometric technologies
Cross-border Quick Loan	An online unsecured trade financing service provided by the Bank for small and micro cross-border trade enterprises
Long Pay	An internet-based enterprise-wide mobile digital payment brand of the Bank, which covers a group of comprehensive integrated payment and settlement products and services
Yunong Loan	A loan product package provided by the Bank for agriculture-related proprietors, farmers mainly, which includes "Yunong Quick Loan" online products and "Yunongdai" offline products
Yunongtong	The Bank's comprehensive service platform to support rural revitalisation with financial service through offline service sites, online app and WeChat ecology

Others

Listing Rules of Hong Kong Stock Exchange	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
PRC GAAP	*Accounting Standards for Business Enterprises* and other relevant requirements promulgated by the MOF on 15 February 2006 and afterwards
New insurance contracts standard	*Accounting Standards for Business Enterprises No. 25 – Insurance Contracts* issued by the MOF, which came into effect on 1 January 2023
New financial instruments standard	*International Financial Reporting Standard No. 9 – Financial Instruments* issued by International Accounting Standards Board, which came into effect on 1 January 2018
AML	Anti-money laundering
IFRS	*International Financial Reporting Standards*
WMPs	Wealth management products

FINANCIAL SUMMARY

The financial information set forth in this half-year report is prepared on a consolidated basis in accordance with the IFRS and expressed in RMB unless otherwise stated.

(Expressed in millions of RMB unless otherwise stated)	Six months ended 30 June 2024	Six months ended 30 June 2023	Change (%)	Six months ended 30 June 2022 (Restated)
For the period				
Operating income	**374,831**	388,155	(3.43)	389,877
Net interest income	**296,059**	312,185	(5.17)	317,669
Net fee and commission income	**62,696**	70,601	(11.20)	70,247
Operating expenses	**(94,388)**	(95,987)	(1.67)	(94,036)
Credit impairment losses	**(87,654)**	(95,414)	(8.13)	(103,294)
Other impairment losses	**17**	46	(63.04)	(81)
Profit before tax	**193,012**	197,264	(2.16)	192,884
Net profit	**165,039**	167,295	(1.35)	162,234
Net profit attributable to equity shareholders of the Bank	**164,326**	167,344	(1.80)	161,899
Net cash from operating activities	**290,805**	814,615	(64.30)	815,501
Per share (In RMB)				
Basic and diluted earnings per share [1]	**0.66**	0.67	(1.49)	0.65
Net cash from operating activities per share	**1.16**	3.26	(64.42)	3.26
Profitability indicators (%)			Change +/(-)	
Annualised return on average assets [2]	**0.84**	0.92	(0.08)	1.01
Annualised return on average equity [1]	**10.82**	11.95	(1.13)	12.62
Net interest margin	**1.54**	1.79	(0.25)	2.09
Net fee and commission income to operating income	**16.73**	18.19	(1.46)	18.02
Cost-to-income ratio [3]	**24.15**	23.72	0.43	23.18

1. Calculated in accordance with the *Rule No.9 on the Preparation of Information Disclosure of Companies Issuing Public Securities – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revision 2010)* issued by the CSRC.
2. Calculated by dividing net profit by the average of total assets at the beginning and end of the period and then annualising the quotient.
3. Operating expenses (after deduction of taxes and surcharges) divided by operating income.

FINANCIAL SUMMARY

(Expressed in millions of RMB unless otherwise stated)	30 June 2024	31 December 2023	Change (%)	31 December 2022 (Restated)
At the end of the period				
Total assets	**40,294,387**	38,324,826	5.14	34,600,711
Net loans and advances to customers	**24,629,185**	23,083,377	6.70	20,493,042
Total liabilities	**37,038,911**	35,152,752	5.37	31,724,467
Deposits from customers	**28,707,067**	27,654,011	3.81	25,020,807
Total equity	**3,255,476**	3,172,074	2.63	2,876,244
Total equity attributable to equity shareholders of the Bank	**3,234,661**	3,150,145	2.68	2,855,450
Share capital	**250,011**	250,011	–	250,011
Common Equity Tier 1 capital after regulatory adjustments [1]	**3,038,387**	2,944,386	3.19	2,706,459
Additional Tier 1 capital after regulatory adjustments [1]	**198,867**	200,088	(0.61)	140,074
Tier 2 capital after regulatory adjustments [1]	**937,833**	876,187	7.04	793,905
Total capital after regulatory adjustments [1]	**4,175,087**	4,020,661	3.84	3,640,438
Risk-weighted assets [1]	**21,690,492**	22,395,908	(3.15)	19,767,834
Per share (In RMB)				
Net assets per share attributable to ordinary shareholders of the Bank	**12.14**	11.80	2.88	10.86
Capital adequacy indicators (%)			Change +/(-)	
Common Equity Tier 1 ratio [1]	**14.01**	13.15	0.86	13.69
Tier 1 ratio [1]	**14.92**	14.04	0.88	14.40
Total Capital ratio [1]	**19.25**	17.95	1.30	18.42
Total equity to total assets	**8.08**	8.28	(0.20)	8.31
Asset quality indicators (%)			Change +/(-)	
Non-performing loan (NPL) ratio	**1.35**	1.37	(0.02)	1.38
Allowances to NPLs [2]	**238.75**	239.85	(1.10)	241.53
Allowances to total loans [2]	**3.22**	3.28	(0.06)	3.34

1. Data as at 30 June 2024 were measured in accordance with relevant rules in the *Rules on Capital Management of Commercial Banks* and the advanced capital measurement approach. Data in prior periods were measured in accordance with relevant rules in the *Capital Rules for Commercial Banks (Provisional)* and the advanced capital measurement approach.
2. Allowances for impairment losses on loans include the allowances for impairment losses on discounted bills measured at fair value through other comprehensive income. Total loans and NPLs do not include the accrued interest.

CORPORATE INFORMATION

Legal name and abbreviation in Chinese	中國建設銀行股份有限公司 (abbreviated as "中國建設銀行")
Legal name and abbreviation in English	CHINA CONSTRUCTION BANK CORPORATION (abbreviated as "CCB")
Legal representative	Zhang Jinliang
Authorised representatives	Zhang Yi Qiu Jicheng
Secretary to the Board	Wang Bing
Contact address	No. 25, Financial Street, Xicheng District, Beijing
Joint company secretaries	Qiu Jicheng and Chiu Ming King
Principal place of business in Hong Kong	28/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong
Registered address and office address	No. 25, Financial Street, Xicheng District, Beijing Postcode: 100033 Telephone: 86-10-67597114
Websites	www.ccb.cn www.ccb.com
Hotline for customer service and complaints	95533
Contact information for investors	Telephone: 86-10-66215533 Facsimile: 86-10-66218888 Email: ir@ccb.com
Media and websites for information disclosure	*China Securities Journal,* www.cs.com.cn *Shanghai Securities News,* www.cnstock.com *Securities Times,* www.stcn.com *Securities Daily,* www.zqrb.cn
Website of the Shanghai Stock Exchange for publishing the half-year report prepared in accordance with PRC GAAP	www.sse.com.cn
"HKEXnews" website of Hong Kong Exchanges and Clearing Limited for publishing the half-year report prepared in accordance with IFRS	www.hkexnews.hk
Place where copies of this half-year report are kept	Board of Directors Office of the Bank

CORPORATE INFORMATION

Listing stock exchanges, stock abbreviations and stock codes	A-share: Shanghai Stock Exchange Stock abbreviation: 建設銀行 Stock code: 601939 H-share: The Stock Exchange of Hong Kong Limited Stock abbreviation: CCB Stock code: 939 Domestic preference share: Shanghai Stock Exchange Stock abbreviation: 建行優1 Stock code: 360030
Certified public accountants	Domestic Auditor: Ernst & Young Hua Ming LLP Address: 17/F, Ernst & Young Tower, Oriental Plaza, No.1 East Chang'an Avenue, Dongcheng District, Beijing Signatory accountants: Jiang Changzheng, Gu Jun and Li Linlin International auditor: Ernst & Young Address: 27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong Signatory accountant: Leung Shing Kit
Legal advisor as to PRC laws	Commerce & Finance Law Offices Address: 12-14/F, China World Office 2, No.1 Jianguomenwai Avenue, Beijing
Legal advisor as to Hong Kong laws	Clifford Chance Address: 27/F, Jardine House, One Connaught Place, Central, Hong Kong
A-share registrar	China Securities Depository and Clearing Corporation Limited, Shanghai Branch Address: No. 188 Yanggaonan Road, Pudong New District, Shanghai
H-share registrar	Computershare Hong Kong Investor Services Limited Address: Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

In the first half of 2024, the global economic growth remained sluggish, with divergent performance in different regions. The U.S. and emerging markets in Asia reported relatively strong economic growth, while economies such as the Eurozone and the U.K. were still in the process of weak recovery. Major developed economies saw relieved inflationary pressures, though at a slower rate of decline, which brought uncertainties to future monetary policies. China's economy continued to pick up gradually, seeing overall stable improvement. China expedited the forge of new momentum and new edges, steadily promoted high-quality development, and maintained overall social stability. China's GDP grew by 5.0% year-on-year in the first half of 2024, albeit headwinds from increasing adverse impact of international environment such as rising global geopolitical risks.

China was committed to deepening reform and opening-up, stepping up macro-control efforts, and reinforcing financial regulation across the board to effectively prevent and mitigate financial risks. Robust monetary policies were implemented in a flexible, appropriate, targeted and effective way. At the end of June 2024, aggregate financing scale and broad money (M2) increased by 8.1% and 6.2% year-on-year respectively, creating a favourable monetary and financial environment for economic and social development. In the first half of 2024, the PBOC moderately lowered the required reserve ratio for financial institutions, relending and rediscount interest rates for rural financial institutions and small and micro businesses, enabling the cost of financing to the real economy to remain stable with a slight dip, and the interest rates for new banking loans continued to drop with the lower loan prime rate (LPR). The fee rate reform in mutual funds and insurance sectors continued to advance, guiding the wealth management business of banking industry to start a new stage of high-quality development. In the first half of 2024, the banking industry witnessed a steady growth in total assets, overall stable asset quality, and enhanced ability to serve the real economy.

In the first half of 2024, the Group adhered to the philosophy of high-quality development in overall management, resolutely served as a major force to support the real economy and safeguard financial stability, coordinated the size, structure, profit and risks efficiently, and operated in a stable and orderly manner. At the end of June, the Group's total assets stood at RMB40.29 trillion, an increase of 5.14% over the end of 2023, of which net loans and advances to customers were RMB24.63 trillion, an increase of 6.70%. Total liabilities amounted to RMB37.04 trillion, an increase of 5.37%, of which deposits from customers totalled RMB28.71 trillion, an increase of 3.81%. Operating income amounted to RMB374,831 million, and net profit reached RMB165,039 million. The annualised return on average assets and annualised return on average equity were 0.84% and 10.82%, respectively. The cost-to-income ratio was 24.15%, and total capital ratio was 19.25% with NPL ratio of 1.35%.

Statement of Comprehensive Income Analysis

In the first half of 2024, the Group's profit before tax was RMB193,012 million, a decrease of 2.16% over the same period last year; net profit was RMB165,039 million, a decrease of 1.35% over the same period last year. Key factors affecting the Group's profitability are as follows: net interest income decreased by RMB16,126 million, or 5.17% from the same period last year, due to factors such as the overall downward trend of LPR and market interest rates; net fee and commission income decreased by RMB7,905 million, or 11.20% from the same period last year, due to fee reduction policies related to industries such as insurance, mutual funds and custody; operating expenses decreased by 1.67% from the same period last year with cost-to-income ratio of 24.15%, as the Group reinforced total cost management and improved expense efficiency; provision for losses of assets such as loans and advances to customers was made based on substantive risk judgement, and impairment losses totalled RMB87,637 million, a decrease of 8.11% from the same period last year.

The following table sets forth the composition of the Group's statement of comprehensive income and the changes during the respective periods.

(In millions of RMB, except percentages)	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Change (%)
Net interest income	**296,059**	312,185	(5.17)
Net non-interest income	**78,772**	75,970	3.69
– Net fee and commission income	**62,696**	70,601	(11.20)
Operating income	**374,831**	388,155	(3.43)
Operating expenses	**(94,388)**	(95,987)	(1.67)
Credit impairment losses	**(87,654)**	(95,414)	(8.13)
Other impairment losses	**17**	46	(63.04)
Share of profits of associates and joint ventures	**206**	464	(55.60)
Profit before tax	**193,012**	197,264	(2.16)
Income tax expense	**(27,973)**	(29,969)	(6.66)
Net profit	**165,039**	167,295	(1.35)

Net interest income

In the first half of 2024, the Group's net interest income amounted to RMB296,059 million, a decrease of RMB16,126 million, or 5.17% from the same period last year. The net interest income accounted for 78.98% of the operating income.

The following table sets forth the Group's average balances of assets and liabilities, related interest income or expense, and annualised average yields or costs during the respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Average balance	Interest income/ expense	Annualised average yield/ cost (%)	Average balance	Interest income/ expense	Annualised average yield/ cost (%)
Assets						
Gross loans and advances to customers	**24,824,644**	**438,288**	**3.55**	22,436,735	435,577	3.94
Financial investments	**9,180,919**	**143,474**	**3.14**	8,208,452	135,769	3.34
Deposits with central banks	**2,719,203**	**22,753**	**1.68**	2,749,571	22,554	1.65
Deposits and placements with banks and non-bank financial institutions	**903,699**	**13,739**	**3.06**	853,686	12,528	2.96
Financial assets held under resale agreements	**940,772**	**8,760**	**1.87**	1,104,376	10,325	1.89
Total interest-earning assets	**38,569,237**	**627,014**	**3.27**	35,352,820	616,753	3.53
Total allowances for impairment losses	**(811,884)**			(757,646)		
Non-interest-earning assets	**1,832,356**			2,003,947		
Total assets	**39,589,709**	**627,014**		36,599,121	616,753	
Liabilities						
Deposits from customers	**28,031,718**	**239,467**	**1.72**	26,030,664	228,496	1.77
Deposits and placements from banks and non-bank financial institutions	**3,650,883**	**46,398**	**2.56**	3,214,655	37,681	2.36
Debt securities issued	**1,806,204**	**29,816**	**3.32**	1,679,280	26,058	3.13
Borrowings from central banks	**1,095,506**	**14,062**	**2.58**	809,741	10,928	2.72
Financial assets sold under repurchase agreements	**71,932**	**1,212**	**3.39**	92,503	1,405	3.06
Total interest-bearing liabilities	**34,656,243**	**330,955**	**1.92**	31,826,843	304,568	1.93
Non-interest-bearing liabilities	**1,661,394**			1,840,228		
Total liabilities	**36,317,637**	**330,955**		33,667,071	304,568	
Net interest income		**296,059**			312,185	
Net interest spread			**1.35**			1.60
Net interest margin			**1.54**			1.79

In the first half of 2024, the Group consolidated and enhanced its operating capabilities and properly adjusted the structure of its assets and liabilities, so as to keep its net interest margin at a reasonable level. Due to multiple reasons such as decline of LPR, low market interest rates and continuous support for the real economy, the asset yield was lower than that of the same period last year. Cost of interest-bearing liabilities witnessed a smaller drop as compared with asset yield, due to the asymmetric interest rate reduction, slower pace of interest rates cuts of deposits compared to loans, and structural changes. As a result, net interest margin was 1.54%.

The following table sets forth the effects of the movement of average balances and average interest rates of the Group's assets and liabilities on the change in interest income and expense in the first half of 2024 as compared with the same period last year.

(In millions of RMB)	Volume factor [1]	Interest rate factor [1]	Change in interest income/expense
Assets			
Gross loans and advances to customers	46,494	(43,783)	2,711
Financial investments	15,964	(8,259)	7,705
Deposits with central banks	(235)	434	199
Deposits and placements with banks and non-bank financial institutions	768	443	1,211
Financial assets held under resale agreements	(1,461)	(104)	(1,565)
Change in interest income	61,530	(51,269)	10,261
Liabilities			
Deposits from customers	17,488	(6,517)	10,971
Deposits and placements from banks and non-bank financial institutions	5,366	3,351	8,717
Debt securities issued	2,084	1,674	3,758
Borrowings from central banks	3,719	(585)	3,134
Financial assets sold under repurchase agreements	(334)	141	(193)
Change in interest expense	28,323	(1,936)	26,387
Change in net interest income	33,207	(49,333)	(16,126)

1. Changes caused by both average balances and average interest rates were allocated to the volume factor and interest rate factor respectively based on the respective proportions of absolute values of volume factor and interest rate factor.

Net interest income decreased by RMB16,126 million from the same period last year. The movement of average balances of assets and liabilities pushed up net interest income by RMB33,207 million, while the movements of average yields and costs pushed down net interest income by RMB49,333 million.

Interest income

In the first half of 2024, the Group achieved interest income of RMB627,014 million, an increase of RMB10,261 million or 1.66% over the same period last year. Interest income from loans and advances to customers, interest income from financial investments, interest income from deposits with central banks, interest income from deposits and placements with banks and non-bank financial institutions, and interest income from financial assets held under resale agreements accounted for 69.90%, 22.88%, 3.63%, 2.19% and 1.40% of the total, respectively.

The following table sets forth the average balance, interest income and annualised average yield of each component of the Group's loans and advances to customers during the respective periods.

	Six months ended 30 June 2024			Six months ended 30 June 2023		
(In millions of RMB, except percentages)	**Average balance**	**Interest income**	**Annualised average yield (%)**	Average balance	Interest income	Annualised average yield (%)
Domestic loans and advances of the Bank	**23,925,618**	**411,696**	**3.46**	21,440,899	409,250	3.87
Corporate loans and advances	**14,266,572**	**232,806**	**3.28**	12,293,986	215,174	3.56
Short-term loans	**4,008,746**	**61,651**	**3.09**	3,440,181	52,778	3.12
Medium to long-term loans	**10,257,826**	**171,155**	**3.36**	8,853,805	162,396	3.73
Personal loans and advances	**8,702,325**	**173,024**	**4.00**	8,290,477	188,124	4.59
Short-term loans	**1,294,824**	**23,559**	**3.66**	1,036,080	19,343	3.76
Medium to long-term loans	**7,407,501**	**149,465**	**4.06**	7,254,397	168,781	4.69
Discounted bills	**956,721**	**5,866**	**1.23**	856,436	5,952	1.40
Overseas operations and subsidiaries	**899,026**	**26,592**	**5.95**	995,836	26,327	5.33
Gross loans and advances to customers	**24,824,644**	**438,288**	**3.55**	22,436,735	435,577	3.94

Interest income from loans and advances to customers amounted to RMB438,288 million, an increase of RMB2,711 million or 0.62% over the same period last year, mainly because the average balance of loans and advances to customers increased by 10.64%, offsetting the effect of 39 basis points drop in the annualised average yield from the same period last year.

Interest income from financial investments amounted to RMB143,474 million, an increase of RMB7,705 million or 5.68% over the same period last year, mainly because the average balance of financial investments increased by 11.85%, offsetting the effect of 20 basis points drop in the annualised average yield from the same period last year.

Interest income from deposits with central banks amounted to RMB22,753 million, an increase of RMB199 million or 0.88% over the same period last year, mainly because the annualised average yield of deposits with central banks rose by three basis points over the same period last year.

Interest income from deposits and placements with banks and non-bank financial institutions amounted to RMB13,739 million, an increase of RMB1,211 million or 9.67% over the same period last year, mainly because the average balance of deposits and placements with banks and non-bank financial institutions increased by 5.86% and the annualised average yield rose by ten basis points over the same period last year.

Interest income from financial assets held under resale agreements amounted to RMB8,760 million, a decrease of RMB1,565 million or 15.16% from the same period last year, mainly because the average balance of financial assets held under resale agreements decreased by 14.81%.

Interest expense

In the first half of 2024, the Group's interest expense was RMB330,955 million, an increase of RMB26,387 million or 8.66% over the same period last year. Specifically, interest expense on deposits from customers accounted for 72.36%, interest expense on deposits and placements from banks and non-bank financial institutions accounted for 14.02%, interest expense on debt securities issued accounted for 9.01%, interest expense on borrowings from central banks accounted for 4.25%, and interest expense on financial assets sold under repurchase agreements accounted for 0.36%.

The following table sets forth the average balance, interest expense and annualised average cost of each component of the Group's deposits from customers during the respective periods.

	Six months ended 30 June 2024			Six months ended 30 June 2023		
(In millions of RMB, except percentages)	**Average balance**	**Interest expense**	**Annualised average cost (%)**	Average balance	Interest expense	Annualised average cost (%)
Corporate deposits	**12,092,390**	**102,986**	**1.71**	11,614,180	99,317	1.72
Demand deposits	**6,319,321**	**29,601**	**0.94**	6,520,749	30,778	0.95
Time deposits	**5,773,069**	**73,385**	**2.56**	5,093,431	68,539	2.71
Personal deposits	**15,406,033**	**125,698**	**1.64**	13,897,016	121,624	1.76
Demand deposits	**5,655,269**	**6,678**	**0.24**	5,330,391	6,584	0.25
Time deposits	**9,750,764**	**119,020**	**2.45**	8,566,625	115,040	2.71
Overseas operations and subsidiaries	**533,295**	**10,783**	**4.07**	519,468	7,555	2.93
Total deposits from customers	**28,031,718**	**239,467**	**1.72**	26,030,664	228,496	1.77

Interest expense on deposits from customers amounted to RMB239,467 million, an increase of RMB10,971 million or 4.80% over the same period last year, mainly because the average balance of deposits from customers increased by 7.69% over the same period last year, offsetting the effect of five basis points drop in the annualised average cost from the same period last year.

Interest expense on deposits and placements from banks and non-bank financial institutions amounted to RMB46,398 million, an increase of RMB8,717 million or 23.13% over the same period last year, mainly because the average balance of deposits and placements from banks and non-bank financial institutions increased by 13.57% over the same period last year.

Interest expense on debt securities issued amounted to RMB29,816 million, an increase of RMB3,758 million or 14.42% over the same period last year, mainly because the average balance of debt securities issued increased by 7.56% over the same period last year.

Interest expense on borrowings from central banks amounted to RMB14,062 million, an increase of RMB3,134 million or 28.68% over the same period last year, mainly because the average balance of borrowings from central banks increased by 35.29% over the same period last year.

Interest expense on financial assets sold under repurchase agreements amounted to RMB1,212 million, a decrease of RMB193 million or 13.74% from the same period last year, mainly because the average balance of financial assets sold under repurchase agreements decreased by 22.24% from the same period last year.

Net non-interest income

The following table sets forth the composition and change of the Group's net non-interest income during the respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2024	Six months ended 30 June 2023	Change (%)
Fee and commission income	**68,727**	77,474	(11.29)
Fee and commission expense	**(6,031)**	(6,873)	(12.25)
Net fee and commission income	**62,696**	70,601	(11.20)
Other net non-interest income	**16,076**	5,369	199.42
Total net non-interest income	**78,772**	75,970	3.69

In the first half of 2024, the Group's net non-interest income was RMB78,772 million, an increase of RMB2,802 million or 3.69% over the same period last year. Net non-interest income accounted for 21.02% of operating income.

Net fee and commission income

The following table sets forth the composition and change of the Group's net fee and commission income during the respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2024	Six months ended 30 June 2023	Change (%)
Fee and commission income	**68,727**	77,474	(11.29)
Settlement and clearing fees	**20,093**	20,685	(2.86)
Commission on trust and fiduciary activities	**11,684**	11,872	(1.58)
Bank card fees	**10,625**	10,285	3.31
Agency service fees	**9,028**	13,549	(33.37)
Consultancy and advisory fees	**6,371**	8,675	(26.56)
Income from asset management business	**4,486**	5,837	(23.15)
Others	**6,440**	6,571	(1.99)
Fee and commission expense	**(6,031)**	(6,873)	(12.25)
Net fee and commission income	**62,696**	70,601	(11.20)

In the first half of 2024, the Group's net fee and commission income was RMB62,696 million, a decrease of RMB7,905 million or 11.20% from the same period last year. The ratio of net fee and commission income to operating income was 16.73%.

Specifically, bank card fees stood at RMB10,625 million, an increase of RMB340 million or 3.31% over the same period last year, mainly due to the growth of fees from credit cards driven by the Bank's increased efforts in construction of consumption scenarios and operation of key customer groups, and steady enhancement in quality and efficiency of merchants' business operations. Due to fee reduction policy, agency service fees decreased by RMB4,521 million or 33.37% from the same period last year. Due to the lower customer demand in certain industries as compared to the first half of 2023, consultancy and advisory fees decreased by RMB2,304 million or 26.56% from the same period last year. Due to the fast decline of market interest rates, the internal return from asset management products was narrowed, thus income from related business decreased by RMB1,351 million or 23.15% from the same period last year.

Other net non-interest income

The following table sets forth the composition and change of the Group's other net non-interest income during the respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2024	Six months ended 30 June 2023	Change (%)
Net gain arising from investment securities	**4,520**	542	733.95
Net trading gain	**4,003**	3,766	6.29
Dividend income	**3,051**	3,568	(14.49)
Net gain/(loss) on derecognition of financial assets measured at amortised cost	**1,914**	(44)	N/A
Other operating income/(expense), net	**2,588**	(2,463)	N/A
Total other net non-interest income	**16,076**	5,369	199.42

Other net non-interest income of the Group was RMB16,076 million, an increase of RMB10,707 million, or 199.42% over the same period last year. In this amount, net gain arising from investment securities was RMB4,520 million, an increase of RMB3,978 million over the same period last year, mainly due to the year-on-year increase in gains on revaluation and trading of equity investments and certain bond investments in light of market movements and asset structure changes. Net trading gain was RMB4,003 million, an increase of RMB237 million over the same period last year. Dividend income was RMB3,051 million, a decrease of RMB517 million from the same period last year. Net gain on derecognition of financial assets measured at amortised cost was RMB1,914 million, an increase of RMB1,958 million over the same period last year, mainly due to the increase in income from transfer of securitised assets. Other net operating income was RMB2,588 million, an increase of RMB5,051 million over the same period last year, mainly due to the year-on-year increase in gains related to foreign exchange business as affected by exchange rate fluctuations.

Operating expenses

The following table sets forth the composition and change of the Group's operating expenses during respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2024	Six months ended 30 June 2023	Change (%)
Staff costs	**56,039**	56,225	(0.33)
Premises and equipment expenses	**15,416**	15,251	1.08
Taxes and surcharges	**3,870**	3,933	(1.60)
Others	**19,063**	20,578	(7.36)
Operating expenses	**94,388**	95,987	(1.67)
Cost-to-income ratio (%)	**24.15**	23.72	0.43

In the first half of 2024, the Group continued to reinforce total cost management and improve expense efficiency. Cost-to-income ratio was 24.15%, up 0.43 percentage points over the same period last year, staying at a sound level. Operating expenses were RMB94,388 million, a decrease of RMB1,599 million or 1.67% from the same period last year. In this amount, staff costs were RMB56,039 million, and the Group continued to increase its care for frontline employees in terms of expenditure structure. Premises and equipment expenses were RMB15,416 million, an increase of RMB165 million or 1.08% over the same period last year, mainly due to the year-on-year increase in depreciation charges. Taxes and surcharges were RMB3,870 million, a decrease of RMB63 million or 1.60% from the same period last year. Other operating expenses were RMB19,063 million, a decrease of RMB1,515 million or 7.36% from the same period last year, mainly due to lower general expenses brought by the Group's intensified efforts in total cost management and refined expense management together with proactive support for strategy implementation and customer and account expansion.

Impairment losses

The following table sets forth the composition and change of the Group's impairment losses during respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2024	Six months ended 30 June 2023	Change (%)
Loans and advances to customers	**86,036**	91,592	(6.07)
Financial investments	**1,066**	63	1,592.06
Financial assets measured at amortised cost	**819**	(802)	N/A
Financial assets measured at fair value through other comprehensive income	**247**	865	(71.45)
Others	**535**	3,713	(85.59)
Total impairment losses	**87,637**	95,368	(8.11)

In the first half of 2024, the Group's impairment losses were RMB87,637 million, a decrease of RMB7,731 million or 8.11% from the same period last year. This was mainly because impairment losses on loans and advances to customers decreased by RMB5,556 million from the same period last year. Impairment losses on financial investments increased by RMB1,003 million over the same period last year. Specifically, impairment losses on financial assets measured at amortised cost increased by RMB1,621 million over the same period last year. Impairment losses on financial assets measured at fair value through other comprehensive income decreased by RMB618 million from the same period last year. Other impairment losses decreased by RMB3,178 million from the same period last year.

Income tax expense

In the first half of 2024, the Group's income tax expense was RMB27,973 million, a decrease of RMB1,996 million from the same period last year. The effective income tax rate was 14.49%, lower than the statutory rate of 25%. This was mainly because interest income from the PRC treasury bonds and local government bonds was non-taxable in accordance with the tax law.

Analysis by region

The following table sets forth the distribution of the Group's operating income by region for the periods indicated.

(In millions of RMB, except percentages)	Six months ended 30 June 2024		Six months ended 30 June 2023	
	Amount	**% of total**	Amount	% of total
Yangtze River Delta	**63,561**	**16.96**	67,382	17.36
Pearl River Delta	**53,751**	**14.34**	62,842	16.19
Bohai Rim	**58,670**	**15.65**	62,348	16.06
Central	**61,796**	**16.49**	68,273	17.59
Western	**62,558**	**16.69**	66,913	17.24
Northeastern	**15,388**	**4.11**	16,342	4.21
Head Office	**49,609**	**13.23**	34,011	8.76
Overseas	**9,498**	**2.53**	10,044	2.59
Operating income	**374,831**	**100.00**	388,155	100.00

The following table sets forth the distribution of the Group's profit before tax by region for the periods indicated.

(In millions of RMB, except percentages)	Six months ended 30 June 2024		Six months ended 30 June 2023	
	Amount	**% of total**	Amount	% of total
Yangtze River Delta	**35,749**	**18.52**	37,016	18.76
Pearl River Delta	**29,635**	**15.35**	33,380	16.92
Bohai Rim	**30,685**	**15.90**	34,492	17.48
Central	**29,385**	**15.22**	38,310	19.42
Western	**29,905**	**15.49**	33,175	16.82
Northeastern	**6,920**	**3.59**	8,022	4.07
Head Office	**25,470**	**13.20**	7,706	3.91
Overseas	**5,263**	**2.73**	5,163	2.62
Profit before tax	**193,012**	**100.00**	197,264	100.00

Statement of Financial Position Analysis

Assets

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

	30 June 2024		31 December 2023	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
Gross loans and advances to customers	**25,444,306**	**63.15**	23,861,600	62.26
Allowances for impairment losses on loans and advances measured at amortised cost	**(815,121)**	**(2.03)**	(778,223)	(2.03)
Net loans and advances to customers	**24,629,185**	**61.12**	23,083,377	60.23
Financial investments	**9,924,199**	**24.63**	9,638,276	25.15
Cash and deposits with central banks	**3,193,580**	**7.92**	3,066,058	8.00
Financial assets held under resale agreements	**889,728**	**2.21**	979,498	2.55
Deposits and placements with banks and non-bank financial institutions	**829,149**	**2.06**	823,488	2.15
Others [1]	**828,546**	**2.06**	734,129	1.92
Total assets	**40,294,387**	**100.00**	38,324,826	100.00

1. These comprise precious metals, positive fair value of derivatives, long-term equity investments, fixed assets, construction in progress, land use rights, intangible assets, goodwill, deferred tax assets and other assets.

At the end of June, the Group's total assets stood at RMB40.29 trillion, an increase of RMB1.97 trillion or 5.14% over the end of 2023. Gross loans and advances to customers increased by RMB1.58 trillion or 6.63% over the end of 2023 as the Group actively promoted high-quality development of the real economy, increased its support for key areas and weak links, and saw rapid growth in loans to areas such as strategic emerging industries, manufacturing, inclusive finance, green finance, and private enterprises. Financial investments increased by RMB285,923 million or 2.97% over the end of 2023 as the Group supported the implementation of proactive fiscal policies, and increased investment in government bonds (e.g., treasury bonds and local government bonds) and green bonds. Cash and deposits with central banks increased by RMB127,522 million or 4.16% over the end of 2023 as surplus deposit reserves increased with higher deposits. Financial assets held under resale agreements decreased by RMB89,770 million or 9.16% from the end of 2023 as the Group optimised the asset allocation structure to support the growth of core assets such as loans and bond investments. Deposits and placements with banks and non-bank financial institutions increased slightly by 0.69% over the end of 2023. Accordingly, in the Group's total assets, the proportion of net loans and advances to customers increased, and that of financial investments, cash and deposits with central banks, financial assets held under resale agreements, and deposits and placements with banks and non-bank financial institutions all decreased.

Loans and advances to customers

At the end of June, the Group's gross loans and advances to customers stood at RMB25.44 trillion. Specifically, the Group's corporate loans and advances totalled RMB15.41 trillion, personal loans and advances totalled RMB8.86 trillion, and discounted bills was RMB1.12 trillion, with a proportion in gross loans and advances excluding accrued interest of 60.70%, 34.88% and 4.42%, respectively. For further details, please refer to Note "Risk management – Credit risk" to the financial statements.

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

	30 June 2024		31 December 2023	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
Domestic loans and advances of the Bank	**24,563,003**	**96.54**	23,006,496	96.42
Corporate loans and advances	**14,682,636**	**57.71**	13,225,655	55.43
Short-term loans	**4,261,129**	**16.75**	3,594,305	15.06
Medium to long-term loans	**10,421,507**	**40.96**	9,631,350	40.37
Personal loans and advances	**8,757,736**	**34.42**	8,676,054	36.36
Residential mortgages	**6,310,059**	**24.80**	6,386,525	26.76
Credit card loans	**1,000,356**	**3.93**	997,133	4.18
Personal business loans [1]	**885,767**	**3.48**	777,481	3.26
Personal consumer loans	**480,597**	**1.89**	421,623	1.77
Other loans [2]	**80,957**	**0.32**	93,292	0.39
Discounted bills	**1,122,631**	**4.41**	1,104,787	4.63
Overseas operations and subsidiaries	**829,248**	**3.26**	804,486	3.37
Accrued interest	**52,055**	**0.20**	50,618	0.21
Gross loans and advances to customers	**25,444,306**	**100.00**	23,861,600	100.00

1. These mainly include personal loans for production and operation and online business loans.
2. These mainly include personal commercial property mortgage loans and home equity loans.

Domestic corporate loans and advances of the Bank reached RMB14.68 trillion, an increase of RMB1.46 trillion or 11.02% over the end of last year. Specifically, short-term and medium to long-term loans were RMB4.26 trillion and RMB10.42 trillion, respectively.

Domestic personal loans and advances of the Bank reached RMB8.76 trillion, an increase of RMB81,682 million or 0.94% over the end of last year. Specifically, residential mortgages were RMB6.31 trillion, a decrease of RMB76,466 million or 1.20% from the end of last year; credit card loans amounted to RMB1.00 trillion, an increase of RMB3,223 million or 0.32% over the end of last year; personal business loans amounted to RMB885,767 million, an increase of RMB108,286 million or 13.93% over the end of last year; personal consumer loans amounted to RMB480,597 million, an increase of RMB58,974 million or 13.99% over the end of last year.

Discounted bills amounted to RMB1.12 trillion, an increase of RMB17,844 million or 1.62% over the end of last year.

Loans and advances made by overseas operations and subsidiaries were RMB829,248 million, an increase of RMB24,762 million or 3.08% over the end of last year.

Distribution of loans and advances by region

The following table sets forth the distribution of the Group's loans and advances by region as at the dates indicated.

	30 June 2024		31 December 2023	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
Yangtze River Delta	5,119,798	20.12	4,703,648	19.71
Pearl River Delta	4,175,936	16.41	3,936,980	16.50
Bohai Rim	4,302,947	16.91	4,058,595	17.01
Central	4,273,038	16.80	3,993,891	16.74
Western	4,702,740	18.48	4,440,785	18.61
Northeastern	1,040,035	4.09	975,595	4.09
Head Office	1,069,855	4.21	1,026,719	4.30
Overseas	707,902	2.78	674,769	2.83
Accrued interest	52,055	0.20	50,618	0.21
Gross loans and advances to customers	25,444,306	100.00	23,861,600	100.00

Distribution of loans by type of collateral

The following table sets forth the distribution of the Group's loans and advances by type of collateral as at the dates indicated.

	30 June 2024		31 December 2023	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
Unsecured loans	11,076,826	43.54	9,976,510	41.81
Guaranteed loans	3,314,818	13.03	3,010,073	12.61
Loans secured by property and other immovable assets	9,287,599	36.50	9,202,161	38.56
Other pledged loans	1,713,008	6.73	1,622,238	6.81
Accrued interest	52,055	0.20	50,618	0.21
Gross loans and advances to customers	25,444,306	100.00	23,861,600	100.00

Allowances for impairment losses on loans and advances to customers

	Six months ended 30 June 2024			
(In millions of RMB)	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	363,424	190,295	224,504	778,223
Transfers:				
Transfers in/(out) to Stage 1	12,025	(11,341)	(684)	–
Transfers in/(out) to Stage 2	(5,233)	7,355	(2,122)	–
Transfers in/(out) to Stage 3	(2,245)	(16,369)	18,614	–
Newly originated or purchased financial assets	102,779	–	–	102,779
Transfer out/repayment	(75,691)	(15,967)	(29,842)	(121,500)
Remeasurements	(15,809)	49,560	48,188	81,939
Write-offs	–	–	(35,689)	(35,689)
Recoveries of loans and advances written off	–	–	9,369	9,369
As at 30 June 2024	379,250	203,533	232,338	815,121

The Group made provisions for impairment losses on loans in line with factors such as macro-economy and credit asset quality as required by the new financial instruments standard. At the end of June, allowances for impairment losses on loans and advances measured at amortised cost were RMB815,121 million. In addition, allowances for impairment losses on discounted bills at fair value through other comprehensive income were RMB3,577 million. The Group's allowances to NPLs and allowances to total loans were 238.75% and 3.22%, respectively.

The Group adopts a "three-stage" model for impairment based on changes in credit risk since initial recognition or by determining whether the financial instruments are credit-impaired, to estimate the expected credit losses (ECL). For Stage 1, financial instruments with no significant increase in credit risk since initial recognition, impairment losses are measured as ECL for the next 12 months. For Stage 2, financial instruments with a significant increase in credit risk since initial recognition, but not yet credit impaired impairment losses are measured as lifetime ECL. For Stage 3, financial instruments that are credit impaired on the balance sheet date, impairment losses are measured as lifetime ECL. The Group adhered to substantive risk judgement and sufficiently considered all reasonable bases when assessing whether the credit risk of a financial instrument has increased significantly since initial recognition. The measurement of ECL requires consideration of forward-looking information. The Group developed specific scenarios for ECL measurement by reference to forecast of authoritative institutions at home and abroad and leveraging the capability of internal experts. The Group calculated ECL as weighted average of the products of probability of defaults (PD), loss given defaults (LGD) and exposure at default (EAD) under the optimistic, baseline and pessimistic scenarios, having considered the discount factor. Please refer to Note "Loans and advances to customers" to the financial statements for details of allowances for impairment losses on loans.

Financial investments

The following table sets forth the composition of the Group's financial investments by measurement as at the dates indicated.

	30 June 2024		31 December 2023	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
Financial assets measured at fair value through profit or loss	**587,590**	**5.92**	602,303	6.25
Financial assets measured at amortised cost	**6,961,515**	**70.15**	6,801,242	70.56
Financial assets measured at fair value through other comprehensive income	**2,375,094**	**23.93**	2,234,731	23.19
Financial investments	**9,924,199**	**100.00**	9,638,276	100.00

For further details on financial instruments measured at fair value, please refer to Note "Risk management – Fair value of financial instruments" to the financial statements.

The following table sets forth the composition of the Group's financial investments by nature as at the dates indicated.

	30 June 2024		31 December 2023	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
Debt securities [1]	**9,646,579**	**97.20**	9,388,324	97.41
Equity instruments and funds	**277,620**	**2.80**	249,952	2.59
Financial investments	**9,924,199**	**100.00**	9,638,276	100.00

1. These include credit investments.

At the end of June, the Group's financial investments totalled RMB9.92 trillion, an increase of RMB285,923 million or 2.97% over the end of last year. Specifically, debt securities investments increased by RMB258,255 million or 2.75% over the end of last year, and accounted for 97.20% of total financial investments, down 0.21 percentage points from the end of last year; equity instruments and funds increased by RMB27,668 million over the end of last year, and accounted for 2.80% of total financial investments, up 0.21 percentage points over the end of last year.

Debt securities

The following table sets forth the composition of the Group's debt instruments by currency as at the dates indicated.

	30 June 2024		31 December 2023	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
RMB	**9,252,691**	**95.92**	9,028,172	96.16
USD	**233,586**	**2.42**	228,917	2.44
HKD	**64,602**	**0.67**	49,953	0.53
Other foreign currencies	**95,700**	**0.99**	81,282	0.87
Debt securities	**9,646,579**	**100.00**	9,388,324	100.00

At the end of June, total investments in RMB denominated debt securities were RMB9.25 trillion, an increase of RMB224,519 million or 2.49% over the end of last year. Total investments in foreign currency denominated debt securities were RMB393,888 million, an increase of RMB33,736 million or 9.37% over the end of last year.

The following table sets forth the composition of the Group's debt instruments by issuer as at the dates indicated.

	30 June 2024		31 December 2023	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
Government	**7,587,805**	**78.66**	7,395,390	78.77
Policy banks	**970,151**	**10.06**	899,880	9.59
Banks and non-bank financial institutions	**662,269**	**6.86**	682,666	7.27
Central banks	**59,024**	**0.61**	43,182	0.46
Enterprises	**367,330**	**3.81**	367,206	3.91
Debt securities	**9,646,579**	**100.00**	9,388,324	100.00

At the end of June, government bonds held by the Group amounted to RMB7.59 trillion, an increase of RMB192,415 million or 2.60% over the end of last year. Financial debt securities issued by policy banks and banks and non-bank financial institutions amounted to RMB1.63 trillion, an increase of 3.15% over the end of last year. Specifically, bonds issued by policy banks amounted to RMB970,151 million, up 7.81%.

The following table sets forth the top ten financial debt securities held by the Group by par value at the end of the reporting period.

(In millions of RMB, except percentages)	**Par value**	**Annual interest rate (%)**	**Maturity date**	**Allowances for impairment losses [1]**
Policy bank bond issued in 2019	**17,440**	**3.75**	**2029-01-25**	–
Policy bank bond issued in 2020	**16,400**	**3.74**	**2030-11-16**	–
Policy bank bond issued in 2019	**16,120**	**3.86**	**2029-05-20**	–
Policy bank bond issued in 2020	**15,980**	**3.23**	**2030-03-23**	–
Policy bank bond issued in 2020	**15,510**	**2.96**	**2030-04-17**	–
Policy bank bond issued in 2021	**14,270**	**3.52**	**2031-05-24**	–
Policy bank bond issued in 2020	**13,846**	**3.34**	**2025-07-14**	–
Policy bank bond issued in 2021	**13,780**	**3.48**	**2028-02-04**	–
Policy bank bond issued in 2019	**13,100**	**3.48**	**2029-01-08**	–
Policy bank bond issued in 2021	**13,080**	**3.38**	**2031-07-16**	–

1. Excluding Stage 1 allowances for impairment losses made in accordance with the ECL model.

Repossessed assets

To recover impaired loans and advances, the Group may go through court proceedings to obtain or have debtors, guarantors or other third parties voluntarily hand over the rights of ownership of the assets to compensate for losses on loans and advances and interest receivable. At the end of June, the Group's repossessed assets were RMB1,098 million, and impairment allowances for repossessed assets were RMB722 million. Please refer to Note "Other assets" to the financial statements for details.

Liabilities

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

	30 June 2024		31 December 2023	
(In millions of RMB, except percentages)	**Amount**	**% of total**	Amount	% of total
Deposits from customers	**28,707,067**	**77.51**	27,654,011	78.67
Deposits and placements from banks and non-bank financial institutions	**3,900,936**	**10.53**	3,199,788	9.10
Debt securities issued	**2,207,124**	**5.96**	1,895,735	5.39
Borrowings from central banks	**1,102,834**	**2.98**	1,155,634	3.29
Financial assets sold under repurchase agreements	**52,705**	**0.14**	234,578	0.67
Others[1]	**1,068,245**	**2.88**	1,013,006	2.88
Total liabilities	**37,038,911**	**100.00**	35,152,752	100.00

1. These comprise financial liabilities measured at fair value through profit or loss, negative fair value of derivatives, accrued staff costs, taxes payable, provisions, deferred tax liabilities and other liabilities.

The Group continued to attract low-cost funds, diversified funding sources, and optimised liability structure to enhance its liability quality management. At the end of June, the Group's total liabilities were RMB37.04 trillion, an increase of RMB1.89 trillion or 5.37% over the end of 2023, largely matching the growth of assets. Specifically, deposits from customers were RMB28.71 trillion, an increase of RMB1.05 trillion or 3.81% over the end of 2023. Deposits and placements from banks and non-bank financial institutions amounted to RMB3.90 trillion, an increase of RMB701,148 million or 21.91% over the end of 2023. Debt securities issued were RMB2.21 trillion, an increase of RMB311,389 million or 16.43% over the end of 2023, mainly due to the issuance of various financing instruments including interbank certificates of deposit and capital instruments. Borrowings from central banks were RMB1.10 trillion, down 4.57% from the end of 2023. Accordingly, in the Group's total liabilities, the proportion of deposits from customers fell by 1.16 percentage points to 77.51%, that of deposits and placements from banks and non-bank financial institutions rose by 1.43 percentage points to 10.53%, that of debt securities issued rose by 0.57 percentage points to 5.96%, and that of borrowings from central banks decreased by 0.31 percentage points to 2.98%.

Deposits from customers

The following table sets forth the Group's deposits from customers by product type as at the dates indicated.

(In millions of RMB, except percentages)	30 June 2024 Amount	30 June 2024 % of total	31 December 2023 Amount	31 December 2023 % of total
Corporate deposits	**11,830,437**	**41.21**	11,858,660	42.88
Demand deposits	**6,351,243**	**22.12**	6,471,218	23.40
Time deposits	**5,479,194**	**19.09**	5,387,442	19.48
Personal deposits	**15,879,487**	**55.32**	14,865,359	53.75
Demand deposits	**5,823,593**	**20.29**	5,551,678	20.07
Time deposits	**10,055,894**	**35.03**	9,313,681	33.68
Overseas operations and subsidiaries	**566,933**	**1.97**	499,285	1.81
Accrued interest	**430,210**	**1.50**	430,707	1.56
Total deposits from customers	**28,707,067**	**100.00**	27,654,011	100.00

At the end of June, domestic personal deposits of the Bank were RMB15.88 trillion, an increase of RMB1.01 trillion or 6.82% over the end of last year, and accounted for 57.31% of domestic deposits from customers, up 1.68 percentage points, reflecting rising contribution of retail deposits. Domestic corporate deposits of the Bank were RMB11.83 trillion, a decrease of RMB28,223 million or 0.24% from the end of last year, and accounted for 42.69% of domestic deposits from customers, down 1.68 percentage points. Deposits from overseas operations and subsidiaries amounted to RMB566,933 million, an increase of RMB67,648 million over the end of last year, accounting for 1.97% of total deposits from customers, up 0.16 percentage points over the end of last year. Domestic time deposits amounted to RMB15.54 trillion, an increase of RMB833,965 million or 5.67% over the end of last year. Domestic demand deposits were RMB12.17 trillion, an increase of RMB151,940 million or 1.26% over the end of last year.

Distribution of deposits by region

The following table sets forth the distribution of the Group's deposits by region as at the dates indicated.

(In millions of RMB, except percentages)	30 June 2024 Amount	30 June 2024 % of total	31 December 2023 Amount	31 December 2023 % of total
Yangtze River Delta	**5,444,122**	**18.96**	5,402,635	19.54
Pearl River Delta	**4,194,561**	**14.61**	4,132,280	14.94
Bohai Rim	**5,373,365**	**18.72**	5,030,828	18.19
Central	**5,331,653**	**18.57**	5,059,057	18.30
Western	**5,480,279**	**19.09**	5,266,200	19.04
Northeastern	**1,902,499**	**6.63**	1,848,350	6.68
Head Office	**15,043**	**0.05**	15,583	0.06
Overseas	**535,335**	**1.87**	468,371	1.69
Accrued interest	**430,210**	**1.50**	430,707	1.56
Total deposits from customers	**28,707,067**	**100.00**	27,654,011	100.00

Total equity

The following table sets forth the Group's total equity and its composition as at the dates indicated.

(In millions of RMB)	30 June 2024	31 December 2023
Share capital	**250,011**	250,011
Other equity instruments	**199,968**	199,968
– Preference shares	**59,977**	59,977
– Perpetual bonds	**139,991**	139,991
Capital reserve	**135,642**	135,619
Other comprehensive income	**44,152**	23,981
Surplus reserve	**369,906**	369,906
General reserve	**496,476**	496,255
Retained earnings	**1,738,506**	1,674,405
Total equity attributable to equity shareholders of the Bank	**3,234,661**	3,150,145
Non-controlling interests	**20,815**	21,929
Total equity	**3,255,476**	3,172,074

At the end of June, the Group's total equity was RMB3.26 trillion, an increase of RMB83,402 million or 2.63% over the end of last year, primarily driven by the increase of RMB64,101 million in retained earnings.

Off-balance sheet items

The Group's off-balance sheet items include agency investment and financing services, intermediary services, derivatives, commitments and contingent liabilities. Agency investment and financing services mainly include asset management products and entrusted loans. For details of entrusted loans, please refer to Note "Entrusted lending business" to the financial statements. Intermediary services mainly include assets under custody and agency services. Derivatives mainly include interest rate contracts, exchange rate contracts, precious metals and commodity contracts. For details on the nominal amounts and fair value of derivatives, please refer to Note "Derivatives and hedge accounting" to the financial statements. Commitments and contingent liabilities mainly include credit commitments, capital commitments, government bond redemption obligations, and outstanding litigations and disputes. Among these, credit commitments were the largest component, including undrawn loan facilities which were approved and contracted, unused credit card limits, financial guarantees, and letters of credit. At the end of June, the balance of credit commitments was RMB3.99 trillion, an increase of RMB155,748 million or 4.07% over the end of last year. Please refer to Note "Commitments and contingent liabilities" to the financial statements for details.

In the first half of 2024, the Group adhered to the principle of prudent operation, and strengthened the linkage of on- and off-balance sheet products to meet customers' comprehensive financial needs, so as to achieve sustainable business development. Following the integrated management strategy for on- and off-balance sheet businesses, it incorporated the full range of its off-balance sheet businesses into daily operation and management, including strategy management, plan management, capital and risk management, monitoring and analysis, information disclosure and regulatory reporting, in accordance with the three principles of full coverage, classified and risk-based management, so as to constantly consolidate the foundation for off-balance sheet business management. The Group implemented classified management by business type and risk features, and set priorities in managing various off-balance sheet businesses. It focused on capital-intensive development of guarantees and commitments businesses, and promoted the steady growth of other off-balance sheet businesses such as agency investment and financing services, and intermediary services.

Analysis by region

The following table sets forth the distribution of the Group's assets by region as at the dates indicated.

	30 June 2024		31 December 2023	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
Yangtze River Delta	**6,986,717**	**17.34**	6,592,603	17.20
Pearl River Delta	**5,406,552**	**13.42**	5,178,016	13.51
Bohai Rim	**8,380,365**	**20.80**	8,274,479	21.59
Central	**5,690,606**	**14.12**	5,394,311	14.08
Western	**5,897,094**	**14.64**	5,627,618	14.68
Northeastern	**2,074,504**	**5.15**	1,979,268	5.16
Head Office	**13,503,348**	**33.51**	13,141,981	34.29
Overseas	**1,834,481**	**4.55**	1,734,037	4.52
Deferred tax assets and elimination	**(9,479,280)**	**(23.53)**	(9,597,487)	(25.03)
Total assets	**40,294,387**	**100.00**	38,324,826	100.00

Statement of Cash Flows Analysis

Net cash from operating activities was RMB290,805 million, a decrease of RMB523,810 million from the same period last year, mainly due to a large decrease in net increase in deposits from customers and from banks and non-bank financial institutions.

Net cash used in investing activities was RMB80,924 million, a decrease of RMB490,314 million from the same period last year, mainly due to the large increase in proceeds from sales and redemption of financial investments.

Net cash from financing activities was RMB7,400 million, a decrease of RMB2,303 million from the same period last year, mainly due to the large increase in repayment of borrowings.

Other Financial Information

There is no difference in net profit for the six months ended 30 June 2024 or total equity as at 30 June 2024 between the Group's consolidated financial statements prepared under PRC GAAP and those prepared under IFRS.

Please refer to Note "Basis of preparation and significant accounting policies" to the financial statements for details of the Group's significant accounting estimates and judgements.

BUSINESS REVIEW

The Group's major business segments are corporate finance business, personal finance business, treasury and asset management business, and others including overseas business.

In the first half of 2024, operating income of the Group's corporate finance business reached RMB113,303 million; profit before tax was RMB19,330 million. Operating income of personal finance business reached RMB171,848 million; profit before tax totalled RMB97,946 million. Operating income of treasury and asset management business totalled RMB78,646 million; profit before tax totalled RMB72,154 million. Operating income of others totalled RMB11,034 million, and profit before tax totalled RMB3,582 million.

Special Column: Progress in the "Five Priorities"

Technology finance

The Group continued to strengthen the efficient supply of technology finance and infused strong financial momentum into the development of new quality productive forces with technology finance services. It formulated an implementation plan for the promotion of technology finance business, established a technology finance service system featuring full-cycle companionship, full-chain coverage, group-wide coordination, all-dimensional support and full-ecological empowerment, built a technology finance supporting system with digital support, differentiated policies and professional guarantee, and focused on providing financial services for sci-tech innovation entities such as small and medium-sized sci-tech enterprises, so as to support the achievement of high-level technology self-reliance and self-empowerment. It strengthened the coordination between the parent bank and subsidiaries within the Group, promoted the building of a comprehensive financial service system consisting of "equity, credit, bonds and insurance" with "integration of commercial and investment banking services", and provided various sci-tech innovation entities with diversified and one-stop comprehensive financial services on all fronts such as equity, credit, bonds, and insurance. The Group built a comprehensive digital evaluation system for all elements of sci-tech enterprises, innovated sci-tech innovation evaluation tools such as "Technology Flow", "STAR" and "Equity Investment Flow", upheld the principle of "valuing intellectual property right over tangible assets", and strove to improve sci-tech enterprises' access to financing. It granted the title of "CCB Technology Finance Innovation Centre" to certain tier-one branches in regions rich in sci-tech resources, mapped out differentiated approval and product innovation policies, and explored new technology finance service models. It carried out special actions to improve the technology finance service capabilities, and comprehensively enhanced technology finance services. At the end of June, the Bank's loans to sci-tech enterprises amounted to RMB1.80 trillion, an increase of RMB197,161 million or 12.31% over the end of 2023. In the first half of 2024, it underwrote 21 tranches of sci-tech innovation notes, with an underwriting volume of RMB6,382 million. Subsidiaries with equity investment functions such as CCB Private Equity, CCB Trust, and CCB Investment supported more than 2,000 sci-tech enterprises through proactive management of and cooperative participation in equity investment funds, covering areas related to new quality productive forces such as new generation information technology, biomedicine and high-end equipment manufacturing.

