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Guangzhou Rural Commercial Bank Co., Ltd.*

廣州農村商業銀行股份有限公司*

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

(Stock code: 1551)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024

The board of directors (the “**Board**”) of Guangzhou Rural Commercial Bank Co., Ltd.* (the “**Bank**”) announces the unaudited consolidated interim results of the Bank and its subsidiaries (collectively the “**Group**”) for the six months ended June 30, 2024 (the “**Interim Results**”). This results announcement contains the interim results of the Group for the six months ended June 30, 2024 and the contents were prepared in accordance with the relevant disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and the International Financial Reporting Standards.

The Interim Results have been reviewed by the Board and the audit committee of the Board. This results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Bank (www.grcbank.com), and the 2024 interim report of the Bank will be published on the aforementioned websites in due course. The 2024 interim report of the Bank will be dispatched to the H shareholders of the Bank in the manner in which the H Shareholders of the Bank have elected to receive the corporate communication.

By Order of the Board
Guangzhou Rural Commercial Bank Co., Ltd. *
Cai Jian
Chairman

Guangzhou, the PRC
August 29, 2024

As at the date of this announcement, the Board comprises one executive director, namely Mr. Cai Jian; eight non-executive directors, namely Mr. Liu Wensheng, Mr. Wang Xiaobin, Mr. Zuo Liang, Mr. Da Hengcheng, Mr. Zhang Junzhou, Mr. Meng Sen, Mr. Feng Yaoliang and Mr. Lai Zhiguang; and five independent non-executive directors, namely Mr. Liao Wenyi, Mr. Du Jinmin, Mr. Zhang Weiguo, Mr. Zhang Hua and Mr. Ma Hok Ming.

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

CONTENTS

Definitions	2
Basic Information of the Bank	4
Financial Summary	8
Management Discussion and Analysis	11
Changes in Share Capital and Shareholders	52
Directors, Supervisors, Senior Management and Employees	62
Corporate Governance	68
Major Events	78
Corporate Structure	80
Report on Review of Interim Financial Information	81
Interim Financial Statements and Notes	82
Unaudited Supplementary Financial Information	166



DEFINITIONS

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

“Articles of Association” or “Articles”	the articles of association of the Bank, which was considered and approved by the Bank at the general meeting held on 20 June 2023 and was approved by the Guangdong Bureau of NFRA with effect from 30 October 2023
“Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“CBIRC”	the former China Banking and Insurance Regulatory Commission
“CBRC”	the former China Banking Regulatory Commission
“Central Bank”, “PBOC”	the People’s Bank of China
“China” or “PRC”	the People’s Republic of China
“Corporate Governance Code”	Appendix C1 of the Corporate Governance Code under the Listing Rules
“county bank(s)”	banking financial institutions that are approved by CBRC to be incorporated in rural areas to provide services to the development of agriculture, rural areas and farmers’ economy in rural areas
“CSRC”	China Securities Regulatory Commission
“Domestic Shares”	the ordinary shares with a nominal value of RMB1.00 each issued by the Bank in the PRC
“Group”	Guangzhou Rural Commercial Bank Co., Ltd. and its subsidiaries
“Guangzhou Rural Commercial Bank”, “the Bank”	Guangzhou Rural Commercial Bank Co., Ltd.
“H Shares”	the foreign shares which are registered in Mainland China and listed in Hong Kong
“HK\$”, “HKD”	the lawful currency of Hong Kong Region
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	the International Financial Reporting Standards and International Accounting Standards (“IAS”), which include the related standards, amendments and interpretations issued by the International Accounting Standard Board (“IASB”)

DEFINITIONS

“Latest Practicable Date”	29 August 2024
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Reporting Period”	for the six months period from 1 January 2024 to 30 June 2024
“RMB”	the lawful currency of the People’s Republic of China
“Yuan”	RMB
“the Party”	the Communist Party of China
“Sannong”	agriculture, rural areas and farmers
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“USD”	the lawful currency of the United States of America



BASIC INFORMATION OF THE BANK

I. PROFILE OF THE BANK

- (I) Official Names
1. Official Name and Abbreviation in Chinese: 廣州農村商業銀行股份有限公司 (Abbreviated as “廣州農村商業銀行”)
 2. Official Name and Abbreviation in English: Guangzhou Rural Commercial Bank Co., Ltd. (Abbreviated as “GRCB”)
- (II) Legal Representative: Mr. Cai Jian
- (III) Authorized Representatives: Mr. Cai Jian and Mr. Ngai Wai Fung
- (IV) Company Secretary: Mr. Ngai Wai Fung
- (V) H-Share Listing Stock Exchange: The Stock Exchange of Hong Kong Limited
- (VI) Share Abbreviation and Code: GRCB (1551.HK)
- (VII) Registered Address: No. 9 Yingri Road, Huangpu District, Guangzhou, PRC
- (VIII) Principal Place of Business in Hong Kong: 40th Floor, Dah Sing Financial Centre, No. 248 Queen’s Road East, Wanchai, Hong Kong
- (IX) Scope of Business: Monetary and financial services
- (X) Place of Inspection of the Report: Office of the Board of Directors of the Bank
- (XI) Auditor: PricewaterhouseCoopers
- (XII) Legal Advisor as to Mainland PRC Law: Guang Dong J&J Law Firm
- (XIII) Legal Advisor as to Hong Kong Law: King & Wood Mallesons
- (XIV) H-Share Registrar: Computershare Hong Kong Investor Services Limited
- (XV) Domestic Shares Depository: China Securities Depository and Clearing Corporation Limited
- (XVI) Other Relevant Information of the Company
- Contact Address: No. 1 Huaxia Road, Pearl River New Town, Tianhe District, Guangzhou, PRC
Postal Code: 510623
Company Website: www.grcbank.com
Customer Service and Complaint Telephone No.: +8695313
Investor Relations Telephone No.: (8620)28019324
Email Address: ir@grcbank.com

BASIC INFORMATION OF THE BANK

II. BRANCHES OF THE BANK

The following table sets forth the basic information of the branches of the Bank as at the Latest Practicable Date:

No.	Name of branch	Business address	Postal code	Contact telephone number	Facsimile number	Remarks
1	Baiyun Sub-branch	1/F to 3/F, No. 466-472 Huangshi West Road, Baiyun District, Guangzhou	510425	020-86295397	NA	-
2	Conghua Sub-branch	1/F and 2/F, No. 98 Hebin North Road, Chengjiao Subdistrict, Conghua District, Guangzhou	510900	020-87999606	NA	-
3	Panyu Sub-branch	No. 239 Qinghe East Road, Shiqiao Subdistrict, Panyu District, Guangzhou	511400	020-34619802	NA	-
4	Haizhu Sub-branch	1/F and 2/F, No. 173 Changgang Middle Road, Haizhu District, Guangzhou	510250	020-84278835	NA	-
5	Huanan Sub-branch	East Side of Tangxi, Village Entrance, Yingbin Road South, Tangbuxi Village, Nancun Town, Panyu District, Guangzhou	511442	020-34693625	NA	-
6	Huangpu Sub-branch	No. 138 Fengle North Road, Huangpu District, Guangzhou	510700	020-32204220	NA	-
7	Liwan Sub-branch	No. 89 Huadi Avenue Central, Liwan District, Guangzhou	510380	020-81615680	NA	-
8	Airport Economic Zone Sub-branch	Renhe Village, Renhe Town, Baiyun District, Guangzhou	510470	020-86451956	NA	-
9	Tianhe Sub-branch	1/F to 2/F, No. 335 Longkou West Road, Tianhe District, Guangzhou	510635	020-38478080	NA	-
10	Yuexiu Sub-branch	1/F, No. 60 Meidong Road, Yuexiu District, Guangzhou	510030	020-87619149	NA	-
11	Zengcheng Sub-branch	No. 88-15, 16, 17, 18, 19, 20, 21 and 22 Fuyou Road, Licheng Subdistrict, Zengcheng District, Guangzhou, and Rooms 201, 202, 210 and 211, No. 55 Zuanshi Street, Hehui Square, Licheng Subdistrict, Zengcheng District, Guangzhou	511300	020-32162645	NA	-
12	Huadu Branch in the Pilot Zone for Green Finance Reform and Innovation	No.101, No.201 (catering), No.202, No.301 (catering), No.302 and No.401, Building 2, Poly Financial Center, 3 of No.8 Gongyi North Road, Huadu District, Guangzhou (廣州市花都區公益北路8號之三保利金融中心2棟101號商業、201號商業(餐飲)、202號商業、301號商業(餐飲)、302號商業、401號商業)	510800	020-36911139	NA	Branch

BASIC INFORMATION OF THE BANK

No.	Name of branch	Business address	Postal code	Contact telephone number	Facsimile number	Remarks
13	Guangdong Free Trade Zone Nansha Branch	Rooms 106, 201, 2101-2110, 2201 and 2301, No.115 Jiaoxi Road, Huangge Town, Nansha District, Guangzhou (廣州市南沙區黃閣鎮蕉西路115號106、201、2101-2110、2201、2301房)	511458	020-34929298	NA	Branch
14	Foshan Branch	Unit 1&2 on 1/F, Unit 1&2 on 2/F, Unit 1, 7&8 on 3/F, Shop 4001-4010 of Tower 1, No. 17, Jihua Sixth Road, Chancheng District, Foshan	528000	0757-82581028	NA	Branch outside Guangzhou
15	Qingyuan Branch	Shop on 1/F to 3/F, Block 1, Oriental Paris, No. 5 Fengxiang Avenue, Qingcheng District, Qingyuan	511500	0763-3910555	NA	Branch outside Guangzhou
16	Zhaoqing Branch	Shop 01 on 1/F, offices 201-207 on 2/F and offices 301-307 on 3/F, Cultural Innovation Building, No.48 Duanzhou Third Road, Duanzhou District, Zhaoqing, Guangdong	526040	0758-2812835	NA	Branch outside Guangzhou
17	Heyuan Branch	Rooms 101-102 and Rooms 1601-1602 on 1/F, Changhong Building (Changhong Financial Center), H Road West, Yanjiang Road North, Xueqianbaxiaoqu, Xinshi District, Heyuan, Guangdong	517000	0762-2238111	NA	Branch outside Guangzhou
18	Hengqin Branch in Guangdong-Macao In-depth Cooperation Zone	No.187 and No.189 Rongzhu Road, Shop 303-01, No.272 Rongyue Road, and Room 2701, 2702, 2703, 2704, 2705, 2706, 2707 and 2708, Office Building, No.191 Rongzhu Road, Hengqin New District, Zhuhai	519031	0756-2993600	NA	Branch outside Guangzhou

BASIC INFORMATION OF THE BANK

III. MAJOR HONORS RECEIVED IN THE FIRST HALF OF 2024 OF THE BANK

No.	Honors	Awarding/Granting authority	Obtaining time
1	The case of "Finance helps private enterprises to develop with high quality" was selected as an excellent case of serving the real economy in the Blue Book of Responsible Finance (2023) (「金融助力民營企業高質量發展」案例入選《負責任金融藍皮書(2023)》服務實體經濟優秀案例)	Xinhuanet	January 2024
2	234th in 2024 Global Bank Brand Value Top 500	Brand Finance and The Banker (英國《銀行家》雜誌)	March 2024
3	The case "Do a good job in inclusive finance to enrich 100 Million Project" was selected as the recommended case of "100 Million Project" for financial institutions in Guangdong in 2024 (「《做好普惠金融大文章 金融活水潤澤「百千萬工程」》案例」入選2024年廣東金融機構賦能「百千萬工程」推薦案例)	Xinhua News Agency China Economic Information Service Guangdong Economic Research Center (新華社中國經濟信息社廣東經濟研究中心)	May 2024
4	The case of "Customizing a batch of credit granting schemes, innovating flexible guarantee methods, and creating a local agricultural business model according to local conditions" was selected as a typical promotion case of inclusive finance in Guangzhou (「定制批量授信方案·創新靈活擔保方式·因地制宜打造服務當地的農商模式」案例入選廣州市普惠金融典型推廣案例)	Guangzhou Financial Industry Committee of the Communist Party of China (中共廣州市金融行業委員會), Guangzhou Inclusive Finance Development & Promotion Association (廣州市普惠金融發展促進會)	June 2024
5	Cases of "Sustainable development linked with syndicated loans to help the low-carbon transformation of cultural tourism industry" and "Pilot project of financial support for mine ecological restoration" was selected as cases of Guangdong green finance reform and innovation promotion in 2024 (「可持續發展掛鉤銀團貸款助力文旅產業低碳轉型」「金融支持礦山生態修復試點項目」案例入選2024年度廣東綠色金融改革創新推廣案例)	Financial Society of Guangdong (廣東金融學會), Guangzhou Green Finance Association (廣州市綠色金融協會)	June 2024
6	Top 10 Cases of Financial Services for Rural Revitalization (金融服務鄉村振興十佳案例)	Guangzhou Financial Industry Association (廣州金融業協會)	June 2024
7	Top 10 Cases of Financial Services for Private Economy (金融服務民營經濟十佳案例)	Guangzhou Financial Industry Association (廣州金融業協會)	June 2024
8	153rd in Top 1000 World Banks 2024	The Banker (英國《銀行家》雜誌)	July 2024

FINANCIAL SUMMARY

The financial information of the Group set forth in this report is prepared on a consolidated basis in accordance with IFRS and expressed in Renminbi, unless otherwise stated.

Item (Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024	For the six months ended 30 June 2023	Change in amount	Rate of change (%)
Operating results				
Net interest income	6,269.97	8,560.54	(2,290.57)	(26.76)
Net fee and commission income	315.78	520.58	(204.80)	(39.34)
Operating income	7,345.96	9,401.40	(2,055.44)	(21.86)
Profit before income tax	1,399.80	2,404.01	(1,004.21)	(41.77)
Net profit	1,700.64	2,388.73	(688.09)	(28.81)
Net profit attributable to shareholders of the Bank	1,475.09	2,103.18	(628.09)	(29.86)
Net assets per share attributable to shareholders of the Bank ⁽¹⁾	5.57	6.30	(0.73)	(11.59)
Basic earnings per share (Expressed in RMB per share) ⁽²⁾	0.06	0.13	(0.07)	(53.85)

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2024	As at 31 December 2023	Change in amount	Rate of change (%)
Scale indicators				
Total assets	1,329,110.40	1,314,042.45	15,067.95	1.15
Among which: loans and advances to customers, net	721,902.37	708,908.58	12,993.79	1.83
Total liabilities	1,229,019.95	1,217,501.57	11,518.38	0.95
Among which: customers deposits	967,647.11	947,186.02	20,461.09	2.16
Equity attributable to shareholders of the Bank	92,285.35	88,826.18	3,459.17	3.89
Non-controlling interests	7,805.10	7,714.70	90.40	1.17
Total equity	100,090.45	96,540.88	3,549.57	3.68

FINANCIAL SUMMARY

Item (Expressed in percentage)	For the six months ended 30 June 2024	For the six months ended 30 June 2023	Change in amount
Profitability indicators			
Return on average total assets ⁽³⁾	0.26	0.38	(0.12)
Return on average equity ⁽⁴⁾	3.13	5.23	(2.10)
Net interest spread ⁽⁵⁾	0.94	1.43	(0.49)
Net interest margin ⁽⁶⁾	1.02	1.49	(0.47)
Net fee and commission income to operating income ⁽⁷⁾	4.30	5.54	(1.24)
Cost-to-income ratio ⁽⁸⁾	39.52	31.36	8.16

Item (Expressed in percentage)	As at 30 June 2024	As at 31 December 2023	Change in Amount
Assets quality indicators			
Non-performing loan ratio ⁽⁹⁾	1.87	1.87	–
Provision coverage ratio ⁽¹⁰⁾	159.40	164.63	(5.23)
Allowance to total loans ⁽¹¹⁾	2.99	3.07	(0.08)

Item (Expressed in percentage)	As at 30 June 2024	As at 31 December 2023	Change in Amount
Capital adequacy indicators ⁽¹²⁾			
Common equity tier 1 capital adequacy ratio	9.47	9.83	(0.36)
Tie 1 capital adequacy ratio	10.96	11.12	(0.16)
Capital adequacy ratio	13.64	13.67	(0.03)
Ratio of total equity to total assets	7.53	7.35	0.18

Item (Expressed in percentage)	As at 30 June 2024	As at 31 December 2023	Change in Amount
Other indicators			
Loan-to-deposit ratio ⁽¹³⁾	76.89	77.21	(0.32)

FINANCIAL SUMMARY

Notes:

- (1) Calculated by dividing equity attributable to shareholders of the Bank for the period (excluding other equity instruments) by paid-in capital.
- (2) Dividends of preference shares declared and distributed in the year were excluded from this indicator.
- (3) The annualized return is calculated by dividing the net profit for the period (including profit attributable to non-controlling interests) by the average balance of total assets as at the beginning and end of the period.
- (4) The annualized return is calculated by dividing the annualized net profit for the period (excluding the dividends of preference shares declared and distributed in the year) by the average balance of total equity (excluding other equity instruments) as at the beginning and end of the period.
- (5) The annualized return is calculated as the difference between the average yield rate on total interest-earning assets and the average cost rate on total interest-bearing liabilities.
- (6) Calculated by dividing net interest income by the average daily balance of total interest-earning assets.
- (7) Calculated by dividing net fee and commission income by operating income.
- (8) Calculated by dividing operating expenses (excluding tax and surcharges) by operating income.
- (9) Calculated by dividing the balance of non-performing loans by the total loans and advances to customers.
- (10) Calculated by dividing the balance of allowance for loans (including discounted bills) losses by the balance of non-performing loans.
- (11) Calculated by dividing the balance of allowance for loans (including discounted bills) losses by the total loans and advances to customers.
- (12) Calculated in accordance with the "Administrative Measures for the Capital of Commercial Banks" promulgated by National Financial Regulatory Administration.

Common equity tier 1 capital adequacy ratio = (Common equity tier 1 capital – reductions from respective capital)/risk-weighted assets * 100%

Tier 1 capital adequacy ratio = (Tier 1 capital – reductions from respective capital)/risk-weighted assets * 100%

Capital adequacy ratio = (total capital – reductions from respective capital)/risk-weighted assets * 100%

- (13) Calculated by dividing total loans and advances to customers by total deposits of customers.

MANAGEMENT DISCUSSION AND ANALYSIS

I. FINANCIAL REVIEW FOR THE FIRST HALF OF 2024

(I) INCOME STATEMENT ANALYSIS

Item (Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024	For the six months ended 30 June 2023	Change in amount	Rate of change (%)
Interest income	18,595.26	20,811.54	(2,216.28)	(10.65)
Interest expense	(12,325.29)	(12,251.00)	(74.29)	0.61
Net interest income	6,269.97	8,560.54	(2,290.57)	(26.76)
Fee and commission income	509.51	685.69	(176.18)	(25.69)
Fee and commission expense	(193.73)	(165.11)	(28.62)	17.33
Net fee and commission income	315.78	520.58	(204.80)	(39.34)
Net trading gains	386.94	63.98	322.96	504.78
Net gains on financial investments	488.85	151.76	337.09	222.12
Other income, gains or losses	(115.58)	104.54	(220.12)	(210.56)
Operating income	7,345.96	9,401.40	(2,055.44)	(21.86)
Operating expenses	(3,030.18)	(3,062.65)	32.47	(1.06)
Credit impairment losses	(2,915.99)	(3,934.74)	1,018.75	(25.89)
Profit before income tax	1,399.80	2,404.01	(1,004.21)	(41.77)
Income tax expense	300.85	(15.28)	316.13	(2,068.91)
Net profit	1,700.64	2,388.73	(688.09)	(28.81)

In the first half of 2024, the Group recorded a net profit of RMB1,701 million, representing a year-on-year decrease of RMB688 million or 28.81%.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Net Interest Income

In the first half of 2024, the net interest income of the Group amounted to RMB6,270 million, accounting for 85.35% of our total operating income. The net interest income decreased by RMB2,291 million year on year, which was primarily due to a decline in the yield on interest-earning assets as affected by factors such as the decline in external market interest rates.

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

Item (Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024	For the six months ended 30 June 2023	Change in amount	Rate of change (%)
Interest income	18,595.26	20,811.54	(2,216.28)	(10.65)
Interest expense	(12,325.29)	(12,251.00)	(74.29)	0.61
Net interest income	6,269.97	8,560.54	(2,290.57)	(26.76)

Item (Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024			For the six months ended 30 June 2023		
	Average balance	Interest income/expense	Annualized average yield/cost rate (%)	Average balance	Interest income/expense	Annualized average yield/cost rate (%)
Loans and advances to customers	730,259.61	12,608.05	3.45	687,680.74	15,028.37	4.37
Financial investments	315,594.62	4,372.50	2.77	287,059.24	4,203.07	2.93
Placements and deposits with banks and other financial institutions	93,170.61	992.00	2.13	75,212.98	794.25	2.11
Financial assets held under resale agreements	21,047.28	212.20	2.02	37,514.92	358.89	1.91
Deposits with central bank	64,289.07	410.51	1.28	63,888.17	426.96	1.34
Total interest-earning assets	1,224,361.19	18,595.26	3.04	1,151,356.05	20,811.54	3.62
Due to customers	924,499.30	9,373.54	2.03	890,565.91	9,594.97	2.15
Debt securities issued	141,245.08	1,906.61	2.70	119,589.96	1,583.87	2.65
Borrowing from central bank	21,385.14	221.16	2.07	21,537.24	260.53	2.42
Placements and deposits from banks and other financial institutions and others	73,302.54	698.58	1.91	59,357.17	556.98	1.88
Financial assets sold under repurchase agreements	14,129.80	125.40	1.77	30,499.40	254.65	1.67
Total interest-bearing liabilities	1,174,561.86	12,325.29	2.10	1,121,549.68	12,251.00	2.19
Net interest income		6,269.97			8,560.54	
Net interest spread			0.94			1.43
Net interest margin			1.02			1.49

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2024, the overall annualized average yield of interest-earning assets decreased by 58 basis points to 3.04% over the same period last year, the overall annualized average cost rate of interest-bearing liabilities decreased by 9 basis points to 2.10% over the same period last year, net interest spread decreased by 49 basis points to 0.94% over the same period last year, and net interest margin decreased by 47 basis points to 1.02% over the same period last year.

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

Item (Expressed in RMB million, unless otherwise stated)	Increase/(decrease) due to changes in the following item		
	Volume factor	Rate factor	Net increase/decrease
Assets			
Loans and advances to customers	930.51	(3,350.83)	(2,420.32)
Financial investments	417.81	(248.38)	169.43
Placements and deposits with banks and other financial institutions	189.63	8.12	197.75
Financial assets held under resale agreements	(157.54)	10.85	(146.69)
Deposits with central bank	2.68	(19.13)	(16.45)
Changes in interest income	1,383.09	(3,599.37)	(2,216.28)
Liabilities			
Due to customers	365.60	(587.03)	(221.43)
Placements and deposits from banks and other financial institutions and others	130.86	10.74	141.60
Financial assets sold under repurchase agreements	(136.68)	7.43	(129.25)
Debt securities issued	286.80	35.94	322.74
Borrowing from central bank	(1.84)	(37.53)	(39.37)
Changes in interest expense	644.74	(570.45)	74.29

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Interest income

In the first half of 2024, interest income of the Group amounted to RMB18,595 million, representing a decrease of RMB2,216 million year on year.

① *INTEREST INCOME FROM LOANS AND ADVANCES TO CUSTOMERS*

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

Item (Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024			For the six months ended 30 June 2023		
	Average balance	Interest income	Annualized average yield (%)	Average balance	Interest income	Annualized average yield (%)
Corporate loans ⁽¹⁾	456,933.80	7,866.56	3.44	431,186.12	10,069.99	4.67
Personal loans	175,352.77	3,990.47	4.55	165,392.97	4,212.91	5.09
Discounted bills	97,973.04	751.02	1.53	91,101.65	745.47	1.64
Total loans and advances to customers	730,259.61	12,608.05	3.45	687,680.74	15,028.37	4.37

Note:

- (1) Mainly including general corporate loans, advances to customers and forfaiting and the same below.

In the first half of 2024, interest income from loans and advances to customers amounted to RMB12,608 million, representing a year-on-year decrease of RMB2,420 million, while the annualized average yield decreased by 92 basis points to 3.45% as compared to the corresponding period of last year, which was mainly due to decline in Loan Prime Rate (LPR), resulting the overall decrease in the Group's lending rates.

② *INTEREST INCOME FROM AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS*

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

Item (Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024			For the six months ended 30 June 2023		
	Average balance	Interest income	Annualized average yield (%)	Average balance	Interest income	Annualized average yield (%)
Placements and deposits with banks and other financial institutions	93,170.61	992.00	2.13	75,212.98	794.25	2.11
Financial assets held under resale agreements	21,047.28	212.20	2.02	37,514.92	358.89	1.91
Total amounts due from banks and other financial institutions	114,217.89	1,204.20	2.11	112,727.90	1,153.14	2.05

In the first half of 2024, the interest income from amounts due from banks and other financial institutions of the Group amounted to RMB1,204 million, while the annualized average yield increased by 6 basis points to 2.11% as compared to the corresponding period of last year, which was mainly due to the increase of the rate of return on Group's amounts due from banks and other financial institutions under the impact of adjustment of business structure and rising short-term monetary market rates.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Interest expense

In the first half of 2024, the Group's interest expense was RMB12,325 million, representing a year-on-year increase of RMB74 million.

① INTEREST EXPENSE ON AMOUNTS DUE TO CUSTOMERS

The average balance, interest expense and annualized average cost rate for each component of amounts due to customers of the Group are set forth as follows:

Item (Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024			For the six months ended 30 June 2023		
	Average balance	Interest expense	Annualized average cost rate (%)	Average balance	Interest expense	Annualized average cost rate (%)
Corporate deposits						
Demand	131,091.60	348.29	0.53	142,389.03	400.43	0.56
Time	189,793.29	2,807.15	2.96	191,934.79	3,046.61	3.17
Subtotal	320,884.89	3,155.44	1.97	334,323.82	3,447.04	2.06
Personal deposits						
Demand	130,547.48	136.09	0.21	131,673.76	166.23	0.25
Time	438,480.76	5,757.77	2.63	394,314.78	5,696.61	2.89
Subtotal	569,028.24	5,893.86	2.07	525,988.54	5,862.84	2.23
Other deposits	34,586.17	324.24	1.87	30,253.55	285.09	1.88
Due to customers	924,499.30	9,373.54	2.03	890,565.91	9,594.97	2.15

In the first half of 2024, the Group's interest expense on amounts due to customers amounted to RMB9,374 million, representing a decrease of RMB221 million year on year and the annualized cost rate of deposits was 2.03%, representing a decrease of 12 basis points over the same period last year, which was mainly due to further decrease in the deposit interest rates.

MANAGEMENT DISCUSSION AND ANALYSIS

② INTEREST EXPENSE ON AMOUNTS DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

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

Item (Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024			For the six months ended 30 June 2023		
	Average balance	Interest expense	Annualized average cost rate (%)	Average balance	Interest expense	Annualized average cost rate (%)
Placements and deposits from banks and other financial institutions and others	73,302.54	698.58	1.91	59,357.17	556.98	1.88
Financial assets sold under repurchase agreements	14,129.80	125.40	1.77	30,499.40	254.65	1.67
Total amounts due to banks and other financial institutions	87,432.34	823.98	1.88	89,856.57	811.63	1.81

In the first half of 2024, the Group's interest expense on amounts due to banks and other financial institutions amounted to RMB824 million, representing an increase of RMB12 million year on year, which was mainly due to the increase in the cost of the amount due to banks and other financial institutions under the impact of adjustment of business structure and rising short-term monetary market rates.

(3) Net interest spread and net interest margin

In the first half of 2024, net interest spread decreased by 49 basis points to 0.94% over the same period last year, and net interest margin decreased by 47 basis points to 1.02% over the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Non-interest Income

(1) Net fee and commission income

Item (Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024	For the six months ended 30 June 2023	Change in amount	Rate of change (%)
Fee and commission income				
Agency and custodian service fees	119.60	195.70	(76.10)	(38.88)
Settlement and electronic channel business fees	80.52	72.41	8.11	11.19
Bank card fees	80.20	100.36	(20.16)	(20.09)
Syndicated loan fees	71.53	152.60	(81.07)	(53.12)
Wealth management products related fees	55.58	79.86	(24.28)	(30.41)
Bond lending arrangement fees	37.55	29.98	7.57	25.25
Guarantee and commitment service fees	34.35	37.04	(2.69)	(7.27)
Acceptance fees	15.55	6.60	8.95	135.58
Others	14.63	11.14	3.49	31.33
Subtotal	509.51	685.69	(176.18)	(25.69)
Fee and commission expense				
Agency service fees	(43.24)	(23.57)	(19.67)	83.44
Bank card fees	(29.12)	(29.22)	0.10	(0.34)
Settlement and electronic channel business fees	(23.47)	(26.34)	2.87	(10.89)
Bond lending arrangement fees	(19.96)	(0.02)	(19.94)	83,045.83
Interbank services fees	(13.84)	(11.91)	(1.93)	16.29
Others	(64.10)	(74.05)	9.95	(13.43)
Subtotal	(193.73)	(165.11)	(28.62)	17.33
Net fee and commission income	315.78	520.58	(204.80)	(39.34)

In the first half of 2024, net fee and commission income of the Group amounted to RMB316 million, accounting for 4.30% of the total operating income, which was mainly the fee income from agency and custodian business, settlement and electronic channel business, bank card business and syndicated loan business. Net fee and commission income decreased by RMB205 million or 39.34% compared with the same period of the previous year, which was mainly due to the decrease in fee income from syndicated loan, agency and custodian business and wealth management products.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) **Net trading gains**

In the first half of 2024, the net trading gains of the Group amounted to RMB387 million, which were mainly the dividend and interest income on financial investments at fair value through profit or loss.

(3) **Net gains on financial investments**

In the first half of 2024, the net gains on financial investments of the Group amounted to RMB489 million, which were mainly the income on financial investments at fair value through other comprehensive income.

(4) **Other income, gains or losses**

In the first half of 2024, other income, gains or losses of the Group amounted to RMB-116 million, which was mainly exchange losses.

3. Operating Expenses

In the first half of 2024, the operating expenses of the Group amounted to RMB3,030 million, representing a decrease of RMB32 million or 1.06% year on year.

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

Item (Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024	For the six months ended 30 June 2023	Change in amount	Rate of change (%)
Staff costs	1,959.25	2,032.52	(73.27)	(3.60)
Depreciation and amortization	305.64	321.97	(16.33)	(5.07)
Tax and surcharges	127.07	114.78	12.29	10.71
Others	638.22	593.38	44.84	7.56
Total operating expenses	3,030.18	3,062.65	(32.47)	(1.06)

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Staff costs

Staff costs represents the largest component of operating expenses of the Group, accounting for 64.66% and 66.36% of our operating expenses for the first half of 2024 and 2023, respectively.

The following table sets forth the principal components of staff costs of the Group for the periods indicated:

Item (Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024	For the six months ended 30 June 2023	Change in amount	Rate of change (%)
Salaries, bonuses and allowances (including early retirement)	1,339.79	1,346.20	(6.41)	(0.48)
Social insurance, employee benefits and others	619.46	686.32	(66.86)	(9.74)
Total staff costs	1,959.25	2,032.52	(73.27)	(3.60)

In the first half of 2024, staff costs of the Group amounted to RMB1,959 million, representing a year-on-year decrease of RMB73 million or 3.60%.

(2) Depreciation and amortization

In the first half of 2024, depreciation and amortization of the Group amounted to RMB306 million, representing a year-on-year decrease of RMB16 million or 5.07%.

(3) Tax and surcharges

In the first half of 2024, the tax and surcharges incurred of the Group amounted to RMB127 million, representing a year-on-year increase of RMB12 million or 10.71%.

(4) Others

In the first half of 2024, other expenses of the Group amounted to RMB638 million, representing a year-on-year increase of RMB45 million or 7.56%, which mainly includes deposit insurance fees, currency transportation fees, etc..

4. *Assets Impairment Losses*

In the first half of 2024, the Group made provision for asset impairment losses of RMB2,916 million.

5. *Income Tax Expense*

In the first half of 2024, under the impact of the decrease in the Group's profit before tax and the tax-exempt businesses such as government bond interest income and local government bond interest income, the effective income tax rate was negative.

MANAGEMENT DISCUSSION AND ANALYSIS

(II) ANALYSIS OF STATEMENT OF FINANCIAL POSITION

1. Assets

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

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total loans and advances to customers	744,026.11	55.98	731,318.25	55.65
Allowances for impairment losses	(22,123.74)	(1.67)	(22,409.67)	(1.70)
Loans and advances to customers, net	721,902.37	54.31	708,908.58	53.95
Financial investments ⁽¹⁾	421,950.21	31.75	410,896.51	31.27
Cash and deposits with the central bank	70,630.29	5.31	80,863.85	6.15
Deposits with banks and other financial institutions	14,440.84	1.09	14,942.73	1.14
Placements with banks and other financial institutions	62,144.61	4.68	55,472.50	4.22
Financial assets held under resale agreements	16,777.67	1.26	23,205.25	1.77
Others ⁽²⁾	21,264.41	1.60	19,753.03	1.50
Total assets	1,329,110.40	100.00	1,314,042.45	100.00

Notes:

- (1) Financial investments included financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost.
- (2) Other assets consisted of property and equipment, goodwill, deferred income tax assets, right-of-use assets and others.

As at 30 June 2024, the Group's total assets amounted to RMB1,329,110 million, representing an increase of RMB15,068 million, or 1.15%, as compared to the end of last year. Among them, the total loans and advances to customers increased by RMB12,708 million, or 1.74%, to RMB744,026 million as compared to the end of last year, and the loan scale remained stable.

The Group's financial investments increased by RMB11,054 million, or 2.69%, as compared to the end of last year, primarily due to the increase in bond investment of the Group during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Loans and advances to customers

① DISTRIBUTION OF LOANS BY BUSINESS SEGMENT

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate loans	468,066.91	62.91	460,633.62	62.99
Personal loans	177,752.02	23.89	175,094.14	23.94
Discounted bills	98,207.18	13.20	95,590.49	13.07
Total loans and advances to customers	744,026.11	100.00	731,318.25	100.00

As at 30 June 2024, total loans and advances to customers of the Group increased by RMB12,708 million, or 1.74%, to RMB744,026 million as compared to the end of last year. As compared to the end of last year, the corporate loans increased by RMB7,433 million, or 1.61%, to RMB468,067 million; personal loans increased by RMB2,658 million, or 1.52%, to RMB177,752 million; and discounted bills increased by RMB2,617 million, or 2.74%, to RMB98,207 million.

② DISTRIBUTION OF LOANS BY PRODUCT TYPE

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Total corporate loans and advances to customers	566,274.09	76.11	556,224.11	76.06
Corporate loans	468,066.91	62.91	460,633.62	62.99
Discounted bills	98,207.18	13.20	95,590.49	13.07
Total personal loans and advances to customers	177,752.02	23.89	175,094.14	23.94
Personal mortgage loans	71,541.38	9.62	71,152.81	9.73
Personal business loans	76,513.60	10.28	76,605.07	10.47
Personal consumption loans	18,111.75	2.43	15,560.17	2.13
Balance of credit cards	11,585.29	1.56	11,776.09	1.61
Total loans and advances to customers	744,026.11	100.00	731,318.25	100.00

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2024, the Group's corporate loans and discounted bills were RMB468,067 million and RMB98,207 million, respectively, representing 82.66% and 17.34% of total corporate loans and advances to customers, respectively.

As at 30 June 2024, the Group's personal mortgage loans, personal business loans, personal consumption loans and balance of credit cards were RMB71,541 million, RMB76,514 million, RMB18,112 million and RMB11,585 million, respectively, representing 40.25%, 43.05%, 10.19% and 6.52% of total personal loans and advances to customers, respectively. Among them, the balance of personal mortgage loans and the balance of personal consumption loans increased by RMB389 million and RMB2,552 million, respectively, or 0.55% and 16.40%, respectively, as compared to the end of last year.

③ DISTRIBUTION OF LOANS BY TYPE OF COLLATERAL

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Collateralized loans	332,131.07	44.64	330,312.26	45.17
Pledged loans	32,327.70	4.35	32,792.22	4.48
Guaranteed loans	178,280.47	23.96	170,588.39	23.33
Credit loans	201,286.87	27.05	197,625.38	27.02
Total loans and advances to customers	744,026.11	100.00	731,318.25	100.00

As at 30 June 2024, the Group's collateralized loans, guaranteed loans and credit loans increased by RMB1,819 million, RMB7,692 million and RMB3,661 million, respectively, or 0.55%, 4.51% and 1.85%, respectively, as compared to the end of last year; Pledged loans decreased by RMB465 million, or 1.42%, as compared to the end of the last year; Overall, the proportion of collateralized loans and pledged loans to total loans is 44.64% and 4.35%, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Financial investments

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

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Financial assets at fair value through profit or loss	82,315.20	19.51	67,798.26	16.50
Financial assets at fair value through other comprehensive income	140,141.28	33.21	126,167.82	30.71
Financial assets at amortized cost	199,493.73	47.28	216,930.43	52.79
Total financial investments	421,950.21	100.00	410,896.51	100.00

As at 30 June 2024, the financial investments of the Group totaled RMB421,950 million, which increased by RMB11,054 million, or 2.69%, as compared to the end of last year, mainly due to the increase in bond investment of the Group during the Reporting Period.

2. Liabilities

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

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Amounts due to customers	967,647.11	78.73	947,186.02	77.80
Deposits from banks and other financial institutions	34,194.27	2.78	42,549.92	3.49
Placements from banks and other financial institutions	5,423.13	0.44	5,383.59	0.44
Financial assets sold under repurchase agreements	36,797.50	2.99	51,701.12	4.25
Debt securities issued	148,432.72	12.08	127,863.51	10.50
Others ⁽¹⁾	36,525.22	2.98	42,817.41	3.52
Total liabilities	1,229,019.95	100.00	1,217,501.57	100.00

Note:

- (1) Mainly including tax payable, borrowings from central bank and staff salaries, bonuses and allowances payable, lease liabilities, etc.

As at 30 June 2024, the Group's total liabilities amounted to RMB1,229,020 million, representing an increase of RMB11,518 million or 0.95% as compared to the end of last year, mainly driven by the increase in amounts due to customers.

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Amounts due to customers

The following table sets forth the amounts due to customers of the Group by product type as at the dates indicated:

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate deposits ⁽¹⁾				
Time	185,212.40	19.14	198,127.06	20.92
Demand	134,447.11	13.89	144,151.62	15.22
Subtotal	319,659.51	33.03	342,278.68	36.14
Personal deposits				
Time	460,829.67	47.62	438,771.79	46.32
Demand	130,076.10	13.44	129,811.31	13.70
Subtotal	590,905.77	61.06	568,583.10	60.02
Other deposits ⁽²⁾	57,081.83	5.91	36,324.24	3.84
Amounts due to customers	967,647.11	100.00	947,186.02	100.00

Notes:

- (1) Mainly including deposits from corporate customers and government bodies.
- (2) Mainly including bank cards deposits, fiscal deposits and other deposits, etc..

As at 30 June 2024, amounts due to customers of the Group amounted to RMB967,647 million, representing an increase of RMB20,461 million or 2.16% as compared to the end of last year. With respect to the customer structure of the Group, personal deposits accounted for 61.06% of the total amount due to customers, and the balance of personal deposits increased by RMB22,323 million or 3.93% as compared to the end of last year, which is the most important source of amounts due to customers; corporate deposits accounted for 33.03% of the total amount due to customers, and the balance of corporate deposits decreased by RMB22,619 million or 6.61% as compared to the end of last year. With respect to the maturity structure, demand deposits accounted for 27.33% of the total amount due to customers, representing a decrease of 1.59 percentage points over the end of last year, while time deposits accounted for 66.76%, representing a decrease of 0.48 percentage points over the end of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Composition of Shareholders' Equity

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

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Share capital	14,409.79	14.40	14,409.79	14.93
Other equity instruments	12,000.00	11.99	9,820.73	10.17
Capital reserve	22,070.59	22.05	22,420.96	23.22
Surplus reserve	5,844.02	5.84	5,844.02	6.05
General risk reserve	16,835.89	16.82	16,835.89	17.44
Investment revaluation reserve	1,449.03	1.45	50.90	0.05
Remeasurement on defined benefit plans	(78.43)	(0.09)	(78.01)	(0.07)
Retained earnings	19,754.46	19.74	19,521.90	20.22
Non-controlling interests	7,805.10	7.80	7,714.70	7.99
Total shareholders' equity	100,090.45	100.00	96,540.88	100.00

As at 30 June 2024, the Group recorded a paid-in capital of RMB14,410 million, with no change as compared to the end of last year. Please refer to the notes to financial statements for further details.

MANAGEMENT DISCUSSION AND ANALYSIS

(III) LOAN QUALITY ANALYSIS

1. *Five-Category Classification of Loans*

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

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Normal	684,421.06	91.99	671,939.89	91.88
Special mention	45,667.19	6.14	45,726.49	6.25
Substandard	7,717.29	1.04	6,955.56	0.95
Doubtful	4,463.00	0.60	5,176.15	0.71
Loss	1,757.57	0.23	1,520.16	0.21
Total loans and advances to customers	744,026.11	100.00	731,318.25	100.00
Non-performing loan ratio ⁽¹⁾		1.87		1.87

Note:

(1) Calculated by dividing the total amount of non-performing loans by total loans.

During the Reporting Period, the Group continued to increase efforts in risk resolution and non-performing disposal. The non-performing loan ratio of the Group as of 30 June 2024 was 1.87%, flat with the end of last year.

2. *Distribution of Non-performing Loans by Product Type*

The following table sets forth the distribution of the Group's non-performing loans by product type as at the dates indicated:

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2024			As at 31 December 2023		
	Amount	Percentage of total (%)	Non-Performing loans ratio (%) ⁽¹⁾	Amount	Percentage of total (%)	Non-Performing loans ratio (%)
Corporate loans	9,448.52	67.80	2.21	9,789.07	71.71	2.28
Personal loans	4,489.34	32.20	2.53	3,862.80	28.29	2.21
Total non-performing loans	13,937.86	100.00	1.87	13,651.87	100.00	1.87

Note:

(1) Calculated by dividing non-performing loans (loans classified into substandard, doubtful or loss categories) in each product type by gross loans in that product type.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Distribution of Non-performing Corporate Loans by Industry

The following table sets forth the distribution of the Group's non-performing corporate loans by industry as at the dates indicated:

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2024			As at 31 December 2023		
	Amount	Percentage of total (%)	Non-Performing loans ratio (%) ⁽¹⁾	Amount	Percentage of total (%)	Non-Performing loans ratio (%)
Real estate	2,967.11	31.40	5.59	3,156.72	32.25	5.94
Wholesale and retail	2,572.58	27.23	5.23	2,816.57	28.77	5.65
Lease and commercial services	1,122.12	11.88	0.93	961.91	9.83	0.81
Household, repair and other services	878.28	9.30	4.26	913.49	9.33	4.53
Manufacturing	525.91	5.57	0.97	681.48	6.96	1.36
Agriculture, forestry, animal husbandry and fishery	407.01	4.31	4.20	409.90	4.19	3.79
Construction	364.77	3.86	0.98	419.53	4.29	1.17
Transportation, storage and postal services	218.03	2.31	1.54	26.00	0.27	0.16
Scientific research and technical services	120.66	1.28	2.06	54.41	0.56	0.54
Healthcare and social welfare	79.33	0.84	4.10	135.61	1.38	6.59
Water conservation, environment and public utilities management	75.72	0.80	0.66	37.22	0.38	0.30
Production and supply of electricity, heat, gas and water	44.75	0.47	0.65	0.15	0.00	0.00
Information transmission, software and IT services	32.69	0.34	0.43	87.25	0.89	1.19
Accommodation and catering	31.10	0.33	0.31	27.24	0.28	0.25
Education	4.18	0.04	0.04	52.50	0.53	0.46
Others	4.28	0.04	0.03	9.09	0.09	0.04
Total non-performing corporate loans	9,448.52	100.00	2.21	9,789.07	100.00	2.28

Note:

- (1) Calculated by dividing non-performing loans (loans classified into substandard, doubtful or loss categories) of each industry by gross loans granted to such industry.

As of 30 June 2024, the Group's non-performing loans ratio decreased as compared to the end of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

4. *Overdue Loans to Customers*

The following table sets forth the aging timetable of the Group's loans by loan certificate as at the dates indicated:

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2024		As at 31 December 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Loans that were not past due	694,910.02	93.40	688,534.45	94.15
Loans that were past due	49,116.09	6.60	42,783.80	5.85
Within 3 months	35,798.71	4.81	29,879.88	4.09
3 months to 1 year	7,288.78	0.98	5,577.12	0.76
1 year to 3 years	5,346.51	0.72	6,943.18	0.95
Over 3 years	682.09	0.09	383.62	0.05
Total loans and advances	744,026.11	100.00	731,318.25	100.00

As at 30 June 2024, overdue loans of the Group amounted to RMB49,116 million, representing an increase of RMB6,332 million from the end of last year and accounting for 6.60% of the total loans, representing an increase of 0.75 percentage point from the end of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

(IV) ANALYSIS OF CAPITAL ADEQUACY RATIO

The Group adopted the Administrative Measures for the Capital of Commercial Banks (《商業銀行資本管理辦法》) to calculate its capital adequacy ratio from 2024. According to the requirements, credit risk-weighted assets during the Reporting Period are measured by weighted method, market risk-weighted assets are measured by simplified standard method, and operational risk-weighted assets are measured by the standard method.

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2024	As at 31 December 2023
Common equity tier 1 capital adequacy ratio	9.47%	9.83%
Tier 1 capital adequacy ratio	10.96%	11.12%
Capital adequacy ratio	13.64%	13.67%
Portion of paid-in capital that may be included	14,409.79	14,409.79
Portion of capital reserve that may be included	22,070.59	22,420.96
Surplus reserve	5,844.02	5,844.02
General risk reserve	16,835.89	16,835.89
Retained earnings	19,754.46	19,521.90
Portion of minority interests that may be included	2,944.63	2,903.53
Others	1,370.60	(27.11)
Total common equity tier 1 capital	83,229.98	81,908.97
Regulatory deductions for common equity Tier 1 capital	(4,344.21)	(4,160.30)
Among which: Goodwill and other intangible assets (excluding land use rights)	(1,111.88)	(1,087.57)
Net common equity tier 1 capital	78,885.77	77,748.67
Other Tier 1 capital		
Other Tier 1 capital instruments and their premium	12,000.00	9,820.73
Portion of minority interests that may be included	391.21	419.03
Net Tier 1 capital	91,276.98	87,988.43
Tier 2 capital		
Tier 2 capital instruments and related premium that may be included	14,999.09	14,999.05
Excessive loss allowances	6,545.69	4,311.94
Portion of minority interests that may be included	801.26	808.63
Net capital	113,623.02	108,108.05
Total risk-weighted assets	833,101.73	791,000.17

MANAGEMENT DISCUSSION AND ANALYSIS

(V) ANALYSIS OF LEVERAGE RATIO

The Group has measured the leverage ratio in accordance with the Administrative Measures for the Capital of Commercial Banks (《商業銀行資本管理辦法》) since 2024.