Green finance

Adhering to the vision of "becoming a world-leading sustainable development bank", the Group integrated the green concept into operation management, strategic development and corporate culture, and created a diversified service system covering green loans, green bonds, green funds and green investments, reflecting its role as a large bank in advancing the Beautiful China Initiatives with financial services. At the end of June, the Bank's green loans amounted to RMB4.46 trillion, an increase of RMB579,746 million, or 14.93% over the end of 2023. It focused on the investment and financing needs of green and low-carbon transformation, and innovated diversified green financing channels. In the first half of 2024, the Bank underwrote 37 tranches of green and sustainability bonds issued onshore and offshore, with a total issuance volume equivalent to RMB59,494 million, among which there were 20 tranches of green debt financing instruments for non-financial enterprises with a total issuance volume of RMB20,166 million and an underwriting volume of RMB5,844 million, 12 tranches of green and sustainability offshore bonds with a total issuance volume equivalent to RMB28,828 million, and five tranches of green financial bonds with a total issuance volume of RMB10.5 billion. Adhering to the investment concept of "responsibility + value", the Group strengthened the building of its responsible investment system, and channelled more resources to key areas of green industries and high-quality issuers with outstanding ESG performance. By the end of June, the Bank had invested more than RMB200 billion bonds in green sectors, and the average external ESG rating of issuers within the bond portfolio had consistently exceeded the market average level. At the end of June, CCB Financial Leasing saw an increase in both size and proportion of its green assets, with the green leasing assets amounting to RMB43,175 million, accounting for 53.53% of the general leasing business. CCB Investment implemented multiple green investment projects worth a total of RMB27.9 billion, covering key areas of green industries such as wind power, photovoltaic, hydropower, environmental protection, nuclear power and new energy vehicles. CCB Principal Asset Management made a total of over RMB24.8 billion of equity investment in multiple industries such as clean energy, energy conservation and environmental protection, clean production, infrastructure green upgrading, ecological environment, and green services. CCB Wealth Management pressed ahead with allocation of green assets, with a balance of RMB23,680 million.

Inclusive finance

The Group continued to enhance its inclusive finance service capabilities and development quality and efficiency, and steadily pressed ahead with the high-quality development of inclusive finance services. It continued to expand its service coverage and witnessed a steady increase in credit supply of inclusive finance. At the end of June, the Bank's inclusive finance loans increased by RMB252,321 million or 8.29% over the end of 2023 to RMB3.29 trillion. The number of inclusive finance loan borrowers increased by 245.9 thousand over the end of 2023 to 3.42 million. The Group increased efforts in surrendering profits to support the real economy, and the interest rate of inclusive loans newly granted to small and micro businesses was 3.61% in the first half of 2024. It strengthened the building of an intelligent risk control system to ensure that the credit asset quality was generally controllable. It promoted deep integration of online and offline service models to improve the availability of inclusive finance services. In terms of online services, it improved and upgraded "CCB Huidongni" – an integrated ecological service platform for inclusive finance, constantly optimised its core credit services, comprehensive financial services and public services, and enhanced the experience of inclusive finance customers. By the end of June, "CCB Huidongni" app had attracted over 350 million visits and more than 40 million downloads, serving over 13 million corporate customers. In terms of offline services, the Bank had approximately 14 thousand outlets that can provide inclusive finance services, more than 20 thousand inclusive finance specialists, and over 2.7 thousand featured inclusive finance outlets. In light of characteristics and needs of inclusive finance customer groups such as small and micro businesses, individual business owners, agriculture-related customers, rural collective economic organisation customers, as well as upstream and downstream customers in the supply chain, the Group iteratively optimised the product system and improved the inclusive finance service model. It promoted products such as "Shankedai", "Shanxindai" and "Advanced Loan for Opening (Entering the Industrial Park)", and increased efforts in serving sci-tech enterprises. The "Cross-border Quick Loan" series of products cumulatively provided financing support of RMB33,650 million for small and micro foreign trade enterprises. The Group focused on the overall planning of new-type industrialisation, new-type urbanisation and comprehensive rural revitalisation, strengthened the innovation of county- and rural-level products and service models, promoted the "Yunong Loan" product packages, increased its supply of loans for farmers' production and operation, actively provided financial services for rural customers, and advanced the implementation of inclusive finance at the county and rural levels. It was awarded the "Best SME Bank in China" and "Best Inclusive Finance Project in China" by *The Asian Banker*.

Pension finance

The Group pressed ahead with the building of pension financial service system, created a pension finance brand of "Jianyang'an", and promoted the coordinated development of pension finance, elderly-care industry finance, elderly-care service finance and pension finance ecosystem. In terms of Pillar 1, it continued to promote the expansion of social security card business; in terms of Pillar 2, it improved the quality and efficiency of parent-subsidiary synergy in annuity business, seized the opportunity of annuity business related to regional talents and contingent employees, and increased the pension assets under its management and custody; in terms of Pillar 3, it created omni-channel unimpeded user experience, enabling account opening within a few seconds, and provided full-life-cycle account services and full-chain fund functions. It continued to enrich personal pension product shelves, fully covering four categories of products including savings, funds, insurance and wealth management, and focused on improving the competitiveness of its subsidiaries' products. The Group prioritised elderly-care industry and provided differentiated supporting policies, so as to guide more credit resources to support elderly-care industry. It proactively utilised structural monetary policy tools and promoted the supply of relending facility for inclusive elderly-care services to benefit market entities. It set up the first batch of 60 featured outlets of pension finance brand of "Jianyang'an", effectively implementing four characteristic services of product benefits, elderly-friendly services, pension investment education, and elderly-care micro-ecology. It innovatively launched new products such as asset service trusts and charitable trusts that can be applied to elderly-care scenarios, and optimised sections for elderly-care services through the online channel. It integrated elderly-care service resources, provided comprehensive solutions on employer benefits and employee old-age healthcare, connected the wealth management chain of personal pension, created a pension finance ecosystem of "Jianyang'an", strove to transform the first-mover advantage of pension finance into pace-setting leadership, and exerted every effort to build a professional bank for pension finance.

Digital finance

Focusing on its own digital transformation, digital capability enhancement, and its ability to serve the digital economy and promote the integration of digital and real economies, the Group formulated an action plan for the development of digital finance business in 2024 and coordinated the promotion of digital finance. It constantly optimised the functional scenarios of the "binary star" platform, improved its online service capabilities for customers, and further enhanced its digital ecological layout. It launched the 2024 version of mobile banking, optimised the user experience of core indispensable functions, and upgraded online financial services such as key wealth products and one-stop credit, so as to better serve the financial needs of the public. The Group also embedded the mobile banking function into the voice assistant and intelligent search scenarios of the HarmonyOS system, enabling direct availability of CCB services via mobile phone system. Focusing on the scenario construction of "CCB Lifestyle" platform, it stepped its efforts in marketing and expansion of high-quality merchants, seeing continuous growth in the traffic and quality of platforms with "binary star" as the core. It enhanced the building of its expertise in technology, improved the working mechanism and process for enterprise-level requirement coordination, and bolstered the sharing and reusing abilities of three major middle platforms of business, data and technology. The Group pressed ahead with data governance and effectively improved its responsiveness to business requirements. It optimised its agile R&D mechanism and put 44,985 business requirement items into production in the first half of 2024. The Group continued to unleash the efficiency of burden reduction empowered by digital tools, expanded the scope of application of technologies such as centralised operation and RPA, and rolled out "Your Personal AI Assistant" for account managers. It saw an ever-improving model of direct operation for personal customers, with swift growth in customer connections and continuously rising contribution for production capacity, which has gradually become a new and effective production model to serve public customers. It continued to press ahead with the construction of an enterprise-level risk management platform, and upgraded and expanded its intelligent risk control system. It achieved remarkable results in e-CNY pilots, made new breakthroughs in cross-border application pilots, and rolled out innovation scenarios of applications such as "IoT+" and intelligent payment supervision of migrant workers' wages. The Group leveraged the driving role of digital transformation in its main businesses, enhanced the intelligence and convenience of financial services, enabling wider access of online products and services such as network supply chain, smart government affairs, smart investment banking, wealth management, personal pension, credit card instalment, consumer credit, and inclusive finance to customers. In addition, the Group actively supported the digital transformation of industries, served the improvement of digital efficiency in various industries, and beefed up its efforts in supporting core industries of the digital economy.

Corporate Finance Business

With "improving the quality and efficiency of serving the real economy" as its major task and "high-quality development" as its mission, the Bank persevered in focusing on improvement of operation capabilities of customers, continued to put in place the system featuring integration of commercial and investment banking services, RMB and foreign currencies, domestic and overseas business, and strove to provide customers with comprehensive financial solutions. Committed to developing the "Five Priorities", it actively supported the development of new quality productive forces, thoroughly implemented China's major regional strategies, and further drove high-level opening-up. It actively explored digitalised, platform-based, comprehensive and ecological construction, and rolled out a series of high-quality products and services such as "Network Supply Chain", "Smart Judicial and Legal Services", "FITS® e Intelligent", "Cross-border Quick Loan" and "Multi-bank Fund Management System for Engineering Projects".

Customer operation

Focusing on corporate customer service and customer group operation, the Bank adapted appropriate marketing service models, allocated sufficient and competent human resources, and strengthened the support of sci-tech system, so as to build a corporate customer operation service system featuring "One Centre and Three Guarantees", with tiered, graded and categorised system for corporate customers as the centre, marketing service system as the organisational guarantee, team building system as the talent guarantee, and information system as the technical guarantee, thus pressing ahead with comprehensive financial services for corporate customers in an integrated manner. At the end of June, the number of the Bank's corporate customers reached 11.34 million, an increase of 525.8 thousand over the end of 2023. The Bank had 16 million corporate RMB settlement accounts, an increase of 902.6 thousand over the end of 2023.

The Bank expedited the cultivation of scenario ecological capabilities, explored the construction of characteristic scenarios, focused on source funds and settlement funds to promote customer expansion and traffic increase, built a "data-driven and technology-empowered" closed loop of exclusive fund services for industrial and supply chains, and put comprehensive services for key customers in place. At the end of June, domestic corporate deposits of the Bank amounted to RMB11.83 trillion, a decrease of RMB28,223 million or 0.24% over the end of 2023.

Corporate credit business

The Bank adhered to its principle of serving the real economy, effectively enhanced its efforts in the "Five Priorities" and "Three Major Projects", actively supported the development and growth of advanced manufacturing industry, and exerted multi-dimensional efforts in "green finance" transformation. It increased its support for social development and people's livelihood, enhanced the quality and efficiency of industrial and supply chains with supply chain finance, and provided high-quality credit services for economic and social development. At the end of June, domestic corporate loans of the Bank amounted to RMB14.68 trillion, an increase of RMB1.46 trillion or 11.02% over the end of 2023, with the NPL ratio of 1.69%. Loans to manufacturing industry amounted to RMB3.05 trillion, an increase of RMB345,936 million or 12.79% over the end of 2023. Specifically, medium and long-term loans to manufacturing industry amounted to RMB1.63 trillion, an increase of RMB180,452 million or 12.46% over the end of 2023. Loans to private enterprises amounted to RMB5.87 trillion, an increase of RMB471,766 million or 8.74% over the end of 2023. Loans to strategic emerging industries totalled RMB2.72 trillion, an increase of RMB474,899 million or 21.19% over the end of 2023. The Bank's domestic loans to real estate industry amounted to RMB910,726 million, an increase of RMB56,770 million or 6.65% over the end of 2023. The Bank provided 119.3 thousand chain customers along 5,049 core enterprises industrial chains with a total of RMB638,106 million supply chain financing support on a cumulative basis in the first half of 2024.

The Bank actively implemented China's major regional strategies and coordinated regional development strategies. At the end of June, new corporate loans in the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, and the Chengdu-Chongqing Economic Circle exceeded RMB800 billion, while those in Northeastern, Central and Western regions exceeded RMB500 billion.

Institutional business

In terms of institutional business, the Bank echoed the trend of digital government development and empowered the modernisation of national governance system and capacity. At the end of June, deposits from institutional customers amounted to RMB6.79 trillion, an increase of RMB597,181 million over the end of 2023, giving full play to the "ballast" role of corporate deposits in terms of steady growth and retention.

The Bank actively boosted the scenario integration of government affairs and finance. It broke new grounds in the efficiency improvement of smart government affairs services scenarios, and further promoted the upgrade of "processing one item for just one time", helping to improve the efficiency of government affairs processing. It empowered the building of a primary-level governance system, created a host of platforms for smart village affairs, supervision of rural collective assets management (including funds, properties and resources) and rural property transactions, serving 129.7 thousand primary-level government customers. It made all its outlets channels available to the public to build the "Government Affairs Hall for the Public", providing more than 10,000 government affairs items, and processing over 100 million government affair services for more than 30 million users. The government affairs services payment system had been connected to 1,164 government platforms, with a total transaction amount of more than RMB360 billion. It entered into systematic cooperation with 29 provincial judicial and legal units, and enabled "case-specific, person-specific, and casefile-specific" fund supervision services for more than 1,400 judicial, procuratorial, and public security organs with the "Smart Judicial and Legal Services" platform. The Bank relied on the "CCB Smart Campus" platform to build multiple application scenarios covering daily life, information and education services, with 49.2 thousand corporate customers. It leveraged on the "CCB Smart Healthcare" platform to build a new customer operation and management model in the healthcare ecosystem, with 1,161 corporate customers. It enabled access to QR codes of local electronic medical insurance certificates in 23 provinces and autonomous regions, activating a total of 20.01 million electronic medical insurance certificates. It conducted tiered and categorised operation and management focusing on four key customers in trade unions, charity, religion and pension, thus forming a new financial ecosystem of social organisation customers. In addition, leveraging on the "Elderly Care Platform", the Bank promoted the service model of supervising the prepaid funds collected by nursing institutions nationwide, and reinforced its supervision of the whole process of collecting such funds, so as to protect the legitimate rights and interests of the elderly.

Investment banking business

The Bank deeply engaged in customer segments operation by focusing on "integration of commercial and investment banking services" in its investment banking business and continued to carry out product innovation. At the end of June, the outstanding balance of direct financing provided by the Bank for entities through investment banking exceeded RMB957.3 billion, and the Bank newly provided direct financing of over RMB207.6 billion in the first half of 2024. The investment banking system platform had a total of more than 1.35 million registered users with more than 370 thousand investment banking customers, of which "FITS® e Intelligent" had more than 100 thousand contracted customers, with its financial advisory business attracting more than 2,800 customers. It successfully launched the "Smart Investment Banking Ecosystem 5.0", and actively embedded it in various service platforms, so as to steadily expand both customer coverage and scenario coverage. The Bank continued to play a pivotal role in the bond market, underwriting 42 tranches of various innovative debt financing instruments for non-financial enterprises, with a total issuance volume of RMB37,384 million, and 21 tranches of sci-tech innovation notes (including mixed sci-tech innovation notes), with a total issuance volume of RMB16,686 million. The Bank's brand image of investment banking continued to improve, and the Bank was awarded the "Best Investment Bank in China" and "Best Debt Financing Bank in Asia Pacific" by the *Global Finance* in 2024.

Asset-backed securitisation business

The Bank actively supported the "Five Priorities", i.e., technology finance, green finance, inclusive finance, pension finance and digital finance by means of asset securitisation and underwrote China's first green building quasi-REITs (Real Estate Investment Trusts), China's first public hotel CB (Covered Bond) and multiple tranches of asset-backed notes serving inclusive finance. It issued two small and micro business loan asset-backed securities with total issuance amount of RMB25,522 million and a principal of RMB25,522 million; it issued one non-performing unsecured small and micro businesses assets-backed security with total issuance amount of RMB357 million and a principal of RMB3,419 million; it issued three non-performing assets-backed securities of residential mortgages with total issuance amount of RMB4,105 million and a principal of RMB9,688 million; it issued two non-performing credit card assets-backed securities with total issuance amount of RMB999 million and a principal of RMB6,827 million; it also issued one non-performing assets-backed security of personal consumer loans with total issuance amount of RMB132 million and a principal of RMB806 million.

International business

The Bank steadily enhanced its ability to participate in international competition, sped up the integration of RMB and foreign currencies, domestic and overseas business, and contributed to high-quality development and high-level opening-up. It continued to increase its support for "stability in foreign trade and foreign investment" and supported key areas in light of actual needs of the real economy. The supply of trade finance reached RMB1.18 trillion in the first half of 2024, an increase of 8.20% over the same period last year; international balance of payment reached US$819,218 million, an increase of 23.71% over the same period last year. The Bank innovated "Cross-border Quick Loan" series of products to support the development of small and micro businesses. The Bank steadily and prudently pressed ahead with RMB internationalisation, with cross-border RMB settlement volume in the first half of 2024 standing at RMB2.55 trillion, an increase of 36.66% over the same period last year; it held the China-UK Financial Cooperation Forum to enhance the influence of RMB in the offshore market and promote market connectivity, and CCB London Branch continued to be the largest RMB clearing bank outside Asia with a cumulative clearing amount of over RMB100 trillion. It focused on supporting key themes such as "Sci-tech Innovation", "Going Global", and "Investment in China", and held multiple cross-border matchmaking events to facilitate unimpeded global economic and trade exchanges. It enhanced the operation capabilities of key customers through digitalised empowerment, launched the "Customs Declaration and Express Remittance" function regarding cross-border remittance, and expanded applicable currencies for the integration of purchase and payment of foreign exchanges. Adhering to the service concept of "Finance + Intelligence" solutions, the Bank made use of products and services such as cross-border merger and acquisition loans, export credit, and cross-border project financing to provide all-round financial support and financing facilities for the BRI cooperation. Project Factoring (Jiandantong, Jianpiaotong and Jianxintong) has provided financing support of RMB17,410 million for 149 projects in the BRI partner countries. It enhanced its ability to respond to the business needs of key customers operated in member countries of the *Regional Comprehensive Economic Partnership* (RCEP), and the credit supply reached RMB14,981 million for key projects in such countries.

Settlement and cash management business

The Bank consolidated corporate customer and account base, boosted the innovation and application of settlement and cash management products, and enhanced its integrated service capacity of RMB and foreign currencies, and domestic and overseas business. It pressed ahead with direct operation for long-tail corporate customers, created a direct operation platform, and built a long-tail corporate customer service system featuring multiple channels of "online + offline" and dual pivots of "direct operation teams + outlets". It continued to optimise the process of account opening, change and closing to boost its service efficiency. In the first half of 2024, it opened over 1.26 million corporate RMB settlement accounts. The Bank introduced a full range of services of corporate treasury information system, providing 20 core functional modules such as account management, settlement management and bill management, securing smooth connection of the system with internal business and financial systems of enterprises and external regulatory platforms, to meet the needs of treasury management and information system building of various group enterprises. It streamlined the procedures of high-frequency corporate settlement business, and completed the standardised and structural reorganisation of agreements, enabling the intelligent splicing and assembling output of electronic agreements, thus improving the convenience in accessing basic financial services. It elevated the suitability of "Huishibao" to the digitalised transformation scenario of consumption in the field of people's livelihood, and further applied the product in areas such as smart parks, intelligent manufacturing, smart agricultural trade, and housing rental. Integrating the advantages of "Treasury Cloud" and "Jianguanyi" services, it innovatively rolled out the "Multi-bank Fund Management System for Engineering Projects" to fully meet the fund supervision needs of the corresponding competent authorities. The Bank expedited the promotion and application of "Zhangbutong" to effectively meet urgent needs of various corporate customers for refined management of revenue receipts. It beefed up its efforts in innovation of agency collection and payment products, continued to expand the application of agency payment business in key scenarios, proactively satisfied new requirements of fee-payment and collection customers in a timely manner, and vigorously promoted scenario-based expansion of agency collection business. In the first half of 2024, it achieved RMB3.41 trillion in agency payment and RMB1.48 trillion in agency collection and fee-payment service transactions, an increase of 3.14% and 25.62%, respectively, over the same period last year. In addition, the Bank deepened its innovation of global cash management products. It was awarded the "2024 Bankers' Choice – Best Corporate Payments Project in China" by *The Asian Banker*.

Personal Finance Business

Focusing on its main task of high-quality development, the Bank fully supported "Five Priorities", pressed ahead the "New Retail 2.0" initiative, continued to improve its "digitalised + professional + integrated" capabilities, and sped up its transformation from the perspective of managing "bank's balance sheet" to managing "customer's balance sheet". It deepened the "tiered, sub-group and graded" customer service model, improved service efficiency for all customers, pressed ahead with mega wealth management strategy, continued to enhance its professional service capabilities, and created a professional brand image for private banking. It actively practised the concept of "payment for the people", strengthened ecological construction of scenarios, stayed committed to the balanced development model of "volume, pricing and risk", and solidified the advantages of retail credit, in a bid to achieve high-quality development of retail business. It witnessed an improvement of brand value in terms of its retail business and has been awarded the three comprehensive retail banking awards, i.e., "Best Retail Bank in Asia Pacific", "Best Retail Bank in China", and "Best Mega-Retail Bank in China" by *The Asian Banker* for three consecutive years.

Customer operation

The Bank focused on customer service, continued to deepen its business philosophy of "customer centricity and value creation for customers", upgraded the "tiered, sub-group and graded" personal customer service system, and built a service model of "direct operation through scenarios for basic customers, direct operation through private domain for potential customers, exclusive operation for high-value customers, and intensive cultivation of private banking customers", so as to further promote customer services through all channels. At the end of June, the Bank's domestic personal deposits stood at RMB15.88 trillion, an increase of RMB1.01 trillion or 6.82% over the end of 2023. The Bank continued to optimise its customer structure, with the number of personal customers reaching 762 million and personal financial assets under management by the Bank exceeding RMB19.74 trillion.

In terms of basic customers, it provided scenario-based direct operation services, gave full play to the advantages of scenario-based ecological connection, and helped to transfer the user activation of merchant ecology and the "binary star" platform to customer value creation by capitalising on financial and non-financial scenarios. In terms of high-potential customers, it provided direct operation services through private domain, gave full play to the service advantages of "people + digitalisation", explored an innovative path to serve hundreds of millions of public customers intensively and efficiently, and realised people-oriented ubiquitous services and one-stop comprehensive financial services. In terms of high-value customers, it provided outlet-based exclusive operation services, and set up "joint service units" composed of personal account managers, wealth management advisors and heads of outlets, so as to achieve comprehensive integration of customer relationship services and professional wealth management services. In terms of private banking customers, it integrated resources at the Group level, established professional service teams of private banking, and met service needs of individuals, families, and enterprises on all fronts, so as to create a leading private banking brand. In addition, in terms of the common attributes or common needs of customers in fields such as payroll services, merchants, pension business, county-level financial services, and cross-border transaction, it provided customers with "financial + non-financial" in-depth services.

The Bank continued to improve its "digitalised + professional + integrated" capabilities. It expanded the coverage of services through digitalised operation, upgraded the closed loops featuring "insight – matching – access – accompanying" in digitalised operation, and rolled out "Your Personal AI Assistant", so as to effectively empower burden reduction for grassroots institutions. It enhanced the quality and efficiency of services through specialised wealth management, and upgraded the full-life-cycle wealth management service model for customers. Specifically, it provided public customers with professional services featuring "flexible money management, sound investment, return seeking, and insurance protection" and a four-step standard service process of "wealth planning – asset allocation – quality product selection – ongoing companionship", instead of product sales only; it provided private banking customers with integrated services featuring coordination among "individuals, families, enterprises and society", instead of personal wealth management only. It improved the service depth through integration of assets and liabilities, upgraded its one-stop comprehensive investment and financing services for customers, and established an enterprise-level collaborative support mechanism based on customer needs, so as to optimise supply capabilities of products and services.

Personal credit business

The Bank continued to improve its product system, enhanced its service capability, met reasonable financing needs of residents, and advanced the high-quality development of retail credit business. At the end of June, domestic personal loans and advances of the Bank reached RMB8.76 trillion, an increase of RMB81,682 million or 0.94% over the end of 2023.

In respect of residential mortgages, the Bank actively implemented national policies and regulatory requirements. Based on differentiated housing credit policies in terms of down payment ratio and loan interest rate, it took city-specific measures to support residents' necessity and diversified upgrading purchase demands and reduced the cost of residential housing financing. It was committed to residential mortgages service for government-subsidised housing and explored to improve a financial service system commensurate with the new pattern of real estate development.

In respect of personal business loan business, the Bank continued to improve its exclusive personal service system. It actively expanded personal business customers such as individual businesses, small and micro business owners and farmers, enriched the product lines of inclusive personal business loans, and improved the "Yunong Loan" product packages. It expanded the coverage of key customer groups, adapted to diversified scenarios through model innovation and refined operation, and improved the quality and efficiency of financial services for individual businesses and county-level agriculture-related businesses.

In respect of personal consumer loan business, the Bank actively responded to the national strategy of expanding consumption, supported diversified consumption financing needs of residents, and continued to promote high-quality development of personal consumer loan business. It optimised its online and offline product and service system, enhanced its digitalised operation capability, improved the refined operation strategy of customers and channels, stabilised asset quality, expanded the scope and level of customer services, and boosted the steady growth of personal consumer loans.

In respect of credit card loan business, the Bank adhered to national strategic guidance of expanding domestic demand and stimulating consumption, seized the opportunity of consumer market recovery, focused on key customers, scenarios and regions, and sped up the comprehensive layout of online payment and the construction of consumption scenarios. Taking inclusive finance and green finance as the pivot, it was committed to broadly meeting the full-life-cycle consumer credit needs of automobile consumption, housing decoration and education, and increasing its supply of revolving credit and instalment credit.

Personal payments

The Bank harnessed its advantages of payment foundation, deeply engaged in construction of consumer ecosystem, and realised coordinated development of merchants and customers.

For merchants, the Bank upheld the principle of supporting the recovery of consumer market and optimising payment services, deepened its "1+N" operation system for merchant businesses from the perspective of customer operation, and provided merchants with "Card acquiring+" comprehensive financial services. At the end of June, the Bank had 5.84 million card acquiring merchants, an increase of 242.1 thousand over the end of 2023.

For customers, the Bank continued to consolidate the foundation for payment service capabilities. Under the guidance of the PBOC, it steadily pressed ahead with the work regarding optimising payment services, witnessed significant enhancement in its services in terms of construction of bank card acceptance environment, cash services, foreign currency exchange, mobile payment, and account services, and hit new heights in the inclusiveness and convenience of payment services. It upgraded the brand image of "Long Card" and rolled out a debit card product called "Long Card for the Year of the Loong", highly recognised by customers. At the end of June, the Bank had 1,429 million personal settlement accounts; the number of users of "Long Pay" products reached 235 million; and the number of debit cards issued reached 1,264 million. In the first half of 2024, the transaction volume of debit cards reached RMB12.08 trillion, and the number of transactions reached 28,529 million.

In terms of credit card business, the Bank enriched product lines to meet multi-level needs of customers. It innovatively developed the "Long Card Bonus + Platinum MasterCard", the "Greater Bay Area Credit Card", and the "Paris Olympics-themed Credit Card", rolled out spectrums of Youth Card themed on "Everlasting Beauty of Dunhuang", and continued to improve its credit card product system, so that the credit card business can better support the development of inclusive finance and green finance. The Bank seized new opportunities of consumer market recovery and deeply engaged in construction of consumption scenarios. Under the brand framework of "Long Card Special Offer 666", it conducted a series of themed marketing activities around most focused consumption areas such as cultural tourism, food recommendation and shopping to enrich the consumption experience, so as to unleash online and offline consumption potential of customers. It seized the opportunity of pickup in outbound travels and consumption abroad and made targeted efforts to support residents to expand their overseas large consumption. The Bank stepped up innovation and promotion of credit card instalment products and services to increase credit supply. It actively responded to the Action Plan for Promoting Large-scale Equipment Renewals and Trade-ins of Consumer Goods unveiled by the State Council, ramped up cooperation between manufacturers and dealers and graded maintenance, and continued to increase its supply of instalment credit for new energy vehicles and enhance market penetration. It extensively deployed the brand publicity of "CCB Home Improvement Festival", expanded its supply of instalment credit for "Huitong Customers", and continued to beef up its efforts in promoting "Instalment Consumption Loan" (both "User-friendly Edition" and "Scenario-based Edition"), so as to expand the size of drawn loan facilities. At the end of June, the cumulative number of credit cards issued by the Bank reached 131 million, with 104 million credit card customers. In the first half of 2024, the volume of credit card transactions totalled RMB1.38 trillion.

Wealth management

The Bank continued to deepen the building of a wealth management system that integrates operational mechanisms, service models, and systems and platforms, and saw improvement in both personal customer service experience and professional team competency. At the end of June, the number of the Bank's wealth management customers increased by 4.29 million over the end of 2023, up 1.45 million as compared with the same period last year.

The Bank gave full play to the professional leading role of the Wealth Management Investment Decision-making Committee, advanced the integration of strategies and products, improved the wealth strategy support covering full time sequence and all types of assets, and consolidated the professional transmission chain of "investment research – investment advisory – customer service". The Bank tapped into the power of the Agency Services Committee in terms of coordination, upgraded enterprise-level products shelf management system, enhanced quality selection, operation and compliance management capabilities of investment and WMPs, and secured effective implementation of asset allocation. It focused on full-life-cycle family asset allocation of customers, carried out planning services, construction and operation of pension business, overseas study, house purchase, and insurance, and laid out asset allocation plans in light of customer needs. Drawing on best practice and experience, the Group upgraded professional capabilities of its joint service units, and enhanced professional collaboration among personal account managers, wealth management advisors and heads of outlets; it sought combined forces of head office and branches to establish a team of private banking experts, implemented "scenario-based and immersive" empowerment training, enhanced capabilities of high-quality private banking services, and strengthened integrated operation of customer allocation and service of private banking. It unblocked the three-tier platform system of "customer service – business management – product transaction" of wealth management and sped up construction and upgrading of professional tools such as financial health check, quality product selection, and content operation, so as to effectively support the operation of wealth management system.

Private banking

The Bank pressed ahead with professional operation of private banking and created a professional brand image. It assisted in the implementation of "Five Priorities", strengthened linkage between private banking and inclusive services, deepened services for personnel from sci-tech innovation enterprises and professional and technical customer groups, promoted eldercare financial planning services, and continued to improve digital service experience of "CCB e-Private Banking". It consolidated intensive cultivation of private banking customers, tapped into the Group's resource strengths, gave full play to the role of the private banking centre as a service benchmark, provided diversified private banking financial services such as financial planning, asset allocation, family wealth management and corporate financing, as well as quality services such as legal consultation and health care, and deepened high-quality companionship of private banking customers. It consolidated the first-mover advantage of family wealth management, enriched family trust advisory services, and expanded the coverage of insurance trust advisory services and family offices, with the balance of assets managed by family trust advisory business reaching RMB115,802 million, maintaining the leading position in the industry. The Bank prudently selected cooperative institutions, strengthened product strategy research, risk identification and comprehensive and penetrating management of product duration, and continued to enhance the professional management of private banking products. At the end of June, the private banking customers' assets under management of the Bank reached RMB2.70 trillion, an increase of 6.93% over the end of 2023; the Bank had 235.4 thousand private banking customers, up 10.59% over the end of 2023. The Bank was awarded the "China Private Banking Awards – Best Family Office of the Year" by the *Euromoney*, the "China Wealth Awards – Gold Award for Best Private Bank – Asset Allocation" and "China's Best Wealth Management Technology Implementation Award" by the *Asian Private Banker*, and the "Head Office Characteristic Management Award – Family Trust Award" by the *Retail Banking*.

Rural revitalisation

The Bank gave full play to its advantages in FinTech, focused on key areas such as platforms, credit, scenarios and risk control, and continued to improve comprehensive service system for rural revitalisation, so as to better serve national strategies of rural revitalisation and building an agricultural power.

The Bank continued to improve the "Yunongtong" comprehensive service platform for rural revitalisation and gave full play to the leading role of county- and rural-level financial services. In terms of offline services, the Bank built "Yunongtong" service sites to serve more than 68 million rural customers, and realised the convergence of service sites into a service chain. It issued a total of 36.61 million "Rural Revitalisation Yunongtong Cards", with the average daily deposits on an annual basis amounting to RMB240,245 million. In terms of online platform operation, it created the "Yunongtong" app platform integrating financial services, convenience affairs, rural government affairs, and e-commerce, with nearly 16.96 million registered users, providing rural customers with agriculture-related loans amounting to RMB118,433 million. "CCB Yunongtong" WeChat ecosystem served 8.20 million WeChat users, further extending and expanding the online service ecosystem.

The Bank pushed forward two agriculture-related credit product packages. For agriculture-related personal operating entities, mostly farmers, it rolled out "Yunong Loan", with loan balance exceeding RMB280 billion. At the end of June, loans for farmers' production and operation increased rapidly by RMB87,966 million or 23.08% to RMB469,172 million as compared with the end of 2023, and the number of borrowers increased by 22.94% over the end of 2023 to 1.21 million. For agriculture-related enterprises and various organisations, it rolled out "Rural Revitalisation Loan" product packages. The Bank innovatively promoted products designed for rural industry and rural construction such as "Agri-product Cold Chain Logistics Loan", "High-standard Farmland Loan", "Agricultural Facility Loan", "Quick Loan for Cooperatives", and "Agricultural Machinery Loan". According to the regulation on statistics of agriculture-related loans published by the PBOC in January 2024, at the end of June, the Bank's agriculture-related loans amounted to RMB3.38 trillion, a corresponding increase of RMB293,902 million or 9.54% on the same calculation basis over the end of 2023; and the number of agriculture-related loan borrowers was 4.28 million. The weighted average interest rate of agriculture-related loans newly granted in the first half of 2024 was 3.45%. Agriculture-related inclusive loans totalled RMB741,418 million, an increase of RMB136,212 million or 22.51% over the end of 2023.

The Bank accelerated the building of a series of agriculture-related specialised ecological scenarios. The first scenario refers to the featured agricultural industry chain ecosystem. In light of locality, regionality and characteristics, it formed distinctive regional scenario applications such as edible fungi industry, Xinjiang cotton, and Guangxi cane sugar, and created a unified "Yunong Industry" platform system and service brand. It promoted service models such as "Yunong Market" and "Yunong Cooperation", focused on customer groups such as agricultural wholesale markets & farmers' markets, and farmers' cooperatives, developed and launched comprehensive service platforms, innovated exclusive credit products, and served agricultural production, circulation and sales. The second scenario refers to rural government affairs. The Bank innovated a featured platform known as "Disclosure of Party Affairs, Village Affairs and Financial Affairs" of Liaoning Province and created a cooperation model that benefits the people and strengthens the development foundation. Other key scenarios are as follows. The Bank built the "Yunong Moments", focusing on serving farmers' social contact. It organised more than 3,400 "Yunong Sessions" to provide farmers with activities such as financial knowledge education and agricultural technology training.

The Bank gradually established a digital risk control system for agriculture-related financial services. It applied digital tools to enhance remote risk identification, control and resolution capabilities of the "Yunongtong" service sites and promoted the construction of an offline grid-based and online intelligent risk control system for service sites. In addition, it applied the digital risk control tool of "Yunong Loan" to give full play to the effectiveness of multi-level post-lending monitoring, inspection, and risk identification and control, and consolidate the foundation of asset quality management and control referring to "maturity reminder, recovery of overdue loans, and disposal of non-performing assets", so as to improve refined post-lending management.

Housing rental

The Group continued to press ahead with housing rental business. At the end of June, the Bank's loans for corporate housing rental business were RMB349,999 million, which supported more than 1,600 housing rental enterprises. CCB Housing Rental Fund signed acquisition contracts for 28 projects with a total asset size and cumulative investment size of RMB12,693 million and RMB7,239 million respectively. These projects could provide approximately 22.8 thousand long-term rental apartments to the market. CCB Housing Rental Fund established 11 sub-funds with a total size of RMB33,110 million and a subscription size of RMB21,979 million. The housing rental scenarios created significant financial value, which cumulatively brought in over 15 million new personal customers at the Group level.

Entrusted housing finance business

The Bank continued to enhance its comprehensive service capabilities for housing fund customers, boosted refined management and digital development, and supported the people's residential needs. It actively participated in data governance of the housing provident fund industry. It strengthened linkage between corporate and personal businesses to expand the coverage of housing provident fund contributions, attracted those flexibly employed to contribute to the housing provident fund via online channels and marketing activities, optimised the process of portfolios of "housing provident fund loans + commercial housing mortgages", and tapped into the development potential of housing maintenance funds. At the end of June, the balance of housing fund deposits of the Bank was RMB1.47 trillion, and the balance of personal housing provident fund loans was RMB3.03 trillion.

Treasury and Asset Management Business

Focusing on value creation and risk management, the Group continued to enhance its professional, synergistic and innovative capabilities, so as to meet the comprehensive investment and financing needs of customers, serve the capital market, and promote the steady development of treasury and asset management business. It strengthened graded, tiered and categorised management of financial institution customers, and steadily enhanced comprehensive customer service capabilities; it upgraded its interbank cooperation platform, and continued to enrich the ecological scenarios, with accumulated funds granted amounting to RMB10.72 trillion. With the aim of "strong customer base, advanced systems, leading operations and effective risk control", the Group continued to build itself into a leading custodian, and the total assets under custody of the Bank exceeded RMB23 trillion. It continued to increase value contribution of financial market business, and expanded bond investments to vigorously support the implementation of proactive fiscal policies and the financing needs of the real economy. The underwriting volume of treasury bonds and local government bonds exceeded RMB1 trillion, ranking top in the market. The Group continued to improve the quality and efficiency of corporate wealth management and in serving the real economy; it built the brand of "Jianyang'an" and provided different customer groups with customised and professional pension finance service.

Financial market business

In terms of financial market business, the Bank adhered to the concept of high-quality development, actively implemented strategic guidance, took effective actions to serve the development of the real economy, and strove to enhance value contribution and refined management.

Money market business

The Bank utilised a combination of money market tools to stabilise liquidity across the Bank. It fulfilled its responsibilities as a large bank and continued to provide liquidity support to small and medium-sized financial institutions. It strengthened its analysis and judgement of the movement in interest rates of interbank certificates of deposit, and effectively enhanced the ability to proactively assume stable low-cost liabilities. In the first half of 2024, the transaction volume in the RMB money market steadily increased, and the balance of interbank negotiable certificates of deposits (NCDs) issued by the Bank exceeded RMB1.21 trillion.

Debt securities business

The Bank adhered to the operating principle of "safe and sound operation, value-based investment" and maintained a sound balance of security, liquidity and profitability. It strengthened proactive management of its bond investment strategy and strongly supported the implementation of proactive fiscal policies and the financing needs of the real economy. In the first half of 2024, the underwriting volume of treasury bonds and local government bonds exceeded RMB1 trillion, ranking top in the market. It actively implemented the "Five Priorities", served key strategies such as sci-tech innovation and green and low-carbon development, and enhanced its ability to serve major national strategies as a financial institution.

Trading business

The Group harnessed its advantages as a large bank to provide more comprehensive and well-established products and services for the real economy. It actively advocated the concept of exchange rate risk neutrality, introduced a guarantee mechanism to reduce the cost of exchange rate hedging business for small and micro businesses, and optimised the foreign exchange trading function of online banking. In the first half of 2024, the number of effective customers of trading business increased by nearly 10% year-on-year, and the trading volume of RMB foreign exchange derivatives serving enterprises increased by nearly 6% year-on-year.

Precious metals and commodities

As the first bank in China to specialise in commodities business, the Bank actively participated in the building of precious metals and commodities market, optimised and strengthened precious metals business, and deeply engaged in the gold industry chain; it increased its efforts in commodities business, served the real economy, and supported the rural revitalisation; it prospectively explored carbon trading research, and established a trading innovation cooperation mechanism with relevant exchanges. In the first half of 2024, it secured agricultural products worth RMB4,939 million accumulatively, an increase of 53.62% over the same period last year, involving 670 farmers and agricultural enterprises. At the end of June, domestic precious metal assets amounted to RMB196,302 million.

Asset management business

The Group gave full play to its advantages of financial licenses and focused on connecting the value chain of wealth management and asset management. It built diversified product shelves, promoted the corporate wealth management service of "Longzhiying", and continued to optimise customer experience. It improved the quality and efficiency of asset management business in serving the real economy and met the comprehensive investment and financing needs of customers. It firmly safeguarded the bottom line of risks, and strengthened risk prevention and mitigation for key institutions, fields, customers, and types of risk, so as to promote the high-quality development of asset management business. At the end of June, the Group's asset management business reached RMB5.20 trillion, with CCB Wealth Management, CCB Principal Asset Management, CCB Trust, CCB Pension and the asset management subsidiary under CCB Life contributing RMB1.50 trillion, RMB1.29 trillion, RMB1.30 trillion, RMB0.62 trillion and RMB0.35 trillion, respectively.

At the end of June, the Group's WMPs amounted to RMB1.57 trillion. Specifically, those managed by CCB Wealth Management were RMB1.50 trillion, and those managed by the Bank were RMB66,347 million. The Group's net-value WMPs amounted to RMB1.50 trillion, all of which were managed by CCB Wealth Management, accounting for 95.76% of the total, up 0.79 percentage points over the end of 2023. Specifically, the balance of open-end products of CCB Wealth Management was RMB1.24 trillion and the balance of closed-end products was RMB256,470 million; the balance of WMPs to personal customers was RMB1.27 trillion, accounting for 84.61%, and the balance of WMPs to corporate customers was RMB230,834 million, accounting for 15.39%. The Bank's WMPs were all open-end products, of which the balance of WMPs to personal customers was RMB47,668 million, accounting for 71.85%, and the balance of WMPs to corporate customers was RMB18,679 million, accounting for 28.15%.

Information on issuance, maturity and balance of the Group's WMPs during the reporting period is as follows.

(In millions of RMB, except batches)	31 December 2023		H1 2024				30 June 2024	
			WMPs issued		WMPs matured			
	Batches	Amount	Batches	Amount	Batches	Amount	Batches	Amount
CCB Wealth Management	1,100	1,499,121	**338**	**1,818,477**	**411**	**1,817,750**	**1,027**	**1,499,848**
The Bank	2	79,443	**–**	**94,660**	**–**	**107,756**	**2**	**66,347**
Total	1,102	1,578,564	**338**	**1,913,137**	**411**	**1,925,506**	**1,029**	**1,566,195**

The assets in which the Group's WMPs invested directly and indirectly as at the dates indicated are as follows.

(In millions of RMB, except percentages)	30 June 2024						31 December 2023					
	CCB Wealth Management		The Bank		The Group		CCB Wealth Management		The Bank		The Group	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Cash, deposits and interbank negotiable certificates of deposit	**831,702**	**53.48**	**23,776**	**28.37**	**855,478**	**52.20**	907,809	58.73	31,462	32.01	939,271	57.14
Bonds	**485,602**	**31.23**	**7,452**	**8.89**	**493,054**	**30.08**	478,169	30.94	7,942	8.08	486,111	29.57
Non-standardised debt assets	**6,421**	**0.41**	**11,181**	**13.34**	**17,602**	**1.07**	23,643	1.53	11,799	12.01	35,442	2.16
Equity investments	**6,667**	**0.43**	**36,916**	**44.05**	**43,583**	**2.66**	11,714	0.76	43,586	44.35	55,300	3.36
Other assets [1]	**224,795**	**14.45**	**4,482**	**5.35**	**229,277**	**13.99**	124,247	8.04	3,492	3.55	127,739	7.77
Total	**1,555,187**	**100.00**	**83,807**	**100.00**	**1,638,994**	**100.00**	1,545,582	100.00	98,281	100.00	1,643,863	100.00

1. Including mutual funds, client-driven overseas wealth management investments (QDII), derivatives, placements with banks and non-bank financial institutions and bonds held under resale agreements.

Financial institutional business

The Bank strengthened graded, tiered and categorised management of financial institution customers, focused on customer needs, pressed ahead with the building of a flexible team mechanism across departments and entities, cultivated regional differentiated operation characteristics, and steadily enhanced comprehensive financial institution customer service capabilities. It engaged deeply in financial institution customers, took credible actions to assume the responsibilities as an expert in customer services, industry and comprehensive solutions, and won 14 awards such as "Excellent Clearing Member", "Excellent Settlement Member" and "Excellent Custodian Agencies" from the Shanghai Clearing House, "Excellent Depository Bank" and "Outstanding Contribution Institution" from the Shanghai Gold Exchange. It conducted comprehensive marketing of cross-border RMB business and cross-border matchmaking business of securities and futures companies; it deepened its cooperation with securities companies in e-CNY and personal pensions; it also deepened its cooperation with banking institutions such as national joint-stock commercial banks, city commercial banks, rural commercial banks, private banks and provincial rural credit cooperatives in e-CNY. The Bank steadily pressed ahead with the integrated operation of bills, pursued innovation while keeping integrity, optimised related processes, and continued to promote the capability to better serve the real economy. It continued to promote the digital transformation of financial institutional business, aggregated information and resources within the Group by relying on the interbank cooperation platform, created an enterprise-level comprehensive service platform for financial institution customers, and built a new ecosystem of interbank cooperation. By the end of June, the platform had attracted more than 1.32 million visits, 2,007 registered users and granted RMB10.72 trillion on a cumulative basis. The Bank maintained a leading position among its peers in terms of total number of securities customers and total amount of transaction settlement funds of third-party security custody services (CTS). It made full use of CTS rewards marketing activities to acquire and reactivate customers. At the end of June, the Bank had a total of 91.53 million CTS customers, an increase of 3.05 million over the end of 2023. The Bank's amounts due to other domestic financial institutions (including insurance deposits) were RMB2.69 trillion, an increase of RMB433,706 million over the end of 2023; assets placed with other domestic financial institutions were RMB511,981 million, a decrease of 1,000 million over the end of 2023.

Asset custody services

The Bank focused on building itself into a leading custodian and continued to improve high-quality development momentum and value creation ability of custody business. It deepened cooperation with large and medium-sized insurance customers, and the size of insurance assets under custody amounted to RMB7.69 trillion. In addition to CCB Wealth Management, it successfully entered into custody cooperation with a number of wealth management customers, and assets of WMPs under custody from other banks exceeded RMB100 billion. The Bank continued to tackle challenges in pension finance and witnessed an increase of 691 in the number of pension custody customers. It exerted great efforts in digital finance, continued to enrich the application scenarios of the "Smart Custody" platform, optimised and improved the "Smart Data" service function, and pressed ahead with digitalised operation of custody services. The Bank was awarded the "Excellent ETF Custodian" by *China Fund* and "the World's Best Sub-Custodian Bank (China)" by the *Global Finance*. At the end of June, the Bank's assets under custody amounted to RMB23.16 trillion, an increase of RMB2.27 trillion or 10.89% over the end of 2023.

Overseas Commercial Banking Business

The Group steadily promoted network building of overseas entities. At the end of June, it had overseas commercial banking institutions (including 20 tier-1 branches and seven subsidiaries) in 28 countries and regions across six continents. In the first half of 2024, overseas institutions saw a steady growth of assets, with rising value contribution from institutions operated in member countries of RCEP; operating efficiency of overseas institutions increased over the same period last year, with a net profit of RMB4,966 million; risk indicators remained controllable on the whole with steady improvement in credit asset quality and continuous enhancement in compliance management. The Group gradually enhanced its ability to serve "going global" customers, accelerated the expansion of asset-light and capital-light businesses, and achieved remarkable results in RMB internationalisation.

CCB Asia

China Construction Bank (Asia) Corporation Limited is a licensed bank registered in Hong Kong with an issued and fully paid capital of HK$6,511 million and RMB17.6 billion. CCB Asia is the Group's full-featured integrated commercial banking platform in Hong Kong, with its core base in the Guangdong-Hong Kong-Macao Greater Bay Area, focusing on expanding the businesses of the Chinese mainland and members of RCEP, and a wide reach that extends to some countries and regions in the Middle East and Central Asia. CCB Asia has traditional advantages in providing professional financial services such as overseas syndicated loans and structured finance and has rich experience in corporate finance business, including international settlement, trade finance, financial market trading, financial advisory, green finance and trust agency services. Its targeted customers include local Blue-Chip and large Red-Chip companies, large Chinese conglomerates, multinational corporations and premium local customers. CCB Asia is also the Group's service platform for retail and small and medium-sized enterprises in Hong Kong and has 30 outlets. At the end of June, total assets of CCB Asia amounted to RMB469,515 million, and shareholders' equity was RMB74,863 million. Net profit in the first half of 2024 was RMB2,530 million.

CCB London

China Construction Bank (London) Limited, established in the UK in 2009, is a wholly-owned subsidiary of the Bank, with a registered capital of US$200 million and RMB1.5 billion. In order to better respond to changes in the external market environment and meet the needs of internal operation and management, the Group gradually promoted the integration of CCB London and London Branch of the Bank. The liquidation of CCB London was carried out in an orderly manner. At the end of June, total assets of CCB London amounted to RMB3,853 million and shareholders' equity was RMB3,853 million. Net profit in the first half of 2024 was RMB0.00 thousand.

CCB Russia

China Construction Bank (Russia) Limited, established in Russia in 2013, is a wholly-owned subsidiary of the Bank, with a registered capital of RUB4.2 billion. CCB Russia holds a comprehensive banking license issued by the Central Bank of Russia. It is mainly engaged in corporate deposits and loans, international settlement and trade finance. At the end of June, total assets of CCB Russia amounted to RMB8,068 million, and shareholders' equity was RMB813 million. Net profit in the first half of 2024 was RMB95 million.

CCB Europe

China Construction Bank (Europe) S.A., established in Luxembourg in 2013, is a wholly-owned subsidiary of the Bank, with a registered capital of EUR550 million. CCB Europe has established branches in Paris, Amsterdam, Barcelona, Milan, Warsaw and Hungary. CCB Europe mainly provides services to large and medium-sized enterprises in Europe as well as European multinational enterprises in China. It is mainly engaged in corporate deposits and loans, international settlement, trade finance, and cross-border financial market trading. At the end of June, total assets of CCB Europe amounted to RMB23,523 million, and shareholders' equity was RMB4,098 million. Net profit in the first half of 2024 was RMB88 million.

CCB New Zealand

China Construction Bank (New Zealand) Limited, established in New Zealand in 2014, is a wholly-owned subsidiary of the Bank, with a registered capital of NZD199 million. CCB New Zealand holds a wholesale and retail business license, and offers all-round and high-quality financial services, including corporate loans, trade finance, RMB clearing and cross-border financial market trading. At the end of June, total assets of CCB New Zealand amounted to RMB12,180 million, and shareholders' equity was RMB1,443 million. Net profit in the first half of 2024 was RMB61 million.

CCB Malaysia

China Construction Bank (Malaysia) Berhad, established in Malaysia in 2016, is a wholly-owned subsidiary of the Bank, with a registered capital of MYR822.6 million. As a licensed commercial bank, CCB Malaysia provides various financial services, including global credit granting for large local infrastructure projects in Malaysia and project finance, trade finance, clearing in multiple currencies and cross-border financial market trading for enterprises engaging in Sino-Malaysian bilateral trade. At the end of June, total assets of CCB Malaysia amounted to RMB14,378 million, and shareholders' equity was RMB1,488 million. Net profit in the first half of 2024 was RMB12 million.

CCB Indonesia

PT Bank China Construction Bank Indonesia Tbk is a fully licensed commercial bank listed on the Indonesia Stock Exchange. CCB Indonesia has 72 branches and sub-branches in Indonesia. The Bank completed the acquisition of 60% equity in PT Bank Windu Kentjana International Tbk in 2016 and renamed it PT Bank China Construction Bank Indonesia Tbk in 2017. CCB Indonesia has a registered capital of IDR3.79 trillion. CCB Indonesia is committed to serving the bilateral investment and trade between China and Indonesia, and provides high-quality services to local enterprises in Indonesia. Its business priorities include corporate business, small and medium-sized enterprise business, trade finance and infrastructure finance. At the end of June, total assets of CCB Indonesia amounted to RMB13,981 million, and shareholders' equity was RMB2,970 million. Net profit in the first half of 2024 was RMB67 million.

Integrated Operation Subsidiaries

The Group has 17 integrated operation subsidiaries, including CCB Financial Leasing, CCB Property & Casualty, CCB Consulting, CCB Investment, CCB Private Equity, CCB International, Sino-German Bausparkasse, CCB Life, CCB Housing, CCB Consumer Finance, CCB Principal Asset Management, CCB Trust, CCB Futures, CCB Pension, CCB Wealth Management, CCB Housing Rental and CCB FinTech. In the first half of 2024, integrated operation subsidiaries focused on their main responsibilities and primary businesses, optimised supply of products and services, and maintained a stable business size and sound development on the whole. At the end of June, total assets of integrated operation subsidiaries were RMB819,772 million. Net profit in the first half of 2024 reached RMB6,398 million.

Corporate finance business segment

CCB Financial Leasing

CCB Financial Leasing Co., Ltd., a wholly-owned subsidiary of the Bank, was established in 2007 with a registered capital of RMB11 billion. It is mainly engaged in finance leasing, transfer and purchase of finance lease assets, and fixed-income securities investment.

Highlighting its advantages of asset financing, CCB Financial Leasing focused on its main responsibilities and primary businesses, and actively explored business innovation to continuously improve the quality and efficiency of serving the real economy. At the end of June, total assets of CCB Financial Leasing amounted to RMB146,839 million, and shareholders' equity was RMB26,356 million. Net profit in the first half of 2024 was RMB1,564 million.

CCB Property & Casualty

CCB Property & Casualty Insurance Co., Ltd. was established in 2016 with a registered capital of RMB1 billion. CCB Life, Ningxia Communications Investment Group Co., Ltd. and Yinchuan Tonglian Capital Investment Operation Co., Ltd. hold 90.20%, 4.90% and 4.90% of its shares, respectively. It is mainly engaged in motor vehicle insurance, insurance for business and household property, construction and engineering, liability insurance, hull and cargo insurance, short-term health and accidental injury insurance, and reinsurance of the above-mentioned offerings.

CCB Property & Casualty witnessed steady business development. Under the new financial instruments standard and new insurance contract standard, at the end of June, total assets of CCB Property & Casualty amounted to RMB1,257 million, and shareholders' equity was RMB450 million. Net profit in the first half of 2024 was RMB2 million.

CCB Consulting

CCB Engineering Consulting Co., Ltd. is a wholly-owned subsidiary acquired by CCB International Capital Management (Tianjin) Co., Ltd. in 2016, with a registered capital of RMB51 million. The name of its predecessor, CCB Cost Consulting Co., Ltd, was changed to the present one in 2018. CCB International (China) Co., Ltd, a wholly-owned subsidiary of CCB International, holds 100% shares in CCB International Capital Management (Tianjin) Co., Ltd. CCB Consulting is mainly engaged in cost consulting, whole-process engineering consulting, project management, investment consulting, and bidding agency.

On top of further sharpening traditional advantages of cost consulting, CCB Consulting adhered to the concept of digitalised operation, strove to build core competitiveness of "financial consulting + engineering consulting", continuously expanded product families and optimised offerings. At the end of June, total assets of CCB Consulting amounted to RMB1,498 million, and shareholders' equity was RMB449 million. Net profit in the first half of 2024 was RMB61 million.

CCB Investment

CCB Financial Asset Investment Co., Ltd., a wholly-owned subsidiary of the Bank, was established in 2017 with a registered capital of RMB27 billion. It is mainly engaged in debt-for-equity swaps and relevant supporting businesses.

CCB Investment adopted a market-oriented approach and proactively pursued business innovation. Through market-oriented debt-to-equity swaps, it actively and steadily lowered the leverage ratio of enterprises, supported the reform of state-owned enterprises, promoted the economic transformation and upgrading, and optimised the industrial layout. At the end of June, total assets of CCB Investment amounted to RMB130,361 million, and shareholders' equity was RMB41,614 million. Net profit in the first half of 2024 was RMB2,109 million.