Item (Expressed in RMB million, unless otherwise stated)	As at 30 June 2024
Net Tier 1 capital	91,276.98
The balance of assets on and off balance sheet after adjustments	1,422,342.51
Leverage ratio (%)	6.42%

(VI) SEGMENT INFORMATION

The Group conducts its business principally in Guangdong Province, the PRC, and its major customers and non-current assets are located in Guangdong Province, the PRC.

Summary of Business Segment

Operating income

Item (Expressed in RMB million, unless otherwise stated)	For the six months ended 30 June 2024		For the six months ended 30 June 2023	
	Amount	Percentage of total (%)	Amount	Percentage of total (%)
Corporate banking business	3,451.90	46.99	4,815.89	51.23
Personal banking business	2,887.64	39.31	3,490.81	37.13
Capital business	931.06	12.67	1,022.34	10.87
Other businesses	75.36	1.03	72.36	0.77
Total operating income	7,345.96	100.00	9,401.40	100.00

(VII) OFF-BALANCE-SHEET ITEMS

The Group's off-balance-sheet items include loan commitments, acceptance bills, issuance of letters of guarantee, undrawn credit card limits and issuance of letters of credit. As at 30 June 2024, the balances of loan commitments, acceptance bills, issuance of letters of guarantee, unused credit card limit and issuance of letters of credit were RMB76,194 million, RMB68,866 million, RMB27,304 million, RMB21,250 million and RMB3,627 million, respectively.

(VIII) CONTINGENT LIABILITIES AND ASSETS PLEDGED AS SECURITY

For details of the Group's contingent liabilities and assets pledged as security as at 30 June 2024, please refer to notes 40 and 42 to the condensed consolidated financial statements.

II. BUSINESS OPERATION

(1) Corporate Banking Business

1. *Corporate Loan Business*

In the first half of 2024, the Bank adhered to the guidance of the “14th Five-Year Plan” of the central authority and the provincial and municipal governments, closely implemented the “1310” specific deployment of the Provincial Party Committee and the “1312” ideology and measures of the Municipal Party Committee, focused on the regional main business and its own responsibilities. We firmly established the principle of financial services for the real economy, and increased support for key industries in Guangdong Province and Guangzhou City. Firstly, the Bank adhered to the development positioning of supporting agriculture and small businesses, actively promoted the “hundred counties, thousand towns, and ten thousand villages high-quality development project”, solidly carried out key work in promoting rural revitalization through financial services, and actively strengthened agricultural finance, rural finance, and farmer finance. Secondly, the Bank steadily promoted the “300 billion project” of small and medium-sized credit business, optimized the structure of corporate loan clients, and achieved a double increase in the scale and proportion of small and medium-sized corporate credit business with a credit of less than 50 million since the beginning of the year. As of the end of the Reporting Period, the balance of the Bank’s small and medium-sized credit amounted to RMB43.37 billion, an increase of 13.6% from the beginning of the year, and accounted for 10.4% of corporate loans, an increase of 1.1 percentage points from the beginning of the year; the Bank had 1,921 small and medium-sized credit clients, an increase of 100 from the beginning of the year, and the balance of loans to specialized and new enterprises reached RMB18.4 billion, an increase of 4.3% from the beginning of the year. Thirdly, the Bank actively responded to the “Nansha Plan” and issued specific implementation plans, formulated key work plans in accordance with the policies and planning goals of Nansha District, and provided local financial services in a deep and solid manner. Fourthly, the Bank solidly promoted green finance, continuously strengthened the top-level design of green finance development, optimized resource allocation, and promoted the innovation of green financial products, contributing to the comprehensive green and low-carbon transformation of economic and social development. As of the end of the Reporting Period, the Bank’s green loans reached RMB48.1 billion, an increase of 11% from the beginning of the year. We have obtained the qualification of the Central Bank’s carbon emission reduction support tool and have made the first carbon emission reduction loan investment. Fifthly, the Bank continued to focus on digital finance, using the industry classification of target clients as a guide to continuously develop a “2+3+N” corporate credit product system that conforms to the Bank’s development positioning and highlights the characteristics of rural commercial banks. As of the end of the Reporting Period, the Bank still ranked sixth among its peers in Guangzhou in terms of corporate loan size.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Corporate Deposit Business

During the first half of 2024, the Bank continued to promote high quality development of the corporate deposit business. Firstly, the Bank continued to focus on customers to promote the application of clearing products to facilitate customer clearing and continued to promote the operation of cash management products, which led to an increase in comprehensive income. Secondly, the Bank continued to optimize the maturity structure of deposits and implemented refined pricing management of deposits to further reduce the cost of liabilities. Thirdly, the Bank thoroughly implemented the requirements of the strategic work of rural revitalization, promoted the hierarchical management of village cooperatives by focusing on clients, carried out the business such as the rural collective fund account supervision platform and “Cun Zi Bao”, and continuously promoted the business development of this Bank’s village cooperatives. Fourthly, the Bank gave full play to its network distribution and local financial advantages, continued to expand the depth and breadth of banking-enterprise cooperation, and promoted the cooperation between provincial and municipal state-owned enterprises. As at the end of the Reporting Period, the Bank still ranked fourth among its peers in Guangzhou in terms of corporate deposit size.

3. Trading Bank Business

In the first half of 2024, the Bank’s trading bank business continued to promote the digital transformation, focusing on rural finance, industrial finance and cross-border finance to create an integrated and intelligent financial service solutions. Firstly, we focused on the “hundred counties, thousand towns, and ten thousand villages high-quality development project” and deployed special products and services to deepen cooperation between banks and local governments, continuously improving the quality and effectiveness of rural financial services. Secondly, we followed the policy guidance and actively expanded the coverage of cross-border financial services. The Bank actively responded to foreign exchange management reform policies and became one of the first local corporate banks to handle registration of full-scale foreign debt and trade classification records for enterprises, making it easier for companies to enjoy policy dividends and handle cross-border financial business. Thirdly, we continued to focus on customer needs and experiences, continuously expanding online settlement and financing service channels, further upgrading online corporate banking, mobile banking, and other public service platforms, and continuously promoting the digital ecological construction of supply chain finance. In the first half of 2024, the Bank launched online “government procurement loans” and “cloud-based chain” online factoring business, which steadily increased the scale of business and the number of service clients for small and micro enterprises in the industrial chain. During the Reporting Period, the Bank has more than 1,300 supply chain financial service customers, representing an increase of 600 customers or 85.71% over the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Retail Financial Business

1. *Retail loan business*

In the first half of 2024, the Bank adhered to a customer-centric approach, focusing on small and medium-sized consumer scenarios, continuously enriching our financial product system, and comprehensively improving our level of financial services to maintain the stable development of retail loan business. Firstly, we took the initiative to serve the financial needs of the personal consumer market, innovating and developing special products, comprehensively covering mortgages, consumer loans for various customer groups, and meeting various types of consumption scenarios to create a multi-level, integrated, and comprehensive financial service model for customers. Secondly, we strengthened the construction of customer groups, combining the characteristics of various types of customers to implement classified management, supporting citizens to consume by way of “old – for – new” and continuously improve service accuracy. Thirdly, we strengthened technology empowerment, accelerating digital transformation and continuously upgrading online functions to realize one-stop convenience and transparency in business handling and enhance customer service experience.

2. *Retail deposit business*

In the first half of 2024, the Bank persisted in basing itself in the market and captured the development trend of the market. The personal savings business grew steadily. Firstly, by focusing on customers and relying on the “traditional + distinctive” deposit product system, providing differentiated products and services for various groups of customers, and meeting the diversified and personalized financial demands of customers at different levels. Secondly, we will continue to empower technology, optimize and improve product functions, improve business efficiency, and provide customers with high quality product and service experience. Thirdly, we shall adhere to the principle of “deep-rooting scenario finance”, expand the sources of depositors with wholesale businesses such as issuance on behalf of others, social security, and house leasing, and optimize the deposit structure. As of the end of the Reporting Period, the Bank’s personal deposit position remained second in Guangzhou.

MANAGEMENT DISCUSSION AND ANALYSIS

3. *Wealth management business*

In the first half of 2024, the Bank continued to deepen its wealth management and private banking businesses, continued to consolidate our core capabilities, and focused on optimizing the product portfolio, investment advisory services and system support in order to achieve long-term stable development of our business. Firstly, it is committed to enriching the wealth product system and services by taking customer needs as the core, and by building a professional and market-oriented access evaluation system, dynamically managing consignment cooperatives, and improving wealth product iteration to meet customers' one-stop, three dimensional asset allocation needs. Secondly, we shall strengthen the building of investment and research capabilities, thoroughly implement the concept of asset allocation service, and provide clients with specialized and integrated wealth services in combination of batching and personalization, so as to enhance clients' satisfaction and loyalty. As at the end of the Reporting Period, the number of the Bank's private VIP customers reached 15,700. Thirdly, we will optimize the system support from the back-end business management end and the customer use end, build an integrated wealth business management platform, optimize the wealth business functions of mobile banking, expand customer access channels, promote customer insight and business opportunity discovery, and enhance customer experience and business management level.

4. *Bank Card Business*

(I) Debit card

The Bank followed the policy guidance by enriching its debit card products and vigorously developing its debit card business. Firstly, centering on the construction of talent plateaus in the Greater Bay Area, the series of "Leading Guangdong" thematic debit cards shall be continuously promoted to provide a package of comprehensive financial value-added services for talent in the Greater Bay Area. As of the end of the Reporting Period, over 280,000 new debit cards of the Bank were issued, and the total number of cards in use exceeded 8.12 million. Secondly, the coverage of social security card services has been expanded and deepened, and the construction of business channels shall be strengthened. Nearly 500 business outlets throughout the country shall provide social security card services, and business handling efficiency shall be improved, so as to effectively improve the quality and efficiency of financial services for the elderly of urban and rural residents. During the Reporting Period, over 30,000 new social security cards of the Bank have been issued.

MANAGEMENT DISCUSSION AND ANALYSIS

(II) Credit card

In the first half of 2024, our credit card business firmly grasped the general requirements of “expanding the market, reducing risks, enhancing management and increasing efficiency”, and vigorously promoted the quality and efficiency enhancement of the credit card business. Firstly, we continued to enrich our product system and launched several special installment products for different customer groups, as well as new products such as the JINMI Fun themed card for young customers and the JINMI Yue Xiu Bay Area Pass for cultural and tourism consumption, to continuously meet customer expectations. Secondly, we helped boost consumer demand by actively responding to government calls and focusing on four major scenarios: travel, culture and tourism, shopping, and dining. We launched over 20 promotional activities and 2 bottom-up activities with no specific scenario, as well as the “Summer is Here • Gorgeous Renewal” theme activity for upgrading old credit cards. These efforts helped boost consumer demand. Thirdly, we optimized the risk pricing strategy for regular installments and the strategy for large installment loans with instant approval, promoting the digital and intelligent transformation of customer service. As of the end of the Reporting Period, the Bank had added 53,746 new active credit card customers, an increase of 17,536 or 48% compared to the previous year. The activation rate for new customers was 92%, an increase of 7 percentage points compared to the previous year.

(3) Sannong Financial Business

In the first half of 2024, the Bank thoroughly implemented the relevant spirit of the 20th National Congress of the CPC and Document No. 1 of the CPC Central Committee, focused on implementing the “hundred counties, thousand towns, and ten thousand villages high-quality development project”, adhered to the source of business for local legal person banks to support agriculture and small villages, and effectively provided financial services to comprehensively promote the revitalization and high quality development of rural areas.

Firstly, we focused on the “hundred counties, thousand towns, and ten thousand villages high-quality development project”, and actively led the coordination and issuance of the first batch of key field enterprise lists under the “hundred counties, thousand towns, and ten thousand villages high-quality development project” in Guangzhou, including the key regional economic projects, typical counties, towns and villages, agricultural leading enterprises at all levels, and “Basket of Vegetables” project enterprises based on the key project lists at all levels of province, city and district under the “hundred counties, thousand towns, and ten thousand villages high-quality development project”. As at the end of the Reporting Period, the credit balance for these projects and key customers had exceeded RMB10 billion. During the Reporting Period, the Bank’s support for the “Jiashongling Village Homestay Project” in Zengcheng District was selected as the first recommended case for the 2024 Guangdong Financial Institutions Empowerment “hundred counties, thousand towns, and ten thousand villages high-quality development project” by Xinhua News Agency. The Bank also supported the Guangzhou Municipal Bureau of Agriculture and Rural Affairs in organizing the 2024 Guangzhou Urban Modern Agriculture and “Hundred Counties, Thousand Towns, and Ten Thousand Villages High-quality Development Project” Typical Village Investment and Talent Introduction Activities, promoting the connection between production and finance, and linking resources for over 100 agricultural enterprises and typical villages in the city.

MANAGEMENT DISCUSSION AND ANALYSIS

Secondly, we continuously optimized our product system and used product innovation to expand financing channels for agricultural entities. Our special products, “Collective Construction Land Credit Loans” and “Collective Construction Land Project Loans,” continue to activate the profit-making ability of rural collective assets. The “Rural Revitalization Agricultural Loan” continues to provide credit financing support to high-quality agricultural entities. The “Rural Revitalization Easy Loan” (ecological public welfare forest compensation income rights) actively supports the development of the forestry economy in the Guangqing Conjunction Area and promotes urban-rural integration development. We also promoted the “Village-wide Credit” business to effectively serve the city’s “one village, one product, one town, one industry” professional villages and towns, and support the development of local advantageous agricultural industries. The “JINMI Small and Micro Business New Citizen Loan” continues to serve new citizens such as migrant workers who have moved to the city for employment and entrepreneurship, optimizing the efficiency of financial services for new citizens.

Thirdly, we used technology and innovation to promote the digital transformation of rural financial governance. In the first half of 2024, the Bank continued to promote the Village Asset Treasure business in Huadu District, with all 10 towns successfully implementing the program. We signed contracts with 103 administrative villages and 905 households, upgraded the Village Asset Treasure product services, and achieved cross-product linkage with Cash Management (Cloud Finance), Enterprise Mobile Banking, and other products to improve the quality and efficiency of services and meet the comprehensive settlement needs of customers. As at the end of the Reporting Period, the Village Asset Treasure had a total of 1,351 signed customers.

As at the end of the Reporting Period, the Bank’s balance of agricultural loans, according to the People’s Bank of China, was RMB39.571 billion. We have utilized a total of RMB1.363 billion of the People’s Bank’s loans for agriculture and small businesses, and have lent RMB2.425 billion to 449 households and enterprises in the agricultural sector, with a weighted average interest rate of 3.74%, a decrease of 3 basis points compared to the previous year, effectively implementing policies to support agriculture and small businesses. We have a total of 141 rural financial service stations, maintaining our leading position in terms of financial channel coverage in villages and communities.

(4) Inclusive Financial Services

In the first half of 2024, the Bank fully implemented the spirit of the provincial and municipal high quality development conference, remained committed to the development positioning of supporting the development of agriculture and small- and medium-sized enterprises, effectively conducted the “Big Articles on Inclusive Finance”, and focused on the objectives of “expanding the market, reducing risk, enhancing management, and improving efficiency”. We strived to achieve an increase in the overall efficiency contribution of all small and micro businesses through “seeking benefits from the market, seeking benefits from risks and seeking benefits from management.”

MANAGEMENT DISCUSSION AND ANALYSIS

Firstly, we actively implemented the requirements of the NFRA's "Inclusive Finance Promotion Month" and "County and Township Special Action". We also carried out a series of activities in conjunction with the Bank's "Hundred Counties, Thousand Towns, and Ten Thousand Villages High-quality Development Project", Jinmi Village Official Work, industrial parks, and professional market loan projects.

Secondly, we focused on local professional markets, key commercial districts, and industrial parks. We released special plans for inclusive micro and small business loans for park enterprises and professional markets, set annual growth targets, formulated marketing strategies, standardized business processes, and provided supporting special performance incentives and marketing support to support the development and growth of small and medium-sized enterprises in industrial parks and professional markets.

Thirdly, we strengthened the technological support for business development. The Bank formulated comprehensive management regulations for inclusive micro and small businesses, further detailed and standardized business operations in various stages of the inclusive micro and small business process, prevented business risks, and improved the efficiency of front-line staff in handling business. We also added online application channels for inclusive micro and small business loans, such as online housing loans, Speed E loans, and Village E loans, and achieved full product application through mobile banking apps and WeChat mini-programs for inclusive micro and small businesses.

Fourthly, we implemented the overall plan for focusing on key industries and optimizing special customer groups. We comprehensively reviewed the inclusive micro and small business product system and focused on developing new productive forces. We built three industry product systems and created a number of special segmented products. We upgraded and optimized the Jinmi Knowledge Easy Loan product, expanded the scope of intellectual property pledge, improved the customer access criteria and evaluation model, and expanded product application scenarios to empower new productive forces.

As of the end of the Reporting Period, the Bank's balance of inclusive micro and small business loans was RMB47.449 billion, an increase of RMB1.976 billion from the beginning of the year, with a growth rate of 4.35%. The balance of inclusive agricultural loans was RMB10.619 billion, an increase of RMB0.097 billion from the beginning of the year, with a growth rate of 0.92%. We also utilized RMB4.049 billion of the People's Bank's loans for inclusive micro and small businesses during the Reporting Period. The Bank also won five awards, including the "Outstanding Contribution Award" for the development of specialized, refined, special, and new enterprises in Guangzhou. Our case study "Focusing on Local Development to Create a 'Rural Commercial Model'" was selected as a national case study for the ten-year achievements of inclusive finance in the Banking industry and was the only rural financial institution in Guangdong to be selected.

MANAGEMENT DISCUSSION AND ANALYSIS

(5) Financial Market Business

In the first half of 2024, the financial market business of the Bank followed the philosophy of steady operation, and in line with the basic thought of “increasing scale, adjusting structure, controlling risks, and increasing efficiency”, actively coped with market changes, continued to optimize business structure, consolidated its interbank customer base, and promoted steady increase in investment income.

Firstly, we optimized the asset-liability allocation structure. On the asset side, we continued to conduct forward-looking market analysis, reasonably increased investment in high-quality assets, and strengthened the management of investment maturity structure. On the liability side, we solidly carried out the management of liability types and maturities, effectively lowered the cost of liabilities, and supported the high-quality development of financial market business.

Secondly, we actively increased trading activity. The Bank actively fulfilled its responsibilities as a primary dealer in the open market, effectively promoting the continuous growth of bond trading volume, increasing our participation in innovative businesses, and enhancing the Bank’s influence in the interbank market. During the Reporting Period, our bond trading volume exceeded RMB1.3 trillion, a year-on-year increase of approximately 452%.

Thirdly, we continued to deepen the management of interbank customers. We consolidated and enhanced our ability to manage customers in a layered and refined manner, carried out in-depth marketing of financial market business, reasonably expanded the coverage of interbank customers, and closely focused on customers’ business cooperation needs to promote the integration and coordination of business resources and effectively improve the quality of service for interbank customers.

During the Reporting Period, the Bank successfully issued RMB12 billion of undated capital bonds with a coupon rate of 2.78%, which was the largest issuance scale and the lowest interest rate among all rural commercial banks in the country issuing such bonds.

(6) Asset Management Business

In the first half of 2024, the Bank always focused on customer demand and vigorously developed retail wealth management business, focusing on creating low-risk and stable high-yield products and coordinating with the development of wealth management business. On one hand, we focus on customer demand and create low-risk and stable high-yield products. During the Reporting Period, the Bank concentrated our advantageous resources to create multiple high-yield products based on the characteristics and risk preferences of our wealth management customer group. The returns of our products were competitive in the market, and customer recognition and satisfaction continued to increase. On the other hand, we continue to promote system construction and use technology to empower business development. The Bank continuously promotes the upgrade and improvement of the wealth management business system, officially launching 27 system upgrade and transformation projects. During the Reporting Period, the Bank was rated as an “Excellent Institution for Wealth Management Information Registration” by the China Banking Wealth Management Registration and Custody Center.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, three of our wealth management products won the “Five-Star Product” honor (including Jinmi Jiafu No. 7, Sixiang Jiafu No. 4, and Jinmi Ruifu 735-day FOF Class B). In the first quarter of 2024, the Bank ranked third among non-wealth management subsidiary institutions in the comprehensive ability ranking of bank wealth management released by China Securities Jin Niu. In the nationwide bank ability ranking released by Pu Yi Standard, we ranked third in the comprehensive ability ranking of bank wealth management for two consecutive quarters among non-wealth management subsidiary institutions.

(7) Investment Banking

In the first half of 2024, the Bank gave full play to the advantage of local legal person lead underwriter licenses, actively implemented the work requirements for high quality development, adhered to the development concept of “light capitalization”, and focused on building a product system of the investment banking focusing on direct financing, asset securitization, and structural financing. Centering on “efficiency enhancement,” we will continue to do a good job in science finance, technology finance and green finance, firmly support the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, help regional industrial optimization and upgrading, and continue to expand the depth and breadth of financial services for high quality enterprises in the Bay Area.

During the Reporting Period, the Bank focused on the financing needs in such fields as biotechnology, education and airport construction, and vigorously promoted the development of syndicated loan business by adhering to the market-oriented business and grasping the business of key infrastructure and industrial park construction. The Bank shall give full play to the advantages of licenses for local corporate, by virtue of bond underwriting, asset securitisation and other promotion methods, support the financing needs of enterprises through multiple channels, and solidly promote the development of local economies.

(8) Distribution Channels

1. *Physical Outlets*

As at the end of the Reporting Period, the Bank had 570 operating outlets (including 1 franchise institution), of which 550 (including 1 franchise institution) were in Guangzhou and 20 located in other places within the province, of which the number of branches in Guangzhou ranked first among the branches of banks in Guangzhou. The Bank has 5 non-local branches and 15 sub-branches in Foshan, Qingyuan, Heyuan, Zhaoqing and Hengqin, Zhuhai.

MANAGEMENT DISCUSSION AND ANALYSIS

2. *Self-service Bank*

As at the end of the Reporting Period, the number of ATMs, self-service inquiry terminals and smart service terminals of the Bank amounted to 1,489, of which 803 ATM, 102 self-service inquiry terminals and 584 intelligent service terminals were maintained.

3. *Smart Banking*

During the Reporting Period, the Bank speeded up the building of its outlets into intelligent and digital devices. As at the end of the Reporting Period, the Bank had a total of 474 smart banking outlets and invested in 584 smart devices STM.

4. *Electronic channels*

(1) Mobile banking

During the Reporting Period, the Bank utilized technology to lead digital transformation and accelerate the development of mobile banking. Firstly, we continuously enriched the types of online services available on mobile banking. Our online banking hall further deepened its remote video service capabilities and added various business scenarios such as “personal deposit inheritance” and “dormant account processing”. Remote tellers provided “one-on-one, face-to-face, and warm” financial services, greatly improving customer experience and the convenience of online financial service transactions. Secondly, we continuously improved the customer management capabilities of mobile banking, utilizing data to empower us, deeply analyze customer needs, and use personalized marketing strategies to tailor the layout and display of mobile banking for different customer groups, accurately matching products and services. By dynamically updating layout materials, we continuously bring customers a refreshed experience and personalized, precise rights and benefits. As of the end of the Reporting Period, our mobile banking customers reached 4.44 million, an increase of 7.1% compared to the beginning of the year.

(2) Online banking

During the Reporting Period, the Bank comprehensively upgraded our corporate online banking through digital financial technology, and iteratively optimized it in terms of basic services, platform capabilities, and risk management to comprehensively improve customer experience. As of the end of the Reporting Period, the Bank had 31,400 contracted corporate online banking customers, with a transaction amount of RMB434.9 billion; the number of contracted corporate customers for mobile banking was 23,700, with a transaction amount of RMB14.1 billion.

MANAGEMENT DISCUSSION AND ANALYSIS

III. DEVELOPMENT OF FINANCIAL TECHNOLOGY

In the first half of 2024, the Bank was committed to promoting the digital transformation of the Bank. Focusing on scientific and technological innovation and quality and efficiency enhancement, the Bank continued to increase investment in scientific and technological resources, strengthen application of technologies, deepen integration of industry and technology, and create a systematic and distinctive digital capability. The Bank contributed a strong scientific and technological force to the high quality development of its business operations. During the Reporting Period, all important information systems of the Bank operated steadily, no unplanned system outages occurred, and the network operated steadily.

(1) Continuously enhance technology governance capabilities

The Bank has made efforts to strengthen technology governance and established a top-down information technology management structure consisting of the Board of Directors and senior management, the Technology Finance Committee, the Information Technology Risk Management Department, and the Financial Technology Department. We adhered to the implementation of the “three lines of defense” for information technology risk management; given full play to the Technology Finance Committee’s role in major matters such as financial technology management, information technology risk management, innovation management, and data governance, strictly controlled technology architecture, actively optimized management models, deepened agile development and technology integration response mechanisms, and used multiple measures to optimize the technology governance system and continuously improve the level of technology-enabled business.

(2) Comprehensive promotion of digital transformation

The Bank adhered to strategic guidance and continued to promote the implementation of the “Guangzhou Rural Commercial Bank Digital Transformation Overall Plan (2023–2025)”. Following the dual-line parallel strategy of “breaking through first and persisting in strategy”, we focused on the digital transformation of small and medium-sized asset businesses and release special work plans to solidly promote customer management, product innovation, service channels, intelligent risk control, data application, and internal management. We also issued and implemented a three-year plan for data governance, continuously promoted data asset management, data security, and other capacity building, and comprehensively promoted the full-scale digital transformation of the Bank.

During the Reporting Period, the Bank successfully launched 5 system construction projects, including the credit card marketing decision-making platform and the new generation of data control platform, and completed 1,420 demands, effectively supporting the development and operation management of various business segments of the Bank and playing a role in promoting the overall efficiency of the Bank through technology.

MANAGEMENT DISCUSSION AND ANALYSIS

(3) Strengthen information security guarantee

The Bank adhered to the bottom line of safety production, continuously strengthened information security guarantee capabilities, and thoroughly implemented the requirements of national and regulatory authorities for network security work. We implemented a network security management responsibility system at all levels and continuously improved the awareness of network security responsibilities for all employees. We also promoted the implementation of security management measures such as network security level protection evaluation, information system penetration testing, security event monitoring and handling, and application security access review. We also promoted the construction and deployment of security projects such as data security management platform, new generation of anti-virus system, zero-trust access system, and API security control system, deepened information system security protection and information privacy protection measures, and promote the continuous improvement of network and data security operation guarantee levels. In the first half of 2024, there were no major information security incidents, and the goal of “zero accidents” in network and data security was achieved.

(4) Adhere to the implementation of business continuity management

The Bank adhered to the implementation of various work on business continuity management, completed the upgrading of database cluster architecture of electronic channel systems, SMS platform, Guojie system, payment platform, and actively promoted the hierarchical management of basic system resources. We also actively promoted the replacement of old facilities in the computer room, the migration of old storage, and the replacement of old firewalls, reducing the operational risks brought by old equipment and improving the stability of the basic resource architecture. We completed emergency switching drills for 96 application systems to verify the local high availability of relevant application systems, improve the Bank’s emergency response capabilities to information system emergencies, and all systems participating in the drills were docked with the one-click disaster recovery switching platform and intelligent integrated monitoring platform, significantly improving the level of operation automation and intelligent management, and further enhancing the Bank’s business continuity guarantee capabilities.

(5) Actively carry out information technology innovation

The Bank actively promoted the 2023 trust and creation work and successfully passed the acceptance of PBOC, organized the formulation of the 2024 trust creation implementation plan, promoted the implementation of inventory information system full-stack trust creation technology transfer and transformation projects, and promoted the continuous increase in the proportion of trust creation technology applications in various fields. We also optimized the training model for new employee development skills, increased the promotion of application development platforms and other tool platforms, continuously increased investment in independent research and development of key technology areas, and gradually consolidated the Bank’s independent and controllable technology capabilities.

In the first half of 2024, the Bank was successively awarded a number of fintech innovation awards including “Excellent Application Case of the Second Guangdong-Hong Kong-Macao Greater Bay Area Financial Innovation Achievements Selection” by the Guangdong-Hong Kong-Macao Cooperation Promotion Association, “Excellent Unit” by the 2023 “Top Points Achieved” digital finance evaluation activity and “Special Digital Finance Award”.

IV. COMPREHENSIVE RISK MANAGEMENT

During the Reporting Period, the Group adhered to the positioning of supporting agriculture and small businesses and serving the local market, and insisted on integrating compliance management with risk management, business management, internal control management and employee management. We firmly implemented the spirit of the Central Economic Work Conference and the Central Financial Work Conference and various regulatory policies, made every effort to promote the development of small and medium-sized credit business, optimized the structure of asset businesses, and continued to strengthen comprehensive risk management while increasing business transformation and development. We improved the risk management system, optimized the risk management mechanism, strengthened the full-process management of credit business, and actively utilized cutting-edge information technology to empower risk management and control.

(I) Risk Management Framework

The Group has established a sound organizational structure and clear boundaries of responsibilities for comprehensive risk management, and the Board of Directors, the Board of Supervisors, senior management, various departments and branches of the headquarters carried out comprehensive risk management in accordance with their respective duties and responsibilities. Risk management covers all business segments, branches, subsidiaries, positions and personnel, all types of risks areas, and all management aspects of decision-making, execution and supervision. The Bank has established a comprehensive risk management system that is appropriate to the nature, scale and complexity of its business.

(II) Credit Risk Management

Credit risk refers to the risk of economic loss incurred by a bank's borrowers or trading partners due to their failure to fulfill their obligations under contracts for various reasons.

In the first half of 2024, the Group continued to strengthen credit risk management. Firstly, we optimized the credit approval structure by setting up a small and medium-sized credit approval center, allocating resources to improve the efficiency of small and medium-sized credit business approvals. Secondly, we issued annual credit policies and adhered to the positioning of supporting agriculture and small businesses, making every effort to promote the "300 billion project" for small and medium-sized credit. We carefully set the credit concentration of the Group and individual clients, optimized business access standards, strictly controlled out-of-town credit, and promoted the optimization of the credit business structure. Thirdly, we optimized the credit approval management authority and strengthened the collective review mechanism for large credit business. Fourthly, we strengthened risk monitoring, regularly evaluated the risk situation of innovative products, and continued to conduct risk investigations in key business areas through on-site or non-site forms to identify and respond to hidden risks in a timely manner. Fifthly, we increased efforts in disposing of non-performing assets, took measures such as strengthening post-loan management, debt transfer, write-off, and debt settlement to accelerate the disposal of non-performing assets. Sixthly, we promoted digital transformation in risk control, improved the credit business risk warning and monitoring system, optimized the IFRS9 impairment measurement system, and enhanced the level of credit risk identification, measurement, and monitoring.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the credit risk of the Group was generally controllable, and the asset quality remained stable. The credit risk monitoring indicators such as the non-performing loan ratio and the non-performing asset ratio met regulatory requirements.

(III) Liquidity Risk Management

Liquidity risk refers to the risk of not being able to obtain sufficient funds at a reasonable cost in a timely manner to repay maturing debts, fulfill other payment obligations, and meet other fund requirements for normal business operations.

In the first half of 2024, the Group continued to implement liquidity risk policies and management measures, continuously improving the refinement level of liquidity risk management. Firstly, we followed the principle of “unified management, centralized operation” for position management, unified arrangement and allocation of funds to ensure sufficient intraday liquidity. Secondly, we incorporated liquidity risk management requirements into business plans, established multi-level reserves of qualified and high-quality liquid assets, and issued monthly liquidity risk limits, monitored and assessed the implementation of risk limits to ensure controllable liquidity risk. Thirdly, we continuously monitored liquidity indicators, strengthened forward-looking judgment on risk situations, and made advance liquidity planning. Fourthly, we conducted quarterly liquidity risk stress tests to timely evaluate the Group’s ability to withstand liquidity risk pressure and risk mitigation capacity, and increased stress tests during important sensitive periods to strengthen the monitoring and prevention of liquidity risk. Fifthly, we regularly conducted liquidity risk emergency drills to improve the Group’s risk emergency response capabilities.

During the Reporting Period, the overall level of liquidity risk of the Group was reasonable and controllable, with sufficient reserves and liquidity risk indicators better than the regulatory target values. The results of stress tests also showed that the Group has sufficient risk mitigation capacity to deal with crisis scenarios.

(IV) Market Risk Management

Market risk refers to the risk of losses in on- and off-balance sheet businesses from adverse changes in market prices (interest rate, exchange rate, stock prices and commodity prices). The market risk faced by the Group exists in the Group’s transaction books and bank books, mainly including interest rate risk and exchange rate risk.

In the first half of 2024, the Group continued to monitor the fluctuations of monetary policies and market prices and took multiple measures to enhance our market risk management capabilities. Firstly, we issued annual policies for proprietary and wealth management investments, differentiating them in terms of business type, investment targets, terms, and risk management measures. Secondly, we regularly checked the implementation of these policies and reported on our progress in achieving policy goals, external regulatory indicators, and monitoring and assessment indicators for new business, to continuously optimize our business structure. Thirdly, we conducted regular stress tests on market risk to analyze our ability to withstand various levels of market risk and provided recommendations for risk mitigation.

During the Reporting Period, the Group’s overall market risk was manageable, with no major market risk events occurring. Our key market risk indicators met regulatory requirements, and the results of stress tests showed that we have sufficient capacity to handle various scenarios of market risk.

MANAGEMENT DISCUSSION AND ANALYSIS

(V) Operational Risk Management

Operational risk refers to the risk of losses caused by imperfections or problems of internal procedures, staff and IT system, and external events.

In the first half of 2024, the Group continued to enhance its capability of operational risk management by performing further cleaning and supplementing of loss data and system amendments. Firstly, the Group thoroughly conducted the cleaning and supplementing of operational risk loss data, and through organizing relevant training, issuing event clues as follows to assist in the screening and reporting and actively identify and report the information on loss in the history of the Group's operational risk events in a systematic manner, so as to provide high quality data support for the implementation of the new capital regulations and the requirements for intra-bank operational risk management. Secondly, we deepened the construction of the operational risk management system, revised the basic operational risk management system, developed supporting systems simultaneously, and further improved and optimized the operational risk management system from the management structure, basic management requirements, management processes and methods, among others, so as to strengthen the practicality of the operational risk management system and the guidance to work, and lay a solid foundation for the operational risk management system.

(VI) Information Technology Risk Management

Information technology risk refers to operation, law and reputation risks generated during the process of applying information technology by the Bank due to natural factors, human factors, technical loopholes and management flaws.

The Group has continuously strengthened the information technology risk management. Firstly, the Measures for the Management of Information Technology Outsourcing Risks shall be revised to further regulate the information technology outsourcing risk management mechanism, organize the preparation of outsourcing service continuity drill plans, and improve the outsourcing emergency management capabilities of all departments. Secondly, it issued the Business Continuity Plan (2024 Revision), formulated the business continuity exercise plan for 2024 and the stress testing plan for business continuity of important information systems, and continuously improved the business continuity emergency management mechanism. Thirdly, the Information Technology Risk Monitoring Indicators (2024 Revision) was issued to expand the scope of indicator monitoring and strengthen consolidated management of information technology risks. Fourthly, we continuously strengthened the risk assessment of changes to important information systems and information system development projects, and improved the forward-looking risk management. Fifthly, we completed the project initiation of external audit of information technology and bidding for procurement in 2024, and strengthened the audit evaluation of information technology management and risk control measures.

During the Reporting Period, the information technology risk of the Group was generally under control and no major information technology risk event (including those above) occurred.

MANAGEMENT DISCUSSION AND ANALYSIS

(VII) Compliance Risk Management

Compliance risk refers to the risk of legal sanction or regulatory penalty, major property loss or reputation loss as a result of its non-compliance with the laws, regulations and standards as well as relevant industry codes. The objective of the Bank's compliance risk management is to achieve effective identification, assessment, prevention and handling of compliance risks through the establishment of a sound compliance risk management mechanism, so as to ensure the Bank's compliance operation in accordance with the laws.

In the first half of 2024, the Group continued to strengthen compliance risk management. Firstly, we optimized the system of management and published the "Guangzhou Rural Commercial Bank Rules and Regulations Compilation (2024)", and developed general and specific templates for regulations in different business areas. At the same time, we refined the six dimensions of general assessment points for the rationality, legality, consistency, operability, risk control effectiveness, and formality of regulations, and promoted standardized and normalized regulation management. Secondly, we strengthened the supervision of regulation implementation and developed a work plan for regulation implementation inspections, systematically and scientifically arranging the inspections of regulation implementation. We conducted system implementation inspections in an orderly manner by focusing on key areas and weak links to improve our compliance risk management level and prevention capabilities.

(VIII) Legal Risk Management

Legal risk refers to the risk of incurring legal sanctions or other negative consequences that arises out of or in connection with the failure of the Bank to comply with requirements of relevant laws and regulations during the Bank's operation; the unfavorable legal defects that exist in products, services or information provided to clients, transactions engaged in, and contracts, agreements or other documents executed by the Bank; legal disputes (litigation or arbitration proceedings) between the Bank and its clients, counterparties and stakeholders; important changes in relevant laws and regulations and other relevant rules; and other relevant legal events that occur internally and externally.

In the first half of 2024, the Group continued to strengthen its legal risk management, conducted special training on Civil Code, improved and optimized the texts of agreements, effectively enhanced prevention and control of litigation case risks, and enhanced its legal risk management level and prevention capabilities.

(IX) Money Laundering Risk Management

Money laundering risk means the risks that may be used by money laundering and other illegal and criminal activities when conducting business and operating activities, including money laundering, terrorist financing, and proliferation financing risks, among others.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2024, the Group strictly complied with the anti-money laundering laws, regulations, rules and policies, implemented various regulatory provisions of the People's Bank of China and the State Administration of Financial Supervision, and under the principle of "risk-based", continuously improved working mechanisms, strengthened management of internal control systems, optimized the construction of anti-money laundering system, conducted training through innovative ideas, organized and promoted the earnest performance of various anti-money laundering obligations at all levels, and actively created a good culture and atmosphere for money laundering risk management. During the Reporting Period, the Group made orderly progress in various anti-money laundering tasks, and there were no significant money laundering risk and events.

(X) Reputational Risk Management

Reputation risk refers to the behavior of the Bank, behavior of its staff or external events, lead to negative evaluations of the Bank by stakeholders, the public and the media, thereby damaging the brand value of the Bank, detrimental to the normal operations of the Bank, and even affecting market stability and social stability.

In the first half of 2024, the Group established a sound reputational risk management system, implemented full-process management of reputational risk, and established a relatively complete reputational risk monitoring, screening, reporting, prevention and response mechanism. Firstly, public opinion management shall be effectively conducted in advance, the 7*24-hour real-time monitoring and reporting work shall be strictly implemented, dynamic management of reputational risks shall be implemented, regular inspections of reputational risks shall be conducted on a regular basis, and multi-level preventative measures shall be taken to effectively respond to and deal with reputational risks. Secondly, we made more efforts in positive publicity, gave full play to the joint efforts of the media inside and outside the industry in publicity, actively publicized and reported the achievements made by the Bank in deepening reform, supporting agriculture and the small and medium-sized enterprises, serving the real economy, serving the "hundred counties, thousand towns, and ten thousand villages high-quality development project", and promoting high quality development, so as to create a favorable atmosphere of public opinion. Thirdly, it regularly reviewed and improved reputational risk management, comprehensively improved the quality and efficiency of reputational risk management, and effectively maintained a good market image of the Bank.

(XI) Country Risk Management

Country risk refers to the risk incurred to a bank arising from the inability or refusal by the borrower or debtor to repay banking financial institution debt, losses suffered by banking financial institution or its commercial presence in such country or region and other losses due to economic, political, social changes and events in a country or a region.

In the first half of 2024, the Bank adhered to the principle of "risk-based", and strictly implemented the regulatory requirements. Combined with business development needs and in the face of increasingly complex external environment, the Bank comprehensively deepened the systematic construction of compliance risk management, and continuously strengthened country risk management, promoting the high-quality development of the Bank's business.

MANAGEMENT DISCUSSION AND ANALYSIS

V. INTERNAL AUDIT

The Bank has established an independent and vertical audit management system. The Board of Directors takes ultimate responsibility for the independence and effectiveness of internal audit, reviews and approves the internal audit regulations, medium- and long-term audit work plans, and annual audit plans to provide necessary guarantees for independent and objective internal audit work. The head office has set up an audit department to work under the leadership of the Bank's Party committee and Board of Directors, and to receive guidance and supervision from the Board of Supervisors, and specifically undertake internal audit responsibilities.

During the Reporting Period, the Bank thoroughly implemented the audit requirements of superior government agencies, fully implemented the work deployment of the Bank's Party committee and Board of Directors, improved political positions, comprehensively promoted full coverage of audit supervision, continuously strengthened audit systems, technology, and team building, and continuously improved the long-term mechanism of audit rectification. Our centralized, comprehensive, and authoritative audit supervision system has been further deepened.

During the Reporting Period, the Bank closely followed the implementation of national economic and financial policies, focused on the Bank's work goals of high-quality development, and guided by "strengthening compliance, controlling risks, and enhancing value." We scientifically allocated audit resources, properly arranged audit projects, and used strong and effective audit supervision to promote the Bank's compliance operations and risk management levels in accordance with the law.

VI. INTERNAL CONTROL

The Bank has established an internal control governance and organisation structure with reasonable division of labor, clear responsibilities and clear reporting relationships. Among them, the Board of Directors is responsible for the establishment and effective implementation of the internal control system. The Audit Committee and Related Party Transactions and Risk Management Committee under the Board of Directors are responsible for assisting the Board of Directors in fulfilling its supervision and management responsibilities. The Board of Supervisors is responsible for supervising the Board of Directors and the senior management to improve the internal control system and perform their internal control duties. The senior management is responsible for implementing the decisions of the Board of Directors and guaranteeing the effective fulfillment of all responsibilities of internal control.

The Bank attaches great importance to the construction of internal control management and has formulated the Internal Control Guidelines of Guangzhou Rural Commercial Bank (《廣州農村商業銀行內部控制指引》) in accordance with the Guidelines on Internal Control of Commercial Banks (《商業銀行內部控制指引》), the Basic Standard for Enterprise Internal Control (《企業內部控制基本規範》) and other laws and regulations, and in conjunction with the actual situation of the Bank, which regulate internal control responsibilities, internal control measures, internal control guarantees, internal control evaluation, internal control supervision, information and communication, and internal control of subsidiaries.

VII. PRINCIPAL SUBSIDIARIES

(1) Zhujiang County Bank

Zhujiang County Bank is the general term for the various rural banks established by the Bank as a main promoter. It is of great significance for the Bank to perform social responsibility, improving the level of financial services for Sannong, and small and micro businesses, assisting rural revitalization and inclusive financial development, and further building a multi-level rural financial service network. As of the end of the Reporting Period, the Bank established 25 Zhujiang County Banks in 9 provinces and cities nationwide. During the Reporting Period, the Bank strengthened its consolidated management capabilities for county banks and promoted their steady and high-quality development.

(2) Zhujiang Financial Leasing Co., Ltd.

As a wholly-owned subsidiary promoted and established by the Bank, Zhujiang Financial Leasing Co., Ltd. was incorporated and commenced operation in December 2014, mainly engaged in financial leasing related business. In December 2021, Zhujiang Financial Leasing Co., Ltd. increased its registered capital by RMB500 million with undistributed profits, increasing the registered capital from RMB1 billion to RMB1.5 billion.

(3) Strategic Holding Agricultural and Commercial Bank of China

The Bank strategically controls four rural commercial banks, namely Hunan Zhuzhou Zhujiang Rural Commercial Bank Co., Ltd., Chaozhou Rural Commercial Bank Co., Ltd., Guangdong Nanxiong Rural Commercial Bank Co., Ltd. and Shaoguan Rural Commercial Bank Co., Ltd. They are mainly engaged in monetary financial business. Among them, Hunan Zhuzhou Zhujiang Rural Commercial Bank Co., Ltd. completed its restructuring and commenced operation in December 2017, with a registered capital of RMB600 million. Chaozhou Rural Commercial Bank Co., Ltd. completed its restructuring and commenced operation in June 2019, with a registered capital of RMB2,630 million. Guangdong Nanxiong Rural Commercial Bank Co., Ltd. completed its restructuring and commenced operation in July 2019, with a registered capital of RMB430 million. Shaoguan Rural Commercial Bank Co., Ltd. completed its restructuring and commenced operation in June 2020, with a registered capital of RMB1,370 million.

MANAGEMENT DISCUSSION AND ANALYSIS

VIII. OUTLOOK OF THE SECOND HALF OF 2024

In the first half of 2024, China's gross domestic product (GDP) reached RMB61.7 trillion, a year-on-year increase of 5.0%, and the overall economic operation was stable and making progress. In terms of industries, the value added of agriculture (planting) increased by 4.0% year-on-year. The added value of industrial enterprises above designated size increased by 6.0% year-on-year, with significant support from equipment manufacturing and high-tech manufacturing, and the growth rate was 1.8 and 2.7 percentage points higher than that of all industrial enterprises above designated size, respectively. The value added of the service industry increased by 4.6% year-on-year, and the revenue of service enterprises above designated size increased by 8.5% year-on-year. In view of domestic and foreign demand, in terms of domestic demand, under the continued efforts in policies to expand domestic demand, the total retail sales of consumer goods increased by 3.7% year-on-year, and the contribution rate of consumption expenditure to economic growth was 60.5%, driving GDP growth by 3 percentage points. Fixed asset investment increased by 3.9% year-on-year. Although real estate investment was at a low level, infrastructure investment and manufacturing investment increased by 5.4% and 9.5%, respectively, under the influence of the issuance of super-long-term special national bonds, showing signs of recovery. In terms of external demand, the total import and export of goods in the first half of the year increased by 6.1% year-on-year. Foreign exchange reserves remained stable at more than USD3.2 trillion. The contribution rate of net exports to GDP growth was 14.5%, an increase of 25.9 percentage points from the previous year, which performed better than expected. In terms of prices and employment, the CPI increased by 0.1% year-on-year, and the national urban unemployment rate decreased by 0.2 percentage points compared with the same period of the previous year.