CCB Private Equity

CCB Private Equity Investment Management Co., Ltd. was established in 2019 with a registered capital of RMB100 million. CCB Life Asset Management Co., Ltd. holds 100% of its shares. CCB Life and CCB International (China) Co., Ltd. (a wholly-owned subsidiary of CCB International) hold 80.10% and 19.90% shares in CCB Life Asset Management Co., Ltd., respectively. CCB Private Equity is mainly engaged in private equity investment and management of national strategic emerging industry development funds and other private equity funds.

CCB Private Equity gave full play to its professional edge and steadily pressed ahead with investment business. At the end of June, assets managed by CCB Private Equity reached RMB15,865 million, total assets of CCB Private Equity amounted to RMB214 million, and shareholders' equity was RMB60 million. Net profit in the first half of 2024 was RMB6 million.

CCB International

CCB International (Holdings) Limited, the Bank's wholly-owned subsidiary in Hong Kong, was established in 2004 with a registered capital of US$601 million. It offers, through its subsidiaries, investment banking related services, including sponsoring and underwriting of public offerings, corporate merger and acquisition and restructuring, direct investment, asset management, securities brokerage and market research.

CCB International gave full play to its advantages in cross-border financial market services, focused on financing demands of high-quality enterprises in key areas, improved its comprehensive service capabilities in initial public offering (IPO) and bond issuance, and actively engaged in and promoted RMB internationalisation. At the end of June, total assets of CCB International amounted to RMB79,705 million, and shareholders' equity was RMB13,611 million. Net loss in the first half of 2024 was RMB142 million.

Personal finance business segment

Sino-German Bausparkasse

Sino-German Bausparkasse Co., Ltd. was established in 2004 with a registered capital of RMB2 billion. The Bank and Bausparkasse Schwaebisch Hall AG hold 75.10% and 24.90% of its shares, respectively. As a specialised commercial bank committed to serving the housing finance sector, Sino-German Bausparkasse is engaged in housing savings deposits and loans, residential mortgages, and real estate development loans for government-subsidised housing supported by state policies.

Sino-German Bausparkasse achieved steady business development, and the sales of housing savings products amounted to RMB22,237 million in the first half of 2024. At the end of June, total assets of Sino-German Bausparkasse amounted to RMB36,277 million, and shareholders' equity was RMB3,108 million. Net profit in the first half of 2024 was RMB50 million.

CCB Life

CCB Life Insurance Co., Ltd. is a life insurance subsidiary invested and controlled by the Bank in 2011 with a registered capital of RMB7,120 million. The Bank, KGI Life Insurance Co., Ltd., the National Council for Social Security Fund, Shanghai Jin Jiang International Investment and Management Company Limited, Shanghai China-Sunlight Investment Co., Ltd., and China Jianyin Investment Limited hold 51%, 19.90%, 16.14%, 4.90%, 4.85% and 3.21% of its shares, respectively. It is mainly engaged in personal insurance such as life, health, accidental injury insurance and reinsurance of the above-mentioned offerings.

CCB Life focused on reducing costs and improving quality and efficiency, continuously optimised its business structure, and achieved lower cost of liabilities, steady improvement in investment return and rebound in profitability. Under the new financial instruments standard and new insurance contract standard, at the end of June, total assets of CCB Life amounted to RMB301,060 million, and shareholders' equity was RMB4,054 million. Net profit in the first half of 2024 was RMB655 million.

CCB Housing

CCB Housing Services Co., Ltd. was established in 2018 with a registered capital of RMB1,196 million. CCB Dingteng (Shanghai) Investment Management Co., Ltd. and Shanghai Aijian Trust Co., Ltd. hold 75.25% and 24.75% of its shares, respectively. CCB International Innovative Investment Limited, a wholly-owned subsidiary established in Hong Kong by CCB International, holds 100% shares in CCB Dingteng (Shanghai) Investment Management Co., Ltd. CCB Housing is mainly engaged in housing rental business.

CCB Housing adhered to the concept of serving people's livelihood, gave full play to its professional edges of housing rental, and solved people's housing problems through the "CCB Home" platform and offline housing rental community operation. At the end of June, total assets of CCB Housing amounted to RMB13,197 million, and shareholders' equity was RMB731 million. Net loss in the first half of 2024 was RMB95 million.

CCB Consumer Finance

CCB Consumer Finance Co., Ltd. was established in 2023 with a registered capital of RMB7,200 million. The Bank, Beijing State-owned Assets Management Co., Ltd. and Wangfujing Group Co., Ltd. hold 83.33%, 11.11% and 5.56% of its shares, respectively. CCB Consumer Finance is mainly engaged in personal petty consumer loans.

CCB Consumer Finance focused on consumer demand and emerging forms of consumption, continued to improve models for customer acquisition and risk control, practised the concept of inclusive finance, and comprehensively consolidated the foundation to ensure stable business development. At the end of June, total assets of CCB Consumer Finance amounted to RMB7,364 million, and shareholders' equity was RMB7,198 million. Net profit in the first half of 2024 was RMB63 million.

Treasury and asset management business segment

CCB Principal Asset Management

CCB Principal Asset Management Co., Ltd. was established in 2005 with a registered capital of RMB200 million. The Bank, Principal Financial Services, Inc. and China Huadian Industry-Finance Holdings Company Limited hold 65%, 25% and 10% of its shares, respectively. It is engaged in the raising and selling of funds, and asset management.

CCB Principal Asset Management continued to strengthen its investment and research capacities and strove to create greater value for customers. At the end of June, total assets managed by CCB Principal Asset Management reached RMB1.29 trillion, total assets of CCB Principal Asset Management amounted to RMB10,925 million, and shareholders' equity was RMB9,398 million. Net profit in the first half of 2024 was RMB413 million.

CCB Trust

CCB Trust Co., Ltd. is a trust subsidiary invested and controlled by the Bank in 2009 with a registered capital of RMB10.5 billion. The Bank and Hefei Xingtai Financial Holding (Group) Co., Ltd. hold 67% and 33% of its shares, respectively. It is mainly engaged in trust business, investment banking and proprietary business.

Focusing on its main responsibilities and primary businesses, CCB Trust continued to innovate the risk disposal service trust business, provided characteristic trust plans for real estate relief and timely delivery of housing projects, and activated investment in the real estate sector. It actively explored in the fields of technology finance, green finance and pension finance, and pressed ahead with the "Five Priorities" with high-quality products and services. At the end of June, total assets managed by CCB Trust were RMB1.30 trillion, with the size of family wealth management business reaching nearly RMB150 billion, winning several awards such as Shangzheng·Trust of Integrity and CVAwards. At the end of June, total assets of CCB Trust amounted to RMB41,545 million, and shareholders' equity was RMB29,062 million. Net profit in the first half of 2024 was RMB652 million.

CCB Futures

CCB Futures Co., Ltd. is a futures subsidiary invested and controlled by the Bank in 2014 with a registered capital of RMB936 million. CCB Trust and Shanghai Liangyou (Group) Co., Ltd. hold 80% and 20% of its shares, respectively. It is mainly engaged in commodity futures brokerage, financial futures brokerage, asset management and futures investment advisory business. CCB Trading Company Limited, a wholly-owned subsidiary of CCB Futures, is engaged in pilot risk management operations, such as warehouse receipt service, basis trading, over-the-counter derivatives business, and general trade business.

CCB Futures gave full play to its professional strength, strengthened its ability to serve the real economy, and maintained steady improvement in all business lines. At the end of June, total assets of CCB Futures amounted to RMB10,153 million, and shareholders' equity was RMB1,275 million. Net profit in the first half of 2024 was RMB33 million.

CCB Pension

CCB Pension Management Co., Ltd. was established in 2015 with a registered capital of RMB2.3 billion. The Bank, Principal Financial Services Inc. and the National Council for Social Security Fund hold 70%, 17.647% and 12.353% of its shares, respectively. It is mainly engaged in investment and management of national social security funds, businesses related to management of enterprise annuity funds, entrusted management of pension funds, and pension advisory service for the above-mentioned asset management activities.

CCB Pension continuously enhanced investment management, customer services, and risk and internal control management, and accelerated digital transformation. At the end of June, total assets managed by CCB Pension were RMB618,723 million, total assets of CCB Pension were RMB4,168 million, and shareholders' equity was RMB3,341 million. Net profit in the first half of 2024 was RMB117 million.

CCB Wealth Management

CCB Wealth Management Co., Ltd., a wholly-owned subsidiary of the Bank, was established in 2019, with a registered capital of RMB15 billion. It is mainly engaged in the offering of WMPs, investment and management services of entrusted properties, and wealth management advisory and consulting services to the customers. CCB Wealth Management invested RMB400 million and RMB1 billion in BlackRock CCB Wealth Management Co., Ltd. and GUOMIN Pension & Insurance Co., Ltd., with a shareholding ratio of 40% and 8.97%, respectively.

CCB Wealth Management realised balanced development among quality, efficiency and business size on the basis of sound and compliant operation. At the end of June, the size of WMPs of CCB Wealth Management amounted to RMB1.50 trillion, total assets of CCB Wealth Management were RMB21,190 million, and shareholders' equity was RMB20,393 million. Net profit in the first half of 2024 was RMB917 million.

CCB Housing Rental

CCB Housing Rental Private Fund Management Co., Ltd., a wholly-owned subsidiary of CCB Trust, was established in 2022, with a registered capital of RMB100 million. It is mainly engaged in private equity investment fund management and venture capital fund management services. CCB Housing Rental is the general partner of CCB Housing Rental Fund and serves as both the fund manager and managing partner.

CCB Housing Rental explored the new pattern of real estate development that encourages both housing rentals and purchases via innovation of financial instruments. At the end of June, total assets managed by CCB Housing Rental reached RMB13,395 million, total assets of CCB Housing Rental were RMB116 million, and shareholders' equity was RMB80 million. Net loss in the first half of 2024 was RMB26 million.

Other business segment

CCB FinTech

CCB FinTech Co., Ltd. was established in 2018, which is the first FinTech company invested by a large state-owned commercial bank, with a registered capital of RMB1,730 million. In 2021, CCB FinTech introduced strategic investors. CCB Tenghui (Shanghai) Private Equity Fund Management Co., Ltd., China Central Depository & Clearing Co., Ltd., Shanghai Lianyin Venture Capital Co., Ltd., and China Development Bank Capital Co., Ltd. hold 92.50%, 2.50%, 2.50% and 2.50% in its shares, respectively. CCB International (China) Co., Ltd, a wholly-owned subsidiary of CCB International, holds 100% shares in CCB Tenghui (Shanghai) Private Equity Fund Management Co., Ltd.

CCB FinTech focused on its main responsibilities, and continued to be shortlisted as the "Exemplary Enterprise for Sci-Tech Reform" by the Leading Group Office of State-owned Enterprise Reform of the State Council. It focused on safety production and strengthened basic capacity building in testing and development. It strove to improve the quality and efficiency of R&D and production, and sped up R&D project initiation and delivery under the premise of ensuring quality and quantity. At the end of June, total assets of CCB FinTech were RMB8,046 million, and shareholders' equity was RMB1,416 million. Net profit in the first half of 2024 was RMB0.49 million.

FinTech and Channel Operation

The Group continued to improve its FinTech capabilities and built a self-reliant, autonomous and controllable digital technology innovation system. It improved data governance and effectively used data elements to expand the scope of financial services. It optimised the layout and setup of outlets and pressed ahead with centralised operation of businesses at outlets. It built a digital ecosystem, and deepened "binary star" ecological scenarios operation, to improve service experience, lower operating costs, and effectively promote the development of digital finance.

FinTech

The Group continued to accelerate the transformation of distributed architecture, applied innovative technologies such as AI, consolidated the construction of digital infrastructure, improved capabilities of agile research and development of technologies, deepened business empowerment, and strengthened technology risk management, to maintain the safe and stable operation of information systems.

The Group expedited the construction of digital infrastructure, continued to invest in the brand of "CCB Cloud", improved the layout of "Multi-Zone, Multi-Region, Multi-Technology Stack and Multi-Chip", and built a high-performance computing service platform. CCB Cloud's computing power exceeded 500PFLOPS (1 PFLOPS equals 1 quadrillion floating-point operations per second), of which the proportion of new computing power such as graphics processing units (GPU) accounted for more than 20%, maintaining a leading position among its peers in overall computing power and service capabilities. The Group continued to build AI platforms, and intensified efforts in professional capabilities in the five fields of computer vision, intelligent voice, natural language processing, knowledge graph and intelligent decision-making. It enhanced financial image recognition products and used backflow data to improve recognition accuracy. As a result, over 80% of bills were identified with zero-code configuration support. The Group continued to build intelligent recommendation products, and increased the click-through rate of "CCB Lifestyle" by around 65% as compared to that under traditional rules. It upgraded financial products enabled by video recognition, and supported credit card scenario of "Long Smart Scanner", achieving an accuracy rate of 92% for bank card detection and classification, so as to acquire and reactivate customers. It continued to advance the construction and application of FinLLM and comprehensively empowered 79 in-house business scenarios across the six major segments of corporate finance, personal finance, treasury and asset management, risk management, FinTech and channel operation, and comprehensive management. It improved the output quality of tools for converting text to image to improve the quality and efficiency of customer marketing. It optimised search to enhance the generation of application mode to support financial analysis for credit approval. As a result, the time required to generate a customer financial analysis report was shortened from several hours to minutes. The Group used the big data platform to effectively support 460 business scenarios such as regulatory compliance, targeted marketing, anti-gambling and anti-fraud, and financial market. It expanded real-time acquisition, analysis and service conversion of transaction data, and accelerated the integration of transaction lines and data lines. As a result, the efficiency of marketing data analysis and decision-making improved dramatically, with time required shortened from four hours to 20 seconds. A data analysis access accelerator was built to shorten the response time of flexible access to complex business indicators from minutes to seconds.

The Group fully completed the transformation of domestic core system to distributed architecture. By the end of June, all domestic businesses had been processed via the distributed core system, which undertakes more than 99.6% of transaction volume of core businesses. The system ran smoothly, further consolidating the foundation for high-quality development of digital finance. It continued to improve the payment environment for groups such as overseas visitors in China and the elderly, focused on promoting the Group's integrated eldercare service platform of "Jianyang'an", and actively improved gambling and fraud risk prevention and control capabilities of various channels. The Group continued to advance IT integration, strengthened the ecosystem of "Mega Asset Management System", focused on improving the system ability of investment transaction and risk control, and empowered business development of asset management subsidiaries.

The Group continued to enhance the ability of safe production and cybersecurity protection to maintain the safe and smooth operation of information systems. It achieved 100% coverage of remote disaster recovery for important systems. Highly real-time financial businesses, such as the core banking systems, can be hosted by a remote server during disaster recovery for a long time. The Group pressed actively ahead with security technology innovation, conducted research on post-quantum cryptography migration in the financial industry, and strengthened security protection of core passwords. It organised group-wide cybersecurity drills covering the head office, branches, subsidiaries, domestic and overseas entities, refined cybersecurity plans and drills for incidents such as ransomware attacks, and improved the Group's integrated cybersecurity and data security management. During the reporting period, the Group was not exposed to major cybersecurity incidents.

By the end of June, the Group had been granted a total of 2,679 patents, an increase of 511 over the end of 2023, including 1,643 invention patents.

Entities and outlets

The Group provided its customers with convenient and high-quality financial services through its branches and sub-branches, self-service facilities, specialised service entities and e-banking service platforms across the world. At the end of June, the Group had a total of 14,836 operating entities. The Bank had a total of 14,253 operating entities consisting of 14,219 domestic entities including the head office, two tier-1-branch-level specialised entities, 37 tier-1 branches, 362 tier-2 branches, 13,794 sub-branches, 23 outlets under the sub-branches, and 34 overseas entities. The Bank had 24 major subsidiaries (including 17 integrated operation subsidiaries and seven overseas banking subsidiaries) with a total of 583 entities, including 451 domestic ones and 132 overseas ones. For addresses of domestic tier-1 branches, overseas branches and subsidiaries, please refer to the 2023 annual report of the Bank.

The following table sets forth the distribution of the Group's operating entities by region as at the dates indicated.

	30 June 2024		31 December 2023	
	Number of entities	% of total	Number of entities	% of total
Yangtze River Delta	**2,247**	**15.15**	2,249	15.10
Pearl River Delta	**1,821**	**12.27**	1,829	12.28
Bohai Rim	**2,382**	**16.05**	2,385	16.01
Central	**3,427**	**23.10**	3,431	23.03
Western	**2,951**	**19.89**	2,959	19.87
Northeastern	**1,387**	**9.35**	1,398	9.38
Head Office	**4**	**0.03**	4	0.03
Overseas	**34**	**0.23**	34	0.23
Subsidiaries	**583**	**3.93**	606	4.07
Total	**14,836**	**100.00**	14,895	100.00

The Bank continued to optimise its outlet layout, enhance the effectiveness of its outlet's operations and support resource input in channel construction in regions and counties covered by major national development strategies such as the Beijing-Tianjin-Hebei region, the Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area. It stepped up the withdrawal, merger, or relocation of inefficient and concentrated outlets in urban areas and expanded the outlet coverage in new urban planning areas and key counties. In the first half of 2024, the Bank set up 14 new outlets, including 10 county-level outlets; relocated 83 outlets, including 33 outlets to counties. At the end of June, it set up 142 outlets in 84 out of 160 key counties that needed national assistance in rural revitalisation. The Bank optimised the layout of self-service channel, with 45,003 ATMs and 41,805 smart teller machines in operation, to effectively support corporate and personal banking and government affairs services. It ensured the number of self-service facilities at urban outlets with large traffic, at outlets in cities that saw large number of overseas visitors and at county-level outlets. It set up 14,468 ATMs and 13,019 smart teller machines at county-level outlets and deployed 983 self-service facilities in 160 key counties that needed national assistance. It had established over 280 inclusive finance service centres and over 1,800 personal loan centres. It opened 13,878 "Workers' Harbours" to the public, continued to promote the "Workers' Harbours +" model and expanded the service scope in fields such as elderly-friendly and caring services, rural revitalisation, green and low carbon transformation, educational aid and legal aid.

The Bank further pressed ahead with centralised operation and process upgrades of complex businesses at outlets. At the end of June, the total number of centralised operation items was 308. The Bank had over 98% items centrally processed for RMB accounting business and for foreign exchange remittance business. It strengthened centralised identification of customers with high risk of money laundering, saving 279.8 thousand man-hours for outlets in the first half of 2024. It streamlined the process of opening, changing and closing corporate accounts, and promoted new account opening processes, online changes and one-stop account closing, saving 656.7 thousand man-hours for outlets in the first half of 2024, which significantly improved user experience. It optimised the process of inheritance business, saving more than 30 minutes for a single business. All counters and smart teller machines of the Bank can handle foreign permanent residence ID card business. Online channels of the Bank, such as mobile banking and WeChat applet, had new function of filling in forms for opening accounts of overseas individuals to continuously improve the account opening service experience of overseas visitors to China. The application of Robotic Process Automation (RPA) realised unified management and control of tasks and intensive operation of scenarios, covered 33 business areas such as finance and accounting, risk control, channel operation and credit card, and empowered group-wide efficiency improvement.

Online channels

The Bank deepened the operation of "binary star" ecological scenarios and improved the quality and efficiency of integration of mobile banking and "CCB Lifestyle". Mobile banking continued to expand traffic, improved the quality of traffic, increased customers' online assets, and enhanced the efficiency of online operation of credit products, so as to drive online value creation. Adhering to a user experience-oriented approach, "CCB Lifestyle" continued to connect, activate and upgrade services for customers through platform scenarios, activities, rights and interests, so as to drive the growth of platform traffic. Online banking continued to optimise functional services and enhance professional service capabilities. At the end of June, the Bank had 551 million online personal users. The number of "binary star" platform users was 505 million, among which, 136 million users conducted financial transactions in the first half of 2024. The number of card-linked fast payment users was 458 million, ranking first among its peers in payment institutions such as Alipay, Tik Tok, and Meituan.

Mobile banking

The Bank launched Mobile Banking 2024 version to optimise core functions such as registration, login, transfer and messaging, and launched the "Longqianbao" series of wealth products to create one-stop credit services. Innovative forms of interaction such as meta human and metaverse provided users with new interactive experience. As one of the first apps adaptive to Huawei's HarmonyOS NEXT system, the mobile banking deeply embedded financial services in HarmonyOS scenarios to facilitate users to wake Huawei's voice assistant by simply saying "Hi Celia (also known as Xiaoyi)" to enable functions such as real-time reminders of account changes, so as to provide users with ubiquitous financial services at any time without opening the app. Mobile banking had 414 million customers with assets, an increase of 1.04% over the end of 2023. Specifically, active customers of mobile banking with assets exceeding RMB10,000 increased by 10.59% over the same period last year.

CCB Lifestyle

"CCB Lifestyle" continued to give full play to its advantages of platform scenario-based financial services in customer acquisition and activation, and served the real economy with digitalised inclusive finance, so that the size and influence of the platform continued to expand. The platform had a total of 139 million users and 375.9 thousand online merchant stores. In the first half of 2024, it assisted 153 cities in issuing RMB1,267 million to spur consumption.

Online banking

Personal online banking focused on the needs of key customers, optimised display of key floors and customer journeys, and provided professional services for various customers, such as USB-key customers, private banking customers, and cross-border customers. It optimised compliance display and appropriateness management, and continuously improved business compliance and stability. Corporate online banking continued to strengthen capabilities to serve small and micro business groups, expanded the service scope of single operator mode, and helped small and micro businesses reduce cost and improve efficiency. It revised the details page of fund products to visualise returns and improve the wealth management service experience of corporate customers. It built a personal portal for corporate mobile banking to introduce personal scenarios and accelerated coordinated development of corporate and personal banking. The number of personal online banking users was 420 million, an increase of 0.99% over the end of 2023. The number of corporate online banking users was 14.87 million, up 5.52% over the end of 2023.

Online payment

The Bank deepened digitalised operation of online payment, aligned the development of online payment with businesses such as rural revitalisation, merchants and credit cards, and empowered bank-wide operation. Registered users of fast payment platform "Huishengqian" exceeded 50 million. The Bank rolled out "business card" to marketplaces such as Taobao, Tmall and TikTok Shop to enhance financial support for small and micro merchants through services such as integrated and convenient contract signing, super billing, and fund management. The number of card-linked fast payment users was 458 million, up 2.29% over the end of 2023. In the first half of 2024, the number of online payment transactions was 30,196 million, with a transaction volume of RMB10.55 trillion.

Remote intelligent banking

The Bank actively built a remote banking service system that is omni-channel, multi-scenario and media-rich, and comprehensively promoted the centralised "one-stop" service mode. It expedited digital and intelligent transformation of services, enriched interactive means on the basis of voice and text services, launched video-enabled customer service and "Smart View" functions that embedded telephone services into WeChat multimedia information interaction, to make communication more efficient and convenient. It strengthened intelligent inquiry assignment by voice navigation robots, accurately identified customer intentions and offered solutions, and used big data models to capture incoming business opportunities and tap into customer demands, to empower the development of key businesses across the Bank and help to optimise services and products. It built enterprise-level integrated meta human service solutions to provide new intelligent financial services for multiple internal and external business areas. It improved customer service capabilities of WeChat official account "CCB Customer Service", expanded intelligent service scenarios such as CCB WeChat account and pension, and added links to handle hot business transactions, to deepen the integration of online consulting and offline customer acquisition. It also facilitated payment services and provided professional, patient and efficient services for overseas visitors and the elderly. In the first half of 2024, it processed 257 million customer inquiries, with a customer satisfaction rate of 98.81%. The number of followers of WeChat official account "CCB Customer Service" exceeded 38.89 million.

E-CNY pilots and promotion

The Bank vigorously supported the PBOC in rolling out the e-CNY research and development pilot. As one of the first four operators for the cross-border e-CNY pilot in Hong Kong, the Bank successfully promoted the transition of Project mBridge from a validation phase involving real-value transactions to the Minimum Viable Product (MVP) stage, and participated in the project of "National Blockchain Platform for Shipping Trade-E-CNY Cross-border Payment", to facilitate the payment of overseas visitors to China. It promoted innovative application of e-CNY in major scenarios, and launched scenarios such as the "IoT + e-CNY" intelligent freight of catering enterprises and the intelligent e-CNY payment supervision of migrant workers' wages. It actively implemented the *Guidelines on E-CNY Anti-Money Laundering and Counter-Terrorist Financing* issued by the PBOC, and actively cooperated with the PBOC in e-CNY anti-fraud activities. At the end of June, the Bank's e-CNY personal wallets and e-CNY parent wallets for corporate banking increased by 15.12% and 15.41%, respectively, over the end of last year.

RISK MANAGEMENT

In the first half of 2024, the Group continued to improve the comprehensive risk management framework, updated risk appetite statement, synergised efforts from the head office departments, domestic branches, overseas entities and subsidiaries, and strengthened the coordinated risk control of "three lines of defence" and the integration of risk management processes of the Group. It solidly advanced proactive asset quality controls, resolved risks in key areas in a steady and orderly manner, focused on the forward-looking credit risk control, enhanced collection management, and ensured that the asset quality remained stable. It steadily promoted Basel III compliance and met regulatory requirements smoothly for both global and domestic systemically important banks. It allocated more resources to risk management team, put in place various risk managers to fulfill duties, and strengthened the cultivation and reservation of talents in key areas such as model risk and overseas compliance. It expedited the construction of enterprise-wide risk management platform, improved the panoramic risk view, optimised and improved the quality and efficiency of risk control over inclusive finance model, and sped up the integration of intelligent risk control tools into processes.

Credit Risk Management

The Group attached great importance to risk prevention and control, strove to promote early risk identification, early warning, early exposure and early disposal, and firmly safeguarded the bottom line of preventing systemic financial risk. As a result, the asset quality remained stable.

The Group improved its credit risk management capabilities. It continued to optimise and adjust credit structure, supported the "Five Priorities", i.e., technology finance, green finance, inclusive finance, pension finance and digital finance, and increased its financial support for key areas such as manufacturing, rural revitalisation, energy, and livelihood consumption, so as to consolidate the foundation for long-term sustainable development. It built a comprehensive financing management system for customers, reinforced the Group's integrated risk management by standardising authorisation management, and formed a customer-centric and parent-subsidiary collaborative management structure with lead organisers as the pivot, covering credit and non-credit investment and financing businesses. The Group strengthened forward-looking credit risk management and process management, unleashed the effectiveness of the intelligent collection platform for retail services to support forward-looking risk prediction and differentiated collection, and reinforced credit risk monitoring for key industries and customers. It adhered to the principle of substantive risk judgement, strictly implemented the *Rules on Risk Classification of Financial Assets of Commercial Banks* and conducted risk classification management in a strict and accurate manner in line with the three-step procedure of "preliminary classification, confirmation, and review and approval".

The Group enhanced its credit risk measurement capabilities. It rolled out an evaluation tool called "STAR" specially for sci-tech enterprises and an upgraded rating model across the Bank, expanded the scope of ESG rating customers, accelerated the integration of ESG elements into rating, and improved its ability to support key businesses. It continued to advance the development and application of the application scorecard and behaviour scorecard, optimised the scorecard for secured quick loans for personal business, and launched the application for upon-maturity classification and renewal of personal business behaviour scorecard, to actively support the high-quality development of inclusive finance. It also launched new pooling models for PD and LGD of designated instalment loans and continued to promote the implementation and development of advanced approach for retail business.

The Group strengthened its special assets resolution. It maintained effective risk mitigation and disposal, and steadily improved its non-performing asset disposal capacity, quality and efficiency. With the effective management and timely disposal of non-performing assets, the Group sped up the flow of credit funds and the virtuous economic development circulation, and provided solid support for the bank-wide strategy implementation, operation management and control, structural adjustment and efficiency enhancement.

Distribution of loans by five-category classification

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

	30 June 2024		31 December 2023	
(In millions of RMB, except percentages)	Amount	% of total	Amount	% of total
Normal	**24,523,017**	**96.58**	22,903,949	96.19
Special mention	**526,330**	**2.07**	581,777	2.44
Substandard	**136,111**	**0.53**	126,691	0.53
Doubtful	**100,548**	**0.40**	99,597	0.42
Loss	**106,245**	**0.42**	98,968	0.42
Gross loans and advances excluding accrued interest	**25,392,251**	**100.00**	23,810,982	100.00
NPLs	**342,904**		325,256	
NPL ratio		**1.35**		1.37

In the first half of 2024, the Group adhered to the principle of substantive risk judgement and accurately assessed its risk position based on the core definition of loans by five-category classification. At the end of June, the balance of the Group's NPLs was RMB342,904 million, an increase of RMB17,648 million over the end of 2023. The NPL ratio was 1.35%, a decrease of 0.02 percentage points from the end of 2023. Special mention loans accounted for 2.07% of gross loans and advances excluding accrued interest, a decrease of 0.37 percentage points from the end of 2023.

Distribution of loans and NPLs by product type

The following table sets forth the distribution of the Group's loans and NPLs by product type as at the dates indicated.

(In millions of RMB, except percentages)	30 June 2024			31 December 2023		
	Loans and advances	NPLs	NPL ratio (%)	Loans and advances	NPLs	NPL ratio (%)
Domestic loans and advances of the Bank	**24,563,003**	**321,496**	**1.31**	23,006,496	305,220	1.33
Corporate loans and advances	**14,682,636**	**247,782**	**1.69**	13,225,655	248,126	1.88
Short-term loans	**4,261,129**	**77,293**	**1.81**	3,594,305	69,554	1.94
Medium to long-term loans	**10,421,507**	**170,489**	**1.64**	9,631,350	178,572	1.85
Personal loans and advances	**8,757,736**	**73,714**	**0.84**	8,676,054	57,094	0.66
Residential mortgages	**6,310,059**	**34,277**	**0.54**	6,386,525	26,824	0.42
Credit card loans	**1,000,356**	**18,594**	**1.86**	997,133	16,541	1.66
Personal business loans	**885,767**	**13,870**	**1.57**	777,481	7,424	0.95
Personal consumer loans	**480,597**	**4,320**	**0.90**	421,623	3,630	0.86
Other loans	**80,957**	**2,653**	**3.28**	93,292	2,675	2.87
Discounted bills	**1,122,631**	**–**	**–**	1,104,787	–	–
Overseas operations and subsidiaries	**829,248**	**21,408**	**2.58**	804,486	20,036	2.49
Gross loans and advances excluding accrued interest	**25,392,251**	**342,904**	**1.35**	23,810,982	325,256	1.37

Distribution of loans and NPLs by region

The following table sets forth the distribution of the Group's loans and NPLs by region as at the dates indicated.

(In millions of RMB, except percentages)	30 June 2024			31 December 2023		
	Loans and advances	NPLs	NPL ratio (%)	Loans and advances	NPLs	NPL ratio (%)
Yangtze River Delta	**5,119,798**	**40,056**	**0.78**	4,703,648	36,544	0.78
Pearl River Delta	**4,175,936**	**83,174**	**1.99**	3,936,980	80,208	2.04
Bohai Rim	**4,302,947**	**42,713**	**0.99**	4,058,595	40,809	1.01
Central	**4,273,038**	**66,974**	**1.57**	3,993,891	64,726	1.62
Western	**4,702,740**	**50,163**	**1.07**	4,440,785	46,204	1.04
Northeastern	**1,040,035**	**27,664**	**2.66**	975,595	27,433	2.81
Head Office	**1,069,855**	**18,653**	**1.74**	1,026,719	16,608	1.62
Overseas	**707,902**	**13,507**	**1.91**	674,769	12,724	1.89
Gross loans and advances excluding accrued interest	**25,392,251**	**342,904**	**1.35**	23,810,982	325,256	1.37

Distribution of loans and NPLs by industry

The following table sets forth the distribution of the Group's loans and NPLs by industry as at the dates indicated.

(In millions of RMB, except percentages)	30 June 2024				31 December 2023			
	Loans and advances	% of total	NPLs	NPL ratio (%)	Loans and advances	% of total	NPLs	NPL ratio (%)
Domestic loans and advances of the Bank	**24,563,003**	**96.73**	**321,496**	**1.31**	23,006,496	96.62	305,220	1.33
Corporate loans and advances	**14,682,636**	**57.82**	**247,782**	**1.69**	13,225,655	55.54	248,126	1.88
Leasing and commercial services	**2,719,213**	**10.71**	**47,244**	**1.74**	2,446,233	10.27	44,571	1.82
Transportation, storage and postal services	**2,357,922**	**9.29**	**19,004**	**0.81**	2,231,294	9.37	21,157	0.95
Manufacturing	**2,286,484**	**9.00**	**34,858**	**1.52**	2,070,294	8.69	37,425	1.81
Production and supply of electric power, heat, gas and water	**1,528,172**	**6.02**	**10,525**	**0.69**	1,380,505	5.80	10,680	0.77
Wholesale and retail trade	**1,480,916**	**5.83**	**31,390**	**2.12**	1,357,274	5.70	25,907	1.91
Real estate	**910,726**	**3.59**	**47,387**	**5.20**	853,956	3.59	48,158	5.64
Water, environment and public utility management	**802,636**	**3.16**	**8,043**	**1.00**	740,150	3.11	9,991	1.35
Construction	**718,460**	**2.83**	**15,902**	**2.21**	622,505	2.61	16,387	2.63
Mining	**354,730**	**1.40**	**17,234**	**4.86**	326,474	1.37	18,309	5.61
Information transmission, software and information technology services	**208,048**	**0.82**	**3,001**	**1.44**	191,762	0.81	3,367	1.76
Education	**106,317**	**0.41**	**550**	**0.52**	101,367	0.42	224	0.22
Others	**1,209,012**	**4.76**	**12,644**	**1.05**	903,841	3.80	11,950	1.32
Personal Loans and advances	**8,757,736**	**34.49**	**73,714**	**0.84**	8,676,054	36.44	57,094	0.66
Discounted bills	**1,122,631**	**4.42**	**–**	**–**	1,104,787	4.64	–	–
Overseas operations and subsidiaries	**829,248**	**3.27**	**21,408**	**2.58**	804,486	3.38	20,036	2.49
Gross loans and advances excluding accrued interest	**25,392,251**	**100.00**	**342,904**	**1.35**	23,810,982	100.00	325,256	1.37

In the first half of 2024, the Group increased its efforts in supporting the real economy, promoted structural optimisation and adjustment continuously, and effectively controlled risks in key areas. NPL ratios for industries such as manufacturing, transportation, storage and postal services declined, and the NPL level for real estate and construction remained stable.

Restructured loans and advances to customers

The following table sets forth the Group's restructured loans and advances to customers as at the dates indicated.

(In millions of RMB, except percentages)	30 June 2024		31 December 2023	
	Amount	% of gross loans and advances excluding accrued interest	Amount	% of gross loans and advances excluding accrued interest
Restructured loans and advances to customers	**92,723**	**0.37**	53,824	0.23

1. The standard of restructured loans and advances to customers was in compliance with the *Rules on Risk Classification of Financial Assets of Commercial Banks*.

At the end of June, the restructured loans and advances to customers were RMB92,723 million, an increase of RMB38,899 million from the end of last year; their proportion in gross loans and advances excluding accrued interest was 0.37%.

Overdue loans and advances to customers

The following table sets forth the Group's overdue loans and advances to customers by overdue period as at the dates indicated.

(In millions of RMB, except percentages)	**30 June 2024**		31 December 2023	
	Amount	**% of gross loans and advances excluding accrued interest**	Amount	% of gross loans and advances excluding accrued interest
Overdue within three months	**96,759**	**0.38**	83,625	0.35
Overdue between three months and six months	**68,520**	**0.27**	41,107	0.17
Overdue between six months and one year	**53,456**	**0.21**	53,943	0.23
Overdue between one and three years	**84,004**	**0.33**	72,670	0.31
Overdue for over three years	**21,006**	**0.08**	14,511	0.06
Total overdue loans and advances to customers	**323,745**	**1.27**	265,856	1.12

At the end of June, the balance of overdue loans and advances to customers was RMB323,745 million, an increase of RMB57,889 million over the end of last year; their proportion in gross loans and advances excluding accrued interest increased by 0.15 percentage points.

Migration rate of loans

(%)	**30 June 2024**	31 December 2023	31 December 2022
Migration rate of normal loans	**1.21**	1.66	1.57
Migration rate of special mention loans	**16.43**	12.21	11.81
Migration rate of substandard loans	**63.56**	44.86	35.85
Migration rate of doubtful loans	**51.87**	44.84	39.63

1. The migration rate of loans was calculated on a consolidated basis according to definition of the indicators revised in 2022 by the former CBIRC.

Large exposures management

The Group strictly complied with regulatory requirements, improved the large exposures management system, optimised the working mechanism and process, implemented the requirements for limit control of large exposures, and continued to enhance its management of large exposures.

Concentration of loans

At the end of June, the Group's gross loans to the largest single borrower accounted for 4.32% of total capital after regulatory adjustments, while those to the top ten customers accounted for 15.97% of total capital after regulatory adjustments.

(%)	**30 June 2024**	31 December 2023	31 December 2022
Proportion of loans to the largest single customer	**4.32**	4.42	4.50
Proportion of loans to top ten customers	**15.97**	14.87	14.87

The Group's top ten single borrowers as at the date indicated are as follows.

(In millions of RMB, except percentages)	Industry	30 June 2024 Amount	30 June 2024 % of total loans and advances excluding accrued interest
Customer A	Transportation, storage and postal services	**180,568**	**0.71**
Customer B	Finance	**95,100**	**0.38**
Customer C	Production and supply of electric power, heat, gas and water	**76,170**	**0.30**
Customer D	Production and supply of electric power, heat, gas and water	**66,000**	**0.26**
Customer E	Leasing and commercial services	**55,902**	**0.22**
Customer F	Transportation, storage and postal services	**44,112**	**0.18**
Customer G	Mining	**38,998**	**0.15**
Customer H	Transportation, storage and postal services	**38,529**	**0.15**
Customer I	Finance	**35,624**	**0.14**
Customer J	Transportation, storage and postal services	**35,551**	**0.14**
Total		**666,554**	**2.63**

Market Risk Management

In the first half of 2024, the Group continued to strengthen the management of market risk and risk associated with investment and trading business. It formulated risk limit plan and clarified risk-taking boundaries. It strengthened price monitoring of the debenture market, carried out risk screening of its bond business on a regular basis, and optimised its debenture risk intelligent management (DRIM) system. It carried out risk inspection on the derivatives business at key branches and supervised key subsidiaries to strengthen derivatives management. It standardised risk management of the Group's entrusted investment business and enhanced integrated risk management across the Group. It strengthened management of stock-related businesses and carried out special risk screening on over-the-counter stock derivatives of the Group. It pressed ahead with the full implementation of the market risk rules of *Rules on Capital Management of Commercial Banks*, sped up optimisation and upgrading of the measurement system for the new standardised approach and further promoted the construction of projects of the new internal model approach, after completing relevant systems of measurement, rules and management. It advanced the construction of digital monitoring platform for financial market trading business and constantly enhanced digital monitoring of trading business.

Value at risk analysis

The Bank divides its on- and off-balance sheet assets and liabilities into trading book and banking book. The Bank performs value at risk (VaR) analysis on its trading portfolio to measure and monitor the potential losses that could occur on risk positions taken, due to movements in market interest rates, foreign exchange rates and other market prices. The Bank calculates the VaRs of its RMB and foreign currency trading portfolios on a daily basis (at a confidence level of 99% and with a holding period of one trading day).

The VaR analysis on the Bank's trading book as at the balance sheet date and during the respective periods is as follows.

	Six months ended 30 June 2024				Six months ended 30 June 2023			
(In millions of RMB)	**30 June**	**Average**	**Maximum**	**Minimum**	30 June	Average	Maximum	Minimum
VaR of trading portfolio	**252**	**254**	**321**	**218**	239	208	246	176
Of which:								
– Interest rate risk	**34**	**31**	**38**	**22**	54	49	68	29
– Exchange rate risk	**242**	**243**	**315**	**203**	236	196	244	154
– Commodity risk	**1**	**1**	**6**	**–**	1	2	59	–

Stress testing on market risk

The Bank uses stress testing over single factor scenario, multi-factor scenario and historical scenario, to effectively supplement VaR analysis on its trading book. Stress testing on market risk aims to reveal weak links in the investment and trading business under extreme scenarios by quantitatively analysing the impact of changes in interest rates, exchange rates and other market prices on asset prices and earnings of the Bank, thus enhancing the Bank's ability to respond to extreme risk events. The stress testing results showed that losses from market risk were generally controllable.

Interest rate risk management

In the first half of 2024, the Group paid close attention to changes in domestic and foreign economic landscapes, macro policies and financial markets, constantly enhanced interest rate risk management, and reasonably responded to market pressures and management challenges. It closely tracked changes in interest rates of deposits, loans and debt securities, employed a range of methods to measure and analyse the interest rate risk on banking book, including repricing gap analysis, sensitivity analysis of net interest income and economic value, duration analysis, stress testing, and economic capital analysis, and strengthened monitoring and management of structural changes in the maturities of various assets and liabilities. It continued to strengthen interest rate risk management of overseas operations, reasonably optimised and adjusted risk limit management requirements, and promoted overseas entities to pay close attention to key areas of risk management. It optimised internal and external pricing management strategies, effectively reviewed interest rate terms of new products, and actively carried out interest rate risk management and evaluation by means of planning, performance assessment, and internal capital evaluation. During the reporting period, the results of stress testing indicated that all indicators of the Group were kept within the limits, and the level of interest rate risk was under control.

Interest rate sensitivity gap analysis

The analysis of interest rate sensitivity gaps of the Group's assets and liabilities by the next expected repricing dates or maturity dates (whichever are earlier) as at the dates indicated is set out below.

(In millions of RMB)	Non-interest-bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years	Total
Interest rate sensitivity gap as at 30 June 2024	**286,801**	**(7,734,027)**	**9,941,658**	**(3,937,451)**	**4,698,495**	**3,255,476**
Accumulated interest rate sensitivity gap as at 30 June 2024		**(7,734,027)**	**2,207,631**	**(1,729,820)**	**2,968,675**	
Interest rate sensitivity gap as at 31 December 2023	256,960	(4,133,890)	6,172,381	(3,989,543)	4,866,166	3,172,074
Accumulated interest rate sensitivity gap as at 31 December 2023		(4,133,890)	2,038,491	(1,951,052)	2,915,114	

At the end of June, the repricing gap of the Group's assets and liabilities with maturities of less than one year was RMB2.21 trillion, an increase of RMB169,140 million over the end of last year, mainly because the growth of loans was faster than that of deposits and deposits from other banks with maturities of less than one year. The positive gap of the assets and liabilities with maturities of more than one year was RMB761,044 million, a decrease of RMB115,579 million from the end of last year, mainly because the growth of time deposits with maturities of more than one year was faster than that of securities investment.

Net interest income sensitivity analysis

The net interest income sensitivity analysis is based on two scenarios. The first assumes that all yield curves rise or fall by 100 basis points in a parallel way, while the interest rates for deposits at the PBOC remain the same; the second assumes that the interest rates for deposits at the PBOC and the demand deposits remain the same, while the other yield curves rise or fall by 100 basis points in a parallel way.

The changes in net interest income of the Group under different scenarios as at the specified dates are set out below.

	Scenario 1: the interest rates for deposits at the PBOC being constant		Scenario 2: the interest rates for deposits at the PBOC and the demand deposits being constant	
(In millions of RMB)	Rise by 100 basis points	Fall by 100 basis points	Rise by 100 basis points	Fall by 100 basis points
30 June 2024	**(71,838)**	**71,838**	**72,732**	**(72,732)**
31 December 2023	(51,907)	51,907	89,293	(89,293)

Exchange rate risk management

The Group is exposed to exchange rate risk primarily because of currency mismatch of the assets and liabilities it holds in currencies other than RMB and the positions it takes as a market maker in financial markets. The Group measures and analyses its exchange rate risk by using a combination of methods such as exchange rate risk exposure and stress testing, and controls and mitigates risk by matching its assets with liabilities, setting limits, and hedging.

In the first half of 2024, the Group adhered to its prudent and sound strategy for exchange rate risk management and paid continuous attention to the domestic and overseas monetary policies environment and the fluctuations of exchange rates of major currencies. It implemented the provisions of the *Rules on Capital Management of Commercial Banks*, further improved application of the risk management system and strengthened risk indicator monitoring. During the reporting period, the Group's exchange rate risk indicators satisfied regulatory requirements, and stress testing results showed that the overall exchange rate risk was under control.

Currency concentrations

The Group's currency concentrations as at the dates indicated are set out below.

	30 June 2024				31 December 2023			
(In millions of RMB)	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	**1,082,284**	**342,832**	**399,961**	**1,825,077**	1,056,484	332,056	443,799	1,832,339
Spot liabilities	**(1,081,396)**	**(540,036)**	**(245,097)**	**(1,866,529)**	(1,089,924)	(441,868)	(282,838)	(1,814,630)
Forward purchases	**2,971,927**	**352,354**	**(143,044)**	**3,181,237**	1,873,971	210,735	105,261	2,189,967
Forward sales	**(2,955,162)**	**(102,345)**	**23,037**	**(3,034,470)**	(1,870,891)	(65,420)	(237,857)	(2,174,168)
Net options position	**(48,124)**	**(3)**	**(2,835)**	**(50,962)**	(12,457)	(1)	(32)	(12,490)
Net (short)/long position	**(30,471)**	**52,802**	**32,022**	**54,353**	(42,817)	35,502	28,333	21,018

At the end of June, the Group's net exposure to exchange rate risk was RMB54,353 million, an increase of RMB33,335 million over the end of last year, mainly due to purchase of foreign exchange for dividend distribution.

Operational Risk Management

In the first half of 2024, the Group continued to promote implementation of the standardised approach for operational risk under Basel III and proactively benchmarked against relevant requirements of the new operational risk rules issued by the NFRA, to effectively improve operational risk management.

In line with the *Rules on Capital Management of Commercial Banks* and the *Rules on Operational Risk Management of Banking and Insurance Institutions*, the Group revised its rudimentary rules for operational risk management, established the measurement system under standardised approach for operational risks, enhanced operational risk loss data management, and prepared for the implementation of the standardised approach for operational risks and the application for assessment inspection. It strengthened business continuity management, improved the system of rules and regulations, developed emergency plans and organised emergency drills, so as to consolidate management foundation. It also continued to explore intelligent methods to improve its capacity to identify employee noncompliance and enhance employee behaviour risk control.

Anti-money laundering

In the first half of 2024, the Group strictly implemented regulatory requirements on AML, and adhered to the "risk-based" management method. It continuously improved money laundering risk management by optimising the AML management structure and its self-assessment system of money laundering risks, promoting construction of the AML system and strengthening team building, so as to effectively promote the high-quality business development.

Liquidity Risk Management

In the first half of 2024, the PBOC implemented robust monetary policies in a flexible, appropriate, targeted and effective way, and the liquidity in the banking system remained reasonably adequate. The Group actively followed the trend of monetary policies, adhered to its sound and prudent liquidity management strategy, and promoted balanced and coordinated development of assets and liabilities. It analysed changes in internal and external fund situation in a forward-looking manner, prudently arranged the size and structure of funding sources and use of fund, and maintained reasonable liquidity. It continued to improve refined liquidity risk management and strengthened coordinated liquidity management, to ensure safety of payment and settlement across the Group.

Stress testing of liquidity risk

The Group conducts quarterly liquidity risk stress testing in order to gauge its risk tolerance ability in different stress testing scenarios. The results of stress testing showed that under multiple stress scenarios, the Group's liquidity risk was under control.

Indicators of liquidity risk management

The Group uses liquidity indicator analysis, remaining maturity analysis and undiscounted cash flow analysis to measure its liquidity risk.

The following table sets forth the liquidity ratios and loan-to-deposit ratios of the Group as at the dates indicated.

(%)		Regulatory threshold	30 June 2024	31 December 2023	31 December 2022
Liquidity ratio [1]	RMB	≥25	**72.41**	69.20	62.94
	Foreign currency	≥25	**72.19**	77.40	80.23
Loan-to-deposit ratio [2]	RMB		**88.14**	85.12	83.62

1. Calculated by dividing current assets by current liabilities in accordance with the requirements of the former CBIRC.
2. Calculated on the basis of domestic legal person in accordance with the requirements of the former CBIRC.

The following table sets forth the liquidity coverage ratio and net stable funding ratio (NSFR) of the Group as at the dates indicated.

	Second quarter 2024	First quarter 2024	Fourth quarter 2023
Liquidity coverage ratio (%) [1]	**125.43**	134.46	133.17

	30 June 2024	31 March 2024	31 December 2023
NSFR (%)	**134.99**	127.85	127.32

1. Calculated in accordance with the applicable regulatory requirements, definitions and accounting standards for the period. All figures represent simple arithmetic means of the values for every calendar day in the quarter.

At the end of June 2024, the Group's RMB and foreign currency liquidity ratios were 72.41% and 72.19% respectively, and the loan-to-deposit ratio was 88.14%. The average daily liquidity coverage ratio for the second quarter of 2024 was 125.43%. The NSFR was 134.99% at the end of June. All the liquidity indicators above met the regulatory requirements. For detailed information on liquidity coverage ratio and NSFR, please refer to the *Half-Year Capital Management Pillar III Report 2024* published on the website of Shanghai Stock Exchange (www.sse.com.cn), "HKEXnews" website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk), and the websites of the Bank (www.ccb.cn, www.ccb.com).

The gap analysis of the Group's assets and liabilities by remaining maturity as at the dates indicated is set out below.

(In millions of RMB)	Indefinite	Repayable on demand	Within one month	Between one and three months	Between three months and one year	Between one and five years	More than five years	Total
Net gaps as at 30 June 2024	**3,085,248**	**(12,760,095)**	**(252,041)**	**(915,574)**	**(668,226)**	**2,103,875**	**12,662,289**	**3,255,476**
Net gaps as at 31 December 2023	3,126,852	(12,622,851)	(762,670)	(768,644)	(122,754)	1,637,856	12,684,285	3,172,074

The Group monitored the maturity gaps between its assets and liabilities for various businesses on a regular basis, to assess the liquidity risk profile within different maturity ranges. At the end of June 2024, the cumulative maturity gap of the Group was RMB3.26 trillion.

Reputational Risk Management

Adhering to its forward-looking, comprehensive, proactive and effective management principle, the Group continued to improve its reputational risk management system, and improved its reputational risk management standard. It focused on strengthening source management of reputational risk, and further strengthened the reporting, monitoring and early warning of potential negative publicity by organising key business departments of the head office, tier-one branches and subsidiaries to strictly implement the "zero report" policy, so as to jointly prevent and mitigate reputational risks and make plans for emergencies. It strengthened the working mechanism for emergency response and joint resolution of reputational events, clarified the responsibilities of institutions at different levels for adverse publicity prevention, and standardised the path and time limit of public opinion reporting process, so as to enhance its capability of quick response to adverse media coverage. During the reporting period, the Group steadily improved its reputational risk management standard, and no significant reputational incidents occurred, effectively safeguarding its good corporate image and reputation.

Country Risk Management

In strict compliance with regulatory requirements, the Group incorporated country risk management into the comprehensive risk management system. The Board assumes the ultimate responsibility for monitoring the effectiveness of country risk management, and senior management carries out country risk management policies approved by the Board. The Group manages country risk by extensively applying tools such as assessment and rating, risk limit, stress testing, monitoring and early alert, and emergency responses.

In the first half of 2024, the Group actively addressed global challenges, reviewed the mechanism of country risk management, optimised the country risk management system, reassessed country risk ratings and limits, and closely monitored country risk exposures. The Group's country risk exposure was mainly concentrated in countries or regions with low or relatively low country risk, and the overall country risk was maintained at a reasonable level.

IT Risk Management

The Group continued to improve its IT risk management system, and carried out enterprise-level IT risk identification, assessment, monitoring, reporting, control and mitigation. It strengthened IT assurance and evaluation, engaged professional accounting firms to conduct audit and assurance on IT control service provided by the head office to overseas entities, and engaged qualified professional institutions to conduct cybersecurity classified protection evaluation as well as security assessment of cryptography application for systems at or above Grade III of cybersecurity classified protection.

Strategic Risk Management

The Group strictly complied with regulatory requirements for strategic risk management, refined the strategic risk management system to be aligned with its business size and product complexity based on the principles of compliance, foresight, timeliness, comprehensiveness and sustainability under the leadership of the Board and senior management, and effectively identified, evaluated, monitored, controlled and reported strategic risks. During the reporting period, the Group's strategic risk was relatively low.

Emerging Risk Management

In recent years, digital transformation and the application of FinTech have accelerated the interaction and evolution of various risks. Emerging risks are harder to be identified, more complex in form and faster in transmission, which denotes elevated potential implications and rising difficulty to control. In the first half of 2024, the Group actively identified various emerging risks in daily operation and management and took multiple measures to enhance its capability to predict and control the risks.

In terms of model risk management, the Group continued to improve its model risk management mechanism, timely conducted model reassessment and post evaluation, and strengthened risk management of models in key areas such as inclusive finance. It promoted the use of the enterprise-level model risk management platform across the Group and pressed ahead with online and standardised lifecycle management of key models. It organised special training on model risk and strengthened the professional team for model risk management.

In terms of data risk management, the Group enhanced IT application in areas such as strategic transformation, business operation, transaction processing and internal control, and developed a management mechanism in which the "three lines of defence" of front, middle and back offices were independent and coordinated with effective checks and balances. It advanced the implementation of classified data security protection measures across all links of the lifecycle of data, and carried out special data security inspections on main scenarios and key links for data security. It continued to improve functions of the data quality management system, strengthen regular data quality monitoring, and carried out group-wide self-inspection and inspection on data quality.

In terms of fraud risk management, the Group continued to track changes in external fraud risks, earnestly implemented regulatory requirements, and constantly improved the enterprise-level fraud risk management system. It carried out special assessment in key anti-fraud areas, studied new features of fraud in key businesses, and continuously upgraded and diversified tools for fraud risk prevention and control to improve the ability to prevent fraud risks.

In terms of ESG risk management, the Group continuously improved its ESG risk management system in compliance with regulatory requirements. It established ESG risk management measures for investment and financing activities, clarified management responsibilities of the "three lines of defence" of front, middle and back offices, and integrated ESG risk management into the whole process of investment and credit businesses. It also built and optimised the ESG risk classification management system for customers of investment and financing activities to enhance its digitalised operations.

In terms of new product risk management, the Group established and improved its new product risk management system and implemented a classified risk assessment mechanism. It adhered to serving the real economy with financial services and strictly prevented "pseudo-innovation" for the purpose of arbitrage. It strengthened construction of the enterprise-level product spectrum management platform and improved the new product risk management system. Moreover, it strengthened compliance review on new products before they were released to the market, and implemented regulatory requirements beforehand, so as to ensure the compliance with relevant laws, regulations and regulatory requirements before the launch of new products.

Consolidated Management

In the first half of 2024, the Group continued to enhance its consolidated management, and reinforced various aspects in consolidated management, including business collaboration, corporate governance, risk management, and asset and liability management. It addressed cross-border and cross-industry business risks and promoted high-quality development of integrated operation subsidiaries and overseas entities, so as to enhance the effectiveness of its consolidated management.

The Group strengthened the collaboration system between parent and subsidiary as well as between domestic and overseas entities and facilitated the incorporation of subsidiaries and overseas entities into the operation and management system of business segments, creating strategic synergy of the Group to provide customers with comprehensive financial services. It continued to streamline equity hierarchy of the Group and enhance its ability of penetrated management of subsidiaries at all levels. It ramped up the strategic management and governance mechanisms of subsidiaries, reviewed its management policy of "different strategies for different subsidiaries", and improved the effectiveness of corporate governance of subsidiaries. It also strengthened the management mechanism of overseas entities, reviewed its development strategy of "different mode for different institution", and coordinated goals of development and safety in light of local operating environment. The Group reinforced asset and liability management at its subsidiaries and overseas entities, and enhanced its liquidity, capital and interest rate management. It deepened the transmission and implementation of its unified risk appetite at the Group level, strengthened comprehensive risk management of subsidiaries and overseas entities, intensified comprehensive coordination of risk management at the Group level and collaborative risk governance between the parent bank and subsidiaries, raised quality and efficiency of cross-border risk management collaboration, and advanced unified credit risk management across the Group. It enhanced the Group's data governance and application capabilities, established data sharing mechanism for subsidiaries, encouraged subsidiaries to expedite the implementation of data governance measures, and continued to improve the data capability and automation level of subsidiaries and overseas entities. In addition, it promoted IT integration at the Group level, and stepped up support for sci-tech development at subsidiaries and overseas entities.

Internal Audit

The Group's internal audit is committed to evaluating and supervising the improvement of risk management, control and governance processes, promoting value creation, and improving business operation. The audit department continued to improve its audit mechanism to cover all relevant aspects, highlight key areas, coordinate the overall business with accuracy and agility, and tackle similar problems in other areas with a typical audit finding. It performed audit procedures covering auditable units of all business segments, promoted risk control and consolidated fundamental management in key business areas.

In the first half of 2024, the department performed audit procedures on businesses such as loans to large and medium-sized enterprises, special assets resolution, inclusive finance, personal loans, financial and accounting management, liabilities, payment and settlement, key compliance matters, financial market trading business and market risk management, off-balance sheet business, e-finance, credit card, group consolidated management, and FinTech. Such audit procedures also periodically covered subsidiaries and overseas entities. The department performed in-depth research and analysis on the underlying causes of identified issues to drive improvement in management mechanisms, business processes and internal management, and effectively promoted the steady development of the Group's operation and management.

CAPITAL MANAGEMENT

The Group adhered to a robust and prudent capital management strategy and attached importance to both internal capital accumulation and external capital replenishment. It continued to promote intensive capital transformation by strengthening capital constraint and incentives to enhance the efficiency of capital use, and retained adequate capital and sound structure, which provided a solid foundation for serving the high-quality development of the real economy.

In the first half of 2024, the Group actively implemented the new capital rules, constantly improved the regulatory capital constraint and transmission mechanism, and effectively advanced refined capital management. During the reporting period, it saw solid performance in various capital indicators. Driven by factors such as retained earnings of RMB64,824 million after deducting dividends, the issuance of Tier 2 capital bonds of RMB50 billion, the conversion of measurement rules upon implementation of the new capital rules, and reinforced intensive capital management, the Group witnessed a rise in capital adequacy ratios at all levels as compared to the end of 2023.

Capital Adequacy Ratios

Capital adequacy ratio

According to regulatory requirements, the Bank calculates and discloses capital adequacy ratios in accordance with the *Rules on Capital Management of Commercial Banks* from 1 January 2024. The scope of calculation includes all the domestic and overseas branches and sub-branches, and financial subsidiaries (excluding insurance companies). Based on the approval for the implementation of the advanced capital measurement approach in 2014, the former CBIRC granted approval for the Group to expand the implementation scope of the approach in April 2020. Pursuant to the regulatory requirements, the Group calculates capital adequacy ratios with both the advanced approach and other approaches for capital measurement, and complies with the relevant requirements for capital floors.

At the end of June, the Group's total capital ratio, Tier 1 ratio and Common Equity Tier 1 ratio, which were calculated in accordance with the *Rules on Capital Management of Commercial Banks*, were 19.25%, 14.92% and 14.01%, respectively, all in compliance with the regulatory requirements. The Group continued to press ahead with intensive capital transformation, focused on optimising its on- and off-balance sheet asset structure, and promoted the high-quality implementation of the *Rules on Capital Management of Commercial Banks* in an active and prudent manner. Its total capital ratio, Tier 1 ratio and Common Equity Tier 1 ratio rose by 1.30, 0.88 and 0.86 percentage points, respectively, over the end of 2023.

The following table sets forth the Group's capital adequacy ratios as at the dates indicated.

(In millions of RMB, except percentages)	**30 June 2024**	31 December 2023
Common Equity Tier 1 capital after regulatory adjustments	**3,038,387**	2,944,386
Tier 1 capital after regulatory adjustments	**3,237,254**	3,144,474
Total capital after regulatory adjustments	**4,175,087**	4,020,661
Risk-weighted assets	**21,690,492**	22,395,908
Common Equity Tier 1 ratio (%)	**14.01**	13.15
Tier 1 ratio (%)	**14.92**	14.04
Total capital ratio (%)	**19.25**	17.95

1. Please refer to Note "Risk management – Capital management" to the financial statements for details of composition of capital. Upon official implementation of the *Rules on Capital Management of Commercial Banks* on 1 January 2024, the Group adjusted measurement rules for risk-weighted assets under Pillar I. Specifically, it enhanced classification criteria for credit risk exposure under the risk-weighted approach, refined risk weights, and restructured measurement of market risk-weighted assets and operational risk-weighted assets. The Group calculates relevant data and indicators in accordance with the new capital rules from 1 January 2024, while data as of 31 December 2023 are still calculated under the *Capital Rules for Commercial Banks (Provisional)*.
2. For detailed information on capital adequacy ratios and risk-weighted assets, please refer to the *Half-Year Capital Management Pillar III Report 2024* published on the website of Shanghai Stock Exchange (www.sse.com.cn), "HKEXnews" website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk), and the websites of the Bank (www.ccb.cn, www.ccb.com).

Please refer to Note "Debt securities issued" to the financial statements for details of the Tier 2 capital bonds issued by the Group.

Leverage Ratio

According to regulatory requirements, the Group calculates the leverage ratio in accordance with relevant rules in the *Rules on Capital Management of Commercial Banks* from 1 January 2024. The leverage ratio refers to the ratio of the net amount of Tier 1 capital to the adjusted balance of on- and off-balance sheet assets. As at 30 June 2024, the Group's leverage ratio was 7.65%, meeting regulatory requirements.

The following table sets forth the Group's leverage ratio as at the dates indicated.

(In millions of RMB, except percentages)	**30 June 2024**	31 December 2023
Leverage ratio (%)	**7.65**	7.83
Tier 1 capital after regulatory adjustments	**3,237,254**	3,144,474
On- and off-balance sheet assets after adjustments	**42,314,726**	40,137,194

1. The Group calculates relevant data and indicators in accordance with relevant rules in the *Rules on Capital Management of Commercial Banks* from 1 January 2024, while data as of 31 December 2023 are still calculated in accordance with relevant rules in the *Capital Rules for Commercial Banks (Provisional)*.
2. For detailed information on leverage ratio, please refer to the *Half-Year Capital Management Pillar III Report 2024* published on the website of Shanghai Stock Exchange (www.sse.com.cn), "HKEXnews" website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk), and the websites of the Bank (www.ccb.cn, www.ccb.com).

PROSPECTS

Looking forward to the second half of 2024, the steady development and long-term positive trend in China's economy will not change. With the implementation of comprehensively deepening reform measures and the continuously emerging effect of macro policies, the positive factors and favourable conditions in economic operation will continue to accumulate and the national economy is expected to maintain the momentum of recovery. As a result, China will meet its annual economic and social development targets.

The banking industry in China is faced with both opportunities and challenges, while opportunities outweigh challenges. The Third Plenary Session of the 20th Central Committee of the Communist Party of China (CPC) sets the requirements for further all-round deepening reforms while advancing Chinese modernisation, developing new quality productive forces at a faster pace, fostering and building emerging and future industries, transforming and upgrading traditional industries with new technologies, and proactively promoting high-end, intelligent and green industries, which will gradually unleash comprehensive financial demands in key areas such as technology finance, green finance, inclusive finance, pension finance, and digital finance; the Government will strengthen macro regulation and counter-cyclical adjustments, enhance the intensity of proactive fiscal policy and prudent monetary policy, support implementation of key national strategies and build-up of security capacity in key areas, and encourage large-scale equipment renewal, trade-in programmes of big-ticket durables, and domestic demand growth with a focus on boosting consumption. The related sectors will bring about ample opportunities for customer expansion as well as investment and financing business. Meanwhile, China is experiencing insufficient effective domestic demand and pains from the shift from old growth drivers to new ones, and the Group will take proactive measures to effectively address these challenges.

In the second half of 2024, the Group will firmly advance high-quality development, adhere to holistic concepts, continue to seek progress while maintaining stability, constantly improve internal governance efficiency, enhance inherent growth impetus, and strengthen coordination of volume and structure, scale and profits, short-term and long-term goals, part and the whole, and development and security. It will strive to enhance asset quality, liability quality, income quality, capital quality and efficiency, and cost quality and efficiency, and unswervingly follow the path of financial development with Chinese characteristics. The Group will focus on the following tasks in operations and management: **Firstly, the Group will take robust and effective actions to serve the real economy.** It will maintain steady growth of total credit to meet the appropriate financing needs of the real economy, continue to increase support for major strategies, key areas and weak links, serve high-level opening-up and coordinated regional development, and support the forge of new quality productive forces with concerted efforts. It will fully support the "Five Priorities", expedite the development of technology finance, diversify the product spectrum of green finance, optimise the model of digitalised inclusive finance, raise the competitiveness of the three pillars of pension finance, and enhance the ability to serve the digital economy. **Secondly, the Group will strive to improve operating quality.** It will carry out in-depth "Five Major Actions" to consolidate the foundation for high-quality development. Specifically, the special action for retail credit is designed to maintain the leading position in the residential mortgages market, sharpen the leading edge of consumer loans, strengthen the expansion of key customer groups and key areas of credit cards, and further expand the personal business loans; the fund stabilisation action is designed to promote the coordinated development of the "quantity, price, structure and stability" of liabilities, stabilise the total amount, adjust the structure, and reduce costs; the quality improvement action for fee-based businesses is designed to enhance comprehensive and professional service capabilities, rely on key products, seize market opportunities, and create value with services; the action of reducing cost and raising efficiency is designed to bolster the linkage mechanism between cost and return, and seek profits from total cost management; the customer operation action is designed to take customer profiling as the pivot, focus on customer penetration rate and product coverage, enhance collaboration and cross-selling across the Group, and deepen integrated operation of customers. **Thirdly, the Group will comprehensively reinforce refined management.** It will closely track changes in market interest rates, strengthen forward-looking research and judgement, make good arrangements for the structure and growth pace of assets and liabilities, and reasonably balance profit and risks. It will optimise the management of subsidiaries on all fronts and improve the quality and efficiency of the management of overseas operations. It will further enhance sci-tech support, improve the service quality and efficiency of online and offline channels, more effectively empower primary-level entities and reduce their burdens, and optimise customer experience. **Fourthly, the Group will firmly adhere to the bottom line of risk compliance.** It will strengthen bottom-line thinking, enhance overdue loan management, strictly manage and control risks in key areas, and step up its efforts in forward-looking and proactive management of asset quality. It will intensify compliance management across the board, internalise external regulations, and strengthen regulatory compliance.

CORPORATE GOVERNANCE

During the reporting period, the Bank had fully complied with the code provisions as set out in Part 2 of the Appendix C1 *Corporate Governance Code* to the Listing Rules of Hong Kong Stock Exchange, and substantially adopted the best practices therein.

SHAREHOLDERS' GENERAL MEETING

On 27 June 2024, the Bank held the 2023 annual general meeting, which reviewed and approved proposals including the 2023 report of the board of directors, 2023 report of the board of supervisors, 2023 final financial accounts, profit distribution plan for 2023 and interim profit distribution arrangements for 2024, 2024 fixed assets investment budget, engagement of external auditors for 2024, election of executive director and independent non-executive directors, and *Independent Directors Working System of China Construction Bank Corporation*. The announcement on the resolutions of the meeting was published on the websites of Shanghai Stock Exchange, "HKEXnews" of Hong Kong Exchanges and Clearing Limited and the Bank on 27 June 2024, and on the Bank's designated newspapers for information disclosure on 28 June 2024.

On 29 April 2024, the Bank held the first extraordinary general meeting of 2024, which reviewed and approved proposals including the annual issuance plan for the Group's financial bonds, amount of capital instruments to be issued and amount of total loss-absorbing capacity (TLAC) non-capital bonds to be issued. The announcement on the resolutions of the meeting was published on the websites of Shanghai Stock Exchange, "HKEXnews" of Hong Kong Exchanges and Clearing Limited and the Bank on 29 April 2024, and on the Bank's designated newspapers for information disclosure on 30 April 2024.

The executive directors, namely Mr. Zhang Jinliang and Mr. Ji Zhihong, the non-executive directors, namely Ms. Shao Min, Mr. Tian Bo, Mr. Xia Yang, Ms. Liu Fang and Ms. Li Lu, and the independent non-executive directors, namely Mr. Kenneth Patrick Chung, Mr. Graeme Wheeler, Mr. Michel Madelain, Mr. William Coen, Mr. Leung Kam Chung, Antony and Lord Sassoon attended the above shareholders' general meetings. The directors' attendance rate was 100%. The domestic and international auditors of the Bank, and the legal advisors as to PRC laws and Hong Kong laws of the Bank also attended the above meetings. The convening of above shareholders' general meetings was in compliance with legal procedures prescribed by relevant laws and regulations.

PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Particulars of Directors, Supervisors and Senior Management

Directors of the Bank

The Bank's Board consists of 12 directors, including three executive directors, namely Mr. Zhang Jinliang, Mr. Zhang Yi and Mr. Ji Zhihong; four non-executive directors, namely Mr. Tian Bo, Mr. Xia Yang, Ms. Liu Fang and Ms. Li Lu; and five independent non-executive directors, namely Mr. Graeme Wheeler, Mr. Michel Madelain, Mr. William Coen, Mr. Leung Kam Chung, Antony and Lord Sassoon.

Supervisors of the Bank

The Bank's board of supervisors consists of five supervisors, including Mr. Lin Hong, a shareholder representative supervisor; Mr. Liu Jun, an employee representative supervisor; and three external supervisors, namely Mr. Zhao Xijun, Mr. Liu Huan and Mr. Ben Shenglin.

Senior management of the Bank

The Bank's senior management consists of eight members, namely Mr. Zhang Yi, Mr. Ji Zhihong, Mr. Li Yun, Mr. Wang Bing, Mr. Li Min, Mr. Li Jianjiang, Mr. Jin Panshi and Mr. Sheng Liurong.

Changes in Directors, Supervisors and Senior Management

Directors of the Bank

Upon election by the Board of the Bank and approval of the NFRA, Mr. Zhang Jinliang began to serve as chairman instead of vice chairman of the Board of the Bank from March 2024. Upon election by the Board of the Bank and approval of the NFRA, Mr. Zhang Yi began to serve as vice chairman of the Board of the Bank from July 2024. Upon election at the 2023 annual general meeting of the Bank, Mr. Zhang Yi began to serve as executive director of the Bank from June 2024, Mr. William Coen and Mr. Leung Kam Chung, Antony continued to serve as independent non-executive directors of the Bank from June 2024. The proposal of election of Mr. Lin Zhijun as independent non-executive director of the Bank was approved by the 2023 annual general meeting of the Bank, and Mr. Lin's qualification as director is subject to the approval of the NFRA.

By reason of age, Mr. Tian Guoli ceased to serve as chairman of the Board and executive director of the Bank from March 2024. Due to change of job, Mr. Cui Yong ceased to serve as executive director of the Bank from January 2024. Due to change of work, Ms. Shao Min ceased to serve as non-executive director of the Bank from August 2024. Due to expiry of term, Mr. Kenneth Patrick Chung ceased to serve as independent non-executive director of the Bank from June 2024.

Senior management of the Bank

Upon appointment of the Board of the Bank and approval of the NFRA, Mr. Zhang Yi began to serve as president of the Bank from May 2024. Upon appointment of the Board of the Bank, Mr. Wang Bing began to concurrently serve as secretary to the Board of the Bank from May 2024. Upon appointment of the Board of the Bank and approval of the NFRA, Mr. Li Jianjiang began to serve as executive vice president of the Bank from May 2024; upon appointment of the Board of the Bank, he began to concurrently serve as chief risk officer of the Bank from May 2024.

Due to work adjustment, Mr. Zhang Jinliang ceased to serve as president of the Bank from March 2024. Due to change of job, Mr. Cui Yong ceased to serve as executive vice president of the Bank from January 2024. By reason of age, Mr. Hu Changmiao ceased to serve as secretary to the Board of the Bank from May 2024.

Changes in personal information of directors, supervisors and senior management

Mr. Zhang Yi, vice chairman of the Board, executive director and president of the Bank, ceased to serve as executive director and executive vice president of Bank of China from May 2024.

Mr. Graeme Wheeler, independent non-executive director of the Bank, began to serve as independent director of Rendeavour, a company building cities in Africa, from June 2024.

Mr. William Coen, independent non-executive director of the Bank, ceased to serve as senior advisor of global financial services of KPMG from April 2024.

Directors' and Supervisors' Securities Transactions

In relation to securities transactions by the directors and supervisors of the Bank, the Bank has adopted the *Model Code for Securities Transactions by Directors of Listed Issuers* as set out in the Appendix C3 to the Listing Rules of Hong Kong Stock Exchange. All directors and supervisors of the Bank had complied with the provisions of the above code during the reporting period.

EMPLOYEES

The following table sets forth the distribution of the Group's employees by region as at the dates indicated.

	30 June 2024		31 December 2023	
	Number of employees	**% of total**	Number of employees	% of total
Yangtze River Delta	**53,025**	**14.25**	53,411	14.17
Pearl River Delta	**44,525**	**11.97**	45,172	11.99
Bohai Rim	**58,138**	**15.62**	58,337	15.48
Central	**70,427**	**18.93**	71,514	18.98
Western	**74,811**	**20.11**	75,696	20.09
Northeastern	**32,463**	**8.72**	33,242	8.82
Head Office[1]	**14,736**	**3.96**	14,787	3.92
Overseas Branches	**1,277**	**0.34**	1,365	0.36
Subsidiaries	**22,679**	**6.10**	23,347	6.19
Of which: – Domestic	**17,989**	**4.84**	18,252	4.84
– Overseas	**4,690**	**1.26**	5,095	1.35
Total	**372,081**	**100.00**	376,871	100.00

1. Including employees of the head office, credit card centre, learning centre and institutions directly under the head office.

At the end of June, the Group had 372,081 employees, including 349,402 employees in the Bank and 22,679 in subsidiaries. The number of employees with academic qualifications of bachelor's degree or above was 299,260 or 80.43% of the total. Besides there were 3,471 workers dispatched from labour leasing companies, a decrease of 4.22% from 2023. In addition, the Group assumed the expenses of 118,876 retired employees.

Staff development and training

The Bank continued to strengthen the overall planning of staff training, and built a layered and classified training system with focus on promoting high-quality development and developing human resources of the Bank. It integrated internal and external high-quality training resources, promoted development of the online learning platform, and guided employees to build the habit of lifelong learning and enhance their integrity and ability to perform duties. Nearly 120 thousand employees obtained the certificate of Financial Planner and nearly 70 thousand employees obtained the certificate of customer service managers. In the first half of 2024, the enrolment of on-site training sessions reached 334.5 thousand, and 368.6 thousand participants took part in online training (including learning through online platforms). The proportion of those who participated in on-site and online training sessions reached 98.20% of all staff members.

Progress of implementation of employee stock incentive plan

The Bank implemented the first phase of the employee stock incentive plan in July 2007. For details, please refer to the announcement published by the Bank on 6 July 2007. The Bank had not added new participants or implemented new phase of stock incentive plan ever since. The Bank has formulated provisions on share incentive, employee shareholding, etc. in its Articles of Association. In the future, the Bank will pay close attention to regulatory policies and industry trends and explore innovative incentive methods as appropriate.

PROFIT DISTRIBUTION

As approved by the 2023 annual general meeting, the Bank distributed the 2023 cash dividend of RMB0.400 per share (including tax), totalling RMB100,004 million approximately, to all shareholders whose names appeared on the register of members after the close of market on 11 July 2024.

The Board proposed an interim cash dividend of RMB0.197 per share (including tax) for 2024, totalling RMB49,252 million approximately, or 29.97% of the Group's net profit attributable to the shareholders of the Bank for the first half of 2024, to all shareholders, subject to deliberation and approval of the shareholders' general meeting in the second half of 2024. The Bank will pay cash dividend within two months after the approval of the interim profit distribution scheme by the shareholders' general meeting. For details including the date of record, period for closure of register of members, expected payment date, taxation and tax reduction and exemption in relation to the 2024 interim cash dividend distribution, please refer to the Bank's upcoming announcements.

Formulation and implementation of profit distribution policy

The Bank may distribute dividends in the form of cash, shares or a combination of cash and shares. Unless under special circumstances, the Bank shall distribute dividends in cash if it gains profit and has positive accumulative undistributed profits in the year. The profits distributed in cash by the Bank in a year shall be no less than 10% of the Group's net profit attributable to the shareholders of the Bank for the same year. When adjusting the profit distribution policy, the Board shall conduct a specific discussion to elaborate on the causes for adjustments and prepare a written report. Independent non-executive directors shall express their views, and the matter shall be approved in the form of a special resolution by the shareholders' general meeting. The Bank shall provide the shareholders with online voting channels when discussing and approving the adjustments to the profit distribution policy, listen to the opinions of minority shareholders, and respond to the concerns of minority shareholders in a timely manner.

The Bank's formulation and implementation of profit distribution policy conforms to the provisions of the Articles of Association of the Bank and the requirements of the resolutions of the shareholders' general meeting. The Bank has sound decision-making procedures and mechanisms as well as clear and definite standard and ratio for dividend distribution. Independent non-executive directors conduct due diligence and fulfil their duties in the decision-making process of the profit distribution plan. Minority shareholders may fully express their opinions and appeals, and their legitimate rights and interests are fully protected.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

For relevant information and details of the Group's ESG and performance on fulfilling corporate social responsibilities, please refer to the *2024 Semi-annual Sustainable Finance Report* released in August 2024.

GREEN OPERATION

The Bank constantly improved its green operation capabilities and continued to build a green and low-carbon bank through initiatives such as promoting green office, green services, green procurement, and the construction of green outlets and green data centres.

The Bank promoted green office. It comprehensively strengthened refined management of energy, implemented energy-saving technology renovation with efficient and eco-friendly equipment, and reduced energy consumption. In addition, it performed bank-wide energy audits, improved the energy management system, and tapped into energy conservation potential. Besides, the Bank optimised the waste management process, and reasonably disposed of various wastes, so as to ensure that the waste treatment process is controllable, safe and environmentally friendly.

The Bank advocated green services and green procurement. It promoted the digitisation of business transactions, actively advanced the use of electronic vouchers, and increased the replacement rate of electronic bills. The Bank added green evaluation indicators for commodities listed in the *Green Procurement Product Catalogue*, and increased the weight of green indicators. Specifically, suppliers with more green credentials and higher green components will be given priority under the same circumstances. It fully implemented online operation of the whole procurement process to enhance the quality and efficiency of green procurement.

The Bank boosted the construction of green outlets and green data centres. It reinforced green operations and management, adopted diverse measures for energy conservation and emission reduction, and developed green outlets featuring green and low-carbon practices, environmental protection and energy conservation, humanistic care and intelligent operations. By the end of June 2024, the Bank had established and operated a total of 293 green outlets on a cumulative basis. It promoted refined management of server room space in data centres to reduce fragmented space, recycled waste heat from server rooms, and incorporated energy-saving requirements into the design of new data centres.

GREEN FINANCE

Please refer to "Management Discussion and Analysis – Business Review" in this report for details of green finance.

CONSOLIDATING AND EXPANDING THE POSITIVE RESULTS IN POVERTY ELIMINATION AND ADVANCING FINANCIAL SERVICES FOR RURAL REVITALISATION

The Bank strengthened financial assistance and credit support to areas lifted out of poverty and key counties for national rural revitalisation and continued to promote comprehensive rural revitalisation. It expanded diversified services to meet the diversified and multi-level financial needs of agriculture-related customers; it harnessed its advantages to enhance the accessibility of financial services in underbanked regions. The Bank increased its credit supply in key areas such as food security, rural industries and rural construction. At the end of June 2024, the balance of the Bank's loans in areas lifted out of poverty amounted to RMB1.15 trillion, an increase of RMB76,655 million or 7.11% over the end of 2023; the balance of loans in key counties for national rural revitalisation amounted to RMB144,266 million, an increase of RMB9,626 million or 7.15% over the end of 2023, higher than the average growth rate of all loans in the Bank. The Bank continued to conduct a series of marketing assistance activities themed on "Building Beautiful and Harmonious Villages and Promoting Rural Revitalisation" by leveraging on E.ccb.com, with a transaction volume of RMB297 million in the first half of 2024.

Please refer to "Management Discussion and Analysis – Business Review – Personal Finance Business" in this report for details of financial services for rural revitalisation.

PROTECTION OF CONSUMERS' RIGHTS AND INTERESTS

The Bank attached great importance to the protection of consumers' rights and interests, strengthened implementation of consumer protection work plans, and strove to build a domestically leading, world-class industry benchmark for the protection of financial consumers' rights and interests.

Adhering to the "customer-centric" concept, the Bank attached importance to communication and interaction with customers, actively established and maintained robust communication mechanisms and channels, and efficiently responded to and properly resolved various feedbacks from customers. It continued to review and optimise the customer complaint management process to enhance service experience, and provided customers with considerate, efficient and timely financial services.

The Bank took consumer protection review as a key measure in the management and control of the entire consumer protection process, and continued to strengthen consumer protection review to enable risk prevention in advance. Focusing on key areas such as norms for marketing and advertising behaviour, protection of personal financial information, and suitability management, the Bank conducted a full-life-cycle review of products and services provided to consumers on all fronts. In the first half of 2024, the Bank completed a total of 112.9 thousand consumer protection reviews, an increase of 33.6% over the same period last year.

The Bank conducted extensive financial knowledge popularisation and education activities to raise the awareness of financial security and build healthy financial concepts for the public. It constantly improved the financial education and publicity mechanism, actively explored innovative and diversified communication channels, expanded the access to financial education and publicity, and resorted to digitalised methods to cover various scenarios of consumer life with financial education, so as to empower business development.

PUBLIC WELFARE AND CHARITY

Focusing on the public welfare culture of "helping others, openness and sharing", the Bank adhered to the public welfare concept of "integrating the responsibility of serving the public into businesses while calling for involvement of employees, customers and institutions", actively explored the innovative model of "charity + finance", and carried out diversified public welfare & charity activities and volunteer services.

The Bank continued to support vulnerable groups to empower social progress and fulfil its social responsibilities, and innovatively rolled out a wide range of public welfare initiatives. It kicked off the "Celebrating CCB's 70th Anniversary by Joining its Public Welfare" initiative; it also launched the 2nd "Pursuit of Public Welfare" online campaign via the "binary star" platform, and created a new public welfare ecosystem and a new landscape of business integration, enabling hundreds of millions of CCB customers and users to take on roles of pioneer, supporter, and disseminator of public welfare.

MAJOR ISSUES

PERFORMANCE OF UNDERTAKINGS

In September 2004, Huijin made a commitment of "non-competition within the industry", i.e., as long as Huijin continues to hold any shares of the Bank, or is deemed as a controlling shareholder or a related party of a controlling shareholder of the Bank in accordance with related laws of the People's Republic of China or listing rules of the Bank's listing venues, Huijin would not engage in or participate in any competing commercial banking businesses, including but not limited to granting loans, taking deposits, providing settlement, fund custody, bank card and currency exchange services. However, Huijin may still engage in or participate in competing businesses through investing in other commercial banks. Accordingly, Huijin committed that it would: (1) fairly treat its investments in commercial banks and would not abuse its shareholder position in the Bank or the information it obtained through its shareholder position in the Bank to make decisions detrimental to the Bank but beneficial to other commercial banks; and (2) exercise its shareholder's rights for the best interests of the Bank.

On 6 April 2016, in accordance with relevant rules of the CSRC, in order to ensure the effective fulfilment of the measures to make up for the immediate return diluted by the issuance of preference shares of the Bank, Huijin undertook not to intervene with the operation and management of the Bank and not to misappropriate the interests of the Bank.

As of 30 June 2024, Huijin had not breached any of the undertakings.

MISAPPROPRIATION OF FUNDS FOR NON-OPERATIONAL PURPOSE

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

ILLEGAL GUARANTEES

During the reporting period, the Bank had not entered into any guarantee contract in violation of relevant regulations.

MATERIAL LITIGATIONS AND ARBITRATIONS

During the reporting period, the Bank was not subject to any material litigation or arbitration. For overall information on outstanding litigations and disputes, please refer to Note "Commitments and contingent liabilities – Outstanding litigations and disputes" to the financial statements.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the reporting period, there was no purchase, sale or redemption of any shares of the Bank by the Bank or any of its subsidiaries. At the end of the reporting period, neither the Bank nor its subsidiaries hold any treasury shares.

PENALTIES

During the reporting period, the Bank was not subject to any investigations in accordance with laws for any suspected crimes. Neither the controlling shareholder, actual controlling party, directors, supervisors nor the senior executives of the Bank were subject to coercive measures in accordance with laws for any suspected crimes, or were detained by disciplinary inspection and supervision authorities for suspected serious violations of disciplines and laws or for duty-related crimes and were unable to fulfil duties due to such reasons. Neither the Bank, the controlling shareholder, actual controlling party, directors, supervisors nor the senior executives of the Bank were subject to criminal penalties, investigations or administrative penalties by the CSRC for suspected violations of laws and regulations, material administrative punishments by other relevant authorities, or administrative supervisory measures by the CSRC or disciplinary actions by the stock exchanges. Neither the directors, supervisors nor the senior executives of the Bank were subject to coercive measures by other relevant authorities for suspected violations of laws and regulations and were unable to fulfil duties due to such reasons.

INTEGRITY

During the reporting period, the Bank and its controlling shareholder had no unperformed obligations rendered by valid legal documents of the courts, or significant outstanding matured debts.

MATERIAL RELATED PARTY TRANSACTIONS

During the reporting period, the Bank had no material related party transactions.

MATERIAL CONTRACTS AND THEIR PERFORMANCE

During the reporting period, the Bank did not enter into any material arrangement for custody, contracting or leasing of other companies' assets, or allow its assets to be subject to such arrangements by other companies.

The guarantee business is an off-balance sheet service in the ordinary course of the Bank's business. The Bank did not have any material guarantee that is required to be disclosed except for the financial guarantee services within its business scope as approved by the regulators. During the reporting period, the Bank did not enter into any other material contract that is required to be disclosed.

MAJOR EVENTS

For major events during the reporting period, please refer to announcements disclosed by the Bank on the websites of Shanghai Stock Exchange, "HKEXnews" of Hong Kong Exchanges and Clearing Limited and the Bank.

OTHER SHAREHOLDING OR SHARE PARTICIPATIONS

In May 2024, the Bank disclosed that it intended to contribute RMB21.5 billion to China Integrated Circuit Industry Investment Fund Phase III Co., Ltd., which is expected to be fully paid within 10 years from the date of registration and establishment of the fund, with a shareholding percentage of 6.25%. For details, please refer to the announcement published by the Bank on 27 May 2024. In July 2024, the Bank completed the payment of the first contribution of RMB1,075 million to China Integrated Circuit Industry Investment Fund Phase III Co., Ltd.

REVIEW OF HALF-YEAR REPORT

The Group's 2024 half-year financial statements prepared under PRC GAAP have been reviewed by Ernst & Young Hua Ming LLP, and the Group's 2024 half-year financial statements prepared under IFRS have been reviewed by Ernst & Young.

The Group's 2024 half-year report has been approved by the Board, and the financial statements and relevant financial information in the report have been reviewed by the audit committee of the Bank.

CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

CHANGES IN ORDINARY SHARES

Unit: share

	1 January 2024		Change during the reporting period +/(-)					30 June 2024	
	Number of shares	Percentage (%)	Issuance of additional shares	Bonus issue	Shares converted from capital reserve	Others	Sub-total	Number of shares	Percentage (%)
I. Shares subject to selling restrictions									
II. Shares not subject to selling restrictions									
1. RMB ordinary shares	9,593,657,606	3.84	–	–	–	–	–	9,593,657,606	3.84
2. Overseas listed foreign investment shares	95,231,418,499	38.09	–	–	–	–	–	95,231,418,499	38.09
3. Others [1]	145,185,901,381	58.07	–	–	–	–	–	145,185,901,381	58.07
III. Total number of shares	250,010,977,486	100.00	–	–	–	–	–	250,010,977,486	100.00

1. H-shares of the Bank free from selling restrictions held by the promoters of the Bank, i.e., Huijin, State Grid, Yangtze Power and Baowu Steel Group.

ORDINARY SHAREHOLDERS

At the end of the reporting period, the Bank had a total of 303,899 ordinary shareholders, of whom 38,153 were holders of H-shares and 265,746 were holders of A-shares.

Unit: share

Total number of ordinary shareholders	303,899 (Total number of registered holders of A-shares and H-shares as at 30 June 2024)

Particulars of shareholding of top ten ordinary shareholders

Name of ordinary shareholder	Nature of shareholder	Shareholding percentage (%)	Changes during the reporting period	Total number of shares held
Huijin[1]	State	57.03	–	142,590,494,651 (H-shares)
		0.11	–	267,392,944 (A-shares)
HKSCC Nominees Limited[2]	Foreign legal person	37.52	-11,441,305	93,806,276,684 (H-shares)
China Securities Finance Corporation Limited	State-owned legal person	0.88	–	2,189,259,672 (A-shares)
State Grid[3]	State-owned legal person	0.64	–	1,611,413,730 (H-shares)
Reca Investment Limited	Foreign legal person	0.34	–	856,000,000 (H-shares)
Hong Kong Securities Clearing Company Ltd.[4]	Foreign legal person	0.30	+98,264,285	738,285,810 (A-shares)
Yangtze Power	State-owned legal person	0.26	–	648,993,000 (H-shares)
Central Huijin Asset Management Ltd.	State-owned legal person	0.20	–	496,639,800 (A-shares)
Baowu Steel Group	State-owned legal person	0.13	–	335,000,000 (H-shares)
New China Life Insurance Company Ltd. – Traditional – Ordinary insurance product – 018L – CT001SH	Others	0.06	+37,037,076	143,485,203 (A-shares)

1. On 11 October 2023, Huijin increased its shareholding by 18,379,960 A-shares of the Bank through the trading system of Shanghai Stock Exchange, and continued to increase its shareholding of the Bank in the secondary market in its own name within the following six months thereafter. By 10 April 2024, such shareholding acquisition plan was implemented completely, Huijin had increased its shareholding by 71,450,968 A-shares of the Bank on a cumulative basis, accounting for 0.03% of the total share capital of the Bank.
2. The number of shares held by HKSCC Nominees Limited represents the total number of H-shares of the Bank it held as a nominee on behalf of all institutional and individual investors registered with it as at 30 June 2024. As at 30 June 2024, State Grid, Yangtze Power, and Baowu Steel Group held 1,611,413,730 H-shares, 648,993,000 H-shares and 335,000,000 H-shares of the Bank respectively, all of which were held under the name of HKSCC Nominees Limited. Save the aforesaid H-shares of the Bank held by State Grid, Yangtze Power, and Baowu Steel Group, 93,806,276,684 H-shares of the Bank were held under the name of HKSCC Nominees Limited.
3. As at 30 June 2024, the holding of H-shares of the Bank by State Grid through its subsidiaries was as follows: State Grid International Development Co., Ltd. held 296,131,000 shares, and State Grid International Development Limited held 1,315,282,730 shares.
4. The number of shares held by Hong Kong Securities Clearing Company Ltd. represents the total number of A-shares of the Bank (shares of northbound trading) it held as a nominee designated by and on behalf of Hong Kong and overseas investors as at 30 June 2024.

5. Central Huijin Asset Management Ltd. is a wholly-owned subsidiary of Huijin. HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Ltd. New China Life Insurance Company Ltd. is a company controlled by Huijin. Apart from these, the Bank is not aware of any connected relation or concerted action among the aforesaid shareholders.
6. As at 30 June 2024, none of the top ten shareholders of the Bank were involved in margin trading, short selling or refinancing of funds or securities, except that the status of HKSCC Nominees Limited was unknown.
7. None of the shares held by the aforesaid shareholders were subject to selling restrictions. None of the aforesaid shares were pledged, labelled or frozen except that the status of the shares held under the name of HKSCC Nominees Limited was unknown.

CHANGES IN CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLING PARTY

During the reporting period, there was no change in controlling shareholder or actual controlling party of the Bank.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2024, the interests and short positions of substantial shareholders and other persons in the shares and underlying shares of the Bank as recorded in the register required to be kept under Section 336 of the *Securities and Futures Ordinance* (SFO) of Hong Kong were as follows:

Name	Type of shares	Number of shares	Nature of rights and interests	% of issued A- shares	% of issued H-shares	% of total ordinary shares issued
Huijin[1]	A-share	692,581,776	Long position	7.22	–	0.28
Huijin[2]	H-share	133,262,144,534	Long position	–	59.31	57.03

1. On 29 December 2015, Huijin declared its interests to the Hong Kong Stock Exchange. It disclosed that it held interests of 692,581,776 A-shares of the Bank, accounting for 7.22% of the A-shares issued (9,593,657,606 shares) and 0.28% of the ordinary shares issued (250,010,977,486 shares), in which 195,941,976 A-shares were directly held by Huijin, and 496,639,800 A-shares were held by Central Huijin Asset Management Ltd., a wholly-owned subsidiary of Huijin. As at 30 June 2024, according to the A-share register of shareholders of the Bank, Huijin directly held 267,392,944 A-shares of the Bank, and Central Huijin Asset Management Ltd. directly held 496,639,800 A-shares of the Bank.
2. On 26 May 2009, Huijin declared its interests to the Hong Kong Stock Exchange. It disclosed that it held interests of 133,262,144,534 H-shares of the Bank, accounting for 59.31% of the H-shares issued (224,689,084,000 shares) and 57.03% of the ordinary shares issued (233,689,084,000 shares) at that time. As at 30 June 2024, according to the H-share register of shareholders of the Bank, Huijin directly held 142,590,494,651 H-shares of the Bank, accounting for 59.31% of the H-shares issued (240,417,319,880 shares) and 57.03% of the ordinary shares issued (250,010,977,486 shares).

DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS

During the reporting period, there was no change in the shareholdings of directors and supervisors of the Bank. Some directors and supervisors indirectly held H-shares of the Bank by participating in the employee stock incentive plan of the Bank before they assumed their current positions. As at 30 June 2024, Mr. Zhang Yi held 9,848 H-shares, Mr. Lin Hong held 15,555 H-shares, Mr. Liu Jun held 12,447 H-shares. Save as disclosed above, none of the directors and supervisors of the Bank had any interests or short positions in the shares, underlying shares and debentures of the Bank or any of its associated corporations (within the meaning of Part XV of the SFO) which have to be notified to the Bank and Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions therein that they shall be deemed to have pursuant to such provisions of the SFO), to be recorded in the register kept under Section 352 of the SFO, or to be notified to the Bank and Hong Kong Stock Exchange pursuant to the *Model Code for Securities Transactions by Directors of Listed Issuers* as set out in Appendix C3 to the Listing Rules of Hong Kong Stock Exchange.

DETAILS OF PREFERENCE SHARES

At the end of the reporting period, the Bank had 28 preference shareholders, all of whom were domestic preference shareholders, and there was no restoration of voting rights. The particulars of shareholding of the top ten domestic preference shareholders of the Bank were as follows.

Unit: share

Name of preference shareholder	Nature of shareholder	Shareholding percentage (%)	Change during the reporting period	Total number of shares held
Hwabao Trust Co., Ltd.	Others	11.02	-4,000,000	66,140,000
Bosera Asset Management Co., Limited	Others	10.17	–	61,000,000
China Life Insurance Company Limited	Others	8.33	–	50,000,000
China Mobile Communications Group Co., Ltd.	State-owned legal person	8.33	–	50,000,000
China Ping An Life Insurance Co., Ltd.	Others	8.28	–	49,660,000
Shanghai Branch of Bank of China Limited	Others	7.93	-6,800,000	47,600,000
Everbright Securities Asset Management Co., Ltd.	Others	6.01	+8,800,000	36,040,000
GF Securities Asset Management (Guangdong) Co., Ltd.	Others	4.50	–	27,000,000
Sun Life Everbright Asset Management Co., Ltd.	Others	4.18	–	25,060,000
Postal Savings Bank of China Co., Ltd.	Others	4.17	-2,000,000	25,000,000

1. Particulars of shareholding of the preference shareholders were based on the information in the Bank's register of preference shareholders. None of the aforesaid preference shares were pledged, labelled or frozen.
2. The Bank is not aware of any connected relation or concerted action among the aforesaid preference shareholders, or between the aforesaid preference shareholders and the top ten ordinary shareholders.

In accordance with *Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, Accounting Standard for Business Enterprise No. 37 – Presentation of Financial Instruments* and *Rules on Distinguishing Financial Liabilities and Equity Instruments and Relevant Accounting Treatments* promulgated by the MOF, as well as *International Financial Reporting Standard No. 9 – Financial Instruments* and *International Accounting Standard No. 32 – Financial Instruments: Presentation* formulated by the International Accounting Standards Board, the existing preference shares issued by the Bank meet the requirements of equity instruments in their terms and conditions, and are treated as equity instruments.

The Bank had not issued preference shares in the past three years. During the reporting period, the Bank had no redemption or conversion of preference shares.

APPENDIX: INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

CONTENTS

Report on Review of Interim Financial Information

To the Board of Directors of China Construction Bank Corporation

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

Introduction

We have reviewed the accompanying interim condensed financial information set out on pages 79 to 193, which comprises the consolidated statement of financial position of China Construction Bank Corporation (the "Bank") and its subsidiaries (the "Group") as at 30 June 2024 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and condensed explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Bank are responsible for the preparation and presentation of interim condensed financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

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

Ernst & Young
Certified Public Accountants

Hong Kong
30 August 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024 (EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

	Note	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Interest income		**627,014**	616,753
Interest expense		**(330,955)**	(304,568)
Net interest income	3	**296,059**	312,185
Fee and commission income		**68,727**	77,474
Fee and commission expense		**(6,031)**	(6,873)
Net fee and commission income	4	**62,696**	70,601
Net trading gain	5	**4,003**	3,766
Dividend income	6	**3,051**	3,568
Net gain arising from investment securities	7	**4,520**	542
Net gain/(loss) on derecognition of financial assets measured at amortised cost	8	**1,914**	(44)
Other operating income/(expense), net:			
– Other operating income		**14,147**	10,043
– Other operating expense		**(11,559)**	(12,506)
Other operating income/(expense), net	9	**2,588**	(2,463)
Operating income		**374,831**	388,155
Operating expenses	10	**(94,388)**	(95,987)
		280,443	292,168
Credit impairment losses	11	**(87,654)**	(95,414)
Other impairment losses	12	**17**	46
Share of profits of associates and joint ventures		**206**	464
Profit before tax		**193,012**	197,264
Income tax expense	13	**(27,973)**	(29,969)
Net profit		**165,039**	167,295

The notes on pages 87 to 193 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024 (EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

	Note	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Other comprehensive income:			
(1) Other comprehensive income that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		**(19)**	173
Fair value changes of equity instruments designated as measured at fair value through other comprehensive income		**7,171**	70
Others		**7**	24
Subtotal		**7,159**	267
(2) Other comprehensive income that may be reclassified subsequently to profit or loss			
Fair value changes of debt instruments measured at fair value through other comprehensive income		**16,810**	5,867
Allowances for credit losses of debt instruments measured at fair value through other comprehensive income		**1,449**	86
Reclassification adjustments included in profit or loss due to disposals		**(1,457)**	(383)
Net loss on cash flow hedges		**(43)**	(334)
Exchange difference on translating foreign operations		**1,309**	5,927
Others		**(6,759)**	(2,700)
Subtotal		**11,309**	8,463
Other comprehensive income for the period, net of tax		**18,468**	8,730
Total comprehensive income for the period		**183,507**	176,025
Net profit attributable to:			
Equity shareholders of the Bank		**164,326**	167,344
Non-controlling interests		**713**	(49)
		165,039	167,295
Total comprehensive income attributable to:			
Equity shareholders of the Bank		**184,497**	177,062
Non-controlling interests		**(990)**	(1,037)
		183,507	176,025
Basic and diluted earnings per share (in RMB Yuan)	14	**0.66**	0.67

The notes on pages 87 to 193 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024 (EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

	Note	**30 June 2024 (Unaudited)**	31 December 2023 (Audited)
Assets:			
Cash and deposits with central banks	15	**3,193,580**	3,066,058
Deposits with banks and non-bank financial institutions	16	**146,128**	148,218
Precious metals		**82,672**	59,429
Placements with banks and non-bank financial institutions	17	**683,021**	675,270
Positive fair value of derivatives	18	**70,711**	43,840
Financial assets held under resale agreements	19	**889,728**	979,498
Loans and advances to customers	20	**24,629,185**	23,083,377
Financial investments	21		
Financial assets measured at fair value through profit or loss		**587,590**	602,303
Financial assets measured at amortised cost		**6,961,515**	6,801,242
Financial assets measured at fair value through other comprehensive income		**2,375,094**	2,234,731
Long-term equity investments	22	**21,347**	20,983
Fixed assets	24	**169,099**	159,948
Construction in progress	25	**4,094**	7,423
Land use rights	26	**12,636**	12,911
Intangible assets	27	**5,722**	6,540
Goodwill	28	**2,471**	2,456
Deferred tax assets	29	**118,797**	121,227
Other assets	30	**340,997**	299,372
Total assets		**40,294,387**	38,324,826
Liabilities:			
Borrowings from central banks	32	**1,102,834**	1,155,634
Deposits from banks and non-bank financial institutions	33	**3,420,846**	2,792,066
Placements from banks and non-bank financial institutions	34	**480,090**	407,722
Financial liabilities measured at fair value through profit or loss	35	**224,097**	252,179
Negative fair value of derivatives	18	**67,253**	41,868
Financial assets sold under repurchase agreements	36	**52,705**	234,578
Deposits from customers	37	**28,707,067**	27,654,011
Accrued staff costs	38	**48,545**	52,568
Taxes payable	39	**41,175**	73,580
Provisions	40	**41,323**	43,344
Debt securities issued	41	**2,207,124**	1,895,735
Deferred tax liabilities	29	**2,154**	1,724
Other liabilities	42	**643,698**	547,743
Total liabilities		**37,038,911**	35,152,752

The notes on pages 87 to 193 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024 (EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

	Note	**30 June 2024 (Unaudited)**	31 December 2023 (Audited)
Equity:			
Share capital	43	**250,011**	250,011
Other equity instruments	44		
Preference shares		**59,977**	59,977
Perpetual bonds		**139,991**	139,991
Capital reserve	45	**135,642**	135,619
Other comprehensive income	46	**44,152**	23,981
Surplus reserve	47	**369,906**	369,906
General reserve	48	**496,476**	496,255
Retained earnings	49	**1,738,506**	1,674,405
Total equity attributable to equity shareholders of the Bank		**3,234,661**	3,150,145
Non-controlling interests		**20,815**	21,929
Total equity		**3,255,476**	3,172,074
Total liabilities and equity		**40,294,387**	38,324,826

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

Zhang Yi	**Michel Madelain**	**Graeme Wheeler**
Vice chairman, executive director and president	*Independent non-executive director*	*Independent non-executive director*

The notes on pages 87 to 193 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024 (EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

	(Unaudited)									
	Attributable to equity shareholders of the Bank									
		Other equity instruments								
	Share capital	Preference shares	Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Non-controlling interests	Total equity
As at 1 January 2024	**250,011**	**59,977**	**139,991**	**135,619**	**23,981**	**369,906**	**496,255**	**1,674,405**	**21,929**	**3,172,074**
Movements during the period	**–**	**–**	**–**	**23**	**20,171**	**–**	**221**	**64,101**	**(1,114)**	**83,402**
(1) Total comprehensive income for the period	**–**	**–**	**–**	**–**	**20,171**	**–**	**–**	**164,326**	**(990)**	**183,507**
(2) Changes in share capital										
i Establishment of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**23**	**23**
ii Change in shareholdings in subsidiaries	**–**	**–**	**–**	**(1)**	**–**	**–**	**–**	**–**	**(81)**	**(82)**
(3) Profit distribution										
i Appropriation to general reserve	**–**	**–**	**–**	**–**	**–**	**–**	**221**	**(221)**	**–**	**–**
ii Dividends to ordinary shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(100,004)**	**–**	**(100,004)**
iii Dividends to non-controlling interests holders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(66)**	**(66)**
(4) Others	**–**	**–**	**–**	**24**	**–**	**–**	**–**	**–**	**–**	**24**
As at 30 June 2024	**250,011**	**59,977**	**139,991**	**135,642**	**44,152**	**369,906**	**496,476**	**1,738,506**	**20,815**	**3,255,476**

FOR THE SIX MONTHS ENDED 30 JUNE 2023 (EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

	(Unaudited)									
	Attributable to equity shareholders of the Bank									
		Other equity instruments								
	Share capital	Preference shares	Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Non-controlling interests	Total equity
As at 31 December 2022	250,011	59,977	79,991	135,653	20,793	337,527	444,786	1,527,995	22,027	2,878,760
Change in accounting policy	–	–	–	–	(3,390)	–	–	2,107	(1,233)	(2,516)
As at 1 January 2023	250,011	59,977	79,991	135,653	17,403	337,527	444,786	1,530,102	20,794	2,876,244
Movements during the period	–	–	–	–	9,718	–	319	69,771	176	79,984
(1) Total comprehensive income for the period	–	–	–	–	9,718	–	–	167,344	(1,037)	176,025
(2) Changes in share capital										
i Establishment of subsidiaries	–	–	–	–	–	–	–	–	1,230	1,230
ii Acquisition of subsidiaries	–	–	–	–	–	–	–	–	64	64
(3) Profit distribution										
i Appropriation to general reserve	–	–	–	–	–	–	319	(319)	–	–
ii Dividends to ordinary shareholders	–	–	–	–	–	–	–	(97,254)	–	(97,254)
iii Dividends to non-controlling interests holders	–	–	–	–	–	–	–	–	(81)	(81)
As at 30 June 2023	250,011	59,977	79,991	135,653	27,121	337,527	445,105	1,599,873	20,970	2,956,228

The notes on pages 87 to 193 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023 (EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

	(Audited)									
	Attributable to equity shareholders of the Bank									
		Other equity instruments								
	Share capital	Preference shares	Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Non-controlling interests	Total equity
As at 31 December 2022	250,011	59,977	79,991	135,653	20,793	337,527	444,786	1,527,995	22,027	2,878,760
Change in accounting policy	–	–	–	–	(3,390)	–	–	2,107	(1,233)	(2,516)
As at 1 January 2023	250,011	59,977	79,991	135,653	17,403	337,527	444,786	1,530,102	20,794	2,876,244
Movements during the year	–	–	60,000	(34)	6,578	32,379	51,469	144,303	1,135	295,830
(1) Total comprehensive income for the year	–	–	–	–	6,604	–	–	332,653	(2,184)	337,073
(2) Changes in share capital										
i Capital injection/(deduction) by other equity instruments holder	–	–	60,000	(13)	–	–	–	–	1,999	61,986
ii Establishment of subsidiaries	–	–	–	–	–	–	–	–	1,429	1,429
iii Acquisition of subsidiaries	–	–	–	–	–	–	–	–	92	92
(3) Profit distribution										
i Appropriation to surplus reserve	–	–	–	–	–	32,379	–	(32,379)	–	–
ii Appropriation to general reserve	–	–	–	–	–	–	53,633	(53,633)	–	–
iii Dividends to ordinary shareholders	–	–	–	–	–	–	–	(97,254)	–	(97,254)
iv Dividends to other equity instruments holders	–	–	–	–	–	–	–	(5,110)	–	(5,110)
v Dividends to non-controlling interests holders	–	–	–	–	–	–	–	–	(201)	(201)
(4) Internal transfer within owner's equity										
i Other comprehensive income transferred to retained earnings	–	–	–	–	(26)	–	–	26	–	–
(5) Others	–	–	–	(21)	–	–	(2,164)	–	–	(2,185)
As at 31 December 2023	250,011	59,977	139,991	135,619	23,981	369,906	496,255	1,674,405	21,929	3,172,074

The notes on pages 87 to 193 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024 (EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

	Note	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Cash flows from operating activities:			
Profit before tax		**193,012**	197,264
Adjustments for:			
– Credit impairment losses	11	**87,654**	95,414
– Other impairment losses	12	**(17)**	(46)
– Depreciation and amortisation		**14,946**	14,250
– Interest income from impaired financial assets		**(1,850)**	(2,634)
– Revaluation (gain)/loss on financial instruments measured at fair value through profit or loss		**(4,897)**	835
– Share of profits of associates and joint ventures		**(206)**	(464)
– Dividend income	6	**(3,051)**	(3,568)
– Unrealised foreign exchange gain		**(8,674)**	(1,860)
– Interest expense on bonds issued		**14,982**	13,183
– Interest income from investment securities and net income from disposal		**(147,925)**	(136,203)
– Net gain on disposal of fixed assets and other long-term assets		**(76)**	(124)
		143,898	176,047
Changes in operating assets:			
Net decrease/(increase) in deposits with central banks and with banks and non-bank financial institutions		**98,628**	(142,401)
Net increase in placements with banks and non-bank financial institutions		**(5,641)**	(49,064)
Net decrease/(increase) in financial assets held under resale agreements		**89,599**	(370,328)
Net increase in loans and advances to customers		**(1,606,799)**	(1,896,578)
Net (increase)/decrease in financial assets held for trading purposes		**(7,709)**	17,047
Net increase in other operating assets		**(171,645)**	(219,594)
		(1,603,567)	(2,660,918)
Changes in operating liabilities:			
Net (decrease)/increase in borrowings from central banks		**(58,841)**	111,155
Net increase in deposits from customers and from banks and non-bank financial institutions		**1,652,919**	3,267,054
Net increase in placements from banks and non-bank financial institutions		**65,852**	64,117
Net decrease in financial liabilities measured at fair value through profit or loss		**(28,298)**	(68,026)
Net decrease in financial assets sold under repurchase agreements		**(182,668)**	(88,685)
Net increase in certificates of deposit issued		**282,947**	113,179
Income tax paid		**(64,342)**	(73,389)
Net increase/(decrease) in other operating liabilities		**82,905**	(25,919)
		1,750,474	3,299,486
Net cash from operating activities		**290,805**	814,615

The notes on pages 87 to 193 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024 (EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

		Six months ended 30 June	
	Note	**2024 (Unaudited)**	2023 (Unaudited)
Cash flows from investing activities:			
Proceeds from sales and redemption of financial investments		**1,272,451**	763,253
Interest and dividends received		**157,847**	132,850
Proceeds from disposal of subsidiaries, associates and joint ventures		**1,139**	352
Proceeds from disposal of fixed assets and other long-term assets		**2,930**	1,697
Purchase of investment securities		**(1,503,895)**	(1,463,109)
Acquisition of subsidiaries, associates and joint ventures		**(362)**	(142)
Purchase of fixed assets and other long-term assets		**(11,034)**	(6,139)
Net cash used in investing activities		**(80,924)**	(571,238)
Cash flows from financing activities:			
Issue of bonds		**85,400**	32,992
Cash received from subsidiaries' capital injection by non-controlling interests holders		**23**	1,230
Repayment of borrowings		**(64,194)**	(13,730)
Interest paid on bonds issued		**(9,898)**	(7,081)
Cash payment for other financing activities		**(3,931)**	(3,708)
Net cash from financing activities		**7,400**	9,703
Effect of exchange rate changes on cash and cash equivalents		**5,675**	15,736
Net increase in cash and cash equivalents		**222,956**	268,816
Cash and cash equivalents as at 1 January	50	**925,463**	1,143,652
Cash and cash equivalents as at 30 June	50	**1,148,419**	1,412,468
Cash flows from operating activities include:			
Interest received, excluding interest income from investment securities		**482,363**	468,548
Interest paid, excluding interest expense on bonds issued		**(313,461)**	(293,007)

The notes on pages 87 to 193 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

1 Company information

The history of China Construction Bank Corporation (the "Bank") dates back to 1954, which was previously known as the People's Construction Bank of China when it was established. It was responsible for the management and distribution of government funds for construction and infrastructure related projects under the state economic plan. The People's Construction Bank of China gradually evolved into a comprehensive commercial bank following the takeover of the Bank's function of granting policy loans by China Development Bank in 1994. In 1996, the People's Construction Bank of China changed its name to China Construction Bank. On 17 September 2004, China Construction Bank Corporation ("the former CCB") was established in the People's Republic of China (the "PRC") as a result of a separation procedure undertaken by its predecessor, China Construction Bank. In October 2005 and September 2007, the Bank's H shares and A shares were listed on the Hong Kong Stock Exchange (Stock Code: 939) and the Shanghai Stock Exchange (Stock Code: 601939), successively. As at 30 June 2024, the Bank issued the total ordinary share capital of RMB250,011 million, with a par value of RMB1.00 per share.