Looking forward to the second half of the year, the international political and economic environment will become more complex, global monetary policy differentiation will be intensified, and trade protectionism will continue to rise. The pressures of maintaining stable economic growth and preventing risks still exist. It is expected that the Chinese economy will maintain overall stability. In terms of consumption, with the improvement of residents' income and consumption willingness, and the stimulus of policies for upgrading consumption goods, it is expected that relevant consumption indicators will gradually stabilize in the second half of the year, with home appliances and automobile consumption still being the main sources of growth. In terms of investment, driven by the dual logic of pro-cyclical and counter-cyclical, and guided by new quality productivity, it is expected that manufacturing investment will continue to maintain its strong momentum, and real estate investment will bottom out. In terms of exports, benefiting from the entry of overseas demand sectors into the replenishment stage and the improvement of domestic product competitiveness, it is expected that exports will continue to maintain strong resilience in the second half of the year and gradually contribute to economic growth. In terms of inflation, it is expected that moderate price increases will continue in the second half of the year. In terms of employment, there will still be short-term pressure on the employment of college graduates, but in the long run, new quality productivity is continuously creating new employment opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

Against the background of a more complex and severe foreign environment and the overall stable and progressive operation of the national economy, in the first half of 2024, the Bank fully implemented the spirit of the 20th National Congress of the Communist Party of China, implemented the “1310” strategy of the Guangdong Provincial Party Committee and the “1312” strategy of the Guangzhou Municipal Party Committee, and implemented the strategic planning ideas of the 14th Five-Year Plan, focusing on our main responsibilities and business, supporting agriculture and small businesses, and positioning ourselves in the Greater Bay Area to promote business development. We will focus on increasing support for the “hundred counties, thousand towns, and ten thousand villages high-quality development project”, target local industries and implement tailored strategies, and adhere to serving the residents’ quality of life. We will also accelerate the upgrade of retail products such as consumption loans and wealth management, restructure the product system for small and micro enterprises, standardize credit business processes, and vigorously promote the development of small and micro credit businesses. We will carry out special activities for comprehensive branch operations, strengthen the application of the honor system, and improve the effectiveness of frontline marketing. In the second half of 2024, the Bank will continue to pay close attention to changes in the domestic and international macro environment, grasp the political and people-oriented nature of financial work, closely follow the deployment requirements of the country’s “five major tasks,” provincial and municipal policy guidance, and industrial layout dynamics. We will continue to promote the “Year of Efficiency Enhancement” activity, increase business contribution, improve risk control effectiveness, and enhance internal management level. We will strictly adhere to risk bottom line, accelerate the transfer of certain existing assets, and comprehensively utilize various risk disposal means to realize effective risk resolution. We will fully expand high-quality small and micro credit business, acquire and retain customers through multiple channels, develop a diversified product system, and standardize business processes. We will also strengthen internal control management, dynamic management system, enhance employee compliance awareness, deepen reform at the branch level, strengthen professional capacity building, and improve the operational efficiency of branches.

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

I. CHANGES IN SHARES

Unit: share, %

	31 December 2023		Change during the Reporting Period	30 June 2024	
	Quantity	Proportion		Quantity	Proportion
Total share capital	14,409,789,327	100.00	-	14,409,789,327	100.00
Domestic Shares	11,734,864,327	81.44	-	11,734,864,327	81.44
Domestic Shares held by legal persons	9,279,529,596	64.40	-	9,279,529,596	64.40
Domestic Shares held by natural persons	2,455,334,731	17.04	-	2,455,334,731	17.04
H Shares	2,674,925,000	18.56	-	2,674,925,000	18.56

Notes:

- (1) As of the end of the Reporting Period, the total number of shareholders of the Bank's Domestic Shares was 29,111, and all Domestic Shares of the Bank were deposited in China Securities Depository and Clearing Corporation Limited. The total number of registered shareholders of H Shares was 85 (of which HKSCC Nominees Limited, as a nominee, acted on behalf of some shareholders).
- (2) As of the end of the Reporting Period, 97,887,230 Domestic Shares of the Bank were involved in judicial freezing, representing 0.68% of the total share capital of the Bank, and 688,182,832 Domestic Shares of the Bank were involved in pledge, representing 4.78% of the total share capital of the Bank.

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

II. ISSUE, PURCHASE, SALE AND REDEMPTION OF SECURITIES AND DEBT SECURITIES

During the Reporting Period, the Bank did not issue any securities.

During the Reporting Period, the Bank completed the issuance and listing of undated capital bonds in an amount of RMB12 billion on 29 May 2024. After deducting the issuance expenses, all of the proceeds raised were used to replenish other tier 1 capital of the Bank; the Bank completed the redemption of US\$1,430,000,000 non-cumulative perpetual offshore preference shares on the Hong Kong Stock Exchange with an aggregate redemption price of US\$1,523,744,444.44 on 20 June 2024.

During the Reporting Period, the Bank did not issue any convertible bonds.

As of the end of the Reporting Period, the Bank had no stock option plan, equity incentive plan or employee stock ownership plan.

As of the end of the Reporting Period, the Bank and its subsidiaries did not hold any treasury shares.

Save as disclosed above, during the Reporting Period, the Bank and its subsidiaries did not purchase, sell and redeem any securities of the Bank (including sale of treasury shares).

III. INCREASE OR DECREASE OF REGISTERED CAPITAL, DIVISION AND MERGER

The Bank completed the issuance of 550 million H Shares and 2,409 million Domestic Shares on 29 December 2023, respectively, which increased the total number of the Bank's shares to 14,409,789,327. The Bank will change its registered capital in accordance with relevant laws, regulations, regulatory provisions and the Articles of Association. As of the Latest Practicable Date, relevant procedures are still being processed. During the Reporting Period, the Bank did not have any division or merger matter.

IV. SHAREHOLDINGS OF SHAREHOLDERS

(I) Total Number of Shareholders and Their Shareholdings

As of the end of the Reporting Period, the Bank had a total share capital of 14,410 million shares, comprising 11,735 million Domestic Shares and 2,675 million H Shares. There were 720 legal person shareholders in possession of 9,280 million Domestic Shares, accounting for 64.40% of the total share capital. 28,391 were natural person shareholders in possession of 2,455 million Domestic Shares, accounting for 17.04% of the total share capital.

(II) Top Ten Shareholders

As of the end of the Reporting Period, the top ten shareholders of the Bank together held 51.78% of the Bank's total share capital, with no single holder of Domestic Shares having control of more than 5% of the total share capital except Guangzhou Finance Holdings Group Co., Ltd. and Guangzhou Metro Group Co., Ltd.. All of the top three shareholders of Domestic Shares are state-owned enterprises. Among the top ten shareholders, the largest shareholder of Domestic Shares was Guangzhou Finance Holdings Group Co., Ltd., which held 8.29% of the total share capital. The second largest shareholder of Domestic Shares was Guangzhou Metro Group Co., Ltd., with 5.02% of the total share capital, and the third largest was Guangzhou City Renewal Group Co., Ltd., with 4.83% of the total share capital. The shareholding structure of the Bank is relatively dispersed.

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

The top ten shareholders of the Bank are as follows:

No.	Name	Class of shareholder	Nature of shareholder	Number of shares (Share)	Shareholding proportion (%) ⁽²⁾
1	HKSCC Nominees Limited ⁽¹⁾	H Shares	Other	2,674,577,650	18.56
2	Guangzhou Finance Holdings Group Co., Ltd.	Domestic Shares	State-owned legal person	1,194,271,140	8.29
3	Guangzhou Metro Group Co., Ltd.	Domestic Shares	State-owned legal person	722,950,000	5.02
4	Guangzhou City Renewal Group Co., Ltd.	Domestic Shares	State-owned legal person	696,288,999	4.83
5	Guangzhou Digital Technology Group Co., Ltd.	Domestic Shares	State-owned legal person	606,266,479	4.21
6	Guangzhou Industrial Investment Holding Group Co., Ltd.	Domestic Shares	State-owned legal person	351,944,322	2.44
7	Guangzhou Vanlead Group Co., Ltd.	Domestic Shares	State-owned legal person	319,880,672	2.22
8	Guangzhou Lingnan Business Travel Investment Group Co., Ltd.	Domestic Shares	State-owned legal person	303,442,825	2.11
9	Guangzhou Industrial Investment and Capital Operation Holding Group Ltd.	Domestic Shares	State-owned legal person	295,538,068	2.05
10	Guangzhou Development Zone Industrial Service Co., Ltd. (廣州開發區產業服務有限公司)	Domestic Shares	State-owned legal person	295,538,068	2.05
Total				7,460,698,223	51.78

Notes:

- (1) HKSCC Nominees Limited, as a nominee, held 2,674,577,650 H Shares in aggregate in the Bank on behalf of several clients, representing approximately 18.56% of the issued share capital of the Bank. As a member of CCASS, HKSCC Nominees Limited promotes registration and custodian business for clients.
- (2) Calculated on the basis of the total share capital of the Bank of 14,409,789,327 shares.

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

(III) Internal Staff Members' Shareholdings

As of the end of the Reporting Period, the Bank had a total of 5,692 internal staff member shareholders, holding 372 million shares, which accounted for 2.58% of the total share capital of the Bank.

(IV) Explanation on the Absence of Controlling Shareholders and de facto Controllers of the Bank

As of the end of the Reporting Period, the Bank did not have any controlling shareholders or de facto controllers.

(V) Interests and Short Positions of Substantial Shareholders and Other Persons in Shares and Underlying Shares under the Hong Kong Laws and Regulations

Based on the knowledge of the directors or chief executives of the Bank, as at 30 June 2024, the following persons (other than the directors, chief executives and supervisors of the Bank) had, or were deemed to have interests or short positions in the shares and underlying shares of the Bank which would fall to be disclosed to the Bank and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Bank pursuant to Section 336 of the SFO with details as follows:

Name of shareholder	Nature of interest	Class of shares	Long/short position	Number of shares held directly or indirectly (share)	Approximate percentage of interest in the Bank	Approximate percentage of the relevant class of shares of the Bank
Guangzhou Finance Holdings Group Co., Ltd. ⁽¹⁾	Beneficial owner	Domestic Shares	Long	1,194,271,140	8.29%	10.18%
Guangzhou Guangyong State-owned Assets Management Co., Ltd. ⁽¹⁾	Beneficial owner	Domestic Shares	Long	18,304,522	0.13%	0.16%
Guangzhou Finance Holdings Group Co., Ltd. ⁽¹⁾	Interest of a controlled corporation	Domestic Shares	Long	1,212,575,662	8.41%	10.33%
Guangzhou Metro Group Co., Ltd.	Beneficial owner	Domestic Shares	Long	722,950,000	5.02%	6.16%
Guangzhou City Renewal Group Co., Ltd. ⁽²⁾	Beneficial owner	Domestic Shares	Long	696,288,999	4.83%	5.93%
Guangzhou Pearl River Enterprises Group Co., Ltd. ⁽²⁾	Interest of a controlled corporation	Domestic Shares	Long	696,288,999	4.83%	5.93%
Guangzhou Digital Technology Group Co., Ltd.	Beneficial owner	Domestic Shares	Long	606,266,479	4.21%	5.17%
Guangzhou Industrial Investment Holding Group Co., Ltd. ⁽³⁾	Beneficial owner	Domestic Shares	Long	351,944,322	2.44%	3.00%
Guangzhou Vanlead Group Co., Ltd. ⁽³⁾	Beneficial owner	Domestic Shares	Long	319,880,672	2.22%	2.73%
Guangzhou Gongkong Capital Management Co., Ltd. ⁽³⁾	Beneficial owner	Domestic Shares	Long	45,312,844	0.31%	0.39%

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

Name of shareholder	Nature of interest	Class of shares	Long/short position	Number of shares held directly or indirectly (share)	Approximate percentage of interest in the Bank	Approximate percentage of the relevant class of shares of the Bank
Guangzhou Industrial Investment Holding Group Co., Ltd. ⁽³⁾	Interest of a controlled corporation	Domestic Shares	Long	717,137,838	4.98%	6.11%
Lead Straight Limited ⁽⁴⁾	Beneficial owner	H Shares	Long	195,229,000	1.35%	7.30%
Kwong Pak International Trading (Hong Kong) Limited (廣百國際貿易(香港)有限公司) ⁽⁴⁾	Interest of a controlled corporation	H Shares	Long	195,229,000	1.35%	7.30%
Guangzhou Lingnan Business Travel Investment Group Co., Ltd. ⁽⁴⁾	Interest of a controlled corporation	H Shares	Long	195,229,000	1.35%	7.30%
Guangzhou City Construction Investment Development Company Limited ⁽⁵⁾	Beneficial owner	H Shares	Long	551,900,000	3.83%	20.63%
Guangzhou City Construction Investment Group Co., Ltd. ⁽⁵⁾	Interest of a controlled corporation	H Shares	Long	561,249,000	3.89%	20.98%
Aeon Life Insurance Company Limited	Beneficial owner	H Shares	Long	295,229,000	2.05%	11.04%
Guangzhou Honghui Investment Co., Ltd. (廣州市鴻匯投資有限公司) ⁽⁶⁾	Beneficial owner	H Shares	Long	200,991,000	1.39%	7.51%
Zeng Weipeng ⁽⁶⁾	Interest of a controlled corporation	H Shares	Long	114,558,840	0.80%	4.28%
Manureen Investment Limited (美林投資有限公司) ⁽⁷⁾	Beneficial owner	H Shares	Long	221,424,797	1.54%	8.28%
Lin Xiaohui ⁽⁷⁾	Interest of a controlled corporation	H Shares	Long	221,424,797	1.54%	8.28%
Su Jiaohua ⁽⁷⁾	Interest of the spouse	H Shares	Long	221,424,797	1.54%	8.28%
Harvest Fund Management Co., Ltd. ⁽⁸⁾	Beneficial owner	H Shares	Long	187,000,000	1.30%	6.99%
China Credit Trust Co., Ltd. ⁽⁸⁾	Interest of a controlled corporation	H Shares	Long	187,000,000	1.30%	6.99%

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

- (1) Guangzhou Guangyong State-owned Assets Management Co., Ltd. (廣州市廣永國有資產經營有限公司) is wholly owned by Guangzhou Finance Holdings Group Co., Ltd. (廣州金融控股集團有限公司). Therefore, Guangzhou Finance Holdings Group Co., Ltd. together with the shares directly held by itself is deemed to be interested in the 1,212,575,662 Domestic Shares by virtue of the SFO.
- (2) Guangzhou City Renewal Group Co., Ltd. (廣州城市更新集團有限公司) is wholly owned by Guangzhou Pearl River Enterprises Group Co., Ltd. (廣州珠江實業集團有限公司). Therefore, Guangzhou Pearl River Enterprises Group Co., Ltd. is deemed to be interested in the 696,288,999 Domestic Shares by virtue of the SFO.
- (3) Guangzhou Vanlead Group Co., Ltd. (廣州萬力集團有限公司) is wholly owned by Guangzhou Industrial Investment Holding Group Co., Ltd. (廣州工業投資控股集團有限公司) and Guangzhou Gongkong Capital Management Co., Ltd. (廣州工控資本管理有限公司) is owned as to 84.75% by Guangzhou Industrial Investment Holding Group Co., Ltd.. Therefore, Guangzhou Industrial Investment Holding Group Co., Ltd. together with the shares directly held by itself is deemed to be interested in the 717,137,838 Domestic Shares by virtue of the SFO.
- (4) Guangzhou Lingnan International Enterprise Group Co., Ltd. (廣州嶺南國際企業集團有限公司) and Kwong Pak International Trading (Hong Kong) Limited (廣百國際貿易香港有限公司) are wholly owned by Guangzhou Lingnan Business Travel Investment Group Co., Ltd. (廣州嶺南商旅投資集團有限公司), and Lead Straight Limited (威卓有限公司) is wholly owned by Kwong Pak International Trading (Hong Kong) Limited. Therefore, Guangzhou Lingnan Business Travel Investment Group Co., Ltd. together with the shares held by itself is deemed to be interested in the 195,229,000 H Shares by virtue of the SFO.
- (5) The 561,249,000 H Shares comprised 551,900,000 H Shares directly held by Guangzhou City Construction Investment Development Company Limited (廣州市建設投資發展有限公司) and 9,349,000 H Shares directly held by Guangzhou Xinhua Urban Development Industry Investment Enterprise (Limited Partnership) (廣州新華城市發展產業投資企業有限合夥). Therefore, Guangzhou City Construction Investment Group Co., Ltd. (廣州市城市建設投資集團有限公司) is deemed to be interested in the 561,249,000 H Shares by virtue of the SFO.
- (6) Guangzhou Hong He Investment Co., Ltd. is owned as to 90% by Zeng Weipeng, and Guangzhou HongHui Investment Co., Ltd. (廣州市鴻匯投資有限公司) is owned as to 63.33% by Guangzhou Hong He Investment Co., Ltd.. Therefore, Zeng Weipeng is deemed to be interested in the 200,991,000 H Shares by virtue of the SFO.
- (7) Manureen Investment Limited (美林投資有限公司) is owned as to 70% by Lin Xiaohui. Therefore, Lin Xiaohui is deemed to be interested in the 221,424,797 H Shares by virtue of the SFO. Su Jiaohua is the spouse of Lin Xiaohui. Therefore, Su Jiaohua is deemed to be interested in the 221,424,797 H Shares by virtue of the SFO.
- (8) Harvest Fund Management Co., Ltd. is owned as to 40% by China Credit Trust Co., Ltd.. Therefore, China Credit Trust Co., Ltd. is deemed to be interested in the 187,000,000 H Shares by virtue of the SFO.

Save as disclosed above, the Bank is not aware of any other person (other than the directors, chief executives and supervisors of the Bank) having any interests or short positions in the shares or underlying shares of the Bank as at 30 June 2024 as recorded in the register required to be kept by the Bank pursuant to Section 336 of the SFO.

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

(VI) Major Shareholders under “Interim Measures for Equity Management of Commercial Banks” (《商業銀行股權管理暫行辦法》)

Pursuant to the relevant requirements concerning major shareholders under “Interim Measures for Equity Management of Commercial Banks”, the shareholders listed in the table below were the major shareholders of the Bank as at the end of the Reporting Period:

No.	Name of shareholder	Number of shares held (share)	Reason for being major shareholder	Whether over 50% of the shares held were pledged	Controlling shareholders	De facto controllers	Parties acting in concert	Ultimate beneficial owners	Related parties ⁽¹⁾
1	Guangzhou Finance Holdings Group Co., Ltd.	1,194,271,140	Delegated director Mr. Liu Wensheng	No	Guangzhou Municipal People's Government	Guangzhou Municipal People's Government	-	Guangzhou Finance Holdings Group Co., Ltd.	15 related natural persons, 68 related legal persons
2	Guangzhou Metro Group Co., Ltd.	722,950,000	Delegated director Mr. Wang Xiaobin	No	Guangzhou Municipal People's Government	Guangzhou Municipal People's Government	-	Guangzhou Metro Group Co., Ltd.	20 related natural persons, 106 related legal persons
3	Guangzhou Gongkong Capital Management Co., Ltd.	45,312,844	Delegated director Mr. Zuo Liang	No	Guangzhou Industrial Investment Holding Group Co., Ltd.	Guangzhou Municipal People's Government	-	Guangzhou Gongkong Capital Management Co., Ltd.	23 related natural persons, 494 related legal persons
4	Guangzhou City Renewal Group Co., Ltd.	696,288,999	Delegated director Mr. Da Hengcheng	No	Guangzhou Pearl River Enterprises Group Co., Ltd.	Guangzhou Municipal People's Government	-	Guangzhou City Renewal Group Co., Ltd.	22 related natural persons, 337 related legal persons
5	Guangdong Zhujiang Roads & Bridges Investment Co., Ltd. (廣東珠江公路橋樑投資有限公司)	160,020,000	Delegated director Mr. Zhang Junzhou	No	Guangdong Pearl River Investment Management Group Co., Ltd. (廣東珠江投資管理集團有限公司)	Mr. Zhu Yihang (朱一航)	-	Guangdong Zhujiang Roads & Bridges Investment Co., Ltd.	30 related natural persons, 1,227 related legal persons
6	Guangdong Yingxin Information Investment Co., Ltd. (廣東盈信信息投資有限公司)	10,000,000	Delegated director Mr. Zhang Junzhou	No	Guangdong Zhicheng Weiye Investment Limited (廣東至誠偉業投資有限公司)	Mr. Xue Dingxi (薛定熹)	-	Guangdong Yingxin Information Investment Co., Ltd.	30 related natural persons, 1,227 related legal persons
7	Fengchi Investment Co., Ltd. (豐馳投資有限公司)	125,010,000	Delegated director Mr. Zhang Junzhou	No	Linzhi Depeng Investment Co., Ltd. (林芝德騰投資有限公司)	Mr. Zhu Weihang (朱偉航)	-	Fengchi Investment Co., Ltd.	30 related natural persons, 1,227 related legal persons
8	Shanghai Dazhan Investment Management Co., Ltd. (上海大展投資管理有限公司)	250,000,000	Recognised by regulatory authorities	No	Shanghai Hechuang Real Estate Co., Ltd. (上海合創置業有限公司)	Mr. Chu Mang Yee (朱孟依)	-	Shanghai Dazhan Investment Management Co., Ltd.	30 related natural persons, 1,227 related legal persons
9	Zhongxian International Holdings Co., Ltd. (中先國際控股有限公司)	100,000,000	Recognised by regulatory authorities	No	Shanghai Hechuang Real Estate Co., Ltd.	Mr. Chu Mang Yee	-	Zhongxian International Holdings Co., Ltd.	30 related natural persons, 1,227 related legal persons

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

No.	Name of shareholder	Number of shares held (share)	Reason for being major shareholder	Whether over 50% of the shares held were pledged	Controlling shareholders	De facto controllers	Parties acting in concert	Ultimate beneficial owners	Related parties ⁽¹⁾
10	Aeon Life Insurance Company Limited	65,000,000 ⁽²⁾	Delegated director Mr. Meng Sen	No	-	-	-	Aeon Life Insurance Company Limited	111 related natural persons, 56 related legal persons
11	Guangzhou Huaxin Group Co., Ltd. (廣州華新集團有限公司)	100,010,000	Delegated director Mr. Feng Yaoliang	No	Mr. Feng Yaoliang	Mr. Feng Yaoliang	-	Guangzhou Huaxin Group Co., Ltd.	6 related natural persons, 143 related legal persons
12	Guangdong Dongsheng Industrial Co., Ltd.	62,500,000	Delegated director Mr. Lai Zhiguang	No	Guangdong Dongsheng Holding Group Co., Ltd.	Mr. Lai Zhiguang (賴志光)	-	Guangdong Dongsheng Industrial Co., Ltd.	4 related natural persons, 46 related legal persons
13	Guangzhou Digital Technology Group Co., Ltd.	606,266,479	Delegated supervisor Ms. Yu Qing	No	Guangzhou Municipal People's Government	Guangzhou Municipal People's Government	-	Guangzhou Digital Technology Group Co., Ltd.	12 related natural persons, 259 related legal persons
14	Longdong Economic Development Company, Tianhe District, Guangzhou City	121,010,000	Delegated supervisor Mr. Liang Bingtian	No	Longdong Stock Cooperative Economic Association, Longdong Street, Tianhe District, Guangzhou (廣州市天河區龍洞街龍洞股份合作經濟聯社)	Longdong Stock Cooperative Economic Association, Longdong Street, Tianhe District, Guangzhou	-	Longdong Economic Development Company, Tianhe District, Guangzhou City (廣州市天河區龍洞經濟發展公司)	5 related natural persons, 2 related legal persons
15	Foshan Dongjian Group Co., Ltd. (佛山市東建集團有限公司)	104,000,000	Delegated supervisor Mr. Li Zhiquan	No	Mr. Zhong Liuhan	Mr. Zhong Liuhan	-	Foshan Dongjian Group Co., Ltd.	8 related natural persons, 29 related legal persons

Notes:

- (1) For the definition of major shareholders, controlling shareholders, de facto controllers, related parties, parties acting in concert and ultimate beneficial owners, please see the relevant requirements of the Interim Measures for Equity Management of Commercial Banks. The major shareholders of the Bank have submitted their lists of related parties, and the Bank will regularly maintain and update the list of related parties to continuously lift the level of management of related party transactions. The report does not provide the list of related parties of major shareholders.
- (2) Only for Domestic Shares.

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

(VII) Undertakings and Fulfillment by Shareholders Holding 5% or More of Share Capital of the Bank

As at the end of the Reporting Period, the shareholders holding more than 5% of the Bank's total issued shares were Guangzhou Finance Holdings Group Co., Ltd. and Guangzhou Metro Group Co., Ltd., which held 1,194,271,140 and 722,950,000 shares of the Bank respectively. Both shareholders have issued the "Substantial Shareholders Undertaking Letters" to the Bank and undertaken to perform their duties as substantial shareholders in accordance with regulatory requirements.