The Bank obtained its finance permit No.B0004H111000001 from the China Banking Regulatory Commission ("CBRC") (In 2023, the regulator was renamed the National Administration of Financial Regulation, hereinafter referred to as the "NFRA") of the PRC. The Bank obtained its unified social credit code No.911100001000044477 from the Beijing Administration for Industry and Commerce. The registered office of the Bank is located at No.25, Finance Street, Xicheng District, Beijing, the PRC.

The principal activities of the Bank and its subsidiaries (collectively the "Group") are the provision of corporate finance business, personal finance business, treasury and asset management business and others. The Group mainly operates in the Chinese mainland and also has a number of overseas branches and subsidiaries. For the purpose of these financial statements, the Chinese mainland refers to the PRC excluding the Hong Kong Special Administrative Region of the PRC ("Hong Kong"), the Macau Special Administrative Region of the PRC ("Macau") and Taiwan. Overseas refers to countries and regions other than the Chinese mainland.

The Bank is under the supervision of the banking regulators empowered by the State Council of the PRC (the "State Council"). The overseas financial institutions of the Bank are required to comply with the regulatory requirements of their respective local jurisdictions. Central Huijin Investment Ltd. ("Huijin"), a wholly-owned subsidiary of China Investment Corporation ("CIC"), exercises the contributor's rights and obligations in key state-owned financial institutions up to its contribution amount on behalf of the State.

2 Basis of preparation and significant accounting policies

(1) Basis of preparation

The interim financial statements have been prepared in accordance with *International Accounting Standard* ("IAS") 34 *Interim Financial Reporting* and all applicable disclosure provisions of the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*.

The unaudited interim financial statements contain selected explanatory notes, which provide explanations of events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the financial statements for the year ended 31 December 2023. The selected notes do not include all of the information and disclosures required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"), and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.

(2) Use of estimates and assumptions

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results in the future may differ from those reported as a result of the use of estimates and assumptions about future conditions.

(3) Consolidation

The interim financial statements comprise the Bank and its subsidiaries.

The financial results and performance of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Necessary adjustments on the accounting period and accounting policies of subsidiaries are made to comply with those of the Bank. Intragroup balances and transactions, and any profits or losses arising from intragroup transactions are eliminated in full in preparing the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

2 Basis of preparation and significant accounting policies (continued)

(4) Changes in significant accounting policies

The Group has adopted the following new standards and amendments from the current interim period.

(1)	Amendments to IFRS 16	*Lease Liability Measurement in a Sale and Leaseback Transaction*
(2)	Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
(3)	Amendments to IAS 1	*Non-current Liabilities with Covenants*
(4)	Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The adoption of other amendments does not have a significant impact on the Group's consolidated financial statements.

Except for the matters described above, significant accounting policies adopted by the Group for its interim financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

(5) Taxation

The Group's main applicable taxes and tax rates are as follows:

Value added tax ("VAT")

Pursuant to the *Circular on the Comprehensive Plan for Levying VAT in place of Business Tax* (CaiShui [2016] No.36) jointly issued by the Ministry of Finance and the State Administration of Taxation, business tax that used to be levied on taxable income of the Bank and its subsidiaries in the Chinese mainland was replaced by VAT from 1 May 2016, and the main VAT rate is 6%.

City construction tax

City construction tax is calculated as 1% to 7% of VAT.

Education surcharge

Education surcharge is calculated as 3% of VAT.

Local education surcharge

Local education surcharge is calculated as 2% of VAT.

Income tax

The predominant income tax rate that is applicable to the Bank and its subsidiaries in the Chinese mainland is 25%. Taxation on overseas operations is charged at the relevant local rates. Tax paid on overseas operations is deducted to the extent allowed under the relevant income tax laws of the PRC.

(6) Interim financial statements

The interim financial statements have been reviewed by the Audit Committee of the Bank, and were approved by the Board of Directors of the Bank on 30 August 2024. The interim financial statements have also been reviewed by the Bank's auditors, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial statements is derived from those financial statements. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 March 2024.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

3 Net interest income

	Six months ended 30 June	
	2024	2023
Interest income arising from:		
Deposits with central banks	**22,753**	22,554
Deposits with banks and non-bank financial institutions	**2,932**	3,331
Placements with banks and non-bank financial institutions	**10,807**	9,197
Financial assets held under resale agreements	**8,760**	10,325
Financial investments	**143,474**	135,769
Loans and advances to customers		
– Corporate loans and advances	**257,363**	239,868
– Personal loans and advances	**175,059**	189,757
– Discounted bills	**5,866**	5,952
Total	**627,014**	616,753
Interest expense arising from:		
Borrowings from central banks	**(14,062)**	(10,928)
Deposits from banks and non-bank financial institutions	**(36,695)**	(29,783)
Placements from banks and non-bank financial institutions	**(9,703)**	(7,898)
Financial assets sold under repurchase agreements	**(1,212)**	(1,405)
Debt securities issued	**(29,816)**	(26,058)
Deposits from customers		
– Corporate deposits	**(109,989)**	(104,301)
– Personal deposits	**(129,478)**	(124,195)
Total	**(330,955)**	(304,568)
Net interest income	**296,059**	312,185

(1) Interest income from impaired financial assets is listed as follows:

	Six months ended 30 June	
	2024	2023
Impaired loans and advances	**1,781**	2,526
Other impaired financial assets	**69**	108
Total	**1,850**	2,634

(2) Interest expense on financial liabilities with maturity over five years mainly represented the interest expense on debt securities issued.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

4 Net fee and commission income

	Six months ended 30 June	
	2024	2023
Fee and commission income		
Settlement and clearing fees	**20,093**	20,685
Commission on trust and fiduciary activities	**11,684**	11,872
Bank card fees	**10,625**	10,285
Agency service fees	**9,028**	13,549
Consultancy and advisory fees	**6,371**	8,675
Income from asset management business	**4,486**	5,837
Others	**6,440**	6,571
Total	**68,727**	77,474
Fee and commission expense		
Bank card transaction fees	**(3,031)**	(3,122)
Inter-bank transaction fees	**(466)**	(540)
Others	**(2,534)**	(3,211)
Total	**(6,031)**	(6,873)
Net fee and commission income	**62,696**	70,601

5 Net trading gain

	Six months ended 30 June	
	2024	2023
Debt securities	**2,853**	2,420
Derivatives	**974**	1,203
Equity investments	**58**	44
Others	**118**	99
Total	**4,003**	3,766

6 Dividend income

	Six months ended 30 June	
	2024	2023
Dividend income from equity investments measured at fair value through profit or loss	**2,771**	3,550
Dividend income from equity investments designated as at fair value through other comprehensive income	**280**	18
Total	**3,051**	3,568

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

7 Net gain arising from investment securities

	Six months ended 30 June	
	2024	2023
Net loss related to financial liabilities designated as measured at fair value through profit or loss	**(3,063)**	(4,262)
Net gain related to other financial assets and liabilities measured at fair value through profit or loss	**6,402**	4,364
Net gain related to financial assets measured at fair value through other comprehensive income	**1,205**	486
Others	**(24)**	(46)
Total	**4,520**	542

8 Net gain/(loss) on derecognition of financial assets measured at amortised cost

For the six months ended 30 June 2024, the Group realized a gain of RMB1,445 million on derecognition of financial assets measured at amortised cost arising from asset-backed securitization products (for the six months ended 30 June 2023: no gain).

9 Other operating income/(expense), net

	Six months ended 30 June	
	2024	2023
Other operating income		
Insurance related income	**2,338**	2,517
Foreign exchange gains/(losses)	**2,722**	(491)
Rental income	**4,021**	3,258
Others	**5,066**	4,759
Total	**14,147**	10,043

Foreign exchange gains/(losses) include gains and losses in connection with the translation of foreign currency denominated monetary assets and liabilities, and net realised and unrealised gains and losses on foreign exchange derivatives (including those foreign exchange swaps, foreign exchange options and cross currency swaps entered into in order to economically hedge positions in foreign currency assets).

	Six months ended 30 June	
	2024	2023
Other operating expense		
Insurance related costs	**5,998**	7,085
Others	**5,561**	5,421
Total	**11,559**	12,506

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

10 Operating expenses

	Six months ended 30 June	
	2024	2023
Staff costs		
– Salaries, bonuses, allowances and subsidies	**37,209**	37,784
– Defined contribution plans	**8,102**	7,755
– Housing funds	**3,890**	3,727
– Union running costs and employee education costs	**1,088**	1,133
– Early retirement expenses	**–**	3
– Compensation to employees for termination of employment relationship	**8**	3
– Others	**5,742**	5,820
	56,039	56,225
Premises and equipment expenses		
– Depreciation charges	**10,941**	10,453
– Rent and property management expenses	**1,826**	1,823
– Utilities	**878**	897
– Maintenance	**804**	1,071
– Others	**967**	1,007
	15,416	15,251
Taxes and surcharges	**3,870**	3,933
Amortisation expenses	**1,681**	1,827
Other general and administrative expenses	**17,382**	18,751
Total	**94,388**	95,987

For the six months ended 30 June 2024, the Group's operating expenses related to actual research and development activities amounted to RMB2,837 million (for the six months ended 30 June 2023: RMB2,597 million).

11 Credit impairment losses

	Six months ended 30 June	
	2024	2023
Loans and advances to customers	**86,036**	91,592
Financial investments		
– Financial assets measured at amortised cost	**819**	(802)
– Financial assets measured at fair value through other comprehensive income	**247**	865
Off-balance sheet credit business	**(2,194)**	(537)
Others	**2,746**	4,296
Total	**87,654**	95,414

12 Other impairment losses

	Six months ended 30 June	
	2024	2023
Other impairment losses	**(17)**	(46)

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

13 Income tax expense

(1) Income tax expense

	Six months ended 30 June	
	2024	2023
Current tax	**31,315**	40,759
– The Chinese mainland	**30,026**	39,446
– Hong Kong	**630**	581
– Other countries and regions	**659**	732
Adjustments for prior years	**(18)**	(441)
Deferred tax	**(3,324)**	(10,349)
Total	**27,973**	29,969

The provisions for income taxes for the Chinese mainland and Hong Kong are calculated at 25% and 16.5% of the estimated taxable income from the Chinese mainland and Hong Kong operations for the reporting period, respectively. Taxation for other overseas operations is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

The Group has adopted amendments to IAS12 which introduce a temporary mandatory exemption from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD"). The Pillar Two legislations have been enacted or substantively enacted by 30 June 2024 in certain jurisdictions in which the Group operates, and such legislations have successively become effective from 1 January 2024. The potential impact from top-up tax of Pillar Two model rules is not material to the Group's financial statements for the six months ended 30 June 2024.

(2) Reconciliation between income tax expense and accounting profit

		Six months ended 30 June	
	Note	**2024**	2023
Profit before tax		**193,012**	197,264
Income tax calculated at the 25% statutory tax rate		**48,253**	49,316
Effects of different applicable rates of tax prevailing in other countries/regions		**(494)**	(539)
Non-deductible expenses	(a)	**9,845**	8,885
Non-taxable income	(b)	**(29,613)**	(27,252)
Adjustments on income tax for prior years which affect profit or loss		**(18)**	(441)
Income tax expense		**27,973**	29,969

(a) Non-deductible expenses primarily include non-deductible losses resulting from write-offs and impairment losses.

(b) Non-taxable income primarily includes interest income from PRC government bonds and local government bonds.

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

14 Earnings per share

Basic earnings per share for the six months ended 30 June 2024 and 2023 have been computed by dividing the net profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the periods.

For the purpose of calculating basic earnings per share, dividends on other equity instruments declared in respect of the period should be deducted from the amounts attributable to equity shareholders of the Bank. The Bank has not declared any dividend on other equity instruments for the six months ended 30 June 2024.

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

	Six months ended 30 June	
	2024	2023
Net profit attributable to equity shareholders of the Bank	**164,326**	167,344
Net profit attributable to ordinary shareholders of the Bank	**164,326**	167,344
Weighted average number of ordinary shares (in millions of shares)	**250,011**	250,011
Basic earnings per share attributable to ordinary shareholders of the Bank (in RMB Yuan)	**0.66**	0.67
Diluted earnings per share attributable to ordinary shareholders of the Bank (in RMB Yuan)	**0.66**	0.67

15 Cash and deposits with central banks

	Note	30 June 2024	31 December 2023
Cash		**47,247**	45,682
Deposits with central banks			
– Statutory deposit reserves	(1)	**2,308,785**	2,425,965
– Surplus deposit reserves	(2)	**793,295**	552,063
– Fiscal deposits and others		**43,124**	41,042
Accrued interest		**1,129**	1,306
Total		**3,193,580**	3,066,058

(1) The Group places statutory deposit reserves with the People's Bank of China ("PBOC") and overseas central banks where it has operations. The statutory deposit reserves are not available for use in the Group's daily business.

As at the end of the reporting period, the Bank's statutory deposit reserve rates in the Chinese mainland were as follows:

	30 June 2024	31 December 2023
Reserve rate for RMB deposits	**8.50%**	9.00%
Reserve rate for foreign currency deposits	**4.00%**	4.00%

The statutory RMB deposit reserve rates applicable to domestic subsidiaries of the Group are determined by the PBOC.

The amounts of statutory deposit reserves placed with the central banks of overseas countries and regions are determined by local jurisdictions.

(2) The surplus deposit reserve maintained with the PBOC is mainly for the purpose of clearing.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

16 Deposits with banks and non-bank financial institutions

(1) Analysed by type of counterparties

	30 June 2024	31 December 2023
Banks	114,689	131,935
Non-bank financial institutions	30,953	16,064
Accrued interest	586	379
Gross balances	146,228	148,378
Allowances for impairment losses (Note 31)	(100)	(160)
Net balances	146,128	148,218

(2) Analysed by geographical sectors

	30 June 2024	31 December 2023
The Chinese mainland	109,096	111,430
Overseas	36,546	36,569
Accrued interest	586	379
Gross balances	146,228	148,378
Allowances for impairment losses (Note 31)	(100)	(160)
Net balances	146,128	148,218

As at 30 June 2024 and 31 December 2023, all the Group's deposits with banks and non-bank financial institutions were designated as Stage 1. For the six months ended 30 June 2024 and for the year ended 31 December 2023, neither the book values nor the impairment allowances had any migrations between stages.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

17 Placements with banks and non-bank financial institutions

(1) Analysed by type of counterparties

	30 June 2024	31 December 2023
Banks	397,130	408,117
Non-bank financial institutions	281,580	263,148
Accrued interest	5,013	4,956
Gross balances	683,723	676,221
Allowances for impairment losses (Note 31)	(702)	(951)
Net balances	683,021	675,270

(2) Analysed by geographical sectors

	30 June 2024	31 December 2023
The Chinese mainland	512,521	473,888
Overseas	166,189	197,377
Accrued interest	5,013	4,956
Gross balances	683,723	676,221
Allowances for impairment losses (Note 31)	(702)	(951)
Net balances	683,021	675,270

As at 30 June 2024 and 31 December 2023, all the Group's placements with banks and non-bank financial institutions had been designated as Stage 1. For the six months ended 30 June 2024 and for the year ended 31 December 2023, the book value and the impairment loss allowances do not involve the transfer between stages.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

18 Derivatives and hedge accounting

(1) Analysed by type of contract

		30 June 2024			31 December 2023		
	Note	Notional amounts	Assets	Liabilities	Notional amounts	Assets	Liabilities
Interest rate contracts		**1,143,774**	**9,178**	**6,048**	1,352,192	10,490	7,957
Exchange rate contracts		**5,404,123**	**59,109**	**45,036**	3,711,837	31,425	27,568
Other contracts	(a)	**194,984**	**2,424**	**16,169**	192,081	1,925	6,343
Total		**6,742,881**	**70,711**	**67,253**	5,256,110	43,840	41,868

(2) Analysed by counterparty credit risk-weighted assets

	Note	30 June 2024	31 December 2023
Counterparty credit default risk-weighted assets			
– Interest rate contracts		**9,771**	7,690
– Exchange rate contracts		**99,498**	57,042
– Other contracts	(a)	**40,292**	17,867
Subtotal		**149,561**	82,599
Risk-weighted assets for credit valuation adjustment		**47,604**	21,582
Total		**197,165**	104,181

The notional amounts of derivatives only represent the unsettled transaction volume as at the end of the reporting period, instead of the amount of risk assets. From 1 January 2024, the Group adopted the Rules on Capital Management of Commercial Banks and other related policies. According to rules set out by the NFRA, the Group measures the default risk exposure of derivative transactions using the standardised approach for calculating default risk exposure, measures counterparty default risk-weighted assets of derivative transactions using the credit risk weighting approach, and measures risk-weighted assets for credit valuation adjustment using the simplified approach.

(a) Other contracts mainly consist of precious metals and commodity contracts.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

18 Derivatives and hedge accounting (continued)

(3) Hedge accounting

The following designated hedging instruments are included in the derivatives disclosed above:

		30 June 2024			31 December 2023		
	Note	**Notional amounts**	**Assets**	**Liabilities**	Notional amounts	Assets	Liabilities
Fair value hedges	(a)						
Interest rate swaps		**53,380**	**1,398**	**63**	52,093	1,340	254
Cash flow hedges	(b)						
Foreign exchange swaps		**43,115**	**69**	**219**	28,536	250	254
Cross currency swaps		**1,000**	**3**	**–**	1,000	–	13
Interest rate swaps		**3,273**	**73**	**–**	3,199	130	–
Total		**100,768**	**1,543**	**282**	84,828	1,720	521

(a) *Fair value hedges*

The Group uses interest rate swaps to hedge against changes in fair value of loans and advances to customers, financial assets measured at fair value through other comprehensive income, placements from banks and non-bank financial institutions, financial assets sold under repurchase agreements, deposits from customers, and debt securities issued arising from changes in interest rates.

Net gains/(losses) on fair value hedges are as follows:

	Six months ended 30 June	
	2024	2023
Hedging instruments	**175**	150
Hedged items	**(184)**	(144)

The gain and loss arising from the ineffective portion of fair value hedges was immaterial for the six months ended 30 June 2024 and 2023.

(b) *Cash flow hedges*

The Group uses foreign exchange swaps, cross currency swaps and interest rate swaps to hedge against exposures to cash flow variability primarily from foreign exchange and interest rate risks on placements with banks and non-bank financial institutions, loans and advances to customers, borrowings from central banks, placements from banks and non-bank financial institutions, deposits from customers, and debt securities issued. The maturities of hedging instruments and hedged items are both within five years.

For the six months ended 30 June 2024, the Group's net loss from the cash flow hedges of RMB43 million was recognised in other comprehensive income (for the six months ended 30 June 2023: net loss from cash flow hedges of RMB334 million), and the gain and loss arising from the ineffective portion of cash flow hedges was immaterial.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

19 Financial assets held under resale agreements

Financial assets held under resale agreements analysed by underlying assets are shown as follows:

	30 June 2024	31 December 2023
Debt securities		
– Government bonds	**378,056**	363,187
– Debt securities issued by policy banks, banks and non-bank financial institutions	**489,784**	547,054
– Corporate bonds	**–**	12
Subtotal	**867,840**	910,253
Discounted bills	**21,714**	68,930
Accrued interest	**212**	477
Total	**889,766**	979,660
Allowances for impairment losses (Note 31)	**(38)**	(162)
Net balances	**889,728**	979,498

As at 30 June 2024 and 31 December 2023, the Group's financial assets held under resale agreements were all designated as Stage 1. For the six months ended 30 June 2024 and for the year ended 31 December 2023, the book value and the impairment loss allowances do not involve the transfer between stages.

20 Loans and advances to customers

(1) Analysed by measurement

	Note	30 June 2024	31 December 2023
Gross loans and advances to customers measured at amortised cost		**24,269,620**	22,706,195
Less: allowances for impairment losses		**(815,121)**	(778,223)
Net loans and advances to customers measured at amortised cost	(a)	**23,454,499**	21,927,972
Loans and advances to customers measured at fair value through other comprehensive income	(b)	**1,122,631**	1,104,787
Accrued interest		**52,055**	50,618
Total		**24,629,185**	23,083,377

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

20 Loans and advances to customers (continued)

(1) Analysed by measurement (continued)

(a) *Loans and advances to customers measured at amortised cost*

	30 June 2024	31 December 2023
Corporate loans and advances		
– Loans	**15,320,222**	13,832,726
– Finance leases	**93,937**	104,871
	15,414,159	13,937,597
Personal loans and advances		
– Residential mortgages	**6,376,779**	6,452,948
– Personal consumer loans	**491,373**	431,758
– Personal business loans	**885,767**	777,481
– Credit cards	**1,003,449**	1,000,424
– Others	**98,093**	105,987
	8,855,461	8,768,598
Gross loans and advances to customers measured at amortised cost	**24,269,620**	22,706,195
Stage 1 – allowances for impairment losses	**(379,250)**	(363,424)
Stage 2 – allowances for impairment losses	**(203,533)**	(190,295)
Stage 3 – allowances for impairment losses	**(232,338)**	(224,504)
Allowances for impairment losses at amortised cost (Note 31)	**(815,121)**	(778,223)
Net loans and advances to customers measured at amortised cost	**23,454,499**	21,927,972

(b) *Loans and advances to customers measured at fair value through other comprehensive income*

	30 June 2024	31 December 2023
Discounted bills	**1,122,631**	1,104,787

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

20 Loans and advances to customers (continued)

(2) Analysed by assessment method of expected credit losses

	30 June 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross loans and advances to customers measured at amortised cost	**23,169,692**	**757,024**	**342,904**	**24,269,620**
Less: allowances for impairment losses	**(379,250)**	**(203,533)**	**(232,338)**	**(815,121)**
Carrying amount of loans and advances to customers measured at amortised cost	**22,790,442**	**553,491**	**110,566**	**23,454,499**
Provision percentage for loans and advances to customers measured at amortised cost	**1.64%**	**26.89%**	**67.76%**	**3.36%**
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	**1,122,128**	**503**	**–**	**1,122,631**
Allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	**(3,554)**	**(23)**	**–**	**(3,577)**

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross loans and advances to customers measured at amortised cost	21,602,943	777,996	325,256	22,706,195
Less: allowances for impairment losses	(363,424)	(190,295)	(224,504)	(778,223)
Carrying amount of loans and advances to customers measured at amortised cost	21,239,519	587,701	100,752	21,927,972
Provision percentage for loans and advances to customers measured at amortised cost	1.68%	24.46%	69.02%	3.43%
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	1,092,093	12,694	–	1,104,787
Allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	(1,431)	(461)	–	(1,892)

The Group measures ECL of loans and advances using risk parameter modelling approach that incorporates relevant parameters such as Probability of Default ("PD"), Loss Given Default ("LGD") or Exposure at Default ("EAD"). Specifically, the Group calculates LGD for Stage 3 corporate loans and advances not managed as part of a portfolio as well as discounted bills using discounted cash flow method on expected recoverable cash flows. The Group can also calculate LGD for other corporate loans and advances using discounted cash flow method on expected recoverable cash flows based on actual circumstances.

The segmentation of the loans mentioned above is defined in Note 57(1).

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

20 Loans and advances to customers (continued)

(3) Movements of allowances for impairment losses

		Six months ended 30 June 2024			
	Note	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024		363,424	190,295	224,504	778,223
Transfers:					
Transfers in/(out) to Stage 1		12,025	(11,341)	(684)	–
Transfers in/(out) to Stage 2		(5,233)	7,355	(2,122)	–
Transfers in/(out) to Stage 3		(2,245)	(16,369)	18,614	–
Newly originated or purchased financial assets		102,779	–	–	102,779
Transfer out/repayment	(a)	(75,691)	(15,967)	(29,842)	(121,500)
Remeasurements	(b)	(15,809)	49,560	48,188	81,939
Write-offs		–	–	(35,689)	(35,689)
Recoveries of loans and advances written off		–	–	9,369	9,369
As at 30 June 2024		379,250	203,533	232,338	815,121

		2023			
	Note	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023		339,557	176,141	188,390	704,088
Transfers:					
Transfers in/(out) to Stage 1		19,259	(18,402)	(857)	–
Transfers in/(out) to Stage 2		(12,464)	19,608	(7,144)	–
Transfers in/(out) to Stage 3		(5,474)	(22,661)	28,135	–
Newly originated or purchased financial assets		168,995	–	–	168,995
Transfer out/repayment	(a)	(131,700)	(30,202)	(50,438)	(212,340)
Remeasurements	(b)	(14,749)	65,811	103,654	154,716
Write-offs		–	–	(53,389)	(53,389)
Recoveries of loans and advances written off		–	–	16,153	16,153
As at 31 December 2023		363,424	190,295	224,504	778,223

(a) Transfer out/repayment refers to transfer of creditor's rights, securitisation of assets, debt-to-equity swaps and reversal of loss provision due to repayment of debts in the form of other assets, as well as repayment of loans.

(b) Remeasurements comprise the impact of changes in PD, LGD, and EAD; changes in model assumptions and methodologies; loss provisions change due to stage-transfer; unwinding of discount; and the impact of exchange rate changes, etc.

The loss provisions disclosed above are for loans and advances to customers measured at amortised cost.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

20 Loans and advances to customers (continued)

(4) Overdue loans analysed by overdue period

	30 June 2024				
	Overdue within three months	**Overdue between three months and one year**	**Overdue between one year and three years**	**Overdue over three years**	**Total**
Unsecured loans	**37,110**	**43,209**	**13,291**	**1,615**	**95,225**
Guaranteed loans	**7,171**	**27,912**	**31,938**	**7,408**	**74,429**
Loans secured by property and other immovable assets	**48,774**	**47,779**	**31,869**	**10,703**	**139,125**
Other pledged loans	**3,704**	**3,076**	**6,906**	**1,280**	**14,966**
Total	**96,759**	**121,976**	**84,004**	**21,006**	**323,745**
As a percentage of gross loans and advances to customers	**0.38%**	**0.48%**	**0.33%**	**0.08%**	**1.27%**

	31 December 2023				
	Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	Total
Unsecured loans	26,263	35,112	8,945	1,814	72,134
Guaranteed loans	12,863	19,777	29,155	4,525	66,320
Loans secured by property and other immovable assets	40,554	38,668	28,012	6,752	113,986
Other pledged loans	3,945	1,493	6,558	1,420	13,416
Total	83,625	95,050	72,670	14,511	265,856
As a percentage of gross loans and advances to customers	0.35%	0.40%	0.31%	0.06%	1.12%

Overdue loans represent loans of which the whole or part of the principal or interest is overdue for 1 day or more.

(5) Packaged disposal of non-performing loans

For the six months ended 30 June 2024, the Group's total amount of non-performing loans sold through packaged disposal to external asset management companies was RMB6,845 million (for the six months ended 30 June 2023: RMB1,671 million).

(6) Write-offs

According to the Group's write-offs policy, it is required to continue to recover the bad debts that are written off. For the six months ended 30 June 2024, the amount of loans and advances to customers that the Group has written off under litigation-related condition but still under enforcement was RMB7,487million (for the six months ended 30 June 2023: RMB7,743 million).

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

21 Financial investments

(1) Analysed by measurement

	Note	30 June 2024	31 December 2023
Financial assets measured at fair value through profit or loss	(a)	**587,590**	602,303
Financial assets measured at amortised cost	(b)	**6,961,515**	6,801,242
Financial assets measured at fair value through other comprehensive income	(c)	**2,375,094**	2,234,731
Total		**9,924,199**	9,638,276

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

Analysed by nature

	Note	30 June 2024	31 December 2023
Held-for-trading purposes			
– Debt securities	(i)	**135,987**	127,985
– Equity instruments and funds	(ii)	**2,019**	1,463
		138,006	129,448
Others			
– Credit investments	(iii)	**81,157**	80,747
– Debt securities	(iv)	**121,210**	153,567
– Equity instruments, funds and others	(v)	**247,217**	238,541
		449,584	472,855
Total		**587,590**	602,303

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

21 Financial investments (continued)

(1) Analysed by measurement (continued)

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

Analysed by type of issuers

Held-for-trading purposes

(i) Debt securities

	30 June 2024	31 December 2023
Government	**15,730**	20,369
Central banks	**12,254**	8,074
Policy banks	**23,602**	26,398
Banks and non-bank financial institutions	**61,353**	57,698
Enterprises	**23,048**	15,446
Total	**135,987**	127,985
Listed (Note)	**121,779**	118,880
– of which in Hong Kong	**1,059**	849
Unlisted	**14,208**	9,105
Total	**135,987**	127,985

Note: Debt securities traded on the China Domestic Interbank Bond Market are classified as "Listed".

(ii) Equity instruments and funds

	30 June 2024	31 December 2023
Banks and non-bank financial institutions	**1,833**	1,114
Enterprises	**186**	349
Total	**2,019**	1,463
Listed	**1,279**	374
– of which in Hong Kong	**183**	209
Unlisted	**740**	1,089
Total	**2,019**	1,463

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

21 Financial investments (continued)

(1) Analysed by measurement (continued)

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

Analysed by type of issuers (continued)

Others

(iii) Credit investments

	30 June 2024	31 December 2023
Banks and non-bank financial institutions	**56,330**	54,349
Enterprises	**24,827**	26,398
Total	**81,157**	80,747
Unlisted	**81,157**	80,747
Total	**81,157**	80,747

(iv) Debt securities

	30 June 2024	31 December 2023
Government	**2**	–
Policy banks	**16,578**	18,701
Banks and non-bank financial institutions	**104,491**	134,494
Enterprises	**139**	372
Total	**121,210**	153,567
Listed (Note)	**121,106**	153,481
– of which in Hong Kong	**60**	74
Unlisted	**104**	86
Total	**121,210**	153,567

Note: Debt securities traded on the China Domestic Interbank Bond Market are classified as "Listed".

(v) Equity instruments, funds and others

	30 June 2024	31 December 2023
Banks and non-bank financial institutions	**114,757**	102,301
Enterprises	**132,460**	136,240
Total	**247,217**	238,541
Listed	**38,920**	31,367
– of which in Hong Kong	**2,389**	1,599
Unlisted	**208,297**	207,174
Total	**247,217**	238,541

There was no significant limitation on the ability of the Group to dispose of financial assets measured at fair value through profit or loss.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

21 Financial investments (continued)

(1) Analysed by measurement (continued)

(b) Financial assets measured at amortised cost

Analysed by type of issuers

	30 June 2024	31 December 2023
Government	**6,173,131**	5,925,826
Central banks	**1,402**	3,127
Policy banks	**330,085**	345,103
Banks and non-bank financial institutions	**140,383**	192,626
Enterprises	**214,621**	222,407
Special government bond	**49,200**	49,200
Subtotal	**6,908,822**	6,738,289
Accrued interest	**75,482**	87,799
Gross balances	**6,984,304**	6,826,088
Allowances for impairment losses		
– Stage 1	**(9,962)**	(11,716)
– Stage 2	**(55)**	(80)
– Stage 3	**(12,772)**	(13,050)
Subtotal	**(22,789)**	(24,846)
Net balances	**6,961,515**	6,801,242
Listed (Note)	**6,896,810**	6,664,047
– of which in Hong Kong	**2,858**	3,682
Unlisted	**64,705**	137,195
Total	**6,961,515**	6,801,242
Market value of listed bonds	**7,335,361**	6,911,734

Note: Debt securities traded on the China Domestic Interbank Bond Market are classified as "Listed".

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

21 Financial investments (continued)

(1) Analysed by measurement (continued)

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

Analysed by nature

	Note	30 June 2024	31 December 2023
Debt securities	(i)	**2,346,710**	2,224,783
Equity instruments	(ii)	**28,384**	9,948
Total		**2,375,094**	2,234,731

Analysed by type of issuers

(i) Debt securities

	30 June 2024	31 December 2023
Government	**1,244,217**	1,310,050
Central banks	**45,338**	31,937
Policy banks	**569,699**	482,236
Banks and non-bank financial institutions	**297,567**	229,794
Enterprises	**112,397**	112,312
Accumulated change of fair value charged in other comprehensive income	**52,830**	33,072
Subtotal	**2,322,048**	2,199,401
Accrued interest	**24,662**	25,382
Total	**2,346,710**	2,224,783
Listed (Note)	**2,211,024**	2,102,571
– of which in Hong Kong	**63,045**	71,707
Unlisted	**135,686**	122,212
Total	**2,346,710**	2,224,783

Note: Debt securities traded on the China Domestic Interbank Bond Market are classified as "Listed".

(ii) The Group designates certain non-trading equity investments as financial assets measured at fair value through other comprehensive income. For the six months ended 30 June 2024, dividend income from such equity investments was RMB280 million (for the six months ended 30 June 2023: RMB18 million). For the six months ended 30 June 2024 and 2023, the Group neither sold any of the investments above nor transferred any cumulative profit or loss in equity.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

21 Financial investments (continued)

(2) Movements of allowances for impairment losses

(a) Financial assets measured at amortised cost

	Note	Six months ended 30 June 2024			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 1 January 2024		**11,716**	**80**	**13,050**	**24,846**
Transfers:					
Transfers in/(out) to Stage 1		**–**	**–**	**–**	**–**
Transfers in/(out) to Stage 2		**(2)**	**2**	**–**	**–**
Transfers in/(out) to Stage 3		**–**	**(29)**	**29**	**–**
Newly originated or purchased financial assets		**556**	**–**	**–**	**556**
Financial assets derecognised during the period		**(3,161)**	**–**	**(481)**	**(3,642)**
Remeasurements	(i)	**853**	**2**	**170**	**1,025**
Recoveries of financial assets written off		**–**	**–**	**4**	**4**
As at 30 June 2024		**9,962**	**55**	**12,772**	**22,789**

	Note	2023			
		Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023		17,768	199	16,901	34,868
Transfers:					
Transfers in/(out) to Stage 1		–	–	–	–
Transfers in/(out) to Stage 2		(7)	7	–	–
Transfers in/(out) to Stage 3		–	–	–	–
Newly originated or purchased financial assets		1,642	–	–	1,642
Financial assets derecognised during the year		(2,485)	(172)	(3,425)	(6,082)
Remeasurements	(i)	(5,202)	46	1,197	(3,959)
Write-offs		–	–	(1,623)	(1,623)
As at 31 December 2023		11,716	80	13,050	24,846

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

	Note	Six months ended 30 June 2024			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 1 January 2024		**5,019**	**17**	**372**	**5,408**
Transfers:					
Transfers in/(out) to Stage 1		**–**	**–**	**–**	**–**
Transfers in/(out) to Stage 2		**–**	**–**	**–**	**–**
Transfers in/(out) to Stage 3		**–**	**–**	**–**	**–**
Newly originated or purchased financial assets		**355**	**–**	**–**	**355**
Financial assets derecognised during the period		**(237)**	**–**	**–**	**(237)**
Remeasurements	(i)	**108**	**4**	**29**	**141**
As at 30 June 2024		**5,245**	**21**	**401**	**5,667**

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

21 Financial investments (continued)

(2) Movements of allowances for impairment losses (continued)

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

		2023			
	Note	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023		5,558	42	372	5,972
Transfers:					
Transfers in/(out) to Stage 1		–	–	–	–
Transfers in/(out) to Stage 2		–	–	–	–
Transfers in/(out) to Stage 3		–	(45)	45	–
Newly originated or purchased financial assets		1,941	–	–	1,941
Financial assets derecognised during the year		(1,858)	(3)	(6)	(1,867)
Remeasurements	(i)	(622)	23	174	(425)
Write-offs		–	–	(213)	(213)
As at 31 December 2023		5,019	17	372	5,408

(i) Remeasurements comprise the impact of updates to PD, LGD, and EAD; changes in model assumptions and methodologies; and provisioning/reversal of loss provisions for financial investments due to migration between stages, etc.

As at 30 June 2024, the Group's financial assets measured at amortised cost with carrying amount of RMB14,182 million (as at 31 December 2023: RMB14,427 million) and financial assets measured at fair value through other comprehensive income with carrying amount of RMB37 million (as at 31 December 2023: RMB54 million) were impaired and classified as Stage 3, financial assets measured at amortised cost with carrying amount of RMB712 million (as at 31 December 2023: RMB462 million) and financial assets measured at fair value through other comprehensive income with carrying amount of RMB947 million (as at 31 December 2023: RMB549 million) were classified as Stage 2, and the remaining financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income were classified as Stage 1.

For the six months ended 30 June 2024, the increase in the Group's Stage 1 financial assets due to newly originated or purchased financial assets amounted to RMB1,123,413 million (for the year ended 31 December 2023: RMB2,127,112 million), the decrease in Stage 1 financial assets due to derecognition amounted to RMB846,151 million (for the year ended 31 December 2023: RMB1,080,730 million), and there were no significant changes in the balances of financial assets classified as Stage 2 and 3. Both the amounts of financial assets transferred between stages and the amounts of financial assets with modifications of contractual cash flows that did not result in a derecognition were not significant.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

22 Long-term equity investments

(1) Investments in subsidiaries

(a) Investment balance

	Note	30 June 2024	31 December 2023
CCB Financial Asset Investment Co., Ltd. ("CCB Investment")		**27,000**	27,000
CCB Wealth Management Co., Ltd. ("CCB Wealth Management")		**15,000**	15,000
CCB Financial Leasing Co., Ltd. ("CCB Financial Leasing")		**11,163**	11,163
CCB Housing Rental Fund (Limited Partnership) ("CCB Housing Rental Fund")		**10,000**	10,000
CCB Brazil Financial Holding – Investimentos e Participações Ltda.		**9,542**	9,542
CCB Trust Co., Ltd. ("CCB Trust")		**7,429**	7,429
CCB Life Insurance Co., Ltd. ("CCB Life")		**6,962**	6,962
CCB Consumer Finance Co., Ltd. ("CCB Consumer Finance")		**6,000**	6,000
China Construction Bank (Europe) S.A. ("CCB Europe")		**4,406**	4,406
China Construction Bank (London) Limited ("CCB London")	(i)	**2,861**	2,861
PT Bank China Construction Bank Indonesia Tbk ("CCB Indonesia")		**2,215**	2,215
CCB Pension Management Co., Ltd. ("CCB Pension")		**1,610**	1,610
Sino-German Bausparkasse Co., Ltd. ("Sino-German Bausparkasse")		**1,502**	1,502
China Construction Bank (Malaysia) Berhad ("CCB Malaysia")		**1,334**	1,334
China Construction Bank (New Zealand) Limited Liability Company ("CCB New Zealand")		**976**	976
China Construction Bank (Russia) Limited ("CCB Russia")		**851**	851
Golden Fountain Finance Limited ("Golden Fountain")		**676**	676
CCB Principal Asset Management Co., Ltd. ("CCB Principal Asset Management")		**130**	130
CCB International Group Holdings Limited ("CCBIG")		**–**	–
Subtotal		**109,657**	109,657
Less: Allowance for impairment losses		**(8,672)**	(8,672)
Total		**100,985**	100,985

(i) The Group steadily pressed ahead with business integration of its London entities.

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

22 Long-term equity investments (continued)

(1) Investments in subsidiaries (continued)

(b) *Except for CCB Indonesia, the major subsidiaries of the Group are unlisted enterprises, details of the investments in subsidiaries are as follows:*

Name of company	Principal place of business	Particulars of issued and paid-up capital	Kind of legal entity	Principal activities	% of ownership directly held by the Bank	% of ownership indirectly held by the Bank	% of voting rights held by the Bank	Method of investment
CCB Investment	Beijing, the PRC	RMB27,000 million	Company with Limited Liability	Investment	100%	–	100%	Establishment
CCB Wealth Management	Shenzhen, the PRC	RMB15,000 million	Company with Limited Liability	Wealth Management	100%	–	100%	Establishment
CCB Financial Leasing	Beijing, the PRC	RMB11,000 million	Company with Limited Liability	Financial Leasing	100%	–	100%	Establishment
CCB Housing Rental Fund	Beijing, the PRC	RMB10,000 million	Limited Partnership	Investment	99.99%	0.01%	100%	Establishment
CCB Brazil Financial Holding-Investimentos e Participações Ltda.	Sao Paulo, Brazil	R$4,281 million	Company with Limited Liability	Investment	99.99%	0.01%	100%	Acquisition
CCB Trust	Anhui, the PRC	RMB10,500 million	Company with Limited Liability	Trust Business	67%	–	67%	Acquisition
CCB Life	Shanghai, the PRC	RMB7,120 million	Company Limited by Shares	Insurance	51%	–	51%	Acquisition
CCB Consumer Finance	Beijing, the PRC	RMB7,200 million	Company with Limited Liability	Consumer Finance	83.33%	–	83.33%	Establishment
CCB Europe	Luxembourg	EUR550 million	Company with Limited Liability	Commercial Banking	100%	–	100%	Establishment
CCB London	London, United Kingdom	US$200 million RMB1,500 million	Company with Limited Liability	Commercial Banking	100%	–	100%	Establishment
CCB Indonesia	Jakarta, Indonesia	IDR3,791,973 million	Company Limited by Shares	Commercial Banking	60%	–	60%	Acquisition
CCB Pension	Beijing, the PRC	RMB2,300 million	Company with Limited Liability	Pension Management	70%	–	70%	Establishment
Sino-German Bausparkasse	Tianjin, the PRC	RMB2,000 million	Company with Limited Liability	House Savings	75.10%	–	75.10%	Establishment
CCB Malaysia	Kuala Lumpur, Malaysia	MYR823 million	Company with Limited Liability	Commercial Banking	100%	–	100%	Establishment
CCB New Zealand	Auckland, New Zealand	NZD199 million	Company with Limited Liability	Commercial Banking	100%	–	100%	Establishment
CCB Russia	Moscow, Russia	RUB4,200 million	Company with Limited Liability	Commercial Banking	100%	–	100%	Establishment
Golden Fountain	British Virgin Islands	US$50,000	Company with Limited Liability	Investment	100%	–	100%	Acquisition
CCB Principal Asset management	Beijing, the PRC	RMB200 million	Company with Limited Liability	Fund Management Services	65%	–	65%	Establishment
CCBIG	Hong Kong, the PRC	HK$1	Company with Limited Liability	Investment	100%	–	100%	Establishment
CCB International (Holdings) Limited ("CCB International")	Hong Kong, the PRC	US$601 million	Company with Limited Liability	Investment	–	100%	100%	Acquisition
China Construction Bank (Asia) Corporation Limited ("CCB Asia")	Hong Kong, the PRC	HK$6,511 million RMB17,600 million	Company Limited by Shares	Commercial Banking	–	100%	100%	Acquisition

(c) *As at 30 June 2024, the amount of the non-controlling interests of the subsidiaries was immaterial to the Group.*

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22 Long-term equity investments (continued)

(2) Interests in associates and joint ventures

(a) The movements of the Group's interests in associates and joint ventures are as follows:

	Six months ended 30 June 2024	2023
As at 1 January	**20,983**	22,700
Increase in capital during the period/year	**362**	1,128
Decrease in capital during the period/year	**(786)**	(2,484)
Share of profits	**206**	1,151
Cash dividend receivable	**(100)**	(520)
Effect of exchange difference and others	**682**	(992)
As at 30 June/31 December	**21,347**	20,983

(b) Details of the interests in major associates and joint ventures are as follows:

Name of company	Principal place of business	Particulars of issued and paid-up capital	Principal activities	% of ownership held	% of voting held	Total assets at period end	Total liabilities at period end	Revenue for the period	Net profit for the period
Guoxin Jianyuan Equity Investment Fund (Chengdu) Partnership (Limited Partnership)	Chengdu, the PRC	RMB13,852 million	Equity investment	50.00%	50.00%	11,381	1	415	373
Jianyuan Infrastructure Equity Investment Fund (Tianjin) Partnership (Limited Partnership)	Tianjin, the PRC	RMB3,500 million	Equity investment	48.57%	40.00%	4,340	–	82	82
National Green Development Fund Co., Ltd.	Shanghai, the PRC	RMB23,275 million	Investment	9.04%	9.04%	24,909	519	(19)	(114)
Diamond String Limited	Hong Kong, the PRC	HK$10,000	Property investment	50.00%	50.00%	1,731	1,694	106	13
Guomin Pension&Insurance Co., Ltd	Beijing, the PRC	RMB11,150 million	Insurance	8.97%	8.97%	38,703	26,279	3,135	255

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

23 Structured entities

(1) Unconsolidated structured entities

Unconsolidated structured entities of the Group include wealth management products, asset management plans, trust plans, funds and asset-backed securities held for investment purposes, and non-principal guaranteed wealth management products, trust plans and funds, which are issued or established by the Group for providing wealth management services to customers and earning management fees, commission and custodian fees in return.

As at 30 June 2024 and 31 December 2023, the assets recognised for the Group's interests in the unconsolidated structured entities above included related investment and management fee, commission and custodian fee receivables accrued. Relevant carrying amounts and maximum risk exposures were as follows:

	30 June 2024	31 December 2023
Financial investments		
Financial assets measured at fair value through profit or loss	176,122	170,525
Financial assets measured at amortised cost	5,185	7,789
Financial assets measured at fair value through other comprehensive income	2,340	2,317
Long-term equity investments	13,643	14,257
Other assets	3,923	3,498
Total	201,213	198,386

For the six months ended 30 June 2024 and 2023, gains and losses from the Group's unconsolidated structured entities were as follows:

	Six months ended 30 June	
	2024	2023
Interest income	222	482
Fee and commission income	4,928	6,160
Net trading gain	45	666
Dividend income	1,397	1,341
Net (loss)/gain arising from investment securities	(589)	147
Share of (losses)/profits of associates and joint ventures	(1)	408
Total	6,002	9,204

As at 30 June 2024, the balance of unconsolidated structured entities initiated by the Group totalled RMB4,935,637 million (as at 31 December 2023: RMB4,713,947 million).

(2) Consolidated structured entities

Structured entities included in the Group's scope of consolidation consisted mainly of asset management plans and trust plans invested by the Group.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

24 Fixed assets

	Bank premises	Equipment	Aircraft and vessels	Others	Total
Cost/Deemed cost					
As at 1 January 2024	150,450	51,778	51,488	52,903	306,619
Additions	31	575	14,830	1,210	16,646
Transfer in (Note 25)	2,808	296	–	923	4,027
Other movements	(100)	(3,891)	(2,272)	(1,206)	(7,469)
As at 30 June 2024	153,189	48,758	64,046	53,830	319,823
Accumulated depreciation					
As at 1 January 2024	(62,147)	(36,597)	(10,313)	(36,147)	(145,204)
Charge for the period	(2,545)	(2,861)	(1,439)	(2,424)	(9,269)
Other movements	48	3,724	249	1,101	5,122
As at 30 June 2024	(64,644)	(35,734)	(11,503)	(37,470)	(149,351)
Allowances for impairment losses (Note 31)					
As at 1 January 2024	(394)	–	(1,070)	(3)	(1,467)
Charge for the period	–	–	–	–	–
Other movements	–	–	94	–	94
As at 30 June 2024	(394)	–	(976)	(3)	(1,373)
Net carrying value					
As at 1 January 2024	87,909	15,181	40,105	16,753	159,948
As at 30 June 2024	88,151	13,024	51,567	16,357	169,099

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

24 Fixed assets (continued)

	Bank premises	Equipment	Aircraft and vessels	Others	Total
Cost/Deemed cost					
As at 1 January 2023	148,047	53,693	43,231	49,825	294,796
Additions	238	4,247	11,755	2,800	19,040
Transfer in (Note 25)	2,261	33	–	1,962	4,256
Other movements	(96)	(6,195)	(3,498)	(1,684)	(11,473)
As at 31 December 2023	150,450	51,778	51,488	52,903	306,619
Accumulated depreciation					
As at 1 January 2023	(57,412)	(37,014)	(8,759)	(33,327)	(136,512)
Charge for the year	(4,943)	(5,654)	(2,294)	(4,500)	(17,391)
Other movements	208	6,071	740	1,680	8,699
As at 31 December 2023	(62,147)	(36,597)	(10,313)	(36,147)	(145,204)
Allowances for impairment losses (Note 31)					
As at 1 January 2023	(392)	–	(875)	(3)	(1,270)
Charge for the year	(3)	–	(222)	–	(225)
Other movements	1	–	27	–	28
As at 31 December 2023	(394)	–	(1,070)	(3)	(1,467)
Net carrying value					
As at 1 January 2023	90,243	16,679	33,597	16,495	157,014
As at 31 December 2023	87,909	15,181	40,105	16,753	159,948

(1) Other movements include disposals, retirements and exchange differences of fixed assets.

(2) As at 30 June 2024, the ownership documentation for the Group's bank premises with a net carrying value of RMB7,726 million (as at 31 December 2023: RMB7,623 million) was being finalised. However, management took the view that the aforesaid matter would not affect the Group's rights to these assets, nor would it have any significant impact on the Group's business operation.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

25 Construction in progress

	Six months ended 30 June 2024	2023
Cost/Deemed cost		
As at 1 January	**7,423**	9,971
Additions	**775**	2,180
Transfer into fixed assets (Note 24)	**(4,027)**	(4,256)
Other movements	**(77)**	(472)
As at 30 June/31 December	**4,094**	7,423
Net carrying value		
As at 1 January	**7,423**	9,971
As at 30 June/31 December	**4,094**	7,423

Other movements include exchange differences.

26 Land use rights

	Six months ended 30 June 2024	2023
Cost/Deemed cost		
As at 1 January	**22,903**	22,743
Additions	**–**	213
Other movements	**(31)**	(53)
As at 30 June/31 December	**22,872**	22,903
Amortisation		
As at 1 January	**(9,859)**	(9,385)
Charge for the period/year	**(260)**	(529)
Other movements	**16**	55
As at 30 June/31 December	**(10,103)**	(9,859)
Allowances for impairment losses (Note 31)		
As at 1 January	**(133)**	(133)
Other movements	**–**	–
As at 30 June/31 December	**(133)**	(133)
Net carrying value		
As at 1 January	**12,911**	13,225
As at 30 June/31 December	**12,636**	12,911

Other movements include exchange differences.

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

27 Intangible assets

	Software	Others	Total
Cost/Deemed cost			
As at 1 January 2024	21,076	704	21,780
Additions	257	–	257
Other movements	(82)	(93)	(175)
As at 30 June 2024	21,251	611	21,862
Amortisation			
As at 1 January 2024	(14,847)	(384)	(15,231)
Charge for the period	(1,085)	(17)	(1,102)
Other movements	131	71	202
As at 30 June 2024	(15,801)	(330)	(16,131)
Allowances for impairment losses (Note 31)			
As at 1 January 2024	–	(9)	(9)
Charge for the period	–	–	–
Other movements	–	–	–
As at 30 June 2024	–	(9)	(9)
Net carrying value			
As at 1 January 2024	6,229	311	6,540
As at 30 June 2024	5,450	272	5,722

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

27 Intangible assets (continued)

	Software	Others	Total
Cost/Deemed cost			
As at 1 January 2023	18,899	922	19,821
Additions	2,458	13	2,471
Other movements	(281)	(231)	(512)
As at 31 December 2023	21,076	704	21,780
Amortisation			
As at 1 January 2023	(12,814)	(502)	(13,316)
Charge for the year	(2,186)	(56)	(2,242)
Other movements	153	174	327
As at 31 December 2023	(14,847)	(384)	(15,231)
Allowances for impairment losses (Note 31)			
As at 1 January 2023	–	(9)	(9)
Charge for the year	–	–	–
Other movements	–	–	–
As at 31 December 2023	–	(9)	(9)
Net carrying value			
As at 1 January 2023	6,085	411	6,496
As at 31 December 2023	6,229	311	6,540

Other movements include exchange differences.

28 Goodwill

(1) The goodwill is mainly attributable to the expected synergies arising from the acquisition of CCB Asia and CCB Indonesia. The movements of the goodwill are as follows:

	Six months ended 30 June 2024	2023
As at 1 January	**2,456**	2,256
Additions through acquisitions	**–**	136
Effect of exchange difference	**17**	66
Allowances for impairment losses (Note 31)	**(2)**	(2)
As at 30 June/31 December	**2,471**	2,456

(2) Impairment test for CGU containing goodwill

The Group calculated the recoverable amounts of CGUs (including goodwill) in accordance with accounting policies. The Group estimated present values of future cash flows of CGUs using expected future cash flow projections based on financial forecasts approved by management. The average growth rates used by the Group were consistent with the forecasts in industry reports, while the discount rates reflected specific risks relating to relevant segments. The Group estimated net amounts of fair value less costs of disposal based on net assets within the CGUs.

As at 30 June 2024, the Group's goodwill impairment provision amounted to RMB37 million (as at 31 December 2023: RMB409 million). In the first half of 2024, the Group transferred out goodwill impairment provisions following its loss of control over China Construction Bank (Brasil) Banco Múltiplo S/A. ("CCB Brasil") upon disposal of a proportion of its equity.

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29 Deferred tax

	30 June 2024	31 December 2023
Deferred tax assets	**118,797**	121,227
Deferred tax liabilities	**(2,154)**	(1,724)
Total	**116,643**	119,503

(1) Analysed by nature

	30 June 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	**Deferred tax assets/ (liabilities)**	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets				
– Fair value adjustments	**(49,881)**	**(12,454)**	(27,233)	(6,922)
– Allowances for impairment losses	**549,892**	**137,158**	530,101	132,164
– Employee benefits	**16,844**	**4,175**	21,424	5,318
– Others	**(29,651)**	**(10,082)**	(27,268)	(9,333)
Total	**487,204**	**118,797**	497,024	121,227
Deferred tax liabilities				
– Fair value adjustments	**(12,874)**	**(3,044)**	(4,545)	(961)
– Others	**2,059**	**890**	(4,515)	(763)
Total	**(10,815)**	**(2,154)**	(9,060)	(1,724)

(2) Movements of deferred tax

	Fair value adjustments	**Allowances for impairment losses**	**Employee benefits**	**Others**	**Total**
As at 1 January 2024	**(7,883)**	**132,164**	**5,318**	**(10,096)**	**119,503**
Recognised in profit or loss	**185**	**4,994**	**(1,143)**	**(712)**	**3,324**
Recognised in other comprehensive income	**(7,800)**	**–**	**–**	**1,616**	**(6,184)**
As at 30 June 2024	**(15,498)**	**137,158**	**4,175**	**(9,192)**	**116,643**
As at 1 January 2023	(5,916)	121,917	5,111	(8,912)	112,200
Recognised in profit or loss	(192)	10,247	207	(1,184)	9,078
Recognised in other comprehensive income	(1,775)	–	–	–	(1,775)
As at 31 December 2023	(7,883)	132,164	5,318	(10,096)	119,503

The Group did not have significant unrecognised deferred tax as at the end of the reporting period.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

30 Other assets

	Note	30 June 2024	31 December 2023
Repossessed assets	(1)		
– Buildings		**1,069**	1,093
– Land use rights		**20**	20
– Others		**9**	9
		1,098	1,122
Clearing and settlement accounts		**142,475**	25,659
Fee and commission receivables		**33,967**	22,626
Right-of-use assets	(2)	**25,196**	25,968
Insurance related assets	(3)	**14,090**	13,153
Investment properties		**13,514**	13,100
Leasehold improvements		**4,048**	4,146
Deferred expenses		**1,912**	1,773
Assets held for sale		**–**	29,278
Others		**118,397**	175,523
Gross balance		**354,697**	312,348
Allowances for impairment losses (Note 31)			
– Repossessed assets		**(722)**	(735)
– Others		**(12,978)**	(12,241)
		(13,700)	(12,976)
Net balance		**340,997**	299,372

(1) For the six months ended 30 June 2024, the original cost of repossessed assets disposed of by the Group amounted to RMB35 million (for the six months ended 30 June 2023: RMB22 million). The Group intends to dispose of repossessed assets through various methods including auction, competitive bidding and transfer.

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

30 Other assets (continued)

(2) Right-of-use assets

	Bank premises	Others	Total
Cost			
As at 1 January 2024	**49,640**	**150**	**49,790**
Additions	**4,063**	**184**	**4,247**
Other movements	**(4,922)**	**(138)**	**(5,060)**
As at 30 June 2024	**48,781**	**196**	**48,977**
Accumulated depreciation			
As at 1 January 2024	**(23,730)**	**(92)**	**(23,822)**
Charge for the period	**(3,870)**	**(20)**	**(3,890)**
Other movements	**3,923**	**8**	**3,931**
As at 30 June 2024	**(23,677)**	**(104)**	**(23,781)**
Allowances for impairment losses (Note 31)			
As at 1 January 2024	**(250)**	**–**	**(250)**
Charge for the period	**–**	**–**	**–**
Other movements	**–**	**–**	**–**
As at 30 June 2024	**(250)**	**–**	**(250)**
Net carrying value			
As at 1 January 2024	**25,660**	**58**	**25,718**
As at 30 June 2024	**24,854**	**92**	**24,946**

	Bank premises	Others	Total
Cost			
As at 1 January 2023	47,694	142	47,836
Additions	9,212	439	9,651
Other movements	(7,266)	(431)	(7,697)
As at 31 December 2023	49,640	150	49,790
Accumulated depreciation			
As at 1 January 2023	(21,769)	(95)	(21,864)
Charge for the year	(7,794)	(43)	(7,837)
Other movements	5,833	46	5,879
As at 31 December 2023	(23,730)	(92)	(23,822)
Allowances for impairment losses (Note 31)			
As at 1 January 2023	–	–	–
Charge for the year	(250)	–	(250)
Other movements	–	–	–
As at 31 December 2023	(250)	–	(250)
Net carrying value			
As at 1 January 2023	25,925	47	25,972
As at 31 December 2023	25,660	58	25,718

Other movements include exchange differences.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

30 Other assets (continued)

(3) Insurance related assets

The total for groups of insurance contracts issued and reinsurance contracts that are assets as follows:

	30 June 2024	31 December 2023
Insurance contracts issued		
– Insurance contracts issued not applying the premium allocation approach	27	28
– Insurance contracts issued applying the premium allocation approach	–	–
Subtotal	27	28
Reinsurance contracts held		
– Reinsurance contracts held not applying the premium allocation approach	12,900	11,994
– Reinsurance contracts held applying the premium allocation approach	1,163	1,131
Subtotal	14,063	13,125
Total	14,090	13,153

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

31 Movements of allowances for impairment losses

		Six months ended 30 June 2024				
	Note	**As at 1 January**	**(Reversal)/ charge for the period**	**Transfer in/ (out)**	**Write-offs and others**	**As at 30 June**
Deposits with banks and non-bank financial institutions	16	**160**	**(67)**	**7**	**–**	**100**
Precious metals		**1**	**–**	**–**	**–**	**1**
Placements with banks and non-bank financial institutions	17	**951**	**(243)**	**(6)**	**–**	**702**
Financial assets held under resale agreements	19	**162**	**(124)**	**–**	**–**	**38**
Loans and advances to customers measured at amortised cost	20	**778,223**	**84,351**	**(11,764)**	**(35,689)**	**815,121**
Financial assets measured at amortised cost	21	**24,846**	**819**	**(2,876)**	**–**	**22,789**
Long-term equity investments	22	**44**	**–**	**–**	**–**	**44**
Fixed assets	24	**1,467**	**–**	**19**	**(113)**	**1,373**
Land use rights	26	**133**	**–**	**–**	**–**	**133**
Intangible assets	27	**9**	**–**	**–**	**–**	**9**
Goodwill	28	**409**	**2**	**(3)**	**(371)**	**37**
Other assets	30	**12,976**	**2,873**	**(16)**	**(2,133)**	**13,700**
Total		**819,381**	**87,611**	**(14,639)**	**(38,306)**	**854,047**

		2023				
	Note	As at 1 January	(Reversal)/ charge for the year	Transfer in/ (out)	Write-offs and others	As at 31 December
Deposits with banks and non-bank financial institutions	16	338	(183)	5	–	160
Precious metals		5	(4)	–	–	1
Placements with banks and non-bank financial institutions	17	933	15	3	–	951
Financial assets held under resale agreements	19	206	(44)	–	–	162
Loans and advances to customers measured at amortised cost	20	704,088	145,953	(18,429)	(53,389)	778,223
Financial assets measured at amortised cost	21	34,868	(7,468)	(931)	(1,623)	24,846
Long-term equity investments	22	44	–	–	–	44
Fixed assets	24	1,270	225	23	(51)	1,467
Land use rights	26	133	–	–	–	133
Intangible assets	27	9	–	–	–	9
Goodwill	28	365	2	42	–	409
Other assets	30	9,672	6,452	(5)	(3,143)	12,976
Total		751,931	144,948	(19,292)	(58,206)	819,381

Transfer in/(out) includes exchange differences.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

32 Borrowings from central banks

	30 June 2024	31 December 2023
The Chinese mainland	**1,002,799**	1,076,813
Overseas	**84,725**	68,183
Accrued interest	**15,310**	10,638
Total	**1,102,834**	1,155,634

33 Deposits from banks and non-bank financial institutions

(1) Analysed by type of counterparties

	30 June 2024	31 December 2023
Banks	**232,392**	307,642
Non-bank financial institutions	**3,165,661**	2,467,534
Accrued interest	**22,793**	16,890
Total	**3,420,846**	2,792,066

(2) Analysed by geographical sectors

	30 June 2024	31 December 2023
The Chinese mainland	**3,273,334**	2,650,649
Overseas	**124,719**	124,527
Accrued interest	**22,793**	16,890
Total	**3,420,846**	2,792,066

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

34 Placements from banks and non-bank financial institutions

(1) Analysed by type of counterparties

	30 June 2024	31 December 2023
Banks	**434,298**	379,252
Non-bank financial institutions	**41,523**	24,546
Accrued interest	**4,269**	3,924
Total	**480,090**	407,722

(2) Analysed by geographical sectors

	30 June 2024	31 December 2023
The Chinese mainland	**132,319**	136,631
Overseas	**343,502**	267,167
Accrued interest	**4,269**	3,924
Total	**480,090**	407,722

35 Financial liabilities measured at fair value through profit or loss

	30 June 2024	31 December 2023
Financial liabilities related to precious metals	**15,010**	12,218
Structured financial instruments	**209,087**	239,961
Total	**224,097**	252,179

The structured financial instruments included under the Group's financial liabilities measured at fair value through profit or loss are designated as financial liabilities measured at fair value through profit or loss. As at the end of the reporting period, the difference between the fair value of these financial liabilities and the contractual payables at maturity was not material. The amounts of changes in the fair value of these financial liabilities that were attributable to changes in credit risk were considered not significant during the period and the year presented and cumulatively as at 30 June 2024 and 31 December 2023.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

36 Financial assets sold under repurchase agreements

Financial assets sold under repurchase agreements analysed by underlying assets are shown as follows:

	30 June 2024	31 December 2023
Debt securities		
– Government bonds	29,939	212,452
– Debt securities issued by policy banks, banks and non-bank financial institutions	17,606	16,909
– Corporate bonds	2,807	3,405
Subtotal	50,352	232,766
Discounted bills	1,947	1,440
Accrued interest	406	372
Total	52,705	234,578

37 Deposits from customers

	30 June 2024	31 December 2023
Demand deposits		
– Corporate customers	6,457,055	6,559,979
– Personal customers	5,852,909	5,582,096
Subtotal	12,309,964	12,142,075
Time deposits (including call deposits)		
– Corporate customers	5,723,257	5,602,122
– Personal customers	10,243,634	9,479,107
Subtotal	15,966,891	15,081,229
Accrued interest	430,212	430,707
Total	28,707,067	27,654,011

Deposits from customers include:

		30 June 2024	31 December 2023
(1)	Pledged deposits		
	– Deposits for acceptance	117,825	163,527
	– Deposits for guarantee	33,113	32,856
	– Deposits for letter of credit	45,347	42,944
	– Others	136,012	143,019
	Total	332,297	382,346
(2)	Outward remittance and remittance payables	27,543	15,577

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

38 Accrued staff costs

	Note	Six months ended 30 June 2024			
		As at 1 January	**Increased**	**Decreased**	**As at 30 June**
Salaries, bonuses, allowances and subsidies		**37,161**	**38,012**	**(41,935)**	**33,238**
Housing funds		**304**	**3,988**	**(4,066)**	**226**
Union running costs and employee education costs		**8,732**	**1,117**	**(844)**	**9,005**
Post-employment benefits	(1)	**889**	**8,318**	**(8,512)**	**695**
Early retirement benefits		**793**	**2**	**(19)**	**776**
Compensation to employees for termination of employment relationship		**–**	**9**	**(9)**	**–**
Others	(2)	**4,689**	**5,845**	**(5,929)**	**4,605**
Total		**52,568**	**57,291**	**(61,314)**	**48,545**

	Note	2023			
		As at 1 January	Increased	Decreased	As at 31 December
Salaries, bonuses, allowances and subsidies		33,632	85,432	(81,903)	37,161
Housing funds		282	7,997	(7,975)	304
Union running costs and employee education costs		8,113	3,421	(2,802)	8,732
Post-employment benefits	(1)	799	16,550	(16,460)	889
Early retirement benefits		858	10	(75)	793
Compensation to employees for termination of employment relationship		–	11	(11)	–
Others	(2)	5,671	15,907	(16,889)	4,689
Total		49,355	129,328	(126,115)	52,568

The Group had no overdue balance of accrued staff costs as at the end of the reporting period.

(1) Post-employment benefits

(a) Defined contribution plans

	Six months ended 30 June 2024			
	As at 1 January	**Increased**	**Decreased**	**As at 30 June**
Basic pension insurance	**532**	**5,142**	**(5,297)**	**377**
Unemployment insurance	**64**	**193**	**(202)**	**55**
Annuity contribution	**867**	**2,964**	**(3,006)**	**825**
Total	**1,463**	**8,299**	**(8,505)**	**1,257**

	2023			
	As at 1 January	Increased	Decreased	As at 31 December
Basic pension insurance	485	10,072	(10,025)	532
Unemployment insurance	51	351	(338)	64
Annuity contribution	872	6,073	(6,078)	867
Total	1,408	16,496	(16,441)	1,463

There were no contributions into the Group's basic retirement insurance and annuity scheme that had been forfeited and that could be used to deduct contributions payable by the Group according to the above plans.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

38 Accrued staff costs (continued)

(1) Post-employment benefits (continued)

(b) Defined benefit plans – Supplementary retirement benefits

The Group's obligations in respect of the supplementary retirement benefits as at the end of the reporting periods were calculated using the projected unit credit method and reviewed by an external independent actuary, Towers Watson Management Consulting (ShenZhen) Co., Ltd.

	Present value of defined benefit plan obligations		Fair value of plan assets		Net assets of defined benefit plans	
	Six months ended 30 June 2024	2023	**Six months ended 30 June 2024**	2023	**Six months ended 30 June 2024**	2023
As at 1 January	**4,343**	4,685	**4,917**	5,294	**(574)**	(609)
Cost of the net defined benefit liability in profit or loss						
– Interest costs	**52**	119	**59**	138	**(7)**	(19)
Remeasurements of the defined benefit liability in other comprehensive income						
– Actuarial losses	**5**	7	**–**	–	**5**	7
– Returns on plan assets	**–**	–	**(14)**	(47)	**14**	47
Other changes						
– Benefits paid	**(152)**	(468)	**(152)**	(468)	**–**	–
As at 30 June/31 December	**4,248**	4,343	**4,810**	4,917	**(562)**	(574)

Interest cost was recognised in operating expenses.

(i) Principal actuarial assumptions of the Group as at the end of the reporting period were as follows:

	30 June 2024	31 December 2023
Discount rate	**2.25%**	2.50%
Health care cost increase rate	**7.00%**	7.00%
Average expected future lifetime of eligible employees	**10.2 years**	10.4 years

Mortality assumptions are based on China Life Insurance Mortality Table (2010-2013). The Table published historical statistics in China.

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

38 Accrued staff costs (continued)

(1) Post-employment benefits (continued)

(b) Defined benefit plans – Supplementary retirement benefits (continued)

(ii) The sensitivity analysis of the present value of supplementary retirement benefit obligations to changes in the weighted principal assumption is:

	Impact on present value of supplementary retirement benefit obligations	
	Increase in assumption by 0.25%	**Decrease in assumption by 0.25%**
Discount rate	**(82)**	**85**
Health care cost increase rate	**35**	**(34)**

(iii) As at 30 June 2024, the weighted average duration of supplementary retirement benefit obligations of the Group was 7.8 years (as at 31 December 2023: 7.8 years).

(iv) Plan assets of the Group are as follows:

	30 June 2024	31 December 2023
Cash and cash equivalents	**1,108**	975
Equity instruments	**556**	691
Debt instruments and others	**3,146**	3,251
Total	**4,810**	4,917

(2) Accrued staff costs – others mainly include employee welfare, medical insurance, maternity insurance and employment injury insurance.

39 Taxes payable

	30 June 2024	31 December 2023
Income tax	**27,851**	61,036
Value added tax	**11,705**	10,240
Others	**1,619**	2,304
Total	**41,175**	73,580

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

40 Provisions

	Note	30 June 2024	31 December 2023
Expected credit losses on the off-balance sheet credit business	(1)	**32,411**	34,600
Expected losses from other businesses	(2)	**8,912**	8,744
Total		**41,323**	43,344

(1) Movements of the provisions – expected credit losses on the off-balance sheet credit business

		Six months ended 30 June 2024			
	Note	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024		**28,385**	**4,782**	**1,433**	**34,600**
Transfers:					
Transfers in/(out) to Stage 1		**258**	**(257)**	**(1)**	**–**
Transfers in/(out) to Stage 2		**(15)**	**15**	**–**	**–**
Transfers in/(out) to Stage 3		**(1)**	**(90)**	**91**	**–**
Newly originated		**10,427**	**–**	**–**	**10,427**
Decreased		**(11,548)**	**(3,139)**	**(107)**	**(14,794)**
Remeasurements	(a)	**(1,177)**	**2,708**	**647**	**2,178**
As at 30 June 2024		**26,329**	**4,019**	**2,063**	**32,411**

		2023			
	Note	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023		33,557	5,587	1,598	40,742
Transfers:					
Transfers in/(out) to Stage 1		530	(529)	(1)	–
Transfers in/(out) to Stage 2		(145)	154	(9)	–
Transfers in/(out) to Stage 3		(10)	(2)	12	–
Newly originated		14,712	–	–	14,712
Decreased		(19,426)	(4,116)	(824)	(24,366)
Remeasurements	(a)	(833)	3,688	657	3,512
As at 31 December 2023		28,385	4,782	1,433	34,600

(a) Remeasurements comprise the impact of changes in PD, LGD, and EAD; changes in model assumptions and methodologies; changes in allowance for impairment losses due to stage-transfer; and the impact of exchange rate changes, etc.

(2) Other businesses include off-balance sheet businesses other than the off-balance sheet credit business, outstanding litigations and the precious metal leasing business.

NOTES TO THE FINANCIAL STATEMENTS

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41 Debt securities issued

	Note	30 June 2024	31 December 2023
Certificates of deposit issued	(1)	**1,525,463**	1,242,136
Bonds issued	(2)	**126,726**	141,430
Subordinated bonds issued	(3)	**11,998**	11,998
Eligible Tier 2 capital bonds issued	(4)	**528,967**	491,427
Accrued interest		**13,970**	8,744
Total		**2,207,124**	1,895,735

(1) Certificates of deposit issued were mainly issued by the head office, overseas branches, CCB Europe, CCB New Zealand and CCB International.

(2) Bonds issued

Issue date	Maturity date	Interest rate per annum	Issue place	Currency	30 June 2024	31 December 2023
18/11/2014	18/11/2024	4.08%	Taiwan	RMB	**599**	599
16/05/2019	16/05/2024	3.50%	Hong Kong	USD	**–**	3,337
16/05/2019	16/05/2029	3.88%	Hong Kong	USD	**1,454**	1,422
26/08/2019	26/08/2024	3.40%	The Chinese mainland	RMB	**3,000**	3,000
11/09/2019	16/05/2024	3.50%	Hong Kong	USD	**–**	1,635
24/10/2019	24/10/2024	SOFR +1.03161%	Hong Kong	USD	**4,872**	4,765
22/11/2019	22/11/2024	2.393%	Auckland	NZD	**377**	382
16/03/2020	15/03/2025	2.75%	The Chinese mainland	RMB	**5,000**	5,000
21/07/2020	21/07/2025	1.99%	Hong Kong	USD	**3,287**	3,213
28/09/2020	28/09/2025	1.78%	Hong Kong	USD	**1,454**	1,422
28/09/2020	28/09/2030	2.55%	Hong Kong	USD	**727**	711
26/01/2021	26/01/2024	3.30%	The Chinese mainland	RMB	**–**	20,000
02/02/2021	04/02/2024	3.65%	The Chinese mainland	RMB	**–**	2,240
07/04/2021	12/04/2024	3.55%	The Chinese mainland	RMB	**–**	2,200
22/04/2021	22/04/2024	0.043%	Luxembourg	EUR	**–**	6,279
22/04/2021	22/04/2024	0.86%	Hong Kong	USD	**–**	4,266
22/04/2021	22/04/2026	1.46%	Hong Kong	USD	**4,000**	3,910
27/05/2021	01/06/2024	3.33%	The Chinese mainland	RMB	**–**	1,950
28/06/2021	28/06/2024	0.06%	Luxembourg	EUR	**–**	6,279
22/07/2021	22/07/2026	1.80%	Hong Kong	USD	**3,345**	3,272
15/09/2021	15/09/2026	1.60%	Hong Kong	USD	**2,545**	2,489
29/09/2021	29/09/2026	1.50%	Hong Kong	USD	**5,091**	4,979
21/12/2021	21/12/2024	SOFR +0.50%	Hong Kong	USD	**3,634**	3,551
17/05/2022	17/05/2025	3.125%	Hong Kong	USD	**7,272**	7,110
17/05/2022	17/05/2024	3.40%	United Kingdom	RMB	**–**	998
23/05/2022	25/05/2025	2.60%	The Chinese mainland	RMB	**10,000**	10,000
13/06/2022	13/06/2024	2.85%	Singapore	SGD	**–**	1,886
12/12/2022	14/12/2025	2.92%	The Chinese mainland	RMB	**10,000**	10,000
09/02/2023	09/02/2026	3M New Zealand benchmark interest rate +1.10%	Auckland	NZD	**997**	1,011
22/03/2023	24/03/2026	2.80%	The Chinese mainland	RMB	**10,000**	10,000
31/05/2023	31/05/2025	2.80%	United Kingdom	RMB	**1,992**	1,996
02/11/2023	02/11/2027	3M New Zealand benchmark interest rate +1.20%	Auckland	NZD	**664**	674

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41 Debt securities issued (continued)

(2) Bonds issued (continued)

Issue date	Maturity date	Interest rate per annum	Issue place	Currency	30 June 2024	31 December 2023
24/11/2023	24/11/2026	3.80%	Luxembourg	EUR	**779**	785
30/11/2023	30/11/2026	3.88%	Luxembourg	EUR	**2,337**	2,355
30/11/2023	30/11/2026	SOFR +0.65%	Dubai	USD	**4,363**	4,266
30/11/2023	30/11/2026	5.00%	Hong Kong	USD	**3,636**	3,555
28/02/2024	01/03/2027	2.35%	The Chinese mainland	RMB	**20,000**	–
28/02/2024	01/03/2029	2.50%	The Chinese mainland	RMB	**10,000**	–
09/04/2024	11/04/2027	2.44%	The Chinese mainland	RMB	**2,700**	–
12/06/2024	14/06/2027	2.15%	The Chinese mainland	RMB	**2,700**	–
Total nominal value					**126,825**	141,537
Less: unamortised issuance costs					**(99)**	(107)
Carrying value as at period/year end					**126,726**	141,430

(3) Subordinated bonds issued

The carrying value of the Group's subordinated bonds issued upon the approval of the PBOC and the NFRA is as follows:

Issue date	Maturity date	Interest rate per annum	Currency	Note	30 June 2024	31 December 2023
28/01/2021	01/02/2031	4.30%	RMB	(a)	**6,000**	6,000
18/03/2022	22/03/2032	3.70%	RMB	(b)	**2,000**	2,000
13/09/2023	14/09/2033	3.45%	RMB	(c)	**4,000**	4,000
Total nominal value					**12,000**	12,000
Less: unamortised issuance cost					**(2)**	(2)
Carrying value as at period/year end					**11,998**	11,998

(a) The Group has an option to redeem part or all of the bonds on 1 February 2026, subject to registration from the PBOC and the NFRA.

(b) The Group has an option to redeem part or all of the bonds on 22 March 2027, subject to registration from the PBOC and the NFRA.

(c) The Group has an option to redeem part or all of the bonds on 14 September 2028, subject to registration from the PBOC and the NFRA.

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41 Debt securities issued (continued)

(4) Eligible Tier 2 capital bonds issued

Issue date	Maturity date	Interest rate per annum	Currency	Note	30 June 2024	31 December 2023
18/08/2014	18/08/2029	5.98%	RMB	(a)	**20,000**	20,000
27/02/2019	27/02/2029	4.25%	USD	(b)	**–**	13,124
24/06/2020	24/06/2030	2.45%	USD	(c)	**14,545**	14,219
10/09/2020	14/09/2030	4.20%	RMB	(d)	**65,000**	65,000
06/08/2021	10/08/2031	3.45%	RMB	(e)	**65,000**	65,000
06/08/2021	10/08/2036	3.80%	RMB	(f)	**15,000**	15,000
05/11/2021	09/11/2031	3.60%	RMB	(g)	**35,000**	35,000
05/11/2021	09/11/2036	3.80%	RMB	(h)	**10,000**	10,000
10/12/2021	14/12/2031	3.48%	RMB	(i)	**12,000**	12,000
10/12/2021	14/12/2036	3.74%	RMB	(j)	**8,000**	8,000
13/01/2022	21/01/2032	2.85%	USD	(k)	**14,545**	14,219
15/06/2022	17/06/2032	3.45%	RMB	(l)	**45,000**	45,000
15/06/2022	17/06/2037	3.65%	RMB	(m)	**15,000**	15,000
03/11/2022	07/11/2032	3.00%	RMB	(n)	**25,000**	25,000
03/11/2022	07/11/2037	3.34%	RMB	(o)	**15,000**	15,000
24/03/2023	28/03/2033	3.49%	RMB	(p)	**5,000**	5,000
24/03/2023	28/03/2038	3.61%	RMB	(q)	**15,000**	15,000
24/10/2023	26/10/2033	3.45%	RMB	(r)	**45,000**	45,000
24/10/2023	26/10/2038	3.53%	RMB	(s)	**15,000**	15,000
14/11/2023	16/11/2033	3.30%	RMB	(t)	**25,000**	25,000
14/11/2023	16/11/2038	3.42%	RMB	(u)	**15,000**	15,000
01/02/2024	05/02/2034	2.75%	RMB	(v)	**20,000**	–
01/02/2024	05/02/2039	2.82%	RMB	(w)	**30,000**	–
Total nominal value					**529,090**	491,562
Less: unamortised issuance cost					**(123)**	(135)
Carrying value as at period/year end					**528,967**	491,427

(a) The Group has an option to redeem the bonds on 18 August 2024, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(b) The Group has chosen to exercise the option to redeem all the bonds on 27 February 2024.

(c) The Group has an option to redeem the bonds on 24 June 2025, subject to approval from the relevant authority. If they are not redeemed by the Group, the interest rate will be reset on 24 June 2025 and increase by 2.15% on the basis of the five-year USD treasury benchmark applicable on the interest reset date. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(d) The Group has an option to redeem the bonds on 14 September 2025, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(e) The Group has an option to redeem the bonds on 10 August 2026, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(f) The Group has an option to redeem the bonds on 10 August 2031, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(g) The Group has an option to redeem the bonds on 9 November 2026, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(h) The Group has an option to redeem the bonds on 9 November 2031, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(i) The Group has an option to redeem the bonds on 14 December 2026, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

41 Debt securities issued (continued)

(4) Eligible Tier 2 capital bonds issued (continued)

(j) The Group has an option to redeem the bonds on 14 December 2031, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(k) The Group has an option to redeem the bonds on 21 January 2027, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(l) The Group has an option to redeem the bonds on 17 June 2027, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(m) The Group has an option to redeem the bonds on 17 June 2032, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(n) The Group has an option to redeem the bonds on 7 November 2027, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(o) The Group has an option to redeem the bonds on 7 November 2032, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(p) The Group has an option to redeem the bonds on 28 March 2028, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(q) The Group has an option to redeem the bonds on 28 March 2033 subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(r) The Group has an option to redeem the bonds on 26 October 2028 subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(s) The Group has an option to redeem the bonds on 26 October 2033 subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(t) The Group has an option to redeem the bonds on 16 November 2028 subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(u) The Group has an option to redeem the bonds on 16 November 2033, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(v) The Group has an option to redeem the bonds on 5 February 2029, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(w) The Group has an option to redeem the bonds on 5 February 2034, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

42 Other liabilities

	Note	30 June 2024	31 December 2023
Insurance related liabilities	(1)	**261,480**	252,327
Dividend Payable		**100,070**	–
Clearing and settlement accounts		**95,969**	5,980
Lease liabilities	(2)	**23,783**	24,216
Deferred income		**15,870**	17,053
Payment and collection clearance accounts		**10,524**	25,830
Accrued expenses advance		**9,777**	8,916
Dormant accounts		**8,207**	8,195
Capital expenditure payable		**4,316**	5,587
Cash pledged and rental prepayments		**4,223**	3,697
Liabilities held for sale		**–**	27,803
Others		**109,479**	168,139
Total		**643,698**	547,743

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

42 Other liabilities (continued)

(1) Insurance related liabilities

The total for groups of insurance contracts issued and reinsurance contracts that are liabilities as follows:

	30 June 2024	31 December 2023
Insurance contracts issued		
– Insurance contracts issued not applying the premium allocation approach	**259,331**	250,524
– Insurance contracts issued applying the premium allocation approach	**2,148**	1,803
Subtotal	**261,479**	252,327
Reinsurance contracts held		
– Reinsurance contracts held not applying the premium allocation approach	**–**	–
– Reinsurance contracts held applying the premium allocation approach	**1**	–
Subtotal	**1**	–
Total	**261,480**	252,327

(2) Lease liabilities

Maturity analysis – undiscounted contractual cash flows

	30 June 2024	31 December 2023
Within one year	**6,626**	6,705
Between one year and five years	**14,088**	14,565
More than five years	**6,280**	6,244
Total undiscounted lease liabilities	**26,994**	27,514
Lease liabilities	**23,783**	24,216

43 Share capital

	30 June 2024	31 December 2023
Listed in Hong Kong (H shares)	**240,417**	240,417
Listed in the Chinese mainland (A shares)	**9,594**	9,594
Total	**250,011**	250,011

All H and A shares are ordinary shares, have a par value of RMB1 per share and rank pari passu with the same rights and benefits.

44 Other equity instruments

(1) Preference shares

(a) *Preference shares outstanding as at the end of the reporting period*

Financial instrument outstanding	Issuance date	Classification	Initial interest rate	Issuance price	Quantity (million shares)	Currency	Total amount	Maturity date	Redemption/ conversion
2017 Domestic Preference Shares	21 December 2017	Equity instruments	3.57%	100 per share	600	RMB	60,000	No maturity date	None
Less: Issuance fee							(23)		
Carrying amount							59,977		

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

44 Other equity instruments (continued)

(1) Preference shares (continued)

(b) *The key terms*

Dividend

The nominal dividend rate of the Domestic Preference Shares is adjusted on a phase-by-phase basis. It is the sum of the benchmark rate plus the fixed interest spread, and is adjusted every five years. The fixed interest spread is determined as the nominal dividend rate set for issuance less the benchmark rate at the time of issuance, and will not be subject to future adjustments. The dividends for domestic preference shares are non-cumulative. The Bank has the right to cancel dividend distribution on Domestic Preference Shares, and the cancellation does not constitute a default event. The Bank may, at its discretion, use the cancelled dividends to repay other indebtedness due and payable. If the Bank cancels all or part of the dividends on the Domestic Preference Shares, the Bank shall make no profit distribution to shareholders holding ordinary shares from the day after the cancellation proposal is adopted by the General Shareholders' Meeting to the day when full distribution of dividends is resumed. The cancellation of dividends on Domestic Preference Shares will not constitute other restrictions to the Bank except for the distribution of dividends to ordinary shareholders.

The dividends on the Domestic Preference Shares are distributed annually.

Redemption

The Bank may, subject to the NFRA's approval and compliance with the redemption preconditions, redeem in whole or in part of the Domestic Preference Shares after at least five years from the completion date of the issuance (i.e., 27 December 2017). The redemption period begins from the first day of the redemption and ends on the day when all Domestic Preference Shares are redeemed or converted. The redemption price of the Domestic Preference Shares shall be their issue price plus any dividends accrued but unpaid in the current period.

Compulsory conversion of preference shares

If an Additional Tier 1 Capital Instrument Trigger Event occurs, i.e., the Core Tier 1 Capital Adequacy Ratio of the Bank has fallen to 5.125% or below, the Bank has the right to, without prior consent from the shareholders of the domestic preference shares and as agreed, convert all or part of the domestic preference shares issued and outstanding to ordinary A shares, to restore the Bank's Core Tier 1 Capital Adequacy Ratio to above the trigger point (i.e., 5.125%). In the case of partial conversion, the domestic preference shares shall be subject to the same proportion and conditions of conversion. Once domestic preference shares are converted to ordinary A shares, they shall not be converted back to preference shares under any circumstances.

When a Tier 2 Capital Instrument Trigger Event occurs, the Bank has the right to, without prior consent of the shareholders of the Domestic Preference Shares and as agreed, convert all the Domestic Preference Shares issued and outstanding to ordinary A shares. Once Domestic Preference Shares are converted to ordinary A shares, they shall not be converted back to preference shares under any circumstances. A Tier 2 Capital Instrument Trigger Event is the earlier of the following two scenarios: (i) the NFRA having decided that without a conversion or write-off of the Bank's capital, the Bank would become non-viable; and (ii) the relevant authorities having decided that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable. When the compulsory conversion of preference shares occurs, the Bank shall report to the NFRA for approval and decision, and perform the announcement obligation according to the regulations of the *Securities Law* and China Securities Regulatory Commission.

The Bank classified preference shares issued as an equity instrument and presented as an equity item on the statement of financial position. Capital raised from the issuance of the above preference shares, after deduction of the expenses relating to the issuance, was wholly used to replenish the Bank's additional tier 1 capital and to increase its capital adequacy ratio.

(c) *Changes in preference shares outstanding*

	1 January 2024		Increase/(Decrease)		30 June 2024	
Financial instrument outstanding	**Quantity (million shares)**	**Carrying value**	**Quantity (million shares)**	**Carrying value**	**Quantity (million shares)**	**Carrying value**
2017 Domestic Preference Shares	600	59,977	–	–	600	59,977
Total	600	59,977	–	–	600	59,977

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

44 Other equity instruments (continued)

(2) Perpetual bonds

(a) Perpetual bonds outstanding at the end of the reporting period

Financial instrument outstanding	Issuance date	Classification	Initial interest rate	Issuance price	Quantity (million pieces)	Currency	Total amount	Maturity date	Redemption/ write-down conditions
2019 Undated Additional Tier 1 Capital Bonds	13 November 2019	Equity instruments	4.22%	100 per unit	400	RMB	40,000	No maturity date	None
2022 Undated Additional Tier 1 Capital Bonds	29 August 2022	Equity instruments	3.20%	100 per unit	400	RMB	40,000	No maturity date	None
2023 Undated Additional Tier 1 Capital Bonds (Series 1)	14 July 2023	Equity instruments	3.29%	100 per unit	300	RMB	30,000	No maturity date	None
2023 Undated Additional Tier 1 Capital Bonds (Series 2)	22 September 2023	Equity instruments	3.37%	100 per unit	300	RMB	30,000	No maturity date	None
Less: Issuance fee							(9)		
Carrying amount							139,991		

(b) The key terms

Distribution rate and distribution payment

The distribution rate of the Undated Additional Tier 1 Capital Bonds (or "the Bonds") will be adjusted at defined intervals, with a distribution rate adjustment period every 5 years since the payment settlement date. In any distribution rate adjusted period, the distribution payments on the Bonds will be made at a prescribed fixed distribution rate. The distribution rate is determined by a benchmark rate plus a fixed interest spread.

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. When exercising such right, the Bank will take into full consideration the interest of the holders of the Bonds. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. In the case of cancelling any distributions on the Bonds, no matter in whole or in part, the Bank shall not make any distribution to the ordinary shareholders from the next day following the resolution being approved by the general shareholders meeting, until its decision to resume the distribution payments in whole to the holders of the Bonds. The distributions on the Bonds are non-cumulative, namely, upon cancellation, any amount of distribution unpaid to the holders of the Bonds in the applicable period will not accumulate or compound to the subsequent distribution period thereafter.

The distributions of the Bonds will be payable annually.

Conditional redemption rights of the Bank

From the fifth anniversary since the issuance of the Bonds, the Bank may redeem whole or part of the Bonds on each distribution payment date (including the fifth distribution payment date since the issuance). If, after the issuance, the Bonds no longer qualify as Additional Tier 1 Capital as a result of an unforeseeable change or amendment to relevant provisions of supervisory regulations, the Bank may redeem the whole but not part of the Bonds.

The exercise of the Bank's redemption right shall be subject to the consent of the NFRA and the satisfaction of the following preconditions: (i) the Bank shall use capital instruments of the same or better quality to replace the instruments to be redeemed, and such replacement shall only be carried out at conditions which are sustainable for the income capacity; (ii) or the capital position of the Bank after the redemption right is exercised will remain well above the regulatory capital requirements stipulated by the NFRA.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

44 Other equity instruments (continued)

(2) Perpetual bonds (continued)

(b) *The key terms (continued)*

Write-down/write-off clauses

For 2019 Undated Additional Tier 1 Capital Bonds, upon the occurrence of an Additional Tier 1 Capital Trigger Event, namely, the Bank's Core Tier 1 Capital Adequacy Ratio having fallen to 5.125% (or below), the Bank has the right, subject to the approval of the NFRA but without the need for the consent of the holders of the Bonds, to write down whole or part of the aggregate amount of the Bonds then issued and outstanding, in order to restore the Core Tier 1 Capital Adequacy Ratio to above 5.125%. In the case of a partial write-down, all of the Bonds then issued and outstanding shall be written down on a pro rata basis, according to the outstanding amount, with all other Additional Tier 1 Capital instruments with equivalent write-down clauses of the Bank. Upon the occurrence of a Tier 2 Capital Trigger Event, the Bank has the right to write off in whole, without the need for the consent of the holders of the Bonds, the aggregate amount of the Bonds then issued and outstanding. A Tier 2 Capital Trigger Event refers to the earlier of the following events: (i) the NFRA having decided that the Bank would become non-viable without a write-off; (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable. Upon write-off of the bonds, such bonds are to be permanently cancelled and will not be restored under any circumstances.

For 2022 and 2023 Undated Additional Tier 1 Capital Bonds, upon the occurrence of a Non-Viability Trigger Event, the Bank has the right to write down/write off in whole or in part, without the need for consent of the holders of the Bonds, the principal amount of the Bonds. The amount of the write-down/write-off shall be determined by the ratio of the outstanding principal amount of the Undated Additional Tier 1 Capital Bonds to the aggregate principal amount of all additional tier 1 capital instruments with the identical Trigger Event. A Non-Viability Trigger Event refers to the earlier of the following events: (i) the NFRA having decided that the Bank would become non-viable without a write-down/write-off; (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable. The write-down/write-off will not be restored.

Subordination

The claims in respect of the Bonds will be subordinated to the claims of depositors, general creditors, and subordinated indebtedness that ranks senior to the Bonds; will rank in priority to all classes of shares held by the Bank's shareholders and rank pari passu with the claims in respect of any other additional tier 1 capital instruments of the Bank that rank pari passu with the Bonds.

The Bank classified the Bonds issued as an equity instrument and presented as an equity item on the statement of financial position. Capital raised from the issuance of the Bonds, after deduction of the expenses relating to the issuance, was wholly used to replenish the Bank's additional tier 1 capital and to increase its capital adequacy ratios.

(c) *Changes in perpetual bonds outstanding*

	1 January 2024		Increase/(Decrease)		30 June 2024	
Financial instrument outstanding	Quantity (million pieces)	Carrying value	Quantity (million pieces)	Carrying value	Quantity (million pieces)	Carrying value
2019 Undated Additional Tier 1 Capital Bonds	400	39,991	–	–	400	39,991
2022 Undated Additional Tier 1 Capital Bonds	400	40,000	–	–	400	40,000
2023 Undated Additional Tier 1 Capital Bonds (Series 1)	300	30,000	–	–	300	30,000
2023 Undated Additional Tier 1 Capital Bonds (Series 2)	300	30,000	–	–	300	30,000
Total	1,400	139,991	–	–	1,400	139,991

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

44 Other equity instruments (continued)

(3) Interests attributable to the holders of equity instruments

Items	30 June 2024	31 December 2023
1. Total equity attributable to equity holders of the Bank	**3,234,661**	3,150,145
(1) Equity attributable to ordinary equity holders of the Bank	**3,034,693**	2,950,177
(2) Equity attributable to other equity holders of the Bank	**199,968**	199,968
Of which: net profit	**–**	5,110
dividends received	**–**	5,110
2. Total equity attributable to non-controlling interests	**20,815**	21,929
(1) Equity attributable to non-controlling interests of ordinary shares	**18,816**	19,930
(2) Equity attributable to non-controlling interests of other equity instruments	**1,999**	1,999

45 Capital reserve

	30 June 2024	31 December 2023
Share premium and others	**135,642**	135,619

46 Other comprehensive income

	Other comprehensive income of the statement of financial position			Other comprehensive income of the statement of comprehensive income				
				Six months ended 30 June 2024				
	1 January 2024	Net-of-tax amount attributable to equity shareholders of the Bank	30 June 2024	The amount before income taxes	Less: Reclassification adjustments included in profit or loss due to disposals	Less: Income taxes	Net-of-tax amount attributable to equity shareholders of the Bank	Net-of-tax amount attributable to non-controlling interests
(1) Other comprehensive income that will not be reclassified to profit or loss								
Remeasurements of post-employment benefit obligations	(82)	(19)	(101)	(19)	–	–	(19)	–
Fair value changes of equity instruments designated as measured at fair value through other comprehensive income	217	7,171	7,388	9,561	–	(2,390)	7,171	–
Others	791	7	798	7	–	–	7	–
(2) Other comprehensive income that may be reclassified subsequently to profit or loss								
Fair value changes of debt instruments measured at fair value through other comprehensive income	23,597	13,729	37,326	22,222	(1,942)	(4,927)	13,729	1,624
Allowances for credit losses of debt instruments measured at fair value through other comprehensive income	5,617	1,449	7,066	1,932	–	(483)	1,449	–
Net gain/(loss) on cash flow hedges	706	(43)	663	(43)	–	–	(43)	–
Exchange difference on translating foreign operations	482	1,324	1,806	1,309	–	–	1,324	(15)
Others	(7,347)	(3,447)	(10,794)	(8,375)	–	1,616	(3,447)	(3,312)
Total	23,981	20,171	44,152	26,594	(1,942)	(6,184)	20,171	(1,703)

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

46 Other comprehensive income (continued)

	Other comprehensive income of the statement of financial position				Other comprehensive income of the statement of comprehensive income				
					2023				
	1 January 2023	Net-of-tax amount attributable to equity shareholders of the Bank	Other comprehensive income transferred to retained earnings	31 December 2023	The amount before income taxes	Less:Reclassification adjustments included in profit or loss due to disposals	Less:Income taxes	Net-of-tax amount attributable to equity shareholders of the Bank	Net-of-tax amount attributable to non-controlling interests
(1) Other comprehensive income that will not be reclassified to profit or loss									
Remeasurements of post-employment benefit obligations	(28)	(54)	–	(82)	(54)	–	–	(54)	–
Fair value changes of equity instruments designated as measured at fair value through other comprehensive income	90	153	(26)	217	204	–	(51)	153	–
Others	752	39	–	791	39	–	–	39	–
(2) Other comprehensive income that may be reclassified subsequently to profit or loss									
Fair value changes of debt instruments measured at fair value through other comprehensive income	16,809	6,788	–	23,597	12,678	(585)	(4,276)	6,788	1,029
Allowances for credit losses of debt instruments measured at fair value through other comprehensive income	6,851	(1,234)	–	5,617	(1,645)	–	411	(1,234)	–
Net gain on cash flow hedges	505	201	–	706	201	–	–	201	–
Exchange difference on translating foreign operations	(3,505)	3,987	–	482	4,115	–	–	3,987	128
Others	(4,071)	(3,276)	–	(7,347)	(8,565)	–	2,141	(3,276)	(3,148)
Total	17,403	6,604	(26)	23,981	6,973	(585)	(1,775)	6,604	(1,991)

47 Surplus reserve

Surplus reserves consist of statutory surplus reserve fund and discretionary surplus reserve fund.

The Bank is required to allocate 10% of its net profit, as determined under the Accounting Standards for Business Enterprises and other relevant requirements issued by the MOF on 15 February 2006. After making appropriations to the statutory surplus reserve fund, the Bank may also allocate its net profit to the discretionary surplus reserve fund upon approval by shareholders in Annual General Meetings.

48 General reserve

The general reserves of the Group are set up based upon the requirements of:

	Note	30 June 2024	31 December 2023
MOF	(1)	**484,043**	484,043
Hong Kong Banking Ordinance	(2)	**2,124**	2,124
Other regulatory bodies in the Chinese mainland	(3)	**9,600**	9,379
Other overseas regulatory bodies		**709**	709
Total		**496,476**	496,255

(1) Pursuant to relevant regulations issued by the MOF, the Bank has to appropriate a certain amount of its net profit as general reserves to cover potential losses against its assets. In accordance with the *Regulation on Management of Financial Institutions for Reserves* (Cai Jin [2012] No. 20) issued by the MOF on 30 March 2012, the general reserves balance for financial institutions should not be lower than 1.5% of the ending balance of risk assets.

(2) Pursuant to the requirements of the Hong Kong Banking Ordinance, the Group's banking operations in Hong Kong are required to set aside amounts in a regulatory reserve in respect of losses which it will, or may, incur on loans and advances to customers, in addition to impairment losses recognised in accordance with the accounting policies of the Group. Transfers to and from the regulatory reserve are made through retained earnings.

(3) Pursuant to the relevant regulatory requirements in the Chinese mainland, the Bank's subsidiaries are required to appropriate a certain amount of its net profit as general reserves.

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49 Profit distribution

In the Annual General Meeting held on 27 June 2024, the shareholders approved the profit distribution for the year ended 31 December 2023. The Bank appropriated cash dividend for the year ended 31 December 2023 in an aggregate amount of RMB100,004 million.

On 30 August 2024, the Board of Directors proposed a cash dividend of RMB0.197 per share (including taxes) with an aggregate amount of RMB49,252 million to all shareholders for 2024 interim profit distribution. The proposal will be submitted to the General Meeting for deliberation in the second half of 2024. Proposed dividends as at the end of the reporting period are not recognised as a liability. The above proposed profit distribution scheme is subject to the approval of the shareholders in the General Meeting, after which cash dividends will be distributed to all shareholders registered at the relevant date.

50 Notes to the statement of cash flows

(1) Cash and cash equivalents

	30 June 2024	31 December 2023	30 June 2023
Cash	**47,247**	45,682	43,200
Surplus deposit reserves with central banks	**793,295**	552,063	902,350
Demand deposits with banks and non-bank financial institutions	**82,155**	73,551	69,419
Time deposits with banks and non-bank financial institutions with original maturity with or within three months	**18,818**	46,978	180,043
Placements with banks and non-bank financial institutions with original maturity with or within three months	**206,904**	207,189	217,456
Total	**1,148,419**	925,463	1,412,468

(2) Disposal of subsidiaries

On 31 January 2024, the Group settled the transactions to transfer equity in CCB Brasil to Bank of China Limited ("BOC"). The Group transferred part of its shares in CCB Brasil to BOC in exchange for a consideration of BRL564 million, while CCB Brasil issued new shares to BOC in exchange for a subscription consideration of BRL540 million. Upon settlement of these transactions, the Group held 31.66% equity in CCB Brasil. From 1 February 2024, the control over the operation and management of CCB Brasil had been transferred to BOC, CCB no longer includes CCB Brasil as a subsidiary in its consolidated financial statements.

Cash and cash equivalents held by CCB Brasil on the disposal date was equivalent to RMB464 million and net cash received from disposal of part of the equity of CCB Brasil was equivalent to RMB353 million. Gain on disposal of CCB Brasil consisted primarily of other comprehensive income which had been recycled to profit or loss, which had no significant impact on the Group's financial statements.

51 Transferred financial assets

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

Securities lending transactions

Counterparties are allowed to sell or repledge securities lent under securities lending agreements in the absence of any default by the Group, but at the same time, they have an obligation to return such securities upon the maturity of the securities lending agreements. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. As at 30 June 2024, the carrying value of debt securities lent to counterparties was RMB25,868 million (as at 31 December 2023: RMB24,235 million).

Credit asset securitisation transactions

The Group enters into securitisation transactions in its normal course of business by which it transfers credit assets to structured entities which issue asset-backed securities to investors. The Group may retain interests in the form of holding subordinated tranches which would give rise to the Group's continuing involvement in the transferred assets. Those financial assets are recognised on the statement of financial position to the extent of the Group's continuing involvement, otherwise the financial assets are derecognised.

As at 30 June 2024, loans with an original carrying amount of RMB182,753 million (as at 31 December 2023: RMB825,092 million) have been securitised by the Group under arrangements in which the Group retained a continuing involvement in such assets. As at 30 June 2024, the carrying amount of assets that the Group continued to recognise was RMB16,619 million (as at 31 December 2023: RMB75,002 million). As at 30 June 2024, the carrying amount of continuing involvement assets and liabilities that the Group continued to recognise was RMB16,619 million (as at 31 December 2023: RMB75,002 million).

With respect to credit asset securitisations that did not qualify for derecognition as a whole, the Group continued to recognise credit assets that had been transferred, and recorded the consideration received as a financial liability. As at 30 June 2024, the carrying amount of transferred credit assets that the Group had continued to recognise was RMB22,825 million (as at 31 December 2023: RMB12,124 million) and the carrying amount of their associated financial liabilities was RMB23,511 million (as at 31 December 2023: RMB12,625 million).

As at 30 June 2024, the carrying amount of asset-backed securities held in the securitisation transaction derecognised by the Group was RMB1,214 million (as at 31 December 2023: RMB2,563 million), and its maximum loss exposure approximates to the carrying amount.

52 Operating segments

The Group has presented the operating segments in a manner consistent with the way in which information is reported internally to the Group's chief operating decision makers for the purposes of resource allocation and performance assessment. Measurement of segment assets and liabilities and segment income and results is based on the Group's accounting policies.

Transactions between segments are conducted under normal commercial terms and conditions. Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "Internal net interest income/expense". Interest income and expense earned from third parties are referred to as "External net interest income/expense".

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

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

52 Operating segments (continued)

(1) Geographical segments

The Group operates principally in the Chinese mainland with branches covering all provinces, autonomous regions and municipalities directly under the central government, and several subsidiaries located in the Chinese mainland. The Group also has bank branch operations in Hong Kong, Macau, Taiwan, Singapore, Frankfurt, Johannesburg, Tokyo, Seoul, New York, Sydney, Ho Chi Minh City, Luxembourg, Toronto, London, Zurich, Dubai, Chile, Astana, Labuan, Auckland, etc., and certain subsidiaries operating in Hong Kong, London, Moscow, Luxembourg, British Virgin Islands, Auckland, Jakarta, San Paulo and Kuala Lumpur, etc.

In presenting information on the basis of geographical segments, operating income is allocated based on the location of the branches and subsidiaries that generate the income. Segment assets, liabilities and capital expenditure are allocated based on their geographical location.

Geographical segments of the Group, for management reporting purposes, are defined as follows:

– "Yangtze River Delta" refers to the following areas where the tier-1 branches and the subsidiary of the Bank operate: Shanghai Municipality, Jiangsu Province, Zhejiang Province, City of Ningbo and City of Suzhou;

– "Pearl River Delta" refers to the following areas where the tier-1 branches and the subsidiary of the Bank operate: Guangdong Province, City of Shenzhen, Fujian Province and City of Xiamen;

– "Bohai Rim" refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Beijing Municipality, Shandong Province, Tianjin Municipality, Hebei Province and City of Qingdao;

– the "Central" region refers to the following areas where the tier-1 branches and the subsidiary of the Bank operate: Shanxi Province, Hubei Province, Henan Province, Hunan Province, Jiangxi Province, Hainan Province and Anhui Province;

– the "Western" region refers to the following areas where the tier-1 branches of the Bank operate: Sichuan Province, Chongqing Municipality, Guizhou Province, Yunnan Province, Tibet Autonomous Region, Inner Mongolia Autonomous Region, Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Autonomous Region, Guangxi Autonomous Region and Xinjiang Autonomous Region; and

– the "Northeastern" region refers to the following areas where the tier-1 branches of the Bank operate: Liaoning Province, Jilin Province, Heilongjiang Province and City of Dalian.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

52 Operating segments (continued)

(1) Geographical segments (continued)

	Six months ended 30 June 2024								
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Total
External net interest income/(expense)	27,713	21,036	12,998	29,426	36,033	(2,100)	161,677	9,276	296,059
Internal net interest income/(expense)	22,388	21,698	31,728	23,150	19,080	15,572	(130,295)	(3,321)	–
Net interest income	50,101	42,734	44,726	52,576	55,113	13,472	31,382	5,955	296,059
Net fee and commission income	12,886	11,154	10,498	8,858	7,083	1,964	9,028	1,225	62,696
Net trading gain/(loss)	1,171	159	70	162	46	(3)	1,851	547	4,003
Dividend income	365	–	2,411	226	–	3	4	42	3,051
Net gain/(loss) arising from investment securities	1,473	(659)	(316)	(215)	(560)	(102)	5,029	(130)	4,520
Net (loss)/gain on derecognition of financial assets measured at amortised cost	(3)	23	26	–	(1)	(33)	1,854	48	1,914
Other operating (expense)/income, net	(2,432)	340	1,255	189	877	87	461	1,811	2,588
Operating income	63,561	53,751	58,670	61,796	62,558	15,388	49,609	9,498	374,831
Operating expenses	(16,650)	(11,609)	(15,176)	(15,129)	(15,220)	(5,250)	(11,894)	(3,460)	(94,388)
Credit impairment losses	(11,167)	(12,500)	(13,016)	(17,164)	(17,432)	(3,218)	(12,235)	(922)	(87,654)
Other impairment losses	–	–	7	–	(1)	–	–	11	17
Share of profits/(losses) of associates and joint ventures	5	(7)	200	(118)	–	–	(10)	136	206
Profit before tax	35,749	29,635	30,685	29,385	29,905	6,920	25,470	5,263	193,012
Capital expenditure	445	137	16,385	352	241	186	299	97	18,142
Depreciation and amortisation	2,008	1,546	3,654	1,920	1,885	726	2,165	1,042	14,946
	30 June 2024								
Segment assets	6,984,235	5,405,100	8,371,875	5,686,731	5,897,094	2,074,504	13,501,523	1,831,258	49,752,320
Long-term equity investments	2,482	1,452	8,490	3,875	–	–	1,825	3,223	21,347
	6,986,717	5,406,552	8,380,365	5,690,606	5,897,094	2,074,504	13,503,348	1,834,481	49,773,667
Deferred tax assets									118,797
Elimination									(9,598,077)
Total assets									40,294,387
Segment liabilities	6,944,642	5,356,304	8,145,664	5,631,742	5,864,254	2,066,395	10,906,850	1,718,983	46,634,834
Deferred tax liabilities									2,154
Elimination									(9,598,077)
Total liabilities									37,038,911
Off-balance sheet credit commitments	783,093	611,446	758,423	741,351	597,224	199,882	–	294,568	3,985,987

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

52 Operating segments (continued)

(1) Geographical segments (continued)

	Six months ended 30 June 2023								
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Total
External net interest income/(expense)	30,801	26,356	15,891	32,748	37,191	(82)	157,747	11,533	312,185
Internal net interest income/(expense)	26,086	23,862	32,007	24,613	21,901	14,074	(138,453)	(4,090)	–
Net interest income	56,887	50,218	47,898	57,361	59,092	13,992	19,294	7,443	312,185
Net fee and commission income	13,683	13,844	12,075	10,060	8,392	2,250	9,219	1,078	70,601
Net trading gain/(loss)	1,027	61	10	199	118	(1)	1,795	557	3,766
Dividend income	92	–	2,738	300	8	–	112	318	3,568
Net (loss)/gain arising from investment securities	(43)	(1,433)	(1,094)	277	(1,427)	49	4,463	(250)	542
Net (loss)/gain on derecognition of financial assets measured at amortised cost	(48)	(48)	(7)	1	(20)	(15)	92	1	(44)
Other operating (expense)/income, net	(4,216)	200	728	75	750	67	(964)	897	(2,463)
Operating income	67,382	62,842	62,348	68,273	66,913	16,342	34,011	10,044	388,155
Operating expenses	(16,348)	(12,079)	(16,037)	(15,681)	(15,816)	(5,566)	(10,873)	(3,587)	(95,987)
Credit impairment losses	(14,038)	(17,361)	(12,400)	(14,201)	(17,922)	(2,753)	(15,436)	(1,303)	(95,414)
Other impairment losses	–	1	58	–	–	(1)	–	(12)	46
Share of profits/(losses) of associates and joint ventures	20	(23)	523	(81)	–	–	4	21	464
Profit before tax	37,016	33,380	34,492	38,310	33,175	8,022	7,706	5,163	197,264
Capital expenditure	717	367	2,886	418	565	165	191	89	5,398
Depreciation and amortisation	2,546	1,569	2,811	1,910	1,935	749	1,702	1,028	14,250
	31 December 2023								
Segment assets	6,590,228	5,176,740	8,265,540	5,390,160	5,627,618	1,979,268	13,140,146	1,731,630	47,901,330
Long-term equity investments	2,375	1,276	8,939	4,151	–	–	1,835	2,407	20,983
	6,592,603	5,178,016	8,274,479	5,394,311	5,627,618	1,979,268	13,141,981	1,734,037	47,922,313
Deferred tax assets									121,227
Elimination									(9,718,714)
Total assets									38,324,826
Segment liabilities	6,505,937	5,105,200	8,019,403	5,296,596	5,561,892	1,965,083	10,801,127	1,614,504	44,869,742
Deferred tax liabilities									1,724
Elimination									(9,718,714)
Total liabilities									35,152,752
Off-balance sheet credit commitments	739,350	658,310	706,638	697,850	573,809	183,964	–	270,318	3,830,239

52 Operating segments (continued)

(2) Business segments

Business segments, as defined for management reporting purposes, are as follows:

Corporate finance business

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit taking and wealth management services, agency services, financial consulting and advisory services, cash management services, remittance and settlement services, guarantee services, and investment banking services, etc.