(VIII) Issuance of Offshore Preference Shares through a Private Offering

1. Issuance and listing of offshore preference shares

To supplement the capital of the Bank in a diversified way, further enhance the capital strength of the Bank and enhance its ability to resist risks, upon the approvals by Guangdong Bureau of former China Banking and Insurance Regulatory Commission (Yue Yin Bao Jian (Chou) Fu [2018] No. 27) and the China Securities Regulatory Commission (CSRC) (Zheng Jian Xu Ke [2019] No. 355), the Bank issued non-cumulative perpetual offshore preference shares in the amount of USD1,430 million on 20 June 2019. The offshore preference shares (abbreviated as GRCB 19USD PEF with code of 04618) were listed on the Hong Kong Stock Exchange on 21 June 2019 with a nominal value of RMB100 per share at an offering price of USD20 per share. The total number of shares issued was 71,500,000, all of which were issued and fully paid in US dollars.

Based on the Renminbi central parity rate published by the China Foreign Exchange Trade System on 20 June 2019, the gross proceeds from the offering of the offshore preference shares were approximately RMB9.839 billion. The proceeds raised from the issuance of the offshore preference shares, after deduction of the issuance expenses, have been fully used to replenish the additional tier 1 capital of the Bank to increase the tier 1 capital adequacy ratio of the Bank, which is consistent with the specific use disclosed beforehand.

For the issuance terms and relevant details of the offshore preference shares, please refer to the announcements of the Bank published on the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the official website of the Bank (www.grcbank.com).

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

2. Profit distribution of the offshore preference shares

Under the terms of the offshore preference shares offering, the Dividends will be paid in cash by the Bank to offshore preference shareholders. Each dividend will be payable annually in arrears on the dividend payment date. During the Reporting Period, dividends for the offshore preference shares of USD93,744,444.44 was distributed by the Bank on 20 June 2024, of which USD84,370,000 was paid to the holders of offshore preference shares at a nominal dividend rate of 5.9%, and income tax of USD9,374,444.44 was withheld.

3. Redemption of the offshore preference shares

On 20 June 2024, according to the terms and conditions of the offshore preference shares and the approval from the Guangdong Regulatory Bureau of the National Financial Regulatory Administration, the Bank completed the redemption of USD1,430 million non-cumulative perpetual offshore preference shares. The aggregate redemption price is US\$1,523,744,444.44 (i.e. the sum of (i) aggregate liquidation preference amount of the offshore preference shares in the amount of US\$1,430,000,000; and (ii) the dividends of offshore preference shares in the amount of US\$93,744,444.44). After the redemption and cancellation of the offshore preference shares, the Bank did not have any offshore preference shares in issue. Accordingly, the Bank did not have any offshore preference shareholders as at the end of the Reporting Period. Please refer to the Bank's announcements dated 25 April 2024, 13 May 2024 and 21 June 2024 for details. During the Reporting Period, no offshore preference shares have been converted into ordinary shares or had their voting rights restored, and there was no experience of any trigger event in which the offshore preference shares need to be coercively converted into H Shares.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

I. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE BANK

(I) Changes of Directors of the Bank

As of the Latest Practicable Date, the Board of Directors of the Bank comprised a total of 14 directors, including one executive director, namely Mr. Cai Jian (Secretary of the Party Committee, Chairman); eight non-executive directors, namely Mr. Liu Wensheng, Mr. Wang Xiaobin, Mr. Zuo Liang, Mr. Da Hengcheng, Mr. Zhang Junzhou, Mr. Meng Sen, Mr. Feng Yaoliang and Mr. Lai Zhiguang; and five independent non-executive directors, namely Mr. Liao Wenyi, Mr. Du Jinmin, Mr. Zhang Weiguo, Mr. Zhang Hua and Mr. Ma Hok Ming.

On 15 March 2024, Mr. Tan Jinsong resigned as an independent non-executive director, a member of the Strategy and Investment Committee (Sannong Committee), a member of the Related Party Transactions and Risk Management Committee, and the chairman and a member of the Audit Committee of the third session of the Board of Directors of the Bank as he needed to devote more energy to other work affairs.

During the Reporting Period, the Bank carried out the election of the fourth session of the Board of Directors. On 13 June 2024, the Bank convened its 2023 annual general meeting, at which Mr. Cai Jian and Ms. Deng Xiaoyun were elected as executive directors of the fourth session of the Board of Directors of the Bank, Mr. Ni Kai, Mr. Wang Xiaobin, Mr. Zuo Liang, Mr. Zhang Yan, Ms. Xing Qiuyu, Mr. Qin Min'an, Mr. Hu Geyou and Mr. Feng Yaoliang were elected as non-executive directors of the fourth session of the Board of Directors of the Bank, and Mr. Liao Wenyi, Mr. Du Jinmin, Mr. Zheng Guojian, Mr. Xu Zhi, Mr. Zhang Hua and Mr. Ma Hok Ming were elected as independent non-executive directors of the fourth session of the Board of Directors of the Bank, among whom Mr. Cai Jian, Mr. Wang Xiaobin, Mr. Zuo Liang, Mr. Feng Yaoliang, Mr. Liao Wenyi, Mr. Du Jinmin, Mr. Zhang Hua, Mr. Ma Hok Ming were re-elected, and Ms. Deng Xiaoyun, Mr. Ni Kai, Mr. Zhang Yan, Ms. Xing Qiuyu, Mr. Qin Min'an, Mr. Hu Geyou, Mr. Zheng Guojian and Mr. Xu Zhi were newly appointed. As of the Latest Practicable Date, the qualifications of the newly elected directors were pending approval by the regulatory authorities.

(II) Changes of Supervisors of the Bank

As of the Latest Practicable Date, the Board of Supervisors of the Bank comprised a total of nine supervisors, including three employee representative supervisors, namely Ms. Wang Xigui, Ms. Zeng Weixue and Mr. Bao Chen; three external supervisors, namely Mr. Han Zhenping, Mr. Shi Shuiping and Mr. Huang Tianshun; and three shareholder representative supervisors, namely Ms. Yu Qing, Mr. Liang Bingtian and Mr. Li Zhiquan.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

During the Reporting Period, the Bank completed the election of the members of the fourth session of the Board of Supervisors. On 9 May 2024, Ms. Wang Xigui, Ms. Zeng Weixue and Mr. Bao Chen were elected as the employee representative supervisors of the fourth session of the Board of Supervisors at the employee representatives meeting of the Bank, while Ms. He Heng and Mr. Lai Jiaxiong, the former employee representative supervisors, ceased to serve as the supervisors of the Bank effective from the date of approval at the employee representatives meeting as their terms of office had expired. On 13 June 2024, at the 2023 annual general meeting of the Bank, Mr. Han Zhenping, Mr. Shi Shuiping and Mr. Huang Tianshun were elected as the external supervisors of the fourth session of the Board of Supervisors and Ms. Yu Qing, Mr. Liang Bingtian and Mr. Li Zhiquan were elected as the shareholder representative supervisors of the fourth session of the Board of Supervisors. Mr. Chen Jianliang and Mr. Feng Jintang, the former shareholder representative supervisors, ceased to be the supervisors of the Bank effective from the date of the approval at the 2023 annual general meeting due to the expiry of their terms of office.

(III) Changes in Senior Management of the Bank

As of the Latest Practicable Date, the senior management of the Bank comprised a total of 9 members: including Ms. Deng Xiaoyun (President); Mr. Zhao Wei (Chief of the Discipline Inspection Team of the Commission for Discipline Inspection and the National Supervision Commission of Guangzhou stationed in Guangzhou Rural Commercial Bank); two Vice Presidents, namely Mr. Li Yaguang and Ms. He Heng; three Assistants to the President, namely Mr. Tan Bo, Ms. Mao Libing and Mr. Gu Bo; one Secretary to the Board of Directors, namely Ms. Wu Wenli; and one Business Director, namely Ms. Yang Xuan.

On 15 March 2024, the Board of Directors of the Bank appointed Ms. He Heng as a Vice President of the Bank, whose qualification for the position was approved by the regulatory authorities on 6 June 2024. On 11 March 2024, Ms. Chen Linjun resigned as the Business Director of the Bank. On 6 June 2024, Mr. Lin Ripeng resigned as the Vice President of the Bank.

II. CHANGES IN DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As of the Latest Practicable Date, Mr. Zhang Hua, an independent non-executive director, who concurrently serves as an independent director of Guangzhou Hengyun Enterprises Holdings Limited (廣州恒運企業集團股份有限公司), had resigned as the general manager of Shanghai Erluo Investment Management Service Center (General Partnership). Mr. Zuo Liang, a non-executive director, concurrently serves as a director of Wanli Tire Co., Ltd.

As of the Latest Practicable Date, there had been no change in the position of the supervisors of the Bank.

As of the Latest Practicable Date, Ms. Yang Xuan had concurrently been the general manager of the Asset Management Department of the Bank since 27 May 2024.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

III. INTERESTS AND SHORT POSITIONS OF DIRECTORS, CHIEF EXECUTIVES AND SUPERVISORS IN THE BANK

As of the Latest Practicable Date, based on the information available to the Bank and as far as the directors are aware, the interests and short positions of the directors, chief executives and supervisors of the Bank in the shares, underlying shares or debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including the interests or short positions which he/she was deemed or taken to have under such provisions of the SFO), or as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Directors', chief executives' and supervisors' interests in the Bank							
Name	Capacity	Nature of interest	Class of shares	Long/ Short position	Number of shares held directly or indirectly (Share)	Approximate percentage of interests in the Bank	Approximate percentage of class of shares of the Bank
Feng Yaoliang	Director	Interest of a controlled corporation ⁽¹⁾	Domestic Shares	Long	100,010,000	0.694%	0.852%
Lai Zhiguang	Director	Interest of a controlled corporation ⁽²⁾	Domestic Shares	Long	62,500,000	0.434%	0.533%
Liao Wenyi	Director	Beneficial owner	Domestic Shares	Long	1,103,000	0.008%	0.009%
Zeng weixue	Employee Representative Supervisor	Beneficial owner	Domestic Shares	Long	152,224	0.001%	0.001%

Notes:

- (1) These shares were held by Guangzhou Huaxin Group Co., Ltd., which was owned as to 99.54% by Feng Yaoliang. Therefore, by virtue of the SFO, Feng Yaoliang, a director of the Bank, is deemed or taken to be interested in all the shares held by Guangzhou Huaxin Group Co., Ltd..
- (2) These shares were held by Guangdong Dongsheng Industrial Co., Ltd., which was owned as to 100% by Guangdong Dongsheng Holding Group Co., Ltd., and Lai Zhiguang owned 80% of the shares of Guangdong Dongsheng Holding Group Co., Ltd.. Therefore, by virtue of the SFO, Lai Zhiguang, a director of the Bank, is deemed or taken to be interested in all the shares held by Guangdong Dongsheng Industrial Co., Ltd.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Directors', chief executives' and supervisors' interests in the Bank's associated corporations					
Name	Capacity	Name of associated corporation	Nature of interest	Number of shares held (Share)	Approximate percentage in the issued shares in the associated corporation
Lai Zhiguang	Director	Dalian Bonded Area Zhujiang County Bank Co., Ltd.	Interest in a controlled corporation	10,000,000	2.86%

Save as disclosed above, none of the directors, chief executives and supervisors of the Bank had any interests or short positions in any shares, underlying shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Bank pursuant to Section 352 of the SFO, or otherwise have to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

IV. SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Bank has adopted a code of conduct regarding securities transactions by the directors, supervisors no less exacting than the required standards as set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules. Having made specific enquiries with all directors and supervisors of the Bank, they confirmed that they have complied with the aforesaid code throughout the six months from 1 January 2024 to 30 June 2024.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

V. EMPLOYEES

(I) Basic Information of Employees

As of the end of the Reporting Period, the total number of employees of the Group was 13,364. Among them, 12,739 employees entered into labor contracts with the Group, and 625 employees were dispatched workers.

(II) Training of Employees

The Bank has always attached importance to the enhancement of the professionalism and professional quality of its employees. In the first half of 2024, the Bank thoroughly implemented the spirit of the 20th National Congress of the Communist Party of China and the Second Plenary Session of the 20th Central Committee under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. We closely adhered to the principles of the Annual Work Conference and the High-Quality Development Conference, as well as the key work deployments for the “Year of Efficiency Improvement” and the deepening reform of branches. We focused on theoretical innovation, enhancing comprehensive practical marketing capabilities, strengthening development of the cadre team and talent pipeline, optimizing the training system, and ensuring foundational support, to strive to make our training work substantial, innovative and outstanding.

During the Reporting Period, the Bank organized key position professional ability enhancement training programmes through various methods such as internal training, external training, and job-transfer training covering topics such as Party affairs, disciplinary inspection, internal audit, risk management, credit approval, product management, financial technology, human resource management, financial management, office management, and procurement management. Such efforts aimed to improve the quality of our cadre and staff teams, providing organizational assurance and talent support for promoting the high-quality development of the Bank. As of the end of the Reporting Period, we had advanced more than 200 training projects, covering more than 50,000 employees at all levels, and conducted 170 online training sessions through live streaming, with an average of 38 hours of online learning per person.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

(III) Remuneration Policy of Employees

Following the concept of “performance appraisal leading development” and based on the assessment idea of “undertaking strategy, benchmarking with peers, maintaining true colors and emphasizing core”, the Bank established a performance appraisal system composed of indicators such as core development, business efficiency, compliance risk and business development, highlighted the responsibilities of risk management subjects and high-quality development requirements, and continued to improve the efficiency of resource allocation.

According to the relevant provisions of Supervisory Guidelines on Sound Compensation in Commercial Banks, the Bank has formulated the Measures for the Administration of Salary Deferred Payment of Guangzhou Rural Commercial Bank and the Measures for the Administration of Salary Recourse and Deduction of Guangzhou Rural Commercial Bank, which include the personnel in relevant risk positions required by the regulatory regulations in the scope of salary deferral payment, and implement salary recourse deduction of relevant personnel in accordance with the requirements. For employees who have caused risks and losses to the Bank due to business risk exposure, disciplinary violations or dereliction of duty, the Bank will put forward accountability and punishment plans and implement deferred payment and salary deduction.

The Bank’s remuneration management policy is applicable to all employees who have established a labor contract relationship with the Bank, and there are no exceptions beyond the original remuneration scheme.



CORPORATE GOVERNANCE

I. OVERVIEW OF CORPORATE GOVERNANCE OF THE BANK

During the Reporting Period, the Bank continued to refine its corporate governance mechanism and improve its corporate governance in strict compliance with laws and regulations such as the Company Law of the People's Republic of China, the Commercial Banking Law of the People's Republic of China as well as the Listing Rules and in line with actual conditions of the Bank.

The Bank adheres to the principles of clarity of authority and responsibility, effective checks and balances in building the corporate governance structure, standardizing the governance operation mechanism, and improving the quality and effectiveness of the governance body's ability to perform its duties. The Bank clarifies and promotes the performance of the respective powers and responsibilities of the general meeting, the Board of Directors, the Board of Supervisors and the senior management in accordance with the law, and promotes the operation of each of governance mechanism of the Bank in compliance with the requirements of laws and regulations, regulatory rules, the Articles of the Bank and other rules. The Bank's corporate governance has remained sound and stable.

During the Reporting Period, the Bank has observed and complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. Meanwhile, the Bank has complied with most of the recommended best practices requirements set out in the aforementioned code. The Bank has also strictly adhered to relevant laws and regulations, as well as the disclosure of information and inside information management requirements stipulated under the Listing Rules. The corporate governance condition of the Bank shows no significant differences from the requirements of the Company Law of the People's Republic of China, the National Financial Regulatory Administration and the Hong Kong Stock Exchange.

The Bank will continuously review and enhance its corporate governance to ensure that it consistently complies with the provisions of the Corporate Governance Code and meets the higher expectations of our shareholders and the investors.

II. DUTIES OF THE GENERAL MEETING OF THE BANK

Pursuant to the Articles of Association of the Bank, the general meeting shall be an organ of power of the Bank and shall exercise the following powers in accordance with the law: to decide on business policies and investment plans of the Bank; to elect and replace non-employee directors and supervisors and decide the remuneration of relevant directors and supervisors; to examine and approve reports prepared by the Board of Directors; to examine and approve reports prepared by the Board of Supervisors; to examine and approve annual budgets, final accounts, balance sheet, profit and loss and other financial reports; to examine and approve profit distribution plans and plans for making up for losses of the Bank; to adopt resolutions concerning the increase and reduction of the registered capital of the Bank; to adopt resolutions on the issuance of bonds and other securities of the Bank and the listing thereof; to adopt resolutions on the merger, division, dissolution, liquidation (including voluntary liquidation) and change of the form of the Bank; to amend the Articles of Association; to amend the Articles of Association; to resolve the appointment, reappointment or removal of accounting firm which conducts regular statutory audits of the Bank's financial reports and on its remuneration; to examine the matters of single acquisition and disposal of significant assets (including but not limited to equity, fixed assets and other assets), or the matters of which guaranteed amount exceeds ten percent of the net assets audited by the Bank in the latest period; to examine and approve any proposals submitted by any shareholder who individually or jointly hold more than three percent of the total voting rights shares of the Bank (including holders of preference shares with their voting rights restored); to decide on the issuance of preference shares or authorize the Board of Directors to decide any matters in relation to the preference shares issued by the Bank; to decide on the issuance of preference shares or authorize the Board of Directors to decide any matters in relation to the preference shares issued by the Bank; to examine and approve the rules of procedure of the shareholders' general meetings, the Board of Directors and the Board of Supervisors; to examine and approve the equity incentive plan scheme; to adopt resolutions on the acquisition of shares of the Bank in accordance with the law; to examine and approve any other matters required by the laws, administrative regulations, regulatory provisions and the Articles of Association to be approved by a general meeting.

CORPORATE GOVERNANCE

III. CONVENING OF THE GENERAL MEETING OF THE BANK

During the Reporting Period, the Bank convened one general meeting, details of which are set out below:

On 13 June 2024, the Bank convened the 2023 annual general meeting in Guangzhou, Guangdong Province, the PRC, a total of 157 shareholders (including proxies) attended the meeting, and eleven directors of the third session of the Board of Directors of the Bank including executive director, Mr. Cai Jian, independent non-executive directors, Mr. Liao Wenyi, Mr. Du Jinmin, Mr. Zhang Weiguo, Mr. Zhang Hua and Mr. Ma Hok Ming, and non-executive directors, Mr. Wang Xiaobin, Mr. Zuo Liang, Mr. Da Hengcheng, Mr. Zhang Junzhou and Mr. Feng Yaoliang attended the above meeting.

The following resolutions were considered and approved at the 2023 annual general meeting, including the Resolution on Consideration of the 2023 Work Report of the Third Session of the Board of Directors of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the 2023 Work Report of the Third Session of the Board of Supervisors of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Election of Directors of the Fourth Session of the Board of Directors of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Election of External Supervisors and Shareholder Representative Supervisors of the Fourth Session of Board of Supervisors of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the 2023 Annual Report of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the 2023 Annual Financial Accounts of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the 2023 Profit Distribution Plan of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the 2024 Financial Budget Report of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the 2023 Report on Sannong Financial Services of Guangzhou Rural Commercial Bank Co., Ltd., Resolution on Consideration of the Engagement of the Accounting Firm to Undertake the Group's Audit Business in 2024 and the Bank's Interim Review Business in 2024, and Resolution on Consideration of the Estimated Caps of Material Related Party Transactions with Major Shareholders in 2024 of Guangzhou Rural Commercial Bank Co., Ltd..

The Bank's PRC legal adviser, Guang Dong J&J Law Firm, witnessed the 2023 annual general meeting and issued a legal opinion: it is of the view that the convening of the general meeting was in compliance with the corresponding legal procedures. The notice, convening and voting process of the meeting are in line with the relevant provisions of the Company Law of the PRC, the Articles of Association of the Bank and the Listing Rules; the qualifications of the attendants and the convener are lawful and valid; and the voting procedure and results are lawful and valid. For relevant details of the resolutions, please refer to the announcement of the poll results of the 2023 annual general meeting dated 13 June 2024 on the Hong Kong Stock Exchange and the website of the Bank.

IV. DUTIES OF THE BOARD OF DIRECTORS OF THE BANK

The Board of Directors of the Bank is responsible for formulating the corporate governance system and monitoring the Group's business and financial strategy decisions and performance and reporting to the shareholders at the general meeting. The Board of Directors has conferred the rights and duties of the Group's governance to the management. In addition, the Board of Directors has assigned the respective responsibilities to the Strategy and Investment Committee (Sannong Committee), Related Party Transactions and Risk Management Committee, Nomination and Remuneration Committee, Audit Committee, and Consumer Rights Protection Committee.

The Board of Directors of the Bank is also responsible for performing corporate governance functions. As of the end of the Reporting Period, the Board of Directors of the Bank has fulfilled its corporate governance functions as set out in Code A.2.1 of the Corporate Governance Code.

Pursuant to the Articles of Association of the Bank, the Board of Directors of the Bank assumes the ultimate responsibility for the Bank's operations and management and exercises the following duties and powers according to law: to convene shareholders' general meetings and report its work to the shareholders' general meetings; to implement the resolutions of the shareholders' general meetings; to formulate the development strategy of the Bank, and supervise the implementation of the strategy; to decide on the business plans and investment plans of the Bank; to prepare the annual financial budgets and final accounts of the Bank; to prepare the venture capital distribution plan, profit distribution plan and the plan for making up the losses of the Bank; to formulate the capital planning of the Bank and take ultimate responsibility for capital and solvency management, and formulate plans for increase or reduction of the registered capital, issue of corporate bonds or other securities and listing and assume primary responsibility for the Bank's capital management; to prepare plans for the Bank's material acquisitions, acquisitions of the Bank's shares, or merger, division, dissolution and alteration of corporate form of the Bank; to consider and approve the Bank's external investments, purchase of assets, disposal and write-off of assets, pledge of assets, related party transactions, data governance, external donations, external guarantees, entrustments of others to manage the Bank's funds or other assets of the Bank in accordance with laws, regulations, regulatory provisions and the Articles of Association, except for material matters regulated in the Articles of Association of the Bank, which shall be decided by the shareholders' general meeting; to take ultimate responsibility for the management of related party transactions; the Board of Directors shall make a special report on the overall situation of related party transactions to the shareholders' general meeting every year and submit it to the regulatory authorities; to decide on the establishment of internal management structure of the Bank; As proposed by the Nomination and Remuneration Committee, to decide on the appointment or removal of the President, the secretary to the Board of Directors, the auditor and their remuneration, rewards and punishments based on the proposals of the Chairman; to decide on the appointment or removal of the vice president, the assistant to the president, the business director and other senior management personnel as determined by the Board of Directors and the supervision and management institutions, and their remuneration, rewards and punishments based on the proposals of the President; to formulate the basic management system of the Bank; to formulate the Bank's risk tolerance, risk management and internal control policies, and assume ultimate responsibility for overall risk management; to take the ultimate responsibility for the compliance of the Bank's business activities; to prepare any amendment proposals to the Articles of Association of the Bank; to formulate the rules of procedure of the shareholders' general meeting, the rules of procedure of the Board of Directors and the modification plan, and examine and approve the working rules of the special committees of the Board of

CORPORATE GOVERNANCE

Directors; be responsible for information disclosure of the Bank and take the ultimate responsibilities for the truthfulness, accuracy, completeness and timeliness of accounting and financial reports of the Bank; to determine the job responsibilities for management, including the President, the Vice President, the assistant to president, the secretary to the Board of Directors, the auditors and the business directors; to monitor the performance of senior management; to listen the work report from the President and inspect the work of the President; the Board of Directors shall establish a supervisory system for the management to formulate the code of conduct and terms of reference for the management and business officers and that the normative documents shall specifically require employees at all levels to report any potential conflict of interests in a timely manner, provide particular rules, establish corresponding measures; the Board of Directors shall establish an information reporting system, requiring the senior management to report regularly to the Board of Directors and the Directors on the operation and management of the Bank; and evaluate and refine the corporate governance of the Bank on a regular basis; to protect the legitimate interests of financial consumers and other interested parties; to assume the management responsibilities of shareholders' affairs; to establish the mechanism for identification, verification and management of the conflict of interest between the Bank and shareholders, in particular Substantial Shareholders; to assume the management responsibilities promised by the substantial shareholders; to take the ultimate responsibility for the formulation and updating of recovery plan and disposal plan proposals; to take the ultimate responsibility for management of business continuity, response management of emergency, risk management of reputation, risk management of internet loan, anti-money laundering and anti-terrorist financing, consumer rights protection, data governance, etc.; to assume the responsibility for determining the green credit development strategy; to take the ultimate responsibility for remuneration management; to propose to the shareholders' general meeting the appointment, reappointment or removal of accounting firm that conduct regular statutory audits of the Bank's financial reports; to assume the responsibility for establishing and improving the Directors' performance records; to take the responsibility for formulating the professional norms and value standards to be followed by the Board of Directors and the senior management; to draw up an equity incentive plan; to take the responsibility for ensuring that the Bank has established and implemented an adequate and effective internal control system and that the Bank operates prudently within the legal and policy framework; to take ultimate responsibility for the establishment, operation and maintenance of the internal audit system, as well as the independence and effectiveness of the internal audit; to take the responsibility for fulfilling corporate governance responsibilities, making strategic decisions related to the environment, and effectively governing and overseeing ESG issues; and to exercise any other duties and power conferred by laws, regulations, regulatory requirements and the Articles of Association of the Bank.

V. CONVENING OF THE BOARD MEETING OF THE BANK

During the Reporting Period, the Board of Directors of the Bank convened a total of 6 meetings, considering 61 resolutions and listening to 23 notifications; the Strategy and Investment Committee (Sannong Committee) of the Board convened a total of 5 meetings, considering 18 resolutions and listening to 1 notification; the Related Party Transactions and Risk Management Committee of the Board convened a total of 4 meetings, considering 28 resolutions and listening to 5 notifications; the Nomination and Remuneration Committee of the Board convened 4 meetings, considering 8 resolutions and listening to 2 notifications; the Audit Committee of the Board convened a total of 2 meetings, considering 9 resolutions and listening to 11 notifications; the Consumer Rights Protection Committee of the Board convened a total of 2 meetings, considering 3 resolutions.

VI. PERFORMANCE OF INDEPENDENT DIRECTORS OF THE BANK

As of the end of the Reporting Period, the Bank has a total of 5 independent non-executive directors. The independent non-executive directors have rich qualifications and outstanding professional abilities, and are prudent in performing their duties and exercising their powers. The Related Party Transactions and Risk Management Committee, Audit Committee and Nomination and Remuneration Committee of the Bank are all presided over by independent non-executive directors. In their daily work, the independent non-executive directors of the Bank actively participated in the Board meetings and meetings of the respective special committees, actively provided advice and suggestions, played their due role effectively, and continued to effectively communicate with the Bank through various ways such as participating in field trips, special investigations and attending training.

During the Reporting Period, the independent non-executive directors issued written independent opinions on major issues of the Bank such as the profit distribution plan, directors and senior management appointments, and major related party transactions. In addition, the independent non-executive directors of the Bank also took full advantages of their professional advantages in the special committees of the Board of Directors and provided professional and independent opinions on the corporate governance and operation management of the Bank which has provided a powerful guarantee for the scientific decision-making process of the Board of Directors.

CORPORATE GOVERNANCE

VII. DUTIES OF BOARD OF SUPERVISORS OF THE BANK

According to the Articles of Association of the Bank, the Board of Supervisors assumes supervisory responsibility and exercises the following duties and powers according to law: To examine and provide comments in writing on the periodical reports of the Bank prepared by the Board of Directors; To examine and supervise the Bank's financial affairs and consolidated management; To monitor the directors and senior management in the performance of their duties; to propose to remove the directors or senior management who is in breach of the laws, regulations, the provisions of the Articles of Association or the resolutions of the general meeting; To demand rectification from a director or senior management when the acts of such person injure the interests of the Bank; To assume ultimate responsibility for the evaluation of the performance of directors and supervisors of the Bank; To be responsible for the establishment and improvement of the file on the performance of supervisors and the file on the evaluation of the performance of directors and supervisors; To assess and question the performance and conduct of Director, Supervisors and Senior Management, report assessment results to the Shareholders' General Meeting and submit to supervisory authorities in accordance with regulations; To conduct special and off-office audit in respect to any Directors and senior officers as required; To conduct supervision and assessment over the performance of duties by the Board of Directors and senior management in respect of the key responsibilities including strategic management, operation decisions, financial management, remuneration management, capital management, internal control, comprehensive risk management, liquidity risk management, reputational risk management, compliance management, fraud prevention, Sannong financial services, related party transactions, information disclosure, data governance, consumer rights protection and anti-money laundering and to report the same to the general meetings in accordance with the requirements; To review relevant audit reports in accordance with regulations and provide guidance and supervise the internal audit work of the Bank, and have the right to request relevant information from the Board of Directors and senior management in relation to the audit; To review the financial reports, operation reports, profit distribution plan and other financial documents submitted by the Board of Directors to general meetings; if any query arises, to engage such professionals as certified public accountants or practicing auditors to assist re-examine the work for the Bank; To propose the convening of extraordinary general meetings; to host the general meetings under the circumstances that the Board of Directors cannot perform its duties of convening and presiding over the general meeting as required under the Company Law; To make the proposals to the shareholders' general meetings; To represent the Bank to negotiate with the directors or senior management or bring the lawsuits against the directors or senior management according to the provisions of the Company Law; If any abnormality is found in operations of the Bank, to conduct investigations; and when necessary, to engage such professionals as accountants or lawyers to assist the work for the account of the Bank at the expense of the Bank; To supervise the Board of Directors on the establishment of stable business ideas and valuation standard and formulate the developing strategies in line with the situation of the Bank; To make periodical assessments on the rationality, reasonability and robustness of the developing strategies of the Bank and make the reports; To supervise and inspect the operating decision, risk management, internal control, etc. of the Bank, and supervise the rectification; To supervise the procedure of the election and appointment of the directors; To supervise the implementation of the system of the remuneration management of the Bank and the rationality and reasonability on the salary plan of the senior management and propose any remuneration (or allowance) arrangement of a supervisor; To be responsible for the supervision of money laundering risk management, and shall be responsible for supervising the performance of due diligence of the Board and senior management in money laundering risk management and supervising rectification, and making recommendations and opinions on the Bank's money laundering risk management; To communicate with the banking regulatory authorities of the State Council about the condition of the Bank on a regular basis; Other duties and powers as provided in the laws, regulations, regulatory requirements and the provisions of the Articles of Association.

VIII. CONVENING OF THE MEETING OF THE BOARD OF SUPERVISORS OF THE BANK

During the Reporting Period, the Board of Supervisors of the Bank convened a total of 3 meetings, at which 27 resolutions were considered and 12 notifications were listened. The Nomination Committee of the Board of Supervisors convened a total of 2 meetings, at which 6 resolutions were considered. The Audit and Supervision Committee of the Board of Supervisors convened a total of 1 meeting, at which 3 resolutions were considered.

IX. WORK OF EXTERNAL SUPERVISORS OF THE BANK

During the Reporting Period, the external supervisors of the Bank, in strict accordance with the provisions of relevant laws, regulations and the Bank's Articles of Association, performed their duties diligently and discussed at meetings in due course by fully studying and reviewing every proposal and actively attending meetings of the Board of Supervisors and the respective special committees thereof, participating in the general meetings on time, attending (as non-voting delegates) the meetings of the Board of Directors and its special committees, participating various supervisory and research activities organized by the Board of Supervisors, expressing their professional and rigorous opinions independently and impartially, which played a proactive role in improving the corporate governance and the management of the Bank. During the closure period, the Board of Supervisors carefully reviewed the documents such as the Monthly Information Report of the Board of Supervisors (《監事會信息月報》) and the Work Brief of Board of Supervisors (《監事會工作簡訊》) to actively keep abreast of the Bank's business management, dedicate sufficient time and effort to perform duties and practically enhance its performance ability, and lay a solid foundation for scientific supervision.



CORPORATE GOVERNANCE

X. DUTIES OF SENIOR MANAGEMENT OF THE BANK

The duties of senior management of the Bank mainly include: to carry out operation and management in accordance with the Articles of Association of the Bank and the authorization of the Board of Directors, and actively implement the resolutions of the general meeting and the Board of Directors; to be accountable to the Board of Directors and supervised by the Board of Supervisors, and to report the management of the Bank in a timely, accurate and complete manner, and provide relevant materials in accordance with the requirements of the Board of Directors and the Board of Supervisors; to establish a system for information reporting to the Board of Directors and its special committees, and the Board of Supervisors and its special committees, and clarify the types, content, time and forms of information for reporting to ensure that directors and supervisors can obtain various types of information promptly, accurately and completely; to set up and optimise various meeting systems and draw up corresponding rules of procedure; to undertake the responsibility for the implementation of comprehensive risk management, and to be responsible for the following duties: to establish a management structure based on comprehensive risk management, define risk management responsibilities among the functional departments, business units and other departments of comprehensive risk management, and develop a coordinated checks-and-balances mechanism among departments; to formulate clear execution and inquiry mechanisms for the effective communication and implementation of risk management strategies, risk appetites and limits; to set risk limits according to the risk appetites set by the Board of Directors for various dimensions including, but not limited to, industries, regions, customers and products; to formulate risk management policies and procedures, and conduct periodic assessments and make adjustments when necessary; to evaluate the management for comprehensive risks and various key risks and report to the Board of Directors; to establish a sound management information system and data quality control mechanism; to supervise the breach of risk appetites and risk limits and violations of risk management policies and procedures, and handle such cases according to the authorization of the Board of Directors; and other risk management responsibilities; to be responsible for formulating systematic systems, procedures and methods according to the acceptable risk level determined by the Board of Directors, and taking corresponding risk control measures; responsible for establishing and improving internal organizational structures to ensure that various responsibilities of internal control are effectively performed; responsible for organizing the monitoring and evaluation of the adequacy and effectiveness of the internal control system; to be responsible for organizing and implementing capital management pursuant to the business strategy and risk appetite, ensuring that capital is compatible with business development and risk levels, and implementing various monitoring measures; specifically performing the following duties: to formulate and organize the implementation of rules and regulations of capital management; to formulate and organize the implementation of the internal capital adequacy assessment procedure, clarify the division of responsibilities of relevant departments, and establish and improve the evaluation framework, procedures and management systems; to formulate and organize the implementation of capital planning and capital adequacy management plans; to evaluate the capital adequacy ratio regularly and irregularly, and report the level of capital adequacy ratio, the management of capital adequacy ratio and the results of internal capital adequacy assessment to the Board of Directors; to organize stress testing, participate in the determination of stress testing objectives, plans and important assumptions, promote the application of stress testing results in risk assessment and capital planning; to develop and maintain the internal capital adequacy assessment information management system; to assume management responsibilities for the formulation and update of the recovery plan and disposal plan; to be responsible for implementing the business continuity management policies approved by the Board of Directors. The main responsibilities include: formulating and regularly reviewing and supervising the implementation of business continuity management policies and procedures; clarifying the business continuity management responsibilities of each department, clarifying reporting routes, and approving important business recovery goals and strategy, supervising the performance of management responsibilities of each department, and ensuring the normal operation of the business continuity management system; and ensuring that sufficient resources are

allocated to guarantee the implementation of business continuity management; to undertake the responsibility for the implementation of the emergency management policy approved by the Board of Directors; to undertake the management responsibility for reputation risk management of the Bank; to establish and improve the reputation risk management system, improve the working mechanism, formulate reputation risk response plans and handle plans for major events, and arrange and promote the handling of reputation incidents. Reputation risk management assessment shall be conducted at least once a year; to undertake the responsibility for the implementation of risk management of money laundering and terrorism financing; be responsible for promoting the construction of money laundering risk management culture; establishing and timely adjusting the money laundering risk management organizational structure, clarifying the division of responsibilities and coordination mechanisms of anti-money laundering management departments, business units and other departments in money laundering risk management; formulating and adjusting money laundering risk management strategies and implementation mechanism; reviewing money laundering risk management policies and procedures; regularly reporting anti-money laundering work to the Board of Directors, and reporting major money laundering risk events to the Board of Directors and the Board of Supervisors in a timely manner; organizing the implementation of the anti-money laundering information system and data governance; organizing the implementing the anti-money laundering performance evaluation and reward and punishment mechanism; handling violations of anti-money laundering risk management policies and procedures as authorized by the Board of Directors; and other related responsibilities; to be responsible for determining the operation and management structure of Internet loans, and clarifying the division of responsibilities among various departments; formulating, evaluating and supervising the implementation of Internet loan business plans, risk management policies and procedures, management policies and procedures of cooperative institutions, and cross-regional operation and management policies; formulating risk control indicators for Internet loan business, including but not limited to Internet loan limit, the limit and capital contribution ratio of jointly funded and issued loans with cooperative institutions, the concentration of cooperative institutions, non-performing loan ratio, etc.; establishing a risk management mechanism for Internet loan business, continuously and effectively monitoring, controlling and reporting various types of risks, and responding to risk events in a timely manner; fully understanding and regularly evaluating the development of Internet loan business, risk level and management status, consumer protection condition, keeping abreast of major changes, and regularly reporting to the Board of Directors; and other relevant responsibilities; to formulate green credit targets, establish mechanism and procedures, define duties and authorities, carry out internal control inspection and assessment, report the development situation of green credit to the Board of Directors every year, and report the relevant situation to the regulatory authorities in a timely manner; to ensure that the strategic objectives and policies for consumer rights protection are effectively implemented; to review and publish significant information disclosures on consumer rights protection; to establish a data governance system, ensure the allocation of data governance resources, formulate and implement accountability and incentive mechanisms, establish a data quality control mechanism, ensure the authenticity, accuracy, continuity, completeness and timeliness of data, organize and evaluate the effectiveness and implementation of data governance, and regularly report to the Board of Directors; to undertake the responsibility for organizing the implementation of resolutions on remuneration management of the Board; to support the internal audit departments to perform its duties independently to ensure that internal audit resources are in place; to report to the audit committee on the latest developments and changes in business development, product innovation, operation procedures, risk management and internal control compliance in a timely manner; to carry out effective rectification based on the problems identified by the internal audit and audit recommendation; other functions and powers that shall be exercised by senior management as stipulated by laws, regulations, regulatory provisions and these Articles of Association of the Bank.

XI. AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE BANK

During the Reporting Period, the Bank did not amend its Articles of Association.

MAJOR EVENTS

I. IMPLEMENTATION OF DIVIDENDS DISTRIBUTION

Upon the approval at the 2023 annual general meeting of the Bank, the Bank distributed a final dividend in cash for 2023 on 26 July 2024 of RMB0.4 per 10 shares (tax inclusive) and RMB576 million (tax inclusive) in aggregate to holders of Domestic Shares and holders of H Shares whose names appeared on the register of members of the Bank on Tuesday, 25 June 2024. The Bank did not declare any interim dividend for 2024 (2023: nil).

II. SHAREHOLDERS HOLDING MORE THAN 5% OF THE SHARES IN THE BANK AND CHANGES IN THEIR SHAREHOLDINGS

During the Reporting Period, the shareholders holding more than 5% of the total issued shares of the Bank were Guangzhou Finance Holdings Group Co., Ltd. and Guangzhou Metro Group Co., Ltd., holding 1,194,271,140 shares and 722,950,000 shares of the Bank, respectively. The number of shares held by the aforementioned shareholders did not change compared to the end of 2023.

III. USE OF PROCEEDS

The Bank issued the non-cumulative perpetual offshore preference shares with a size of USD1.43 billion on 20 June 2019. The proceeds from the issuance of the offshore preference shares, after deducting the issuance expenses, have all been used to replenish other tier-one capital of the Bank. On 20 June 2024, the Bank completed the redemption of USD1.43 billion non-cumulative perpetual offshore preference shares of the Bank.

On 29 May 2024, the Bank completed the issuance and listing of the undated capital bonds with a total amount of RMB12 billion in the national interbank bond market. The proceeds raised from the issuance of the undated capital bonds, after deducting the issuance expense, have all been used to replenish the other tier-one capital of the Bank.

All of the proceeds received by the Bank in the past issues have been used in accordance with the purposes disclosed in the relevant documents such as their respective prospectuses, which was to replenish the capital of the Bank for supporting its business development.

IV. RELATED PARTY (CONNECTED) TRANSACTIONS

(I) Related Party Transactions under the Relevant Regulatory Standards

As at the end of the Reporting Period, the Bank's total credit balance with related parties amounted to RMB30.887 billion. Transactions between the Bank and a single related party that amount to 1% or more of the net capital of the Bank at the end of the previous quarter or 5% in aggregate or more of the net capital of the Bank at the end of the previous quarter shall be designated as significant related party transactions. After the aggregate amount of transactions between the Bank and a single related party reaches the aforementioned standard, the subsequent related party transactions shall be re-designated as significant related party transactions for each aggregate amount of more than 1% of the net capital at the end of the previous quarter.

(II) Connected Transactions under the Listing Rules

The transactions entered into among the Bank and its connected persons (as defined in the Listing Rules) will constitute connected transactions of the Bank under Chapter 14A of the Listing Rules. During the Reporting Period, the connected transactions of the Bank were entered into in the ordinary course of business on normal commercial or better terms, and were in compliance with the disclosure exemption requirement under the Listing Rules.

V. MATERIAL ACQUISITION AND DISPOSAL OF ASSETS AND MERGER OF ENTERPRISES

During the Reporting Period, the Bank had no major asset acquisitions, disposals or business mergers.

VI. MATERIAL LEGAL PROCEEDINGS AND ARBITRATIONS

As of the end of the Reporting Period, there were a total of 4 pending litigations and arbitrations with an amount exceeding RMB10 million each in which the Bank was a defendant or third party, involving a total amount of approximately RMB1.379 billion.

VII. PENALTIES IMPOSED ON DIRECTORS AND SUPERVISORS OF THE BANK

During the Reporting Period, the Bank's directors and supervisors were not subject to penalties by relevant authorities that would have a significant impact on its business activities.

VIII. SUBSEQUENT EVENTS

The Group has no other events that require additional disclosure after the Reporting Period.

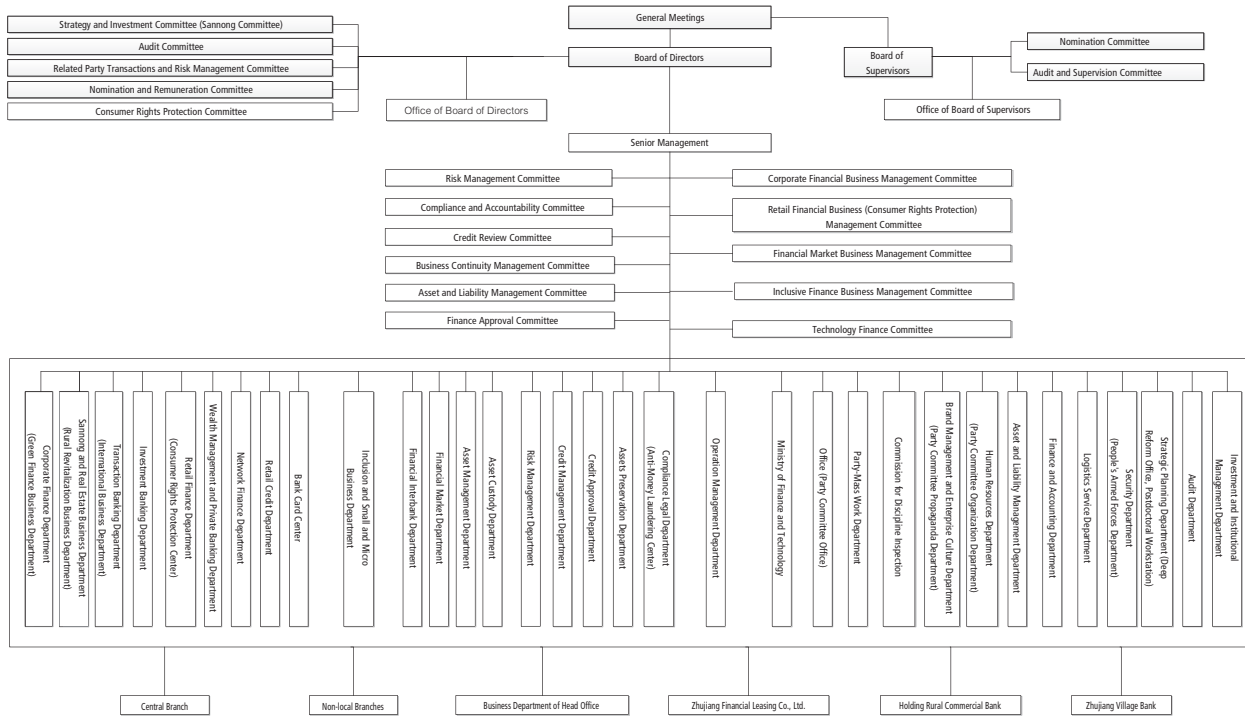
IX. REVIEW AND RELEASE OF INTERIM RESULTS

The interim financial report for the six months ended 30 June 2024 prepared by the Bank in accordance with the IFRS has been reviewed by PricewaterhouseCoopers and the Audit Committee under the Board of Directors and the Board of Directors of the Bank have reviewed and approved the Bank's interim results and financial report for the six months ended 30 June 2024.

Please refer to the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Bank (www.grcbank.com) for both the English and Chinese versions of the Bank's reports prepared in accordance with the International Financial Reporting Standards and the Listing Rules.

CORPORATE STRUCTURE

As of the end of the Reporting Period, the corporate structure of the Group was as follows:



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Guangzhou Rural Commercial Bank Co., Ltd.