Personal finance business

This segment represents the provision of a range of financial products and services to individual customers. The products and services comprise personal loans, deposit taking and wealth management services, card business, remittance services and agency services, etc.

Treasury and asset management business

This segment covers the Group's treasury operations. The treasury and asset management segment enters into inter-bank deposit and placement transactions, repurchase and resale transactions, and invests in debt securities. It also trades in derivatives and foreign currencies for its own account. The treasury and asset management segment carries out customer-driven derivatives, foreign currency, precious metal trading and custody services. Its function also includes the management of the Group's overall liquidity position, including the issuance of debt securities.

Others

This segment covers equity investments and the revenues, results, assets and liabilities of overseas commercial banks.

Specifically, since the preparation of the 2023 financial statements, the Group has reclassified business segments of certain businesses of the Bank to reflect changes in regulatory classification requirements, the Group has also adjusted comparative figures of the prior year accordingly.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

52 Operating segments (continued)

(2) Business segments (continued)

	Six months ended 30 June 2024				
	Corporate finance business	Personal finance business	Treasury and asset management business	Others	Total
External net interest income	135,074	50,579	103,448	6,958	296,059
Internal net interest (expense)/income	(45,613)	91,198	(46,280)	695	–
Net interest income	89,461	141,777	57,168	7,653	296,059
Net fee and commission income/(expense)	22,157	28,228	12,589	(278)	62,696
Net trading gain	537	1,013	1,635	818	4,003
Dividend income	2,451	365	214	21	3,051
Net (loss)/gain arising from investment securities	(1,885)	1,437	5,105	(137)	4,520
Net (loss)/gain on derecognition of financial assets measured at amortised cost	(469)	1,862	464	57	1,914
Other operating income/(expense), net	1,051	(2,834)	1,471	2,900	2,588
Operating income	113,303	171,848	78,646	11,034	374,831
Operating expenses	(36,818)	(47,598)	(6,008)	(3,964)	(94,388)
Credit impairment losses	(57,481)	(26,319)	(363)	(3,491)	(87,654)
Other impairment losses	7	–	(2)	12	17
Share of profits/(losses) of associates and joint ventures	319	15	(119)	(9)	206
Profit before tax	19,330	97,946	72,154	3,582	193,012
Capital expenditure	16,315	1,162	572	93	18,142
Depreciation and amortisation	5,871	7,248	732	1,095	14,946
	30 June 2024				
Segment assets	16,706,390	8,699,216	13,852,195	1,125,933	40,383,734
Long-term equity investments	12,361	2,353	6,225	408	21,347
	16,718,751	8,701,569	13,858,420	1,126,341	40,405,081
Deferred tax assets					118,797
Elimination					(229,491)
Total assets					40,294,387
Segment liabilities	12,471,863	16,987,338	5,805,341	2,001,706	37,266,248
Deferred tax liabilities					2,154
Elimination					(229,491)
Total liabilities					37,038,911
Off-balance sheet credit commitments	2,521,849	1,169,570	–	294,568	3,985,987

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

52 Operating segments (continued)

(2) Business segments (continued)

	Six months ended 30 June 2023				
	Corporate finance business	Personal finance business	Treasury and asset management business	Others	Total
External net interest income	129,337	71,779	103,006	8,063	312,185
Internal net interest (expense)/income	(28,752)	80,981	(52,926)	697	–
Net interest income	100,585	152,760	50,080	8,760	312,185
Net fee and commission income/(expense)	24,158	32,294	14,979	(830)	70,601
Net trading (loss)/gain	(132)	809	2,405	684	3,766
Dividend income	2,837	90	304	337	3,568
Net (loss)/gain arising from investment securities	(4,042)	788	4,322	(526)	542
Net (loss)/gain on derecognition of financial assets measured at amortised cost	(147)	–	102	1	(44)
Other operating income/(expense), net	375	(2,910)	394	(322)	(2,463)
Operating income	123,634	183,831	72,586	8,104	388,155
Operating expenses	(37,297)	(49,405)	(5,747)	(3,538)	(95,987)
Credit impairment losses	(67,886)	(21,972)	(1,075)	(4,481)	(95,414)
Other impairment losses	56	2	–	(12)	46
Share of profits/(losses) of associates and joint ventures	866	32	(431)	(3)	464
Profit before tax	19,373	112,488	65,333	70	197,264
Capital expenditure	3,433	1,612	276	77	5,398
Depreciation and amortisation	5,236	7,304	658	1,052	14,250
	31 December 2023				
Segment assets	15,290,620	8,705,648	13,547,677	906,819	38,450,764
Long-term equity investments	12,521	2,238	6,217	7	20,983
	15,303,141	8,707,886	13,553,894	906,826	38,471,747
Deferred tax assets					121,227
Elimination					(268,148)
Total assets					38,324,826
Segment liabilities	12,349,135	15,979,947	5,236,467	1,853,627	35,419,176
Deferred tax liabilities					1,724
Elimination					(268,148)
Total liabilities					35,152,752
Off-balance sheet credit commitments	2,422,267	1,137,654	–	270,318	3,830,239

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

53 Entrusted lending business

As at the end of the reporting period, the entrusted loans and entrusted funds were as follows:

	30 June 2024	31 December 2023
Entrusted loans	**4,501,933**	4,420,191
Entrusted funds	**4,501,933**	4,420,191

54 Pledged assets

(1) Assets pledged as securities

The Group's collateral for liabilities or contingent liabilities include financial assets such as securities and bills, which mainly serve as collateral for repurchase agreements, derivative contracts and local statutory requirements. As at 30 June 2024, the carrying values of the Group's financial assets pledged as collateral amounted to approximately RMB1,766,907 million (31 December 2023: RMB1,962,492 million).

(2) Collateral accepted as securities for assets

As part of the resale agreements, the Group has received securities that were allowed to be sold or repledged in the absence of default by their owners. As at 30 June 2024, the Group did not hold any collateral for resale agreements which was permitted to sell or repledge in the absence of default for the transactions (31 December 2023: RMB1,842 million).

55 Commitments and contingent liabilities

(1) Credit commitments

Credit commitments take the form of undrawn loan facilities which are approved and contracted, unutilised credit card limits, financial guarantees, letters of credit, etc. The Group assesses and makes provisions for any probable losses accordingly.

The contractual amounts of loan commitments and credit card overdraft commitments represent the cash outflows should the contracts be fully drawn upon. The amounts of guarantees and letters of credit represent the maximum potential loss that would be recognised if counterparties failed completely to perform as contracted. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers.

As credit commitments may expire without being drawn upon, the contractual amounts set out in the following table do not represent the expected future cash outflows.

	30 June 2024	31 December 2023
Loan commitments		
– with an original maturity within one year	**93,192**	62,692
– with an original maturity of one year or over	**463,308**	375,098
Credit card commitments	**1,207,446**	1,174,030
	1,763,946	1,611,820
Bank acceptances	**457,074**	544,973
Financing guarantees	**36,627**	45,339
Non-financing guarantees	**1,382,560**	1,348,704
Sight letters of credit	**44,635**	47,524
Usance letters of credit	**260,946**	226,132
Others	**40,199**	5,747
Total	**3,985,987**	3,830,239

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

55 Commitments and contingent liabilities (continued)

(2) Credit risk-weighted asset amount

The credit risk-weighted asset amount refers to the amount as computed in accordance with the rules set out by the NFRA and depends on the status of the counterparty and the maturity characteristics.

	30 June 2024	31 December 2023
Credit risk-weighted asset amount of contingent liabilities and commitments	**1,153,388**	1,224,736

(3) Capital commitments

As at 30 June 2024, the Group's contracted for but not disbursed capital commitments amounted to RMB4,133 million (as at 31 December 2023: RMB2,071 million).

(4) Underwriting obligations

As at 30 June 2024, there was no unexpired underwriting commitment of the Group (as at 31 December 2023: Nil).

(5) Government bond redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back those bonds sold by it should the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. Accrued interest payables to the bond holders are calculated in accordance with relevant rules of the MOF and the PBOC. The redemption price may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured as at 30 June 2024, were RMB47,630 million (as at 31 December 2023: RMB47,743 million).

(6) Outstanding litigations and disputes

As at 30 June 2024, the Group was the defendant in certain pending litigations and disputes with gross claims of RMB4,611 million (as at 31 December 2023: RMB8,156 million). Provisions have been made for the estimated losses arising from such litigations based upon the opinions of the Group's internal and external legal counsels (Note 40). The Group considers that the provisions made are reasonable and adequate.

(7) Contingent liabilities

The Group assessed and made provisions for any probable outflow of economic benefits in relation to the commitments and contingent liabilities in accordance with their accounting policies.

(8) Impact of the *Guiding Opinions on Regulating the Asset Management Business of Financial Institutions*

In accordance with the *Guiding Opinions on Regulating the Asset Management Business of Financial Institutions* jointly issued by the PBOC and three other ministries as well as the PBOC's relevant announcement, other than assets for which the Group had applied to regulators for disposal on a case-by-case basis, the Group has completed the rectification of legacy wealth management business and recognised its impact in 2024 interim financial statements in terms of provisions and credit impairment losses. The Group will duly implement relevant policies and regulatory requirements, continue to assess and disclose relevant impact, and strive to complete the rectification as soon as possible.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

56 Related party relationships and transactions

(1) Transactions with parent companies and their affiliates

The immediate and ultimate parents of the Group are Huijin and CIC, respectively.

As approved by the State Council, CIC was established on 29 September 2007 with registered capital of RMB1,550,000 million.

Huijin was incorporated on 16 December 2003 as a wholly-state-owned investment company. It was registered in Beijing with registered capital of RMB828,209 million. As a wholly-owned subsidiary of CIC, Huijin makes equity investment in key state-owned financial institutions as authorised by the State Council, and exercises the contributor's rights and obligations in key state-owned financial institutions up to its contribution amount on behalf of the State to achieve preservation and appreciation of state-owned financial assets. Huijin does not engage in any other commercial business activities, nor does it interfere with daily operations of the key state-owned financial institutions of which it is the controlling shareholder. As at 30 June 2024, Huijin directly held 57.14% of shares of the Bank.

Affiliates of parent companies include the subsidiaries under parent companies and other associates and joint ventures.

The Group's transactions with parent companies and their affiliates mainly include deposit taking, entrusted asset management, operating leases, lending, purchase and sale of debt securities, money market transactions and inter-bank clearing. These transactions are priced based on market prices and conducted under normal commercial terms.

The Group has issued subordinated debts with a nominal value of RMB12,000 million (as at 31 December 2023: RMB12,000 million). These are bearer bonds and tradable in the secondary market. The Group had no information in respect of the amount of the bonds held by the affiliates of parent companies as at the end of the reporting period.

(a) Transactions with parent companies

In the ordinary course of the business, material transactions that the Group entered into with parent companies are as follows:

Amounts

	Six months ended 30 June			
	2024		2023	
	Amount	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest income	**1,942**	**0.31%**	681	0.11%
Interest expense	**66**	**0.02%**	40	0.01%
Net trading gain	**1**	**0.02%**	2	0.05%

Balances outstanding as at the end of the reporting period

	30 June 2024		31 December 2023	
	Balance	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Loans and advances to customers	**95,100**	**0.39%**	12,000	0.05%
Financial investments				
Financial assets measured at fair value through profit or loss	**41**	**0.01%**	10	0.00%
Financial assets measured at amortised cost	**31,447**	**0.45%**	24,209	0.36%
Financial assets measured at fair value through other comprehensive income	**6,232**	**0.26%**	6,083	0.27%
Deposits from customers	**21,945**	**0.08%**	17,134	0.06%
Credit commitments	**288**	**0.01%**	8,288	0.22%

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

56 Related party relationships and transactions (continued)

(1) Transactions with parent companies and their affiliates (continued)

(b) Transactions with the affiliates of parent companies

In the ordinary course of the business, material transactions that the Group entered into with the affiliates of parent companies are as follows:

Amounts

		Six months ended 30 June			
		2024		2023	
	Note	**Amount**	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest income		**14,845**	**2.37%**	8,473	1.37%
Interest expense		**4,300**	**1.30%**	9,095	2.99%
Fee and commission income		**340**	**0.49%**	449	0.58%
Fee and commission expense		**11**	**0.18%**	10	0.15%
Net trading gain		**583**	**14.56%**	359	9.53%
Net gain arising from investment securities		**2,382**	**52.70%**	2,151	N/A
Other operating income		**714**	**5.05%**	607	6.04%
Operating expenses	(i)	**287**	**0.30%**	418	0.44%

Balances outstanding as at the end of the reporting period

		30 June 2024		31 December 2023	
	Note	**Balance**	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Deposits with banks and non-bank financial institutions		**20,952**	**14.34%**	26,110	17.62%
Placements with banks and non-bank financial institutions		**163,223**	**23.90%**	148,527	22.00%
Positive fair value of derivatives		**8,271**	**11.70%**	3,560	8.12%
Financial assets held under resale agreements		**36,154**	**4.06%**	45,774	4.67%
Loans and advances to customers		**149,359**	**0.61%**	245,845	1.07%
Financial investments					
Financial assets measured at fair value through profit or loss		**133,127**	**22.66%**	161,299	26.78%
Financial assets measured at amortised cost		**207,068**	**2.97%**	197,187	2.90%
Financial assets measured at fair value through other comprehensive income		**349,334**	**14.71%**	272,277	12.18%
Other assets		**1,059**	**0.31%**	7	0.00%
Deposits from banks and non-bank financial institutions	(ii)	**170,862**	**4.99%**	248,508	8.90%
Placements from banks and non-bank financial institutions		**156,099**	**32.51%**	177,615	43.56%
Financial liabilities measured at fair value through profit or loss		**3**	**0.00%**	–	–
Negative fair value of derivatives		**7,565**	**11.25%**	4,455	10.64%
Financial assets sold under repurchase agreements		**990**	**1.88%**	7,749	3.30%
Deposits from customers		**119,942**	**0.42%**	114,591	0.41%
Other liabilities		**32,421**	**5.04%**	18,936	3.46%
Credit commitments		**6,451**	**0.16%**	9,293	0.24%

(i) Operating expenses mainly represent fees for related services provided by the affiliates of parent companies.

(ii) Deposits from the affiliates of parent companies are unsecured and are repayable under normal commercial terms.

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

56 Related party relationships and transactions (continued)

(2) Transactions between the Group and its associates and joint ventures of the Group

Transactions between the Group and its associates and joint ventures are conducted in the normal and ordinary course of the business and under normal commercial terms as those transactions are conducted between the Group and non-related companies outside the Group.

In the ordinary course of the business, material transactions that the Group entered into with associates and joint ventures are as follows:

Amounts

	Six months ended 30 June	
	2024	2023
Interest income	**433**	574
Interest expense	**70**	123
Fee and commission income	**54**	247
Operating expenses	**57**	44

Balances outstanding as at the end of the reporting period

	30 June 2024	31 December 2023
Loans and advances to customers	**34,910**	29,430
Financial assets measured at fair value through profit or loss	**410**	549
Other assets	**386**	464
Deposits from customers	**13,984**	16,190
Other liabilities	**998**	960
Credit commitments	**40,250**	45,362

(3) Transactions between the Bank and its subsidiaries

Transactions between the Bank and its subsidiaries are conducted in the normal and ordinary course of the business and under normal commercial terms as those transactions are conducted between the Bank and non-related companies outside the Group. All the inter-group transactions and inter-group balances are eliminated when preparing the consolidated financial statements as mentioned in Note 2(3).

In the ordinary course of the business, material transactions that the Bank entered into with its subsidiaries are as follows:

Amounts

	Six months ended 30 June	
	2024	2023
Interest income	**1,239**	959
Interest expense	**1,113**	680
Fee and commission income	**1,251**	1,994
Fee and commission expense	**334**	256
Dividend income	**231**	222
Operating expenses	**3,450**	3,485
Other operating expense, net	**117**	44

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

56 Related party relationships and transactions (continued)

(3) Transactions between the Bank and its subsidiaries (continued)

Balances outstanding as at the end of the reporting period

	30 June 2024	31 December 2023
Deposits with banks and non-bank financial institutions	4,374	1,964
Placements with banks and non-bank financial institutions	99,402	101,772
Positive fair value of derivatives	1,910	906
Financial assets held under resale agreements	3,419	1,891
Loans and advances to customers	21,942	16,702
Financial investments		
Financial assets measured at fair value through profit or loss	–	1,424
Financial assets measured at amortised cost	300	1,071
Financial assets measured at fair value through other comprehensive income	14,174	13,878
Other assets	41,491	39,690

	30 June 2024	31 December 2023
Deposits from banks and non-bank financial institutions	21,532	17,439
Placements from banks and non-bank financial institutions	32,126	39,086
Negative fair value of derivatives	1,830	362
Financial assets sold under repurchase agreements	1,583	–
Deposits from customers	9,209	16,349
Debt securities issued	–	29
Other liabilities	8,199	6,581

As at 30 June 2024, the total maximum guarantee limit of guarantee letters issued by the Bank with its subsidiaries as beneficiary was RMB928 million (as at 31 December 2023: RMB907 million).

As at 30 June 2024, the transactions between subsidiaries of the Group were mainly other assets and other liabilities, and the balances of the above transactions were RMB11,467 million and RMB11,460 million respectively (as at 31 December 2023,the transactions between subsidiaries of the Group were mainly other assets and other liabilities, and the balances of the above transactions were RMB8,199 million and RMB8,239 million respectively).

(4) Transactions with other PRC state-owned entities

State-owned entities refer to those entities directly or indirectly owned by the PRC government through its government authorities, agencies, affiliates and other organisations. Transactions with other state-owned entities include but are not limited to: lending and deposit taking; taking and placing of inter-bank balances; entrusted lending and other custody services; insurance and securities agency, and other intermediary services; purchase, sale, underwriting and redemption of bonds issued by other state-owned entities; purchase, sale and leases of property and other assets; and rendering and receiving of utilities and other services.

These transactions are conducted in the ordinary course of the Group's banking business on terms similar to those that would have been entered into with non-state-owned entities. The Group's pricing strategy and approval processes for major products and services, such as loans, deposits and commission income, do not depend on whether the customers are state-owned entities or not. Having due regard to the substance of the relationships, the Group is of the opinion that none of these transactions were material related party transactions that require separate disclosure.

(5) Transactions with the Annuity Scheme and Plan Assets

Apart from the obligations for defined contributions to the Annuity Scheme and regular banking transactions, there were no other transactions between the Group and the Annuity Scheme in the six months ended 30 June 2024 and in the year ended 31 December 2023.

As at 30 June 2024, the fair value of the Group's supplementary retirement benefit plan assets managed by CCB Principal Asset Management and CCB Pension was RMB3,180 million (as at 31 December 2023:RMB3,187 million), and management fees payable to CCB Principal Asset Management and CCB Pension were RMB3.52 million (as at 31 December 2023: RMB3.59 million).

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

56 Related party relationships and transactions (continued)

(6) Key management personnel

Key management personnel are those persons having authorities and responsibilities for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and senior executives. The Group enters into banking transactions with key management personnel in the normal course of business. For the six months ended 30 June 2024 and for the year ended 31 December 2023, there were no material transactions and balances with key management personnel.

The Group had no material balance of loans, quasi-loans and other credit transactions to directors, supervisors and senior executives as at the end of the reporting period. Those loans, quasi-loans and other credit transactions to directors, supervisors and senior executives were conducted in the normal and ordinary course of the business and under normal commercial terms or on the same terms and conditions with those which are available to other employees, based on terms and conditions granted to third parties adjusted for risk reduction.

57 Risk management

The Group has exposure to the following risks:

- credit risk
- market risk
- liquidity risk
- operational risk
- insurance risk

This note presents information about the Group's exposures to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's capital management.

Risk management framework

The Board fulfils risk management responsibilities pursuant to the Articles of Association of the Bank and regulatory requirements. The Board and its Risk Management Committee develop risk management strategies, supervise the implementation, assess the overall risk profile, regularly review the statements of risk appetite and transmit the risk appetite through relevant policies. The Board of Supervisors supervises the building of comprehensive risk management system, as well as the performance of the Board and senior management in discharging their comprehensive risk management responsibilities. Senior management is responsible for implementing risk strategies developed by the Board and organising the implementation of the comprehensive risk management work across the Group.

Risk Management Department is the lead department responsible for the Group's comprehensive risk management, and leads the management of market risk. Credit Management Department is the lead department responsible for the overall credit risk management and country risk management. Asset & liability Management Department is the lead department responsible for the management of liquidity risk and interest rate risk of banking book. Internal Control & Compliance Department is the lead department responsible for operational risk management. FinTech Department and Internal Control & Compliance department jointly promote IT risk management. Public Relations & Corporate Culture Department is the lead department responsible for reputational risk management. Strategy and Policy Coordination Department is the lead department responsible for strategic risk management. Other types of risks are managed by respective specialised departments.

The Bank attached great importance to risk management of subsidiaries. It continuously optimised the risk governance system for subsidiaries, enhanced joint efforts of the parent bank and subsidiaries in terms of risk prevention and control, and raised the efficiency of risk early warning and decision-making at the parent bank and subsidiaries. It scientifically set quantitative indicators of risk appetite for subsidiaries, clarified their management objectives for various risk, and improved the subsidiary-specific risk control mechanisms. It established a comprehensive financing management structure at the group level, improved the "three lines of defence" mechanism for risk management at the subsidiaries, and optimised their risk reporting mechanism and reporting lines. It also performed risk profiling for subsidiaries, and strengthened substantive risk control so as to consolidate the bottom line of risk management and compliance at subsidiaries.

57 Risk management (continued)

(1) Credit risk

Credit risk management

Credit risk represents the risk of financial loss that arises from the failure of a debtor or counterparty to discharge its contractual obligations or commitments to the Group.

Credit risk management comprehensively covers the entire processes of credit, investment, and trading businesses, including key procedures such as, credit risk appetite, credit management, post investment and credit management, credit risk reporting, and expected credit loss approach implementation.

The Credit Management Department is the leading department responsible for overall management of the Group's credit risk. The Risk Management Department takes the lead in the development and implementation of the credit risk measurement tools including customers rating and facilities grading. The Special Assets Resolution Department is responsible for the special assets resolutions. The Credit Approval Department is responsible for specific credit management work such as comprehensive credit limits and credit approval of various credit businesses for the Group's customers. With the Credit Management Department taking the lead, the Credit Approval Department and the Risk Management Department participate in, share the workload and coordinate with other departments such as the Corporate Banking Department, the Inclusive Finance Department, the Institutional Banking Department, the International Business Department, the Strategic Clients Department, the Housing Finance & Personal Lending Department, the Credit Card Centre, and the Legal Affairs Department to implement credit risk management policies and procedures.

With respect to credit risk management of corporate and institutional business, the Group has accelerated the adjustment of its businesses structure, enhanced post-lending (investment) monitoring, and refined the industry-specific guideline and policy baseline for credit approval. Management also fine-tuned eligibility and exit policies, and optimised economic capital management and industry risk limit management. All these policies have been implemented to maintain the stability of asset quality. The Group's credit risk management covers processes such as pre-lending (investment) due diligence, credit (investment) inspection, and post-lending (investment) monitoring for credit granting business. The Group performs pre-lending (investment) investigations by assessing the borrower's credit ratings based on internal rating criteria and completing the borrower's assessment report and by performing a comprehensive evaluation of the risks and rewards of the project and completing an evaluation report. Approvals must be authorized by approvers with the appropriate authorisation. The Group conducts ongoing post-lending (investment) monitoring activities, particularly focusing on the monitoring of credit risk arising from key industries and key clients, and takes timely measures to prevent and control risks.

With respect to the personal credit business, the Group relies on credit assessment of applicants as the basis for loan approval. Customer relationship managers are required to assess the income, credit history, and repayment ability of the applicant. The customer relationship managers then forward the application and recommendations to the loan-approval departments for consent. The Group pays great attention to post-lending monitoring of personal loans, focuses on borrowers' repayment ability, the status of collateral and pledges and any changes to the value of collateral and pledges. Once a loan becomes overdue, the Group starts the recovery process according to standard recovery procedures.

To mitigate risks, the Group requests the customers to provide collateral and pledges or guarantees where appropriate. A refined management system and operating procedure for collateral and pledges have been developed, and there is a guideline to specify the suitability of accepting specific types of collateral and pledges. The values, structures and legal covenants of collateral and pledges are monitored continuously to ensure that they still serve their intended purposes and conform to market practices.

For risk management purposes, the Group conducts independent management over credit risk arising from derivatives exposures, with information disclosed in Notes (1)(j). The Group sets credit limits for treasury activities and monitors them regularly with reference to the fair values of the relevant financial instruments.

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(1) Credit risk (continued)

Measurement of expected credit losses (ECL)

The Group continues to improve its unified expected credit loss approach implementation system which has covered all credit risk exposures on and off-balance sheet, and clarified the division of responsibilities between the Board of Directors and its specialized committees, the Board of Supervisors, senior management, the leading department of the Head Office and other relevant departments. The Group has set up a comprehensive implementation management system, strengthened control over the entire implementation process, consolidated the foundation, and adhered to the high-quality implementation of the expected credit loss approach. In the implementation process of the expected credit loss approach, the Group has fully considered uncertainties facing credit risk management. Based on the results of expected credit loss assessment, the Group recognises allowances for impairment losses timely and adequately to ensure that that the accrued allowances for impairment losses have effectively covered expected credit losses.

(A) Segmentation of financial instruments

The Group adopts a "three-stage" model for impairment based on changes in credit risk since initial recognition or by determining whether the financial instruments are credit-impaired, to estimate the expected credit losses.

The key definition of the three stages are summarised below:

Stage 1: For financial instruments with no significant increase in credit risk after initial recognition, expected credit losses in the next 12 months are recognised.

Stage 2: For financial instruments with significant increase in credit risk since initial recognition, but with no objective evidence of impairment, lifetime expected credit losses are recognised.

Stage 3: For financial instruments with objective evidence of impairment on the balance sheet date, lifetime expected credit losses are recognised.

(B) Significant increase in credit risk ("SICR")

The Group assesses at least quarterly whether the credit risk of a financial instrument has increased significantly since initial recognition. In accordance with the principle of substantive risk judgment, the Group compares the risk of default of financial instruments as at the end of reporting period with that as at the date of initial recognition for an individual financial instrument or a group of financial instruments with common credit risk characteristics to determine whether the credit risk has increased significantly since initial recognition. The Group sufficiently considers all reasonable and supportable information when making related assessments, including but not limited to: internal credit rating of the borrower; information such as business risk classification, overdue status, and contract terms; information on changes in the credit strategy or credit risk management methods towards the borrower; information such as the borrower's credit information, external ratings, changes in debt and equity prices, credit default swap prices, credit spreads, and public opinion; business and financial information of the borrower, its shareholders, and affiliated enterprises; and the macro economy, industry development, technological innovation, climate change, natural disasters, socio-economic and financial policies, government support or relief measures that may have a potential impact on the borrower's repayment capacity.

The Group has set qualitative and quantitative criteria for assessing whether the credit risk of financial instruments has increased significantly since initial recognition. For example, generally, the credit risk of loans whose internal credit ratings have fallen to level 15 and below, is regarded as having increased significantly.

Usually, if a financial instrument has been overdue for more than 30 days, then this indicates that the credit risk of this financial instrument has increased significantly.

57 Risk management (continued)

(1) Credit risk (continued)

Measurement of expected credit losses (ECL) (continued)

(C) Definition of defaulted and credit-impaired assets

The Group considers a financial instrument as having defaulted when it is credit-impaired. Generally, financial instrument overdue for more than 90 days on contractual payment terms shall be considered as having credit-impaired.

The following factors can be referred to when determining whether credit impairment has occurred:

– Significant financial difficulty of the issuer or borrower;

– Breach of contract term, such as a default or delinquency in interest or principal payments;

– Concessions that would not otherwise be granted to the borrower, in light of economic or contractual considerations related to the borrower's financial difficulties;

– It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

– Disappearance of an active market for financial assets because of financial difficulties of the issuer or borrower;

– A financial asset purchased or originated by a large discount which reflects the fact of credit-impairment having occurred; and

– Other objective evidence indicating there is a credit impairment of the financial asset.

The Group's definition of default has been consistently applied to the estimates of PD, LGD and EAD during the ECL measurement.

(D) Explanation of parameters, assumptions and estimation techniques

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 a financial instrument is considered to be credit-impaired. Expected credit losses are the discounted product of the weighted average of PD, LGD, and EAD under the optimistic, baseline and pessimistic scenarios.

Defined as follows:

PD refers to the likelihood of a debtor and its businesses defaulting in the future, after consideration of forward-looking information. Please refer to earlier disclosure in this note for the definition of default.

LGD refers to the Group's expected loss amount resulting from default as a proportion of total exposure, after consideration of forward-looking information.

EAD is the total amount of risk exposure on and off-balance sheet at the time of default. The exposure is determined by the repayment plan according to different types of products.

The discount rate used in the ECL measurement is the effective interest rate.

During the reporting period, based on changes in macroeconomic environment, the Group has updated forward-looking information used in the measurement of expected credit losses. Please refer to further disclosure in this note for forward-looking information which is incorporated in the measurement of expected credit losses.

The assumptions underlying the ECL measurement, such as the PDs for different maturities are monitored and reviewed on a quarterly basis.

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

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(1) Credit risk (continued)

***Measurement of expected credit losses (ECL)** (continued)*

(E) Forward-looking information incorporated in the ECL

The Group has performed historical data analysis and identified the macroeconomic variables affecting expected credit losses, such as GDP, CPI, M2, PPI, RMB deposit reserve rate, London spot gold price, average exchange rate of US Dollar to RMB, sales price indices of second-hand residential buildings in 70 large and medium-sized cities, national real estate climate index, and so on.

The Group set forecast GDP value for baseline scenario by reference to average value of forecasts released by authoritative international and domestic institutions, and the forecast 2024 GDP growth value under the baseline scenario was set at round 5%. Forecast 2024 GDP growth value under the optimistic and pessimistic scenarios had been determined by moving up and down, by a certain degree, from the baseline scenario forecast. For other macroeconomic variables, the Group involved internal experts and used methods such as transmission models, economic principles, and expert judgment to calculate the predicted value of each variable under each scenario.

The Group constructs empirical models to derive the relationship between historical macroeconomic variables and PD and LGD, and calculates the PD and LGD values for a given future horizon using the forecasted macroeconomic variables.

The Group constructs empirical models to determine the weightings for optimistic, baseline and pessimistic scenarios. As at 30 June 2024 and 31 December 2023, the optimistic, baseline and pessimistic scenarios were of comparable weightings.

(F) Risk grouping

For the purpose of ECL measurement, the Group has divided businesses with common credit risk characteristics into separate groups. When grouping corporate business, the Group considered credit risk characteristics such as client type and the industry in which the client operates. When grouping personal business, the Group considered credit risk characteristics such as internal risk pool and product type. The Group obtained sufficient information to ensure risk grouping is statistically reliable.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(1) Credit risk (continued)

(a) *Maximum credit risk exposure*

The following table presents the maximum exposure to credit risk as at the end of the reporting period without taking into consideration any collaterals and pledges held or other credit enhancements. In respect of the financial assets recognised in the statement of financial position, the maximum exposure to credit risk is represented by the carrying amount after deducting any impairment allowance.

	30 June 2024	31 December 2023
Deposits with central banks	**3,146,333**	3,020,376
Deposits with banks and non-bank financial institutions	**146,128**	148,218
Placements with banks and non-bank financial institutions	**683,021**	675,270
Positive fair value of derivatives	**70,711**	43,840
Financial assets held under resale agreements	**889,728**	979,498
Loans and advances to customers	**24,629,185**	23,083,377
Financial investments		
Financial assets measured at fair value through profit or loss	**338,354**	362,299
Financial assets measured at amortised cost	**6,961,515**	6,801,242
Financial assets measured at fair value through other comprehensive income	**2,346,710**	2,224,783
Other financial assets	**289,722**	220,645
Total	**39,501,407**	37,559,548
Off-balance sheet credit commitments	**3,985,987**	3,830,239
Maximum credit risk exposure	**43,487,394**	41,389,787

(b) *Loans and advances to customers analysed by credit quality*

Within overdue but not credit-impaired loans and advances and credit-impaired loans and advances, the portions covered and not covered by collateral held are as follows:

	30 June 2024		
	Overdue but not credit-impaired loans and advances		**Credit-impaired loans and advances**
	Corporate	**Personal**	**Corporate**
Portion covered	**11,291**	**34,442**	**100,051**
Portion not covered	**8,115**	**21,273**	**168,517**
Total	**19,406**	**55,715**	**268,568**

	31 December 2023		
	Overdue but not credit-impaired loans and advances		Credit-impaired loans and advances
	Corporate	Personal	Corporate
Portion covered	4,290	28,337	102,434
Portion not covered	5,215	16,078	165,249
Total	9,505	44,415	267,683

The above collateral and pledges includes land use rights, buildings and equipment. The fair value of collateral and pledges was estimated by the Group with reference to the latest available external valuations adjusted after taking into account the current realisation experience as well as the market situation.

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(1) Credit risk (continued)

(c) Loans and advances to customers analysed by economic sector concentrations

	30 June 2024			31 December 2023		
	Gross loan balance	**Percentage**	**Balance secured by collateral**	Gross loan balance	Percentage	Balance secured by collateral
Corporate loans and advances						
– Leasing and commercial services	**2,785,224**	**10.95%**	**695,667**	2,506,037	10.50%	663,717
– Transportation, storage and postal services	**2,446,040**	**9.61%**	**633,737**	2,328,471	9.76%	617,975
– Manufacturing	**2,381,585**	**9.36%**	**452,701**	2,167,353	9.08%	437,729
– Production and supply of electric power, heat, gas and water	**1,597,592**	**6.28%**	**239,562**	1,444,500	6.05%	219,330
– Wholesale and retail trade	**1,518,488**	**5.97%**	**741,765**	1,396,585	5.85%	698,352
– Real estate	**1,027,298**	**4.04%**	**532,762**	970,809	4.07%	497,958
– Water, environment and public utility management	**806,745**	**3.17%**	**279,838**	747,653	3.13%	269,792
– Construction	**729,930**	**2.87%**	**169,724**	631,518	2.65%	161,559
– Mining	**377,210**	**1.48%**	**22,512**	345,315	1.45%	20,110
– Agriculture, forestry, farming, fishing	**146,247**	**0.57%**	**29,448**	132,956	0.56%	27,651
– Education	**108,720**	**0.43%**	**20,642**	103,696	0.43%	20,041
– Public management, social securities and social organisation	**68,161**	**0.27%**	**462**	66,557	0.28%	452
– Others	**1,420,919**	**5.59%**	**334,947**	1,096,147	4.60%	315,979
Total corporate loans and advances	**15,414,159**	**60.59%**	**4,153,767**	13,937,597	58.41%	3,950,645
Personal loans and advances	**8,855,461**	**34.80%**	**6,846,840**	8,768,598	36.75%	6,873,754
Discounted bills	**1,122,631**	**4.41%**	**–**	1,104,787	4.63%	–
Accrued interest	**52,055**	**0.20%**	**–**	50,618	0.21%	–
Total loans and advances to customers	**25,444,306**	**100.00%**	**11,000,607**	23,861,600	100.00%	10,824,399

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(1) Credit risk (continued)

(c) *Loans and advances to customers analysed by economic sector concentrations (continued)*

The table below lists economic sector accounting for 10% or above of the Group's total balance of loans and advances to customers as at 30 June 2024 and 31 December 2023, details of credit impaired (stage 3) loans, allowances for impairment losses, charges, and amounts write-offs:

	30 June 2024				**Six months ended 30 June 2024**	
		Allowances for impairment losses				
	Stage 3 Gross loans	**Stage 1**	**Stage 2**	**Stage 3**	**Charge for the period**	**Write-offs during the period**
Leasing and commercial services	**47,595**	**(56,744)**	**(41,244)**	**(34,119)**	**(11,574)**	**1,351**

	31 December 2023				2023	
		Allowances for impairment losses				
	Stage 3 Gross loans	Stage 1	Stage 2	Stage 3	Charge for the year	Write-offs during the year
Leasing and commercial services	44,968	(50,962)	(38,193)	(32,878)	(22,466)	4,532

(d) *Loans and advances to customers analysed by geographical sector concentrations*

	30 June 2024			31 December 2023		
	Gross loan balance	**Percentage**	**Balance secured by collateral**	Gross loan balance	Percentage	Balance secured by collateral
Yangtze River Delta	**5,119,798**	**20.12%**	**2,446,646**	4,703,648	19.71%	2,371,091
Western	**4,702,740**	**18.48%**	**2,168,867**	4,440,785	18.61%	2,123,401
Bohai Rim	**4,302,947**	**16.91%**	**1,582,315**	4,058,595	17.01%	1,584,573
Central	**4,273,038**	**16.80%**	**1,974,954**	3,993,891	16.74%	1,955,242
Pearl River Delta	**4,175,936**	**16.41%**	**2,308,985**	3,936,980	16.50%	2,262,981
Head office	**1,069,855**	**4.21%**	**–**	1,026,719	4.30%	–
Northeastern	**1,040,035**	**4.09%**	**371,346**	975,595	4.09%	373,238
Overseas	**707,902**	**2.78%**	**147,494**	674,769	2.83%	153,873
Accrued interest	**52,055**	**0.20%**	**–**	50,618	0.21%	–
Gross loans and advances to customers	**25,444,306**	**100.00%**	**11,000,607**	23,861,600	100.00%	10,824,399

Details of Stage 3 loans and allowances for impairment losses in respect of geographical sectors as at the end of the reporting period are as follows:

	30 June 2024			
		Allowances for impairment losses		
	Stage 3 Gross loan balance	**Stage 1**	**Stage 2**	**Stage 3**
Pearl River Delta	**83,174**	**(59,939)**	**(27,940)**	**(58,620)**
Central	**66,974**	**(63,876)**	**(37,344)**	**(39,901)**
Western	**50,163**	**(73,440)**	**(52,748)**	**(33,249)**
Bohai Rim	**42,713**	**(59,923)**	**(33,358)**	**(28,363)**
Yangtze River Delta	**40,056**	**(84,578)**	**(29,553)**	**(28,256)**
Northeastern	**27,664**	**(13,767)**	**(13,220)**	**(18,360)**
Head office	**18,653**	**(21,668)**	**(8,061)**	**(17,165)**
Overseas	**13,507**	**(2,059)**	**(1,309)**	**(8,424)**
Total	**342,904**	**(379,250)**	**(203,533)**	**(232,338)**

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(1) Credit risk (continued)

(d) *Loans and advances to customers analysed by geographical sector concentrations (continued)*

	31 December 2023			
	Stage 3 Gross loan balance	Allowances for impairment losses		
		Stage 1	Stage 2	Stage 3
Pearl River Delta	80,208	(59,079)	(26,402)	(60,631)
Central	64,726	(60,368)	(34,950)	(38,300)
Western	46,204	(70,754)	(48,749)	(29,634)
Bohai Rim	40,809	(55,580)	(31,755)	(27,429)
Yangtze River Delta	36,544	(80,750)	(26,073)	(25,952)
Northeastern	27,433	(12,817)	(12,774)	(18,803)
Head office	16,608	(22,208)	(7,281)	(15,160)
Overseas	12,724	(1,868)	(2,311)	(8,595)
Total	325,256	(363,424)	(190,295)	(224,504)

The definitions of geographical segments are set out in Note 52(1). The above allowances for impairment losses do not include allowances for loans and advances measured at fair value through other comprehensive income.

(e) *Loans and advances to customers analysed by type of collateral*

	30 June 2024	31 December 2023
Unsecured loans	**11,076,826**	9,976,510
Guaranteed loans	**3,314,818**	3,010,073
Loans secured by property and other immovable assets	**9,287,599**	9,202,161
Other pledged loans	**1,713,008**	1,622,238
Accrued interest	**52,055**	50,618
Gross loans and advances to customers	**25,444,306**	23,861,600

(f) *Restructured loans and advances to customers*

The Bank implements the *Rules on Risk Classification of Financial Assets of Commercial Banks (CBIRC PBOC Order [2023] No.1)* for its restructured loans and advances to customers. The proportion of the Group's restructured loans and advances to customers was not significant as at 30 June 2024 and 31 December 2023.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(1) Credit risk (continued)

(g) Credit risk exposure

Loans and advances to customers

	30 June 2024			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Low risk	**24,291,820**	**235,330**	**–**	**24,527,150**
Medium risk	**–**	**522,197**	**–**	**522,197**
High risk	**–**	**–**	**342,904**	**342,904**
Gross loans and advances	**24,291,820**	**757,527**	**342,904**	**25,392,251**
Allowances for impairment losses on loans and advances measured at amortised cost	**(379,250)**	**(203,533)**	**(232,338)**	**(815,121)**
Allowances for impairment losses on loans and advances measured at fair value through other comprehensive income	**(3,554)**	**(23)**	**–**	**(3,577)**

	31 December 2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Low risk	22,695,036	208,913	–	22,903,949
Medium risk	–	581,777	–	581,777
High risk	–	–	325,256	325,256
Gross loans and advances	22,695,036	790,690	325,256	23,810,982
Allowances for impairment losses on loans and advances measured at amortised cost	(363,424)	(190,295)	(224,504)	(778,223)
Allowances for impairment losses on loans and advances measured at fair value through other comprehensive income	(1,431)	(461)	–	(1,892)

The Group classifies credit risk characteristics based on the quality of assets. "Low risk" means that loans are of good credit quality and there are no sufficient reasons to doubt that the borrowers of loans are not expected to fulfill its contractual obligations to repay its loans, nor are there any other behaviors breaching the loan contracts and impacting significantly on the repayment of loans; "Medium risk" means that there are factors adversely impacting on the repayment capacity of borrowers, but there are as yet no behaviors impacting significantly on normal repayment of loans; "High risk" means that failure of borrowers to repay loans in accordance with loan contract terms, or other behaviors breaching the loan contracts and impacting significantly on the repayment of loans.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(1) Credit risk (continued)

(g) Credit risk exposure (continued)

Off-balance sheet credit commitments

As at 30 June 2024 and 31 December 2023, the Group's credit risk exposures in off-balance sheet credit commitments were primarily designated as Stage 1 and were primarily assigned the "Low Risk" credit risk rating.

Financial investments

	30 June 2024			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Low risk	**9,191,505**	**898**	**–**	**9,192,403**
Medium risk	**23,487**	**761**	**–**	**24,248**
High risk	**–**	**–**	**14,219**	**14,219**
Total carrying amount excluding accrued interest	**9,214,992**	**1,659**	**14,219**	**9,230,870**
Allowance for impairment losses on financial assets measured at amortised cost	**(9,962)**	**(55)**	**(12,772)**	**(22,789)**
Allowance for impairment losses on financial assets measured at fair value through other comprehensive income	**(5,245)**	**(21)**	**(401)**	**(5,667)**

	31 December 2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Low risk	8,910,166	502	–	8,910,668
Medium risk	12,032	509	–	12,541
High risk	–	–	14,481	14,481
Total carrying amount excluding accrued interest	8,922,198	1,011	14,481	8,937,690
Allowance for impairment losses on financial assets measured at amortised cost	(11,716)	(80)	(13,050)	(24,846)
Allowance for impairment losses on financial assets measured at fair value through other comprehensive income	(5,019)	(17)	(372)	(5,408)

The Group classifies financial investment risk characteristics based on asset eligibility and internal rating changes. "Low risk" means that the issuer's initial internal rating is above the eligible level, and there are no reasons to suspect that the financial investment is expected to be defaulted; "Medium risk" means that although the issuer's internal rating is reduced to a certain extent, but there are not enough reasons to suspect that the financial investment is expected to be defaulted; "High risk" means that there are obvious problems which may cause a default, or the financial investment indeed is defaulted.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(1) Credit risk (continued)

(g) *Credit risk exposure (continued)*

Amounts due from banks and non-bank financial institutions

Amounts due from banks and non-bank financial institutions include deposits and placements with banks and non-bank financial institutions, and financial assets held under resale agreements of which counterparties are banks and non-bank financial institutions.

	30 June 2024			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Low risk	**1,713,906**	**–**	**–**	**1,713,906**
Medium risk	**–**	**–**	**–**	**–**
High risk	**–**	**–**	**–**	**–**
Total carrying amount excluding accrued interest	**1,713,906**	**–**	**–**	**1,713,906**
Allowance for impairment losses	**(840)**	**–**	**–**	**(840)**

	31 December 2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Low risk	1,798,447	–	–	1,798,447
Medium risk	–	–	–	–
High risk	–	–	–	–
Total carrying amount excluding accrued interest	1,798,447	–	–	1,798,447
Allowance for impairment losses	(1,273)	–	–	(1,273)

The Group classifies risk characteristics of amounts due from banks and non-bank financial institutions based on asset eligibility and internal rating changes. "Low risk" means that the issuer's initial internal rating is above the eligible level, and there are no reasons to suspect that the amount due from banks and non-bank financial institutions is expected to be defaulted; "Medium risk" means that although the issuer's internal rating is reduced to a certain extent, but there are not enough reasons to suspect that the amount due from banks and non-bank financial institutions is expected to be defaulted; "High risk" means that there are obvious problems which may cause a default, or the amount due from banks and non-bank financial institutions indeed is defaulted.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(1) Credit risk (continued)

(h) Distribution of amounts due from banks and non-bank financial institutions in terms of credit quality is as follows:

	30 June 2024	31 December 2023
Credit-impaired	–	–
Allowances for impairment losses	–	–
Subtotal	–	–
Neither overdue nor credit-impaired		
– grades A to AAA	1,311,085	1,307,765
– grades B to BBB	1,682	24,260
– unrated	401,139	466,422
Accrued interest	5,811	5,812
Total	1,719,717	1,804,259
Allowances for impairment losses	(840)	(1,273)
Subtotal	1,718,877	1,802,986
Total	1,718,877	1,802,986

Amounts neither overdue nor credit-impaired are analysed above according to the Group's internal credit ratings. Unrated amounts due from banks and non-bank financial institutions include amounts due from a number of banks and non-bank financial institutions for which the Group has not assigned internal credit ratings.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(1) Credit risk (continued)

(i) *Distribution of debt investments analysed by rating*

The Group adopts a credit rating approach to manage the credit risk of the debt investment portfolio held. The ratings are obtained from Bloomberg Composite, or major rating agencies where the issuers of the debt investments are located. The carrying amounts of the debt investments analysed by the rating agency designations as at the end of the reporting period are as follows:

	30 June 2024					
	Unrated	AAA	AA	A	Lower than A	Total
Credit-impaired						
– Banks and non-bank financial institutions	810	–	–	–	–	810
– Enterprises	11,573	325	150	–	2,089	14,137
Total	12,383	325	150	–	2,089	14,947
Allowances for impairment losses						(12,772)
Subtotal						2,175
Neither overdue nor credit-impaired						
– Government	3,091,256	4,454,679	16,280	17,420	15,501	7,595,136
– Central banks	22,334	8,119	26,182	731	1,690	59,056
– Policy banks	883,624	–	–	86,722	–	970,346
– Banks and non-bank financial institutions	183,950	310,966	28,435	105,642	34,043	663,036
– Enterprises	17,343	307,263	12,294	25,713	4,234	366,847
Total	4,198,507	5,081,027	83,191	236,228	55,468	9,654,421
Allowances for impairment losses						(10,017)
Subtotal						9,644,404
Total						9,646,579

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(1) Credit risk (continued)

(i) Distribution of debt investments analysed by rating (continued)

	31 December 2023					
	Unrated	AAA	AA	A	Lower than A	Total
Credit-impaired						
– Banks and non-bank financial institutions	820	–	–	–	–	820
– Enterprises	10,299	315	144	–	3,462	14,220
Total	11,119	315	144	–	3,462	15,040
Allowances for impairment losses						(13,050)
Subtotal						1,990
Neither overdue nor credit-impaired						
– Government	2,997,613	4,340,352	14,088	35,604	14,156	7,401,813
– Central banks	14,820	536	24,093	1,907	1,859	43,215
– Policy banks	825,872	–	–	74,310	–	900,182
– Banks and non-bank financial institutions	221,772	337,949	24,768	77,973	23,995	686,457
– Enterprises	15,827	302,689	14,394	28,634	4,919	366,463
Total	4,075,904	4,981,526	77,343	218,428	44,929	9,398,130
Allowances for impairment losses						(11,796)
Subtotal						9,386,334
Total						9,388,324

(j) Credit risk arising from the Group's derivative exposures

The risk of group derivatives transactions with customers, can be hedged by transactions with banks and non-bank financial institutions. The credit risk the Group is exposed to is related to customers, banks and non-bank financial institutions. The Group manages credit risk through regular monitoring.

(k) Settlement risk

The Group's activities may give rise to settlement risk at the time of the settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Group mitigates this risk by conducting settlements through a settlement or clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(1) Credit risk (continued)

(l) *Sensitivity analysis*

Models and parameters such as forward-looking empirical models, forecast values of macroeconomic variables and stage designation results would have an impact on ECL.

(i) *Sensitivity analysis of segmentation*

A significant increase in credit risk since initial recognition will result in financial assets transferring from Stage 1 to Stage 2, and the loss allowance for those financial assets shall be measured at an amount equal to the lifetime expected credit losses. The following tables present the impact of ECL from the second year to the end of the lifetime for financial assets in Stage 2.

	30 June 2024		
	Allowances for 12-month ECL of all performing financial assets	**Impact over lifetime**	**Current allowances for impairment losses**
Performing loans	**530,122**	**52,661**	**582,783**
Performing financial investments	**15,277**	**6**	**15,283**

	31 December 2023		
	Allowances for 12-month ECL of all performing financial assets	Impact over lifetime	Current allowances for impairment losses
Performing loans	504,308	49,411	553,719
Performing financial investments	16,827	5	16,832

The above allowances for impairment losses of financial assets did not contain the impairment loss allowances for loans and advances measured at fair value through other comprehensive income.

(ii) *Sensitivity analysis of macroeconomic variables*

The Group has carried out sensitivity analysis of GDP forecast. As at 30 June 2024, when 2024 GDP growth rate in the baseline scenario increased or decreased by 10%, the change in allowances for impairment losses of financial assets did not exceed 5% (As at 31 December 2023: did not exceed 5%).

(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 rates including interest rates, foreign exchange rates, commodity prices and stock prices. Market risk arises from both the Group's trading and non-trading businesses. A trading book consists of positions in financial instruments and commodities held either with trading intent or in order to hedge other elements of the trading book. Non-trading book records those financial instruments and commodities which are not included in the trading book.

The Group continues to improve market risk management system. The Risk Management Department is responsible for leading the establishment of market risk management policies and rules, developing the market risk measurement tools, monitoring and reporting the trading market risk and related daily work. The Asset and Liability Management Department (the "ALM") is responsible for managing non-trading interest rate risk, exchange rate risk and the size and structure of the assets and liabilities in response to structural market risk. The Financial Market Department manages the Bank's RMB and foreign currency investment portfolios, conducts proprietary and customer-driven transactions, as well as implementing market risk management policies and rules. The Audit Department is responsible for regularly performing independent audits of the reliability and effectiveness of the processes constituting the risk management system.

The Group's interest rate risk mainly comprises repricing risk and basis risk arising from the mismatch of term structure and pricing basis of assets and liabilities. The Group uses multiple tools such as repricing gap analysis, sensitivity analysis on net interest income, scenario analysis and stress testing, to monitor the interest rate risk periodically.

The Group's foreign exchange exposures mainly comprise exposures from foreign currency portfolios within treasury proprietary investments in debt securities and money market placements, and currency exposures from its overseas business. The Group manages its foreign exchange exposures by spot foreign exchange transactions and by matching its foreign currency denominated assets with corresponding liabilities in the same currency, and also uses derivatives in the management of its own foreign currency asset and liability portfolios and structural positions.

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(2) Market risk (continued)

The Group monitors market risk separately in respect of trading portfolios and non-trading portfolios. Trading portfolios include exchange rate and interest rate derivatives as well as trading securities. The historical simulation model for the Value-at-Risk ("VaR") analysis is a major tool used by the Bank to measure and monitor the market risk of its trading portfolio. Net interest income sensitivity analysis, interest rate repricing gap analysis and foreign exchange risk concentration analysis are the major tools used by the Group to monitor the market risk of its overall businesses.

(a) VaR analysis

VaR is a technique which estimates the potential losses that could occur on risk positions taken, due to movements in market interest rates, foreign exchange rates of all books and other market prices over a specified time horizon and at a given level of confidence. The Risk Management Department calculates interest rates, foreign exchange rates and commodity prices VaR for the Bank's trading portfolio. By reference to historical movements in interest rates, foreign exchange rates and commodity prices, the Risk Management Department calculates VaR on a daily basis for the trading portfolio and monitors it regularly. VaR is calculated at a confidence level of 99% and with a holding period of one day.

A summary of the VaR of the Bank's trading portfolio as at the end of the reporting period and during the respective periods is as follows:

		Six months ended 30 June 2024			
	Note	**As at 30 June**	**Average**	**Maximum**	**Minimum**
VaR of trading portfolio		**252**	**254**	**321**	**218**
Of which:					
– Interest rate risk		**34**	**31**	**38**	**22**
– Exchange rate risk	(i)	**242**	**243**	**315**	**203**
– Commodity risk		**1**	**1**	**6**	**–**

		Six months ended 30 June 2023			
	Note	As at 30 June	Average	Maximum	Minimum
VaR of trading portfolio		239	208	246	176
Of which:					
– Interest rate risk		54	49	68	29
– Exchange rate risk	(i)	236	196	244	154
– Commodity risk		1	2	59	–

(i) The VaR in relation to bullion is included in the exchange rate risk above.

VaR for each risk factor is the independently derived largest potential loss for a specific holding period and at a given confidence level due to fluctuations solely in that risk factor. The individual VaRs do not add up to the total VaR as there is diversification effect due to correlation amongst the risk factors.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations, including the following:

– A 1-day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period;

– A 99 percent confidence level does not reflect losses that may occur beyond this level. Within the model used, there is 1 percent probability that losses could exceed the VaR;

– VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day;

– The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature; and

– The VaR measure is dependent upon the Bank's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice versa.

57 Risk management (continued)

(2) Market risk (continued)

(b) Net interest income sensitivity analysis

In monitoring interest rate risk on its overall non-derivative financial assets and liabilities, the Bank regularly measures its future net interest income sensitivity to an increase or decrease in market interest rates (assuming no asymmetrical movement in yield curves and a constant financial position). An incremental 100 basis points parallel fall or rise in all yield curves, other than that applicable to deposits with central banks, would increase or decrease annualised net interest income of the Group by RMB71,838 million (as at 31 December 2023: RMB51,907 million). Had the impact of yield curves movement for demand deposits from customers been excluded, the annualised net interest income of the Group would decrease or increase by RMB72,732 million (as at 31 December 2023: RMB89,293 million).

The above interest rate sensitivity is for illustration purposes only and is assessed based on simplified assumptions. The figures here indicate estimated net interest income movements under various predicted yield curve scenarios and subject to the Bank's current interest rate exposures. However, the possible risk management measures that can be undertaken by the interest risk management department or related business departments to mitigate interest rate risk have not been taken into account. In practice, the departments that manage the interest rate risk strive to reduce loss arising from the risk while increasing the net income. These figures are estimated on the assumption that the interest rates on various maturities will move within similar ranges, and therefore do not reflect the potential net interest income changes in the event that interest rates on some maturities may change and others remain unchanged. Moreover, the above estimations are based on other simplified assumptions, including that all positions will be held to maturity and rolled over upon maturity.

(c) Interest rate risk

Interest rate risk refers to the risk where the market interest rates, term structure and other factors may experience unfavourable fluctuations which impact the overall profitability and fair value resulting in losses to the Bank. The key determinants of the Group's interest rate risk arise from the mismatch between the maturity periods of the assets and liabilities, and inconsistent pricing basis, resulting in re-pricing risk and basis risk.

The ALM is responsible for regularly monitoring the interest rate risk positions and measuring the interest rate re-pricing gap. The main reason for measuring the interest rate re-pricing gap is to assist in analysing the impact of interest rate changes on net interest income.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(2) Market risk (continued)

(c) Interest rate risk (continued)

The following tables indicate the analysis by the expected next repricing dates (or maturity dates whichever are earlier) for the assets and liabilities of the Group as at the end of the reporting period.

		30 June 2024					
	Note	Non-interest-bearing	Within three months	Between three months and one year	Between one and five years	More than five years	Total
Assets							
Cash and deposits with central banks		95,037	3,098,133	410	–	–	3,193,580
Deposits and placements with banks and non-bank financial institutions		–	472,619	348,225	8,305	–	829,149
Financial assets held under resale agreements		–	889,728	–	–	–	889,728
Loans and advances to customers	(i)	50,508	7,247,219	16,447,348	745,803	138,307	24,629,185
Investments	(ii)	300,653	494,873	839,092	3,629,935	4,680,993	9,945,546
Others		807,199	–	–	–	–	807,199
Total assets		1,253,397	12,202,572	17,635,075	4,384,043	4,819,300	40,294,387
Liabilities							
Borrowings from central banks		–	270,314	831,601	919	–	1,102,834
Deposits and placements from banks and non-bank financial institutions		–	3,076,662	413,689	407,327	3,258	3,900,936
Financial liabilities measured at fair value through profit or loss		15,638	136,953	71,506	–	–	224,097
Financial assets sold under repurchase agreements		–	43,605	9,100	–	–	52,705
Deposits from customers		106,810	15,753,444	5,444,618	7,398,350	3,845	28,707,067
Debt securities issued		–	655,621	922,903	514,898	113,702	2,207,124
Others		844,148	–	–	–	–	844,148
Total liabilities		966,596	19,936,599	7,693,417	8,321,494	120,805	37,038,911
Asset-liability gap		286,801	(7,734,027)	9,941,658	(3,937,451)	4,698,495	3,255,476

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(2) Market risk (continued)

(c) Interest rate risk (continued)

		31 December 2023					
	Note	Non-interest-bearing	Within three months	Between three months and one year	Between one and five years	More than five years	Total
Assets							
Cash and deposits with central banks		90,697	2,975,231	130	–	–	3,066,058
Deposits and placements with banks and non-bank financial institutions		–	490,019	326,326	7,143	–	823,488
Financial assets held under resale agreements		–	979,498	–	–	–	979,498
Loans and advances to customers	(i)	34,405	10,647,006	11,542,958	702,410	156,598	23,083,377
Investments	(ii)	272,857	490,814	774,553	3,306,550	4,814,485	9,659,259
Others		713,146	–	–	–	–	713,146
Total assets		1,111,105	15,582,568	12,643,967	4,016,103	4,971,083	38,324,826
Liabilities							
Borrowings from central banks		–	247,662	906,948	1,024	–	1,155,634
Deposits and placements from banks and non-bank financial institutions		–	2,521,325	282,103	391,380	4,980	3,199,788
Financial liabilities measured at fair value through profit or loss		12,905	195,197	44,077	–	–	252,179
Financial assets sold under repurchase agreements		–	224,058	10,520	–	–	234,578
Deposits from customers		80,413	15,767,684	4,662,033	7,139,044	4,837	27,654,011
Debt securities issued		–	760,532	565,905	474,198	95,100	1,895,735
Others		760,827	–	–	–	–	760,827
Total liabilities		854,145	19,716,458	6,471,586	8,005,646	104,917	35,152,752
Asset-liability gap		256,960	(4,133,890)	6,172,381	(3,989,543)	4,866,166	3,172,074

(i) For loans and advances to customers, the "within three months" category includes overdue amounts (net of allowances for impairment losses) of RMB74,975 million as at 30 June 2024 (as at 31 December 2023: RMB54,750 million).

(ii) Investments include financial assets measured at fair value through profit or loss, financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and long-term equity investments, etc.

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(2) Market risk (continued)

(d) Currency risk

The Group's foreign exchange exposures mainly comprise exposures that arise from the foreign currency proprietary investments of the treasury business and currency exposures originated by the Group's overseas businesses.

The Group manages currency risk by spot and forward foreign exchange transactions and by matching its foreign currency denominated assets with corresponding liabilities in the same currency, and also uses derivatives (principally foreign exchange swaps and cross currency swaps) in the management of its own foreign currency asset and liability portfolios and structural positions.

The Group actively manages foreign currency exposures by minimising foreign exchange risk by business lines. Therefore, the net exposure is not sensitive to exchange rate fluctuations and the potential impact on the pre-tax profits and other comprehensive income of the Group is not material.

The currency exposures of the Group's assets and liabilities as at the end of the reporting period are as follows:

		30 June 2024			
	Note	RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total
Assets					
Cash and deposits with central banks		2,988,442	139,323	65,815	3,193,580
Deposits and placements with banks and non-bank financial institutions		580,889	234,501	13,759	829,149
Financial assets held under resale agreements		889,728	–	–	889,728
Loans and advances to customers		23,813,486	439,331	376,368	24,629,185
Investments	(i)	9,561,944	304,052	79,550	9,945,546
Others		616,137	140,139	50,923	807,199
Total assets		38,450,626	1,257,346	586,415	40,294,387
Liabilities					
Borrowings from central banks		1,016,809	17,501	68,524	1,102,834
Deposits and placements from banks and non-bank financial institutions		3,446,344	358,850	95,742	3,900,936
Financial liabilities measured at fair value through profit or loss		208,439	1,900	13,758	224,097
Financial assets sold under repurchase agreements		20,325	31,445	935	52,705
Deposits from customers		27,918,325	601,448	187,294	28,707,067
Debt securities issued		1,881,064	225,910	100,150	2,207,124
Others		666,690	9,001	168,457	844,148
Total liabilities		35,157,996	1,246,055	634,860	37,038,911
Net position		3,292,630	11,291	(48,445)	3,255,476
Net notional amount of derivatives		6,707	(126,271)	111,787	(7,777)
Credit commitments		3,511,254	317,304	157,429	3,985,987

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(2) Market risk (continued)

(d) Currency risk (continued)

		31 December 2023			
	Note	RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total
Assets					
Cash and deposits with central banks		2,846,966	150,288	68,804	3,066,058
Deposits and placements with banks and non-bank financial institutions		544,235	224,286	54,967	823,488
Financial assets held under resale agreements		977,161	1,843	494	979,498
Loans and advances to customers		22,325,807	383,857	373,713	23,083,377
Investments	(i)	9,279,590	241,867	137,802	9,659,259
Others		579,300	60,346	73,500	713,146
Total assets		36,553,059	1,062,487	709,280	38,324,826
Liabilities					
Borrowings from central banks		1,086,514	21,596	47,524	1,155,634
Deposits and placements from banks and non-bank financial institutions		2,796,119	285,381	118,288	3,199,788
Financial liabilities measured at fair value through profit or loss		245,798	794	5,587	252,179
Financial assets sold under repurchase agreements		207,379	19,856	7,343	234,578
Deposits from customers		26,817,312	538,766	297,933	27,654,011
Debt securities issued		1,578,299	217,796	99,640	1,895,735
Others		695,764	14,134	50,929	760,827
Total liabilities		33,427,185	1,098,323	627,244	35,152,752
Net position		3,125,874	(35,836)	82,036	3,172,074
Net notional amount of derivatives		(5,552)	(7,289)	12,210	(631)
Credit commitments		3,372,627	296,013	161,599	3,830,239

(i) Please refer to Note 57(2)(c)(ii) for the scope of investments.

(3) Liquidity risk

The Group adheres to a liquidity management strategy featuring prudence, decentralisation, coordination and diversification. Management's objective for liquidity risk management is to establish and improve a liquidity management system that can fully identify, accurately measure, continuously monitor, and effectively control liquidity risk, effectively balance the return on funds and security of funds, and safeguard the steady operation across the Bank.

The Group conducts quarterly liquidity risk stress testing in order to gauge its risk tolerance in different stress scenarios. The results of stress testing show that under different stress scenarios, the Group's liquidity risk is under control.

The Group adopts liquidity indicator analysis, remaining maturity analysis and undiscounted cash flow analysis to measure the liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(3) Liquidity risk (continued)

(a) Maturity analysis

The following tables provide an analysis of the assets and liabilities of the Group based on the remaining periods to repayment as at the end of the reporting period.

	30 June 2024							
	Indefinite	Repayable on demand	Within one month	Between one and three months	Between three months and one year	Between one and five years	More than five years	Total
Assets								
Cash and deposits with central banks	2,351,909	840,132	–	1,129	410	–	–	3,193,580
Deposits and placements with banks and non-bank financial institutions	–	82,778	227,262	162,579	347,409	9,121	–	829,149
Financial assets held under resale agreements	–	–	889,728	–	–	–	–	889,728
Loans and advances to customers	131,597	993,606	721,390	1,483,585	6,161,160	6,839,642	8,298,205	24,629,185
Investments								
– Financial assets measured at fair value through profit or loss	201,622	48,380	11,574	23,076	70,571	61,865	170,502	587,590
– Financial assets measured at amortised cost	–	–	86,348	98,847	263,347	2,431,382	4,081,591	6,961,515
– Financial assets measured at fair value through other comprehensive income	28,425	–	79,492	163,921	508,844	1,161,464	432,948	2,375,094
– Long-term equity investments	21,347	–	–	–	–	–	–	21,347
Others	356,204	274,120	17,383	47,127	64,402	19,572	28,391	807,199
Total assets	3,091,104	2,239,016	2,033,177	1,980,264	7,416,143	10,523,046	13,011,637	40,294,387
Liabilities								
Borrowings from central banks	–	–	46,611	223,703	831,601	919	–	1,102,834
Deposits and placements from banks and non-bank financial institutions	–	2,153,660	300,715	345,536	673,290	417,618	10,117	3,900,936
Financial liabilities measured at fair value through profit or loss	–	15,638	69,305	67,648	71,506	–	–	224,097
Financial assets sold under repurchase agreements	–	–	30,558	13,047	9,100	–	–	52,705
Deposits from customers	–	12,459,524	1,543,042	1,839,413	5,459,459	7,400,020	5,609	28,707,067
Debt securities issued	–	–	261,541	376,584	932,976	522,321	113,702	2,207,124
Others	5,856	370,289	33,446	29,907	106,437	78,293	219,920	844,148
Total liabilities	5,856	14,999,111	2,285,218	2,895,838	8,084,369	8,419,171	349,348	37,038,911
Net gaps	3,085,248	(12,760,095)	(252,041)	(915,574)	(668,226)	2,103,875	12,662,289	3,255,476
Notional amount of derivatives								
– Interest rate contracts	–	–	168,752	228,025	532,180	201,498	13,319	1,143,774
– Exchange rate contracts	–	–	904,323	929,041	3,439,419	129,074	2,266	5,404,123
– Other contracts	–	–	51,618	26,719	107,704	2,502	6,441	194,984
Total	–	–	1,124,693	1,183,785	4,079,303	333,074	22,026	6,742,881

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(3) Liquidity risk (continued)

(a) *Maturity analysis (continued)*

	31 December 2023							
	Indefinite	Repayable on demand	Within one month	Between one and three months	Between three months and one year	Between one and five years	More than five years	Total
Assets								
Cash and deposits with central banks	2,467,007	597,615	–	1,306	130	–	–	3,066,058
Deposits and placements with banks and non-bank financial institutions	–	74,424	283,769	131,334	326,328	7,633	–	823,488
Financial assets held under resale agreements	–	–	979,453	45	–	–	–	979,498
Loans and advances to customers	82,917	972,512	725,550	1,482,748	5,282,119	6,397,276	8,140,255	23,083,377
Investments								
– Financial assets measured at fair value through profit or loss	209,716	31,166	8,882	23,517	56,466	66,708	205,848	602,303
– Financial assets measured at amortised cost	–	–	34,383	93,308	391,152	2,133,983	4,148,416	6,801,242
– Financial assets measured at fair value through other comprehensive income	9,949	–	100,539	173,990	347,687	1,132,039	470,527	2,234,731
– Long-term equity investments	20,983	–	–	–	–	–	–	20,983
Others	341,372	151,645	47,331	38,771	31,761	15,927	86,339	713,146
Total assets	3,131,944	1,827,362	2,179,907	1,945,019	6,435,643	9,753,566	13,051,385	38,324,826
Liabilities								
Borrowings from central banks	–	–	129,997	117,665	906,948	1,024	–	1,155,634
Deposits and placements from banks and non-bank financial institutions	–	1,987,259	355,168	162,765	282,726	400,539	11,331	3,199,788
Financial liabilities measured at fair value through profit or loss	–	12,905	124,869	70,328	44,077	–	–	252,179
Financial assets sold under repurchase agreements	–	–	211,159	12,899	10,520	–	–	234,578
Deposits from customers	–	12,228,538	1,781,842	1,834,637	4,663,036	7,139,081	6,877	27,654,011
Debt securities issued	–	–	259,359	483,578	574,584	483,114	95,100	1,895,735
Others	5,092	221,511	80,183	31,791	76,506	91,952	253,792	760,827
Total liabilities	5,092	14,450,213	2,942,577	2,713,663	6,558,397	8,115,710	367,100	35,152,752
Net gaps	3,126,852	(12,622,851)	(762,670)	(768,644)	(122,754)	1,637,856	12,684,285	3,172,074
Notional amount of derivatives								
– Interest rate contracts	–	–	187,695	256,442	665,785	227,090	15,180	1,352,192
– Exchange rate contracts	–	–	866,760	748,169	1,969,422	126,051	1,435	3,711,837
– Other contracts	–	–	55,648	39,159	94,699	2,575	–	192,081
Total	–	–	1,110,103	1,043,770	2,729,906	355,716	16,615	5,256,110

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(3) Liquidity risk (continued)

(b) Contractual undiscounted cash flow

The following tables provide an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities and off-balance sheet credit commitments of the Group as at the end of the reporting period. The Group's expected cash flows on these instruments may vary significantly from this analysis.

	30 June 2024							
	Carrying amount	**Gross cash outflow**	**Repayable on demand**	**Within one month**	**Between one and three months**	**Between three months and one year**	**Between one and five years**	**More than five years**
Non-derivative financial liabilities								
Borrowings from central banks	**1,102,834**	**1,114,401**	**–**	**46,678**	**224,799**	**841,997**	**927**	**–**
Deposits and placements from banks and non-bank financial institutions	**3,900,936**	**3,944,538**	**2,153,660**	**300,948**	**347,527**	**685,034**	**445,276**	**12,093**
Financial liabilities measured at fair value through profit or loss	**224,097**	**224,097**	**15,638**	**69,305**	**67,648**	**71,506**	**–**	**–**
Financial assets sold under repurchase agreements	**52,705**	**53,061**	**–**	**30,602**	**13,155**	**9,304**	**–**	**–**
Deposits from customers	**28,707,067**	**29,624,525**	**12,459,628**	**1,564,181**	**1,888,950**	**5,706,912**	**7,998,060**	**6,794**
Debt securities issued	**2,207,124**	**2,307,049**	**–**	**263,851**	**379,521**	**958,288**	**577,201**	**128,188**
Other non-derivative financial liabilities	**509,442**	**723,149**	**159,646**	**15,735**	**12,916**	**42,895**	**67,764**	**424,193**
Total	**36,704,205**	**37,990,820**	**14,788,572**	**2,291,300**	**2,934,516**	**8,315,936**	**9,089,228**	**571,268**
Off-balance sheet loan commitments and credit card commitments (Note)		**1,763,946**	**1,209,186**	**23,469**	**19,179**	**94,226**	**177,233**	**240,653**
Guarantees, acceptances and other credit commitments (Note)		**2,222,041**	**254**	**350,389**	**357,961**	**904,188**	**572,345**	**36,904**

	31 December 2023							
	Carrying amount	Gross cash outflow	Repayable on demand	Within one month	Between one and three months	Between three months and one year	Between one and five years	More than five years
Non-derivative financial liabilities								
Borrowings from central banks	1,155,634	1,172,995	–	130,926	118,199	922,837	1,033	–
Deposits and placements from banks and non-bank financial institutions	3,199,788	3,238,349	1,987,259	355,482	164,208	289,372	429,294	12,734
Financial liabilities measured at fair value through profit or loss	252,179	252,179	12,905	124,869	70,328	44,077	–	–
Financial assets sold under repurchase agreements	234,578	235,002	–	211,206	13,021	10,775	–	–
Deposits from customers	27,654,011	28,570,339	12,229,863	1,818,365	1,909,379	4,856,778	7,748,618	7,336
Debt securities issued	1,895,735	1,986,845	–	260,243	485,918	598,602	534,697	107,385
Other non-derivative financial liabilities	484,687	683,826	73,027	32,518	16,783	37,705	82,604	441,189
Total	34,876,612	36,139,535	14,303,054	2,933,609	2,777,836	6,760,146	8,796,246	568,644
Off-balance sheet loan commitments and credit card commitments (Note)		1,611,820	1,176,826	5,927	6,004	64,521	138,604	219,938
Guarantees, acceptances and other credit commitments (Note)		2,218,419	291	317,493	341,279	946,637	573,670	39,049

Note: The off-balance sheet loan commitments and credit card commitments may expire without being drawn upon. Guarantees, acceptances and other credit commitments do not represent the amounts to be paid.

57 Risk management (continued)

(4) Operational risk

Operational risk refers to the risk of loss resulting from inadequate or ineffective internal processes, people and systems or from external events. Such risk includes legal risk, but excludes strategic and reputational risk.

In the first half of 2024, the Group effectively improved its operational risk management in accordance with new capital rules and operational risk rules issued by the NFRA, as well as Basel III.

In light of the *Rules on Capital Management of Commercial Banks and the Operational Risk Rules for Banking and Insurance Institutions*, the Bank revised basic rules for operational risk management and optimised mechanisms for operational risk loss data management. It prepared for the implementation of standardised approach for operational risks and the early application for assessment and validation, so as to comprehensively enhance refined management. It strengthened business continuity management, continued to improve rules and regulations, focused on developing emergency plans and organised emergency drills, so as to consolidate management foundation, enhance operational resilience, and be well prepared for operational risk exposures. It also continued to explore intelligent governance to improve the capacity to identify employee misconduct and enhance employee behaviour risk management.

(5) Fair value of financial instruments

(a) Valuation process, technique and input

The Board is responsible for establishing a robust internal control policy of valuation, and takes the ultimate responsibility for the adequacy and effectiveness of internal control system. The board of supervisors takes charge of supervising the performance of the Board and senior management. According to the requirements of the Board and the Board of Supervisors, senior management is responsible for organising and implementing the internal control system over the valuation process to ensure the effectiveness of the internal control system of valuation.

The Group has established an independent valuation process for financial assets and financial liabilities. The relevant departments are responsible for performing valuation, verifying valuation model and accounting of valuation results.

For the six months ended 30 June 2024, there was no significant change in the valuation techniques or inputs used to determine fair value as compared to those used for the year ended 31 December 2023.

(b) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Fair value based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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57 Risk management (continued)

(5) Fair value of financial instruments (continued)

(c) Financial instruments measured at fair value

(i) Fair value hierarchy

The tables below analyse financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	30 June 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Measured at fair value on a recurring basis				
Assets				
Positive fair value of derivatives	–	70,707	4	70,711
Loans and advances to customers				
– Loans and advances to customers measured at fair value through other comprehensive income	–	1,122,631	–	1,122,631
Financial assets measured at fair value through profit or loss				
Financial assets held for trading purposes				
– Debt securities	2,736	133,251	–	135,987
– Equity instruments and funds	1,279	740	–	2,019
Other financial assets measured at fair value through profit or loss				
– Credit investments	–	53,778	27,379	81,157
– Debt securities	1	119,995	1,214	121,210
– Funds and others	15,322	105,962	125,933	247,217
Financial assets measured at fair value through other comprehensive income				
– Debt securities	275,703	2,070,956	51	2,346,710
– Equity instruments designated as measured at fair value through other comprehensive income	12,216	–	16,168	28,384
Total	307,257	3,678,020	170,749	4,156,026
Measured at fair value on a recurring basis				
Liabilities				
Financial liabilities measured at fair value through profit or loss	–	223,469	628	224,097
Negative fair value of derivatives	–	67,249	4	67,253
Total	–	290,718	632	291,350

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(5) Fair value of financial instruments (continued)

(c) Financial instruments measured at fair value (continued)

(i) Fair value hierarchy (continued)

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Measured at fair value on a recurring basis				
Assets				
Positive fair value of derivatives	–	43,832	8	43,840
Loans and advances to customers				
– Loans and advances to customers measured at fair value through other comprehensive income	–	1,104,787	–	1,104,787
Financial assets measured at fair value through profit or loss				
Financial assets held for trading purposes				
– Debt securities	2,219	125,766	–	127,985
– Equity instruments and funds	374	1,089	–	1,463
Other financial assets measured at fair value through profit or loss				
– Credit investments	–	52,868	27,879	80,747
– Debt securities	45	152,391	1,131	153,567
– Funds and others	15,222	87,939	135,380	238,541
Financial assets measured at fair value through other comprehensive income				
– Debt securities	249,246	1,975,483	54	2,224,783
– Equity instruments designated as measured at fair value through other comprehensive income	2,509	–	7,439	9,948
Total	269,615	3,544,155	171,891	3,985,661
Measured at fair value on a recurring basis				
Liabilities				
Financial liabilities measured at fair value through profit or loss	–	251,492	687	252,179
Negative fair value of derivatives	–	41,860	8	41,868
Total	–	293,352	695	294,047

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(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(5) Fair value of financial instruments (continued)

(c) Financial instruments measured at fair value (continued)

(i) Fair value hierarchy (continued)

A majority of the financial assets classified as level 2 are RMB bonds. The fair value of these bonds is determined based on the valuation results provided by China Central Depository & Clearing Co., Ltd. A majority of the financial liabilities designated as measured at fair value through profit or loss classified as level 2 are the funds raised from structured deposits, the fair value of which are determined based on the income approach. The majority of derivatives are classified as level 2 and valued using the income approach. For the valuation of financial instruments classified as level 2, all significant inputs are observable market data.

The financial assets classified as level 3 are primarily unlisted equity instruments These financial assets are valued using the income approach and market approach, which incorporate the non-observable assumptions including discount rate and P/B ratio.

The Group upgraded certain financial instruments from Level 3 to Level 1 of the fair value hierarchy due to the fact that the valuation technique had changed or that certain previously unobservable significant inputs used in fair value measurements had now become observable.

(ii) Movements of fair value of financial instruments in level 3 of the fair value hierarchy

The following tables show a reconciliation from the opening balances to the ending balances for fair value measurement in level 3 of the fair value hierarchy:

	Six months ended 30 June 2024									
		Other financial assets measured at fair value through profit or loss			**Financial assets measured at fair value through other comprehensive income**					
	Positive fair value of derivatives	**Credit investments**	**Debt securities**	**Funds and others**	**Debt securities**	**Equity instruments**	**Total assets**	**Financial liabilities measured at fair value through profit or loss**	**Negative fair value of derivatives**	**Total liabilities**
As at 1 January 2024	**8**	**27,879**	**1,131**	**135,380**	**54**	**7,439**	**171,891**	**(687)**	**(8)**	**(695)**
Total gains or losses:										
In profit or loss	**(4)**	**536**	**(180)**	**(10)**	**-**	**-**	**342**	**(555)**	**4**	**(551)**
In other comprehensive income	**-**	**-**	**-**	**-**	**(171)**	**8,705**	**8,534**	**-**	**-**	**-**
Purchases	**-**	**2,011**	**396**	**5,059**	**168**	**24**	**7,658**	**(20)**	**-**	**(20)**
Sales, settlements and transfers out	**-**	**(3,047)**	**(133)**	**(14,496)**	**-**	**-**	**(17,676)**	**634**	**-**	**634**
30 June 2024	**4**	**27,379**	**1,214**	**125,933**	**51**	**16,168**	**170,749**	**(628)**	**(4)**	**(632)**

	2023									
		Other financial assets measured at fair value through profit or loss			Financial assets measured at fair value through other comprehensive income					
	Positive fair value of derivatives	Credit investments	Debt securities	Funds and others	Debt securities	Equity instruments	Total assets	Financial liabilities measured at fair value through profit or loss	Negative fair value of derivatives	Total liabilities
As at 1 January 2023	11	26,339	2,814	136,740	–	5,511	171,415	(348)	(11)	(359)
Total gains or losses:										
In profit or loss	(3)	1,287	(1,067)	1,789	–	–	2,006	(72)	3	(69)
In other comprehensive income	–	–	–	–	(28)	11	(17)	–	–	–
Purchases	–	5,740	600	23,522	82	1,941	31,885	(734)	–	(734)
Sales, settlements and transfers out	–	(5,487)	(1,216)	(26,671)	–	(24)	(33,398)	467	–	467
As at 31 December 2023	8	27,879	1,131	135,380	54	7,439	171,891	(687)	(8)	(695)

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(5) Fair value of financial instruments (continued)

(c) Financial instruments measured at fair value (continued)

(ii) Movements of fair value of financial instruments in level 3 of the fair value hierarchy (continued)

In level 3 of the fair value hierarchy, total gains or losses included in profit or loss for the period in the above table are presented in net trading gain and net gain arising from investment securities.

Gains or losses on level 3 financial assets and liabilities included in the statement of comprehensive income comprise:

	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Realised	**Unrealised**	**Total**	Realised	Unrealised	Total
Net gains/(losses)	**1,093**	**(1,302)**	**(209)**	394	(773)	(379)

(d) Financial instruments not measured at fair value

(i) Financial assets

The Group's financial assets not measured at fair value mainly include cash and deposits with central banks, deposits and placements with banks and non-bank financial institutions, financial assets held under resale agreements, loans and advances to customers and financial assets measured at amortised cost.

Deposits with central banks, deposits and placements with banks and non-bank financial institutions and financial assets held under resale agreements

Deposits with central banks, deposits and placements with banks and non-bank financial institutions and financial assets held under resale agreements are mainly priced at market interest rates and mature within one year. Accordingly, the carrying values approximate to the fair values.

Loans and advances to customers

Majority of the loans and advances to customers measured at amortised cost are repriced at least annually to the market rate. Accordingly, their carrying values approximate to the fair values.

Financial assets measured at amortised cost

The following table shows the carrying values and the fair values of financial assets measured at amortised cost as at 30 June 2024 and 31 December 2023 which are not presented in the statement of financial position at their fair values.

	30 June 2024					31 December 2023				
	Carrying value	**Fair value**	**Level 1**	**Level 2**	**Level 3**	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at amortised cost	**6,961,515**	**7,407,085**	**13,341**	**7,319,525**	**74,219**	6,801,242	7,055,913	15,326	6,890,957	149,630
Total	**6,961,515**	**7,407,085**	**13,341**	**7,319,525**	**74,219**	6,801,242	7,055,913	15,326	6,890,957	149,630

(ii) Financial liabilities

The Group's financial liabilities not measured at fair value mainly include borrowings from central banks, deposits and placements from banks and non-bank financial institutions, financial assets sold under repurchase agreements, deposits from customers, and debt securities issued. As at 30 June 2024, the fair value of subordinated bonds and the eligible Tier 2 capital bonds was RMB575,804 million (As at 31 December 2023: RMB517,574 million) and the corresponding carrying value was RMB552,559 million (As at 31 December 2023: RMB509,282 million), and the carrying values of other financial liabilities approximated to their fair values as at the end of the reporting period. The Group uses observable inputs to measure the fair values of subordinated bonds and eligible Tier 2 capital bonds issued, and classified them as the level 2 of fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(6) Offsetting financial assets and financial liabilities

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

As at 30 June 2024, the amounts of the financial assets and financial liabilities subject to enforceable master netting arrangements or similar agreements are not material to the Group.

(7) Insurance risk

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty in the resulting claim amount. By the very nature of an insurance contract, the risk is random and therefore unpredictable. The principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance contract liabilities.

The Group manages the uncertainty of insurance risk through its underwriting strategy and policies to diversify underwriting risks, as well as adequate reinsurance arrangements, and enhanced underwriting control and claim control.

The Group makes related assumptions for insurance risks and recognizes insurance contract liabilities. For long-term life insurance contracts and short-term life insurance contracts, the insurance risk may be aggravated by the difference between insurance risk assumptions and actual insurance risks, including assumptions on death events, relevant expenses, morbidity assumptions, the loss ratios assumptions and surrender rates assumptions, etc. For property and casualty insurance contracts, claims are often subject to factors such as natural disasters, catastrophes, and terrorist attacks. In addition, the insurance risk can also be affected by the policyholder's termination of the contract, reduction of premiums, and refusal to pay premiums, i.e., the insurance risk is affected by the actions and decisions of the policyholder.

(8) Capital management

The Bank has implemented comprehensive capital management, covering capital management policy design, capital projecting and planning, capital calculation, internal capital assessment, capital allocation, capital incentive, restriction and conduction, capital raising, monitoring and reporting, and applications of advanced approach of capital calculation in the management of the ordinary course of the business. General principles of capital management of the Bank are to continuously retain an adequate capital level, retain a certain margin of safety and a certain level of buffer based on that all regulatory requirements have been complied, and ensure that the capital can cover all kinds of risks adequately; exercise reasonable and effective capital allocation and strengthen capital restraint and incentive mechanism to support the strategic planning effectively and to restrict and conduct the business so as to increase the capital efficiency and return level continuously; consolidate capital strength, maintain relatively high capital quality, and reasonably apply a range of capital instruments to optimise capital structure based on the principle of leveraging both internal accumulation and external capital; continuously develop the advanced approach of capital management on the applications in the business management such as credit policies, credit approval and pricing.

Capital adequacy ratio is a reflection of the Group's ability to maintain a stable operation and resist adverse risks. In accordance with the NFRA's *Rules on Capital Management of Commercial Banks* and relevant regulations, commercial banks should meet the minimum capital requirements from 1 January 2024. The Common Equity Tier 1 ratio should be at or above a minimum of 5%, Tier 1 ratio at or above a minimum of 6% and the total capital ratio at or above a minimum of 8%. Besides, capital conservation buffer requirements, additional buffer requirements of Global and Domestic Systemically Important Banks should also be met. If a countercyclical buffer is required or the Pillar 2 capital requirement is raised by the regulator to a specific commercial bank, the minimum requirements should be met within the transitional period.

The Group timely monitors, analyses and reports capital adequacy ratios, assesses if the capital management objectives have been met and exercises effective management of capital adequacy ratio. The Group adopts various measures such as controlling asset growth, adjusting the structure of risk assets, increasing internal capital supply and raising capital through external channels, to ensure that the Common Equity Tier 1 ratio, Tier 1 ratio and total capital ratio of the Group are in full compliance with regulatory requirements and meet internal management requirements. This helps to insulate against potential risks as well as support healthy business developments. The Group now fully complies with all regulatory requirements in this respect.

The Group's capital planning has taken the regulatory requirements, the Group's development strategy and risk appetite into consideration, and based on those factors the Group projects the capital usage and need.

The capital raising management of the Group involves reasonable utilisation of various capital instruments to ensure that both external regulatory and internal capital management objectives are met, taking into account capital planning and operating environment. This helps to optimise the Group's capital structure.

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

57 Risk management (continued)

(8) Capital management (continued)

The Bank is required to calculate and disclose capital adequacy ratios in accordance with the *Rules on Capital Management of Commercial Banks*. Based on the scope of *Rules on Capital Management of Commercial Banks* as approve by regulators, the Bank measures: 1) credit risk exposure of eligible financial institutions and capital requirements for corporate credit risk exposure using preliminary internal rating approach; 2) capital requirements for retail credit risk exposure using internal rating approach; 3) credit risk that has not been covered by internal rating approach using weighted approach; 4) market risk capital requirements using standard approach; and 5) operational risk capital requirements using standard approach. The Group calculates capital adequacy ratios using both advanced approach and other approaches for capital measurement in accordance with regulatory requirements and is in compliance with relevant requirements for capital floors.

The Group's capital adequacy ratio calculated in accordance with the *Rules on Capital Management of Commercial Banks* issued by the NFRA as at the end of the reporting period are as follows:

	Note	30 June 2024
Common Equity Tier 1 ratio	(a)(b)	**14.01%**
Tier 1 ratio	(a)(b)	**14.92%**
Total capital ratio	(a)(b)	**19.25%**
Common Equity Tier 1 capital		
– Amount recognized in qualifying common share capital and capital reserves		**385,627**
– Surplus reserve		**369,906**
– General reserve		**496,079**
– Retained earnings		**1,738,883**
– Accumulated other comprehensive income		**51,972**
– Non-controlling interest recognised in Common Equity Tier 1 capital		**3,331**
Common Equity Tier 1 capital: Deduction items		
– Goodwill (excluding deferred tax liabilities)		**2,145**
– Other intangible assets (excluding land use rights) (excluding deferred tax liabilities)		**4,746**
– Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet		**520**
Additional Tier 1 capital		
– Other directly issued qualifying additional Tier 1 instruments including related premium		**199,968**
– Non-controlling interest recognised in Additional Tier 1 capital		**135**
Additional tier 1 capital: Deduction items		
– Significant investments in the Additional Tier 1 capital of financial institutions outside the regulatory scope of consolidation		**1,236**
Tier 2 capital		
– Directly issued qualifying Tier 2 instruments including related premium		**528,967**
– Non-controlling interest recognised in Tier 2 capital		**200**
– Valid portion of excess loss reserve		**408,666**
Common Equity Tier 1 capital after regulatory adjustments	(c)	**3,038,387**
Tier 1 capital after regulatory adjustments	(c)	**3,237,254**
Total capital after regulatory adjustments	(c)	**4,175,087**
Risk-weighted assets	(d)	**21,690,492**

Notes:

(a) The Common Equity Tier 1 ratio is calculated by dividing the Common Equity Tier 1 Capital after deduction by risk-weighted assets. Tier 1 ratio is calculated by dividing the Tier 1 Capital after deduction by risk-weighted assets. Total capital ratio is calculated by dividing the total capital after deduction by risk-weighted assets.

(b) The scope for calculating capital adequacy ratio of the Group includes all the domestic and overseas branches and subsidiaries in the financial sector (excluding insurance companies).

(c) Common Equity Tier 1 capital after regulatory adjustments is calculated by netting off the corresponding deduction items from the Common Equity Tier 1 capital. Tier 1 capital after regulatory adjustments is calculated by netting off the corresponding deduction items from the Tier 1 capital. Total capital after regulatory adjustments is calculated by netting off the corresponding deduction items from the total capital.

(d) Risk-weighted assets after applying capital floor requirements and making necessary adjustments.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

58 Statement of financial position and statement of changes in equity of the Bank

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Assets:		
Cash and deposits with central banks	**3,179,504**	3,050,045
Deposits with banks and non-bank financial institutions	**108,931**	108,043
Precious metals	**82,672**	59,429
Placements with banks and non-bank financial institutions	**745,892**	737,669
Positive fair value of derivatives	**69,753**	42,455
Financial assets held under resale agreements	**890,759**	961,642
Loans and advances to customers	**24,224,801**	22,687,855
Financial investments		
Financial assets measured at fair value through profit or loss	**280,515**	282,636
Financial assets measured at amortised cost	**6,898,429**	6,737,686
Financial assets measured at fair value through other comprehensive income	**2,152,653**	2,050,691
Long-term equity investments	**102,810**	102,820
Investments in consolidated structured entities	**15,186**	15,186
Fixed assets	**110,119**	112,768
Construction in progress	**3,600**	7,025
Land use rights	**11,767**	12,044
Intangible assets	**4,372**	5,101
Deferred tax assets	**115,777**	118,296
Other assets	**320,080**	246,589
Total assets	**39,317,620**	37,337,980
Liabilities:		
Borrowings from central banks	**1,102,834**	1,155,634
Deposits from banks and non-bank financial institutions	**3,406,749**	2,763,227
Placements from banks and non-bank financial institutions	**384,220**	311,751
Financial liabilities measured at fair value through profit or loss	**212,491**	245,603
Negative fair value of derivatives	**67,101**	40,585
Financial assets sold under repurchase agreements	**33,139**	211,061
Deposits from customers	**28,337,556**	27,312,712
Accrued staff costs	**43,229**	46,524
Taxes payable	**39,422**	71,920
Provisions	**40,313**	42,409
Debt securities issued	**2,153,006**	1,829,333
Deferred tax liabilities	**36**	55
Other liabilities	**336,930**	223,956
Total liabilities	**36,157,026**	34,254,770

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

58 Statement of financial position and statement of changes in equity of the Bank (continued)

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Equity:		
Share capital	**250,011**	250,011
Other equity instruments		
Preference shares	**59,977**	59,977
Perpetual bonds	**139,991**	139,991
Capital reserve	**134,813**	134,813
Other comprehensive income	**51,545**	31,314
Surplus reserve	**369,906**	369,906
General reserve	**484,924**	484,917
Retained earnings	**1,669,427**	1,612,281
Total equity	**3,160,594**	3,083,210
Total liabilities and equity	**39,317,620**	37,337,980

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

Zhang Yi	**Michel Madelain**	**Graeme Wheeler**
Vice chairman, executive director and president	*Independent non-executive director*	*Independent non-executive director*

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

58 Statement of financial position and statement of changes in equity of the Bank (continued)

	(Unaudited)								
		Other equity instruments							
	Share capital	Preference shares	Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total equity
As at 1 January 2024	**250,011**	**59,977**	**139,991**	**134,813**	**31,314**	**369,906**	**484,917**	**1,612,281**	**3,083,210**
Movements during the period	**–**	**–**	**–**	**–**	**20,231**	**–**	**7**	**57,146**	**77,384**
(1) Total comprehensive income for the period	**–**	**–**	**–**	**–**	**20,231**	**–**	**–**	**157,157**	**177,388**
(2) Profit distribution									
i. Appropriation to general reserve	**–**	**–**	**–**	**–**	**–**	**–**	**7**	**(7)**	**–**
ii. Dividends paid to ordinary shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(100,004)**	**(100,004)**
As at 30 June 2024	**250,011**	**59,977**	**139,991**	**134,813**	**51,545**	**369,906**	**484,924**	**1,669,427**	**3,160,594**

	(Unaudited)								
		Other equity instruments							
	Share capital	Preference shares	Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total equity
As at 1 January 2023	250,011	59,977	79,991	134,826	25,948	337,527	431,967	1,476,187	2,796,434
Movements during the period	–	–	–	–	6,691	–	2	65,642	72,335
(1) Total comprehensive income for the period	–	–	–	–	6,691	–	–	162,898	169,589
(2) Profit distribution									
i. Appropriation to general reserve	–	–	–	–	–	–	2	(2)	–
ii. Dividends paid to ordinary shareholders	–	–	–	–	–	–	–	(97,254)	(97,254)
As at 30 June 2023	250,011	59,977	79,991	134,826	32,639	337,527	431,969	1,541,829	2,868,769

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

58 Statement of financial position and statement of changes in equity of the Bank (continued)

	(Audited)								
		Other equity instruments							
	Share capital	Preference shares	Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total equity
As at 1 January 2023	250,011	59,977	79,991	134,826	25,948	337,527	431,967	1,476,187	2,796,434
Movements during the year	–	–	60,000	(13)	5,366	32,379	52,950	136,094	286,776
(1) Total comprehensive income for the year	–	–	–	–	5,366	–	–	323,787	329,153
(2) Changes in share capital									
i. Capital injection/(deduction) by other equity instruments holder	–	–	60,000	(13)	–	–	–	–	59,987
(3) Profit distribution									
i. Appropriation to surplus reserve	–	–	–	–	–	32,379	–	(32,379)	–
ii. Appropriation to general reserve	–	–	–	–	–	–	52,950	(52,950)	–
iii. Dividends to ordinary shareholders	–	–	–	–	–	–	–	(97,254)	(97,254)
iv. Dividends to other equity instrument holders	–	–	–	–	–	–	–	(5,110)	(5,110)
As at 31 December 2023	250,011	59,977	139,991	134,813	31,314	369,906	484,917	1,612,281	3,083,210

59 Events after the reporting period

On 8 July 2024, the Group completed the issuance of RMB50.00 billion Tier 2 capital bonds, which consisted of two types: the first type is fixed rate bond with a term of 10 years, a coupon rate of 2.21% and an issuance size of RMB40.00 billion, and the issuer shall have a conditional redemption right at the end of the fifth year; the second type is fixed rate bond with a term of 15 years, a coupon rate of 2.37% and an issuance size of RMB10.00 billion, and the issuer shall have a conditional redemption right at the end of the tenth year. On 16 July 2024, the Group completed the offshore issuance of USD1.00 billion three-year senior green bonds due 2027, with a floating rate of SOFR+0.55%. On 16 July 2024, the Group completed the offshore issuance of RMB2.00 billion three-year senior blue bonds due 2027, with a fixed rate of 2.83%. On 12 August 2024, the Group completed the issuance of RMB50.00 billion total loss-absorbing capacity ("TLAC") non-capital bonds, which consisted of two types: the first type is fixed rate bond with a term of 4 years, a coupon rate of 2.00% and an issuance size of RMB35.00 billion, and the issuer shall have a conditional redemption right at the end of the third year; the second type is fixed rate bond with a term of 6 years, a coupon rate of 2.10% and an issuance size of RMB15.00 billion, and the issuer shall have a conditional redemption right at the end of the fifth year.

On 18 August 2024, the Group exercised the option to redeem all RMB20.00 billion Tier 2 capital bonds issued in the domestic market on 18 August 2014 with an initial coupon rate of 5.98%.

In July 2024, the Bank completed the payments of RMB1,075 million initial capital contribution to China Integrated Circuit Industry Investment Fund Phase III Co., Ltd. and of RMB1 billion second capital contribution to National Green Development Fund Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN MILLIONS OF RMB, UNLESS OTHERWISE STATED)

60 Comparative figures

Certain comparative figures have been adjusted to confirm with the presentation and disclosures in the current period.

61 Ultimate parent

As stated in Note 1, the immediate and ultimate parents of the Group are Huijin and CIC, respectively.

62 Possible impact of amendments, new standards and interpretations issued but not yet effective

Up to the date of issue of the financial statements, the IASB has issued the following amendments, new standards and interpretations which are relevant to the Group. These amendments, new standards and interpretations are not yet effective for the period ended 30 June 2024 and have not been adopted in the financial statements.

Standards		Effective for annual periods beginning on or after
(1)	Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Effective date has been deferred indefinitely
(2)	Amendments to IAS 21 *Lack of Exchangeability*	1 January 2025
(3)	IFRS 18 *Presentation and Disclosure in Financial Statements* (New)	1 January 2027
(4)	IFRS 19 *Subsidiaries without Public Accountability: Disclosures* (New)	1 January 2027
(5)	Amendments to IFRS 9 and IFRS7 *Classification and Measurement of Financial Instruments*	1 January 2026

The Group anticipates that the adoption of the new standards and amendments will not have a significant impact on the Group's consolidated financial statements.

(1) Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The narrow-scope amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business" (as defined in IFRS 3 "Business Combinations").

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.

(2) Amendments to IAS 21 *Lack of Exchangeability*

The amendments to IAS 21 *Lack of Exchangeability* specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application.

(3) IFRS 18 *Presentation and Disclosure in Financial Statements* (New)

The IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*, replacing IAS 1 *Presentation of Financial Statements*. Compared with the current IAS 1, the new requirements in IFRS 18 mainly include: introducing three new categories for income and expenses – operating, investing and financing – to improve the structure of the income statement; requiring the disclosures of management-defined performance measures to improve the transparency of performance indicators defined by management; and strengthening information aggregation and disaggregation to further improve the usefulness of information in financial statements in decision-making.

62 Possible impact of amendments, new standards and interpretations issued but not yet effective (continued)

(4) IFRS 19 *Subsidiaries without Public Accountability: Disclosures* (New)

The IASB issued IFRS 19 *Subsidiaries without Public Accountability: Disclosures*, which allows voluntary adoption by eligible subsidiaries to reduce the cost of preparing their own financial statements.

IFRS 19 is a disclosure-only standard which specifies reduced disclosure requirements that eligible subsidiaries are permitted to apply instead of the disclosure requirements in other IFRS accounting standards (except in exceptional circumstances). However, such eligible subsidiaries should still apply the recognition, measurement and presentation requirements in other IFRS accounting standards.

IFRS 19 allows an eligible subsidiary to voluntarily apply or revoke its election to apply the standard. An entity may apply IFRS 19 more than once – for example, an entity that applied IFRS 19 in a prior period but not in the immediately preceding period may elect to apply IFRS 19 in the current period.

(5) Amendments to IFRS 9 and IFRS7 *Classification and Measurement of Financial Instruments*

The IASB issued Amendments to IFRS 9 and IFRS 7, which clarify:

- That a financial liability is derecognised on the "settlement date", i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. The amendments also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.
- How to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance ("ESG")-linked features and other similar contingent features.
- The treatment of non-recourse assets and contractually linked instruments.

In addition, the amendments to IFRS 7 require additional disclosures for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income. The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later. The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight. An entity is required to disclose information about financial assets that change their measurement category due to the amendments.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(Expressed in millions of RMB unless otherwise stated)

The following information of the Group does not form part of the reviewed financial statements, and is included herein for information purposes only.

1 Difference between the financial statements prepared under IFRS and those prepared in accordance with PRC GAAP

China Construction Bank Corporation (the "Bank") prepares consolidated financial statements, which include the financial statements of the Bank and its subsidiaries (collectively the "Group"), in accordance with International Financial Reporting Standards and its interpretations ("IFRS") promulgated by the International Accounting Standards Board and the applicable disclosure provisions of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*.

As a financial institution incorporated in the People's Republic of China (the "PRC") and listed on the Shanghai Stock Exchange, the Group also prepares its consolidated financial statements for the six months ended 30 June 2024 in accordance with the *Accounting Standards for Business Enterprises* and other relevant regulations issued by the regulatory bodies of the PRC (collectively "PRC GAAP and regulations").

There is no difference in the net profit for the six months ended 30 June 2024 or total equity as at 30 June 2024 between the Group's consolidated financial statements prepared under IFRS and those prepared under PRC GAAP and regulations.

2 Currency concentrations

	30 June 2024			
	USD (RMB equivalent)	**HKD (RMB equivalent)**	**Others (RMB equivalent)**	**Total**
Spot assets	**1,082,284**	**342,832**	**399,961**	**1,825,077**
Spot liabilities	**(1,081,396)**	**(540,036)**	**(245,097)**	**(1,866,529)**
Forward purchases	**2,971,927**	**352,354**	**(143,044)**	**3,181,237**
Forward sales	**(2,955,162)**	**(102,345)**	**23,037**	**(3,034,470)**
Net option position	**(48,124)**	**(3)**	**(2,835)**	**(50,962)**
Net (short)/long position	**(30,471)**	**52,802**	**32,022**	**54,353**
Net structural position	**53,570**	**2,564**	**(20)**	**56,114**

	31 December 2023			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	1,056,484	332,056	443,799	1,832,339
Spot liabilities	(1,089,924)	(441,868)	(282,838)	(1,814,630)
Forward purchases	1,873,971	210,735	105,261	2,189,967
Forward sales	(1,870,891)	(65,420)	(237,857)	(2,174,168)
Net option position	(12,457)	(1)	(32)	(12,490)
Net (short)/long position	(42,817)	35,502	28,333	21,018
Net structural position	40,763	2,564	(20)	43,307

The net option position is calculated using the delta equivalent approach required by the Hong Kong Monetary Authority (the "HKMA"). The net structural position of the Group includes the structural positions of the Bank's overseas branches, banking subsidiaries and other subsidiaries substantially involved in the foreign exchange. Structural assets and liabilities include:

- investments in property and equipment, net of accumulated depreciation;
- capital and statutory reserves of overseas branches; and
- investments in overseas subsidiaries and related companies.

(Expressed in millions of RMB unless otherwise stated)

3 International claims

The Group is principally engaged in business operations within the Chinese mainland. The international claims of the Group are the sum of cross-border claims in all currencies and local claims in foreign currencies.

International claims include loans and advances to customers, deposits with central banks, deposits and placements with banks and non-bank financial institutions, holdings of trade bills and certificates of deposit and investment securities.

International claims have been disclosed by country or geographical area. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if the Group reduces its exposure to a particular country/region by an effective transfer of credit risk to a different country/region with the use of credit risk mitigation which include guarantees, collateral and credit derivatives.

	30 June 2024				
	Banks	**Public sector entities**	**Non-bank private institutions**	**Others**	**Total**
Asia Pacific	**225,900**	**113,297**	**594,683**	**82,869**	**1,016,749**
– of which attributed to Hong Kong	**19,066**	**35,696**	**333,244**	**11,901**	**399,907**
Europe	**33,155**	**45,643**	**75,937**	**1,873**	**156,608**
North and South America	**38,617**	**212,397**	**67,510**	**–**	**318,524**
Total	**297,672**	**371,337**	**738,130**	**84,742**	**1,491,881**

	31 December 2023				
	Banks	Public sector entities	Non-bank private institutions	Others	Total
Asia Pacific	229,433	97,347	541,427	65,220	933,427
– of which attributed to Hong Kong	17,595	31,662	274,185	52,352	375,794
Europe	43,335	47,236	72,948	5,330	168,849
North and South America	22,996	211,384	50,097	35,518	319,995
Total	295,764	355,967	664,472	106,068	1,422,271

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(Expressed in millions of RMB unless otherwise stated)

4 Overdue loans and advances to customers by geographical sector

	30 June 2024	31 December 2023
Pearl River Delta	**66,786**	50,966
Central	**38,285**	31,103
Western	**31,514**	25,278
Bohai Rim	**30,193**	24,005
Yangtze River Delta	**26,892**	19,627
North eastern	**11,968**	12,674
Head office	**12,353**	11,458
Overseas	**8,995**	7,120
Total	**226,986**	182,231

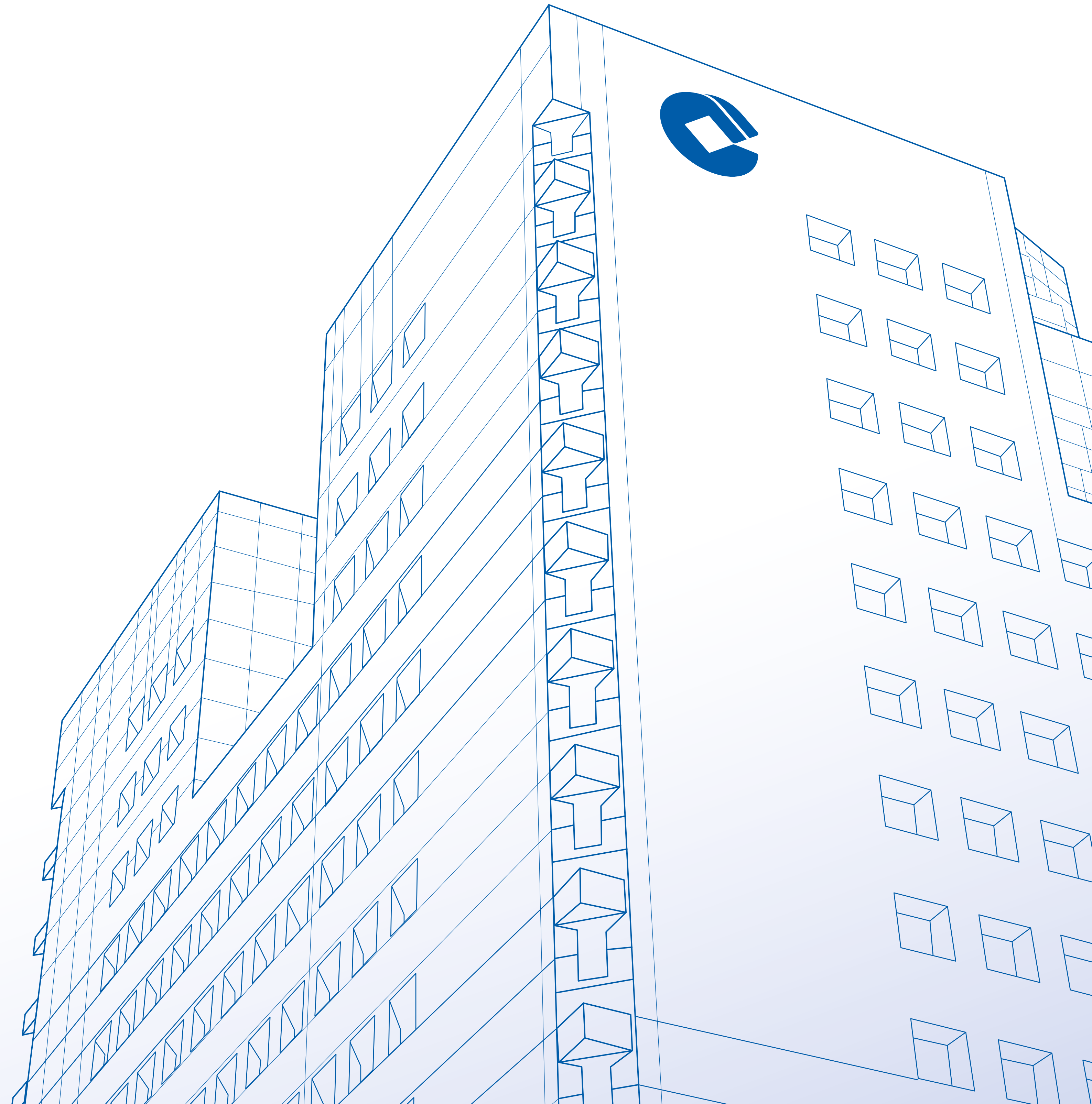
According to regulatory requirements, the above analysis represents the gross amount of loans and advances to customers overdue for more than three months.

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

Loans and advances to customers repayable on demand are classified as overdue when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instructions. If the loans and advances to customers repayable on demand are outside the approved limit that was advised to the borrower, they are also considered to be overdue.

5 Exposures to non-banks in the Chinese mainland

The Bank is a commercial bank incorporated in the Chinese mainland with its banking business primarily conducted in the Chinese mainland. As at 30 June 2024, substantial amounts of the Bank's exposures arose from businesses with the Chinese mainland entities or individuals. Analyses of various types of exposures by counterparty have been disclosed in the respective notes to the financial statements.



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