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

Introduction

We have reviewed the interim financial information set out on pages 82 to 165, which comprises the interim condensed consolidated statement of financial position of Guangzhou Rural Commercial Bank Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2024 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected 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". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 29 August 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Interest income	5	18,595,261	20,811,543
Interest expense	5	(12,325,287)	(12,251,006)
Net interest income		6,269,974	8,560,537
Fee and commission income	6	509,509	685,690
Fee and commission expense	6	(193,731)	(165,110)
Net fee and commission income		315,778	520,580
Net trading gains	7	386,939	63,980
Net gains on disposal of financial assets at fair value through other comprehensive income		488,846	143,836
Net gains on disposal of financial assets measured at amortized cost		–	7,923
Other income, gains or losses	8	(115,578)	104,544
Operating income		7,345,959	9,401,400
Operating expenses	9	(3,030,178)	(3,062,651)
Credit impairment losses	10	(2,915,986)	(3,934,740)
Profit before income tax		1,399,795	2,404,009
Income tax credit/(expense)	11	300,846	(15,278)
Net Profit for the period		1,700,641	2,388,731
Attributable to:			
Shareholders of the Bank		1,475,088	2,103,176
Non-controlling interests		225,553	285,555
		1,700,641	2,388,731
Earnings per share (RMB yuan)			
– basic and diluted	13	0.06	0.13

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Net Profit for the period		1,700,641	2,388,731
Other comprehensive income (after tax, net):	36		
Items that may be reclassified to profit or loss			
Changes in the fair value of financial assets at fair value through other comprehensive income		1,495,058	695,309
Changes in the expected credit losses of financial assets at fair value through other comprehensive income		(25,554)	12,948
Items that will not be reclassified to profit or loss			
Remeasurement losses on defined benefit plans		(759)	(223)
Sub-total of other comprehensive income for the period		1,468,745	708,034
Total comprehensive income for the period		3,169,386	3,096,765
Total comprehensive income attributable to:			
Shareholders of the Bank		2,872,796	2,762,166
Non-controlling interests		296,590	334,599
		3,169,386	3,096,765

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

	Note	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
ASSETS			
Cash and deposits with central bank	14	70,630,288	80,863,847
Deposits with banks and other financial institutions	15	14,440,839	14,942,725
Placements with banks and other financial institutions	16	62,144,614	55,472,499
Financial assets held under resale agreements	17	16,777,670	23,205,250
Loans and advances to customers	18	721,902,374	708,908,577
Financial investments			
– Financial assets at fair value through profit or loss	19	82,315,204	67,798,262
– Financial assets at fair value through other comprehensive income	20	140,141,279	126,167,820
– Financial assets at amortized cost	21	199,493,724	216,930,430
Property and equipment	22	3,359,274	2,908,427
Goodwill	23	734,237	734,237
Deferred tax assets	24	11,444,148	11,154,869
Other assets	25	5,726,753	4,955,507
Total assets		1,329,110,404	1,314,042,450
LIABILITIES			
Due to central bank		13,520,803	27,475,851
Deposits from banks and other financial institutions	26	34,194,271	42,549,922
Placements from banks and other financial institutions	27	5,423,127	5,383,587
Financial liabilities at fair value through profit or loss	28	1,787,963	4,324
Financial assets sold under repurchase agreements	29	36,797,502	51,701,119
Customer deposits	30	967,647,114	947,186,017
Income tax payable		753,259	868,624
Debt securities issued	31	148,432,721	127,863,513
Other liabilities	32	20,463,193	14,468,616
Total liabilities		1,229,019,953	1,217,501,573

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

	Note	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
EQUITY			
Share capital	33	14,409,789	14,409,789
Other equity instruments	34	12,000,000	9,820,734
Reserves	35	46,121,100	45,073,757
Retained earnings		19,754,462	19,521,895
Equity attributable to shareholders of the Bank		92,285,351	88,826,175
Non-controlling interests		7,805,100	7,714,702
Total equity		100,090,451	96,540,877
Total liabilities and equity		1,329,110,404	1,314,042,450

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

The interim condensed consolidated financial information was approved by the Board of Directors on 29 August 2024 and was signed on its behalf by:

Cai Jian
Chairman

He Heng
Chief Financial Officer

Huang Sunan
Head of Financial Department

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to shareholders of the Bank							Total			
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	Reserves		Non-Controlling interests				
					General reserve	Other comprehensive income			Retained earnings	Total	
Balance at 1 January 2024 (Audited)	14,409,789	9,820,734	22,420,958	5,844,020	16,835,889	(27,110)	45,073,757	19,521,895	88,826,175	7,714,702	96,540,877
Net profit for the period	-	-	-	-	-	-	-	1,475,088	1,475,088	225,553	1,700,641
Other comprehensive income for the period	-	-	-	-	-	1,397,708	1,397,708	-	1,397,708	71,037	1,468,745
Total comprehensive income	-	-	-	-	-	1,397,708	1,397,708	1,475,088	2,872,796	296,590	3,169,386
Redemption of preference shares	-	(9,820,734)	(351,285)	-	-	-	(351,285)	-	(10,172,019)	-	(10,172,019)
Issuance of perpetual bonds	-	12,000,000	(226)	-	-	-	(226)	-	11,999,774	-	11,999,774
Shareholders' donation	-	-	1,146	-	-	-	1,146	-	1,146	840	1,986
Dividends declared to ordinary shareholders	-	-	-	-	-	-	-	(576,392)	(576,392)	(207,032)	(783,424)
Dividends declared and paid to preference shareholders	-	-	-	-	-	-	-	(666,129)	(666,129)	-	(666,129)
Balance at 30 June 2024 (Unaudited)	14,409,789	12,000,000	22,070,593	5,844,020	16,835,889	1,370,598	46,121,100	19,754,462	92,285,351	7,805,100	100,090,451

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to shareholders of the Bank							Total			
	Share capital Note 33	Other equity instruments Note 34	Reserves				Non- Controlling interests				
			Capital reserve	Surplus reserve	General reserve	Other comprehensive income			Subtotal Note 35	Retained earnings	Total
Balance at 1 January 2023 (Audited)	11,451,269	9,820,734	18,951,196	5,650,358	15,770,294	(559,798)	39,812,050	19,994,521	81,078,574	7,170,528	88,249,102
Net profit for the period	-	-	-	-	-	-	-	2,103,176	2,103,176	285,555	2,388,731
Other comprehensive income for the period	-	-	-	-	-	658,990	658,990	-	658,990	49,044	708,034
Total comprehensive income	-	-	-	-	-	658,990	658,990	2,103,176	2,762,166	334,599	3,096,765
Dividends declared to ordinary shareholders	-	-	-	-	-	-	-	(1,202,382)	(1,202,382)	(200,744)	(1,403,126)
Dividends declared and paid to preference shareholders	-	-	-	-	-	-	-	(645,402)	(645,402)	-	(645,402)
Balance at 30 June 2023 (Unaudited)	11,451,269	9,820,734	18,951,196	5,650,358	15,770,294	99,192	40,471,040	20,249,913	81,992,956	7,304,383	89,297,339

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to shareholders of the Bank							Non-Controlling interests	Total		
	Share capital Note 33	Other equity instruments Note 34	Reserves			Other comprehensive income	Subtotal Note 35			Retained earnings	
			Capital reserve	Surplus reserve	General reserve						
Balance at 1 January 2023 (Audited)	11,451,269	9,820,734	18,951,196	5,650,358	15,770,294	(559,798)	39,812,050	19,994,521	81,078,574	7,170,528	88,249,102
Net profit for the year	-	-	-	-	-	-	-	2,634,416	2,634,416	625,091	3,259,507
Other comprehensive income for the year	-	-	-	-	-	532,688	532,688	-	532,688	114,488	647,176
Total comprehensive income	-	-	-	-	-	532,688	532,688	2,634,416	3,167,104	739,579	3,906,683
Contribution of shareholders	2,958,520	-	3,474,726	-	-	-	3,474,726	-	6,433,246	-	6,433,246
Transactions with non-controlling interests	-	-	(8,773)	-	-	-	(8,773)	-	(8,773)	8,773	-
Shareholders' donation	-	-	3,809	-	-	-	3,809	-	3,809	2,023	5,832
Appropriation to surplus reserve	-	-	-	193,662	-	-	193,662	(193,662)	-	-	-
Dividends declared and paid to ordinary shareholders	-	-	-	-	-	-	-	(1,202,383)	(1,202,383)	(206,201)	(1,408,584)
Dividends declared and paid to preference shareholders	-	-	-	-	-	-	-	(645,402)	(645,402)	-	(645,402)
Appropriation to general reserve	-	-	-	-	1,065,595	-	1,065,595	(1,065,595)	-	-	-
Balance at 31 December 2023 (Audited)	14,409,789	9,820,734	22,420,958	5,844,020	16,835,889	(27,110)	45,073,757	19,521,895	88,826,175	7,714,702	96,540,877

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,399,795	2,404,009
Adjustments for:			
Interest income on financial investments	5	(4,372,495)	(4,203,074)
Interest income accrued on impaired financial assets	5	(205,132)	(108,362)
Interest expense on debt securities	5	1,906,610	1,583,868
Net trading (gains)/losses		(253,282)	107,924
Net gains on disposal of financial assets at fair value through other comprehensive income		(488,846)	(143,836)
Net gains on disposal of financial assets measured at amortized cost		–	(7,923)
Net foreign exchange losses/(gains)	8	189,908	(33,567)
Net gains on disposal of property and equipment, lease assets and foreclosed assets	8	(21,872)	(9,644)
Depreciation and amortization	9	305,635	321,969
Depreciation of investment properties		3,957	3,944
Interest expense on lease liabilities	5	24,131	22,220
Impairment losses		2,941,331	3,981,037
Other		(8,516)	–
		1,421,224	3,918,565
Net increase in operating assets			
Deposits with central bank		1,953,296	1,290,891
Deposits with banks and other financial institutions		(1,748,953)	(87,597)
Placements with banks and other financial institutions		(6,467,738)	(12,899,896)
Financial assets held under resale agreements		4,623,523	(8,556,601)
Loans and advances to customers		(15,098,509)	(22,180,194)
Financial assets at fair value through profit or loss		10,143,337	(3,817,175)
Other assets		(827,685)	(560,733)
		(7,422,729)	(46,811,305)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Net (decrease)/increase in operating liabilities			
Due to central bank		(13,955,048)	3,727,491
Deposits from banks and other financial institutions		(8,355,651)	7,939,127
Placements from banks and other financial institutions		39,540	(2,390,047)
Financial liabilities at fair value through profit or loss		10,880	1,967
Financial assets sold under repurchase agreements		(14,903,617)	(455,743)
Customer deposits		20,458,910	12,524,591
Other liabilities		5,281,938	143,659
		(11,423,048)	21,491,045
Net cash flows used in operating activities before tax		(17,424,553)	(21,401,695)
Income tax paid		(593,631)	(1,809,146)
Net cash flows used in operating activities		(18,018,184)	(23,210,841)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment and other long-term assets		(661,164)	(178,541)
Proceeds from disposal of property and equipment and other long-term assets		24,100	14,871
Cash paid for investments		(103,998,497)	(105,596,719)
Proceeds from sale and redemption of investments		86,352,082	61,336,198
Return on investments		4,922,486	4,202,660
Net cash flows used in investing activities		(13,360,993)	(40,221,531)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shareholders' donation		1,986	–
Cash paid for redemption of preference shares		(10,382,255)	–
Proceeds from issuance of other equity instrument		11,999,774	–
Proceeds from issuance of debt securities		123,685,640	123,208,027
Repayment of debt securities issued		(102,726,682)	(114,248,063)
Interest paid on debt securities		(2,296,360)	(2,578,425)
Dividends paid to preference shares	12	(666,129)	(645,402)
Payment for lease contracts		(174,991)	(140,977)
Dividends paid to non-controlling shareholders		(206,096)	(180,374)
Net cash flows from financing activities		19,234,887	5,414,786
NET DECREASE IN CASH AND CASH EQUIVALENTS		(12,144,290)	(58,017,586)
Cash and cash equivalents at the beginning of the period		46,700,943	95,744,368
Effect of exchange rate changes on cash and cash equivalents		15,993	46,617
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		34,572,646	37,773,399
Net increase/(decrease) in operating liabilities:			
Interest received		14,158,152	16,944,263
Interest paid		(12,038,797)	(10,071,463)

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

1 CORPORATE INFORMATION AND STRUCTURE

Guangzhou Rural Commercial Bank Co., Ltd. (the “Bank”), whose predecessor was established in 1952, underwent a series of reforms in subsequent years. Under the “Approval from the China Banking Regulatory Commission on Regarding the Opening of Guangzhou Rural Commercial Bank Co., Ltd.” (Yinjianfu No. [2009] 484) issued by the China Banking Regulatory Commission (the “CBRC”, which was renamed to the National Administration of Financial Regulation in 2023), Guangzhou Rural Commercial Bank Co., Ltd. was incorporated on 9 December 2009.

The Bank obtained its finance permit No.B1048H244010001 from the Guangdong Bureau of China Banking and Insurance Regulatory Commission (“CBIRC”) and its business license of Unified Social Credit code No.914401017083429628 from Guangzhou Market Supervision and Administration Bureau. The registered office is located at No. 9 Yingri Road, Huangpu District, Guangzhou, China.

On 20 June 2017, the Bank was listed on The Stock Exchange of Hong Kong Limited.

The Bank and its subsidiaries (the “Group”) conducts its operating activities in China.

The principal activities of the Bank comprise taking deposits from the general public (including domestic and foreign currencies), granting short, medium and long-term loans (including domestic and foreign currencies), domestic and international settlements, bills acceptance and discounting, providing agency services for issuing/redemption and underwriting of government bonds, trading government bonds, trading and issuing financial bonds, inter-bank placements, bank cards (including debit cards and credit cards) business, providing agency services of payment collection and insurance agency service, providing safe locker service, foreign currency remittance, foreign currency exchange, settlement and sale of foreign exchange, foreign credit investigations, advisory and attestation service, securities investment fund and insurance assets trusteeship, financing services, securities investment fund sales business, e-bank services, securitization of credit assets, and other business activities approved by the banking regulatory organs of the State Council or other relevant regulators.

The interim condensed consolidated financial information was authorized for issue by the Board of Directors of the Bank on 29 August 2024.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

1 CORPORATE INFORMATION AND STRUCTURE (Continued)

The Bank and its subsidiaries are collectively referred to as the “Group”. As at 30 June 2024, the Bank had a total of 30 subsidiaries, including 25 county banks, a financial leasing company and 4 rural commercial banks across China. All subsidiaries are limited companies. The details of the Bank’s subsidiaries as at 30 June 2024 are as follows:

Name	Place of registration and operation	Registered capital (in thousands)		Percentage of equity interests held by the Bank		Percentage of voting rights held by the Bank		Principal activities
		30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023	
Laiwu Zhujiang County Bank Company Limited	Jinan, Shandong Province	60,000	60,000	51.00%	51.00%	51.00%	51.00%	Banking
Jiangsu Xuyi Zhujiang County Bank Company Limited	Huai'an, Jiangsu Province	100,000	100,000	75.50%	75.50%	75.50%	75.50%	Banking
Jiangsu Qidong Zhujiang County Bank Company Limited	Qidong, Jiangsu Province	100,000	100,000	51.00%	51.00%	51.00%	51.00%	Banking
Changning Zhujiang County Bank Company Limited	Changning, Hunan Province	50,000	50,000	51.00%	51.00%	51.00%	51.00%	Banking
Laizhou Zhujiang County Bank Company Limited	Laizhou, Shandong Province	80,000	80,000	51.00%	51.00%	56.00%	56.00%	Banking
Haiyang Zhujiang County Bank Company Limited	Haiyang, Shandong Province	70,000	70,000	51.00%	51.00%	51.00%	51.00%	Banking
Huixian Zhujiang County Bank Company Limited (i)	Huixian, Henan Province	100,000	100,000	35.00%	35.00%	53.57%	53.57%	Banking
Pengshan Zhujiang County Bank Company Limited	Meishan, Sichuan Province	100,000	100,000	62.50%	62.50%	70.50%	70.50%	Banking
Xinjin Zhujiang County Bank Company Limited (i)	Chengdu, Sichuan Province	100,000	100,000	35.00%	35.00%	54.00%	54.00%	Banking
Guanghan Zhujiang County Bank Company Limited (i)	Guanghan, Sichuan Province	100,000	100,000	35.00%	35.00%	41.00%	41.00%	Banking
Dalian Baoshuiqu Zhujiang County Bank Company Limited	Dalian, Liaoning Province	350,000	350,000	81.43%	81.43%	87.44%	87.44%	Banking
Jizhou Zhujiang County Bank Company Limited (i)	Ji'an, Jiangxi Province	87,820	87,820	33.79%	33.79%	57.19%	57.19%	Banking
Heshan Zhujiang County Bank Company Limited (i)	Heshan, Guangdong Province	150,000	150,000	34.00%	34.00%	71.00%	71.00%	Banking
Beijing Mentougou Zhujiang County Bank Company Limited	Mentougou District, Beijing	765,000	765,000	93.59%	93.59%	93.59%	93.59%	Banking
Xinyang Zhujiang County Bank Company Limited (i)	Xinyang, Henan Province	414,200	414,200	39.60%	39.60%	54.13%	54.13%	Banking
Yantai Fushan Zhujiang County Bank Company Limited	Yantai, Shandong Province	100,000	100,000	93.00%	93.00%	100.00%	100.00%	Banking
Anyang Zhujiang County Bank Company Limited (i)	Anyang, Henan Province	60,000	60,000	35.00%	35.00%	55.50%	55.50%	Banking

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

1 CORPORATE INFORMATION AND STRUCTURE (Continued)

Name	Place of registration and operation	Registered capital (in thousands)		Percentage of equity interests held by the Bank		Percentage of voting rights held by the Bank		Principal activities
		30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023	
Qingdao Chengyang Zhujiang County Bank Company Limited (i)	Qingdao, Shandong Province	100,000	100,000	35.00%	35.00%	61.00%	61.00%	Banking
Suzhou Wuzhong Zhujiang County Bank Company Limited	Suzhou, Jiangsu Province	150,000	150,000	51.00%	51.00%	51.00%	51.00%	Banking
Sanshui Zhujiang County Bank Company Limited (i)	Foshan, Guangdong Province	200,000	200,000	33.40%	33.40%	50.50%	50.50%	Banking
Zhongshan Dongfeng Zhujiang County Bank Company Limited (i)	Zhongshan, Guangdong Province	150,000	150,000	35.00%	35.00%	55.00%	55.00%	Banking
Xingning Zhujiang County Bank Company Limited (i)	Xingning, Guangdong Province	50,000	50,000	34.00%	34.00%	87.00%	100.00%	Banking
Shenzhen Pingshan Zhujiang County Bank Company Limited (i)	Shenzhen, Guangdong Province	300,000	300,000	35.00%	35.00%	77.00%	83.00%	Banking
Dongguan Huangjiang Zhujiang County Bank Company Limited (i)	Dongguan, Guangdong Province	150,000	150,000	35.00%	35.00%	100.00%	100.00%	Banking
Zhengzhou Zhujiang County Bank Company Limited (i)	Pilot Free Trade Zone, Zhengzhou Section, Henan Province	200,000	200,000	35.00%	35.00%	90.00%	90.00%	Banking
Hunan Zhuzhou Zhujiang Rural Commercial Bank Company Limited ("ZZRCB")	Zhuzhou, Hunan Province	600,000	600,000	51.00%	51.00%	51.00%	61.00%	Banking
Chaozhou Rural Commercial Bank Company Limited (the "CZRCB")	Chaozhou, Guangdong Province	2,633,342	2,633,342	57.72%	57.72%	58.22%	71.85%	Banking
Guangdong Nanxiong Rural Commercial Bank Company Limited (the "NXRCB")	Nanxiong, Guangdong Province	431,800	431,800	51.00%	51.00%	53.39%	53.39%	Banking
Shaoguan Rural Commercial Bank Company Limited (the "SGRCB")	Shaoguan, Guangdong Province	1,373,718	1,373,718	50.10%	50.10%	50.10%	50.10%	Banking
Zhujiang Financial Leasing Co., Ltd.	Guangzhou, Guangdong Province	1,500,000	1,500,000	100.00%	100.00%	100.00%	100.00%	Financial leasing

- (i) The Bank holds less than majority equity interests in these subsidiaries. In accordance with the agreements to act in concert entered into by the Bank and the non-controlling shareholders, the non-controlling shareholders vote consistently with the Bank in deciding the financial and operating policies. Also, the Bank can control these subsidiaries through delegating the key management of these subsidiaries. Hence, the management of the Bank believes that the Bank has controls over these subsidiaries.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

2 BASIS OF PREPARATION AND ACCOUNTING POLICY INFORMATION

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting issued by the International Accounting Standard Board (“IASB”) and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information has been prepared on an accrual basis and under the historical cost convention except for certain financial instruments that have been measured at fair value. This condensed consolidated interim financial information is presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

This condensed consolidated interim financial information of the Group should be read in conjunction with the 2023 annual consolidated financial statements.

Except as described below, the Group’s accounting policies applied in preparing this condensed consolidated interim financial information are consistent with those policies applied in preparing the 2023 annual consolidated financial statements.

2.1 Standards, amendments and interpretations effective in 2024

On 1 January 2024, the Group adopted the following new standards, amendments and interpretations. The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current liabilities with covenants
Amendments to IFRS 16	Lease Liability in Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The adoption of the above amendments does not have a significant impact on the operation results, comprehensive income and financial position of the Group.

2.2 Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group in 2024

		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

The Group is assessing the impact of adopting the above standards and amendments. Currently the adoption of the above is expected not to have a material impact on the Group’s consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

3 MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

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

4 OPERATING SEGMENT INFORMATION

4.1 Operating segments

For management purposes, the Group is organized into four different operating segments as follows:

Corporate banking

The corporate banking segment covers financial products and services for corporate customers including deposits, loans, settlement, clearing and other trade-related services.

Retail banking

The retail banking segment covers financial products and services for individual customers including deposits, debit and credit cards, personal and collateral loans and personal wealth management services.

Financial market business

The financial market business segment covers proprietary tradings and agent services including money market placements, investments, repurchases and foreign exchange transactions.

Others

This segment covers businesses other than corporate banking, retail banking and financial market business, of which the assets, liabilities, income and expenses cannot be directly attributable or allocated to certain segment on a reasonable basis.

Inter-segment transfer pricing is made in accordance with the sources, funding periods and interest rates announced by the People's Bank of China (the "PBOC") and market rates, such as the interbank market rates and so forth. The allocation of expenses between segments above is based on the benefits received.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

4 OPERATING SEGMENT INFORMATION (Continued)

4.1 Operating segments (Continued)

	Corporate banking	Retail banking	Financial market business	Others	Total
Six months ended 30 June 2024 (Unaudited)					
Interest income	9,097,014	4,281,343	5,216,904	–	18,595,261
Interest expense	(3,524,406)	(5,529,838)	(3,271,043)	–	(12,325,287)
Inter-segments interest (expense)/ income	(2,118,553)	3,988,115	(1,869,562)	–	–
Net interest income	3,454,055	2,739,620	76,299	–	6,269,974
Fee and commission income	244,089	218,310	47,110	–	509,509
Fee and commission expense	(44,589)	(79,879)	(69,263)	–	(193,731)
Net fee and commission income	199,500	138,431	(22,153)	–	315,778
Net trading gains	–	–	386,939	–	386,939
Net gains on disposal of financial assets at fair value through other comprehensive income	–	–	488,846	–	488,846
Other income, gains or losses	(201,651)	9,588	1,127	75,358	(115,578)
Operating income	3,451,904	2,887,639	931,058	75,358	7,345,959
Operating expenses	(948,622)	(1,780,241)	(232,500)	(68,815)	(3,030,178)
Credit impairment losses	(2,160,823)	(598,257)	(146,586)	(10,320)	(2,915,986)
Profit before tax	342,459	509,141	551,972	(3,777)	1,399,795
Income tax credit					300,846
Net profit for the period					1,700,641
Other segment information					
Depreciation and amortization	95,186	186,338	21,134	2,977	305,635
Capital expenditure	210,458	398,171	45,311	7,224	661,164
As at 30 June 2024 (Unaudited)					
Segment assets	444,860,565	180,536,912	683,533,339	8,735,440	1,317,666,256
Segment liabilities	(382,906,365)	(610,634,457)	(234,635,365)	(843,766)	(1,229,019,953)
Other segment information					
Credit commitments	160,297,690	36,942,377	–	–	197,240,067

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

4 OPERATING SEGMENT INFORMATION (Continued)

4.1 Operating segments (Continued)

	Corporate banking	Retail banking	Financial market business	Others	Total
Six months ended 30 June 2023					
(Unaudited)					
Interest income	11,257,600	4,483,194	5,070,749	–	20,811,543
Interest expense	(3,752,279)	(5,566,723)	(2,932,004)	–	(12,251,006)
Inter-segments interest (expense)/ income	(3,009,664)	4,408,607	(1,398,943)	–	–
Net interest income	4,495,657	3,325,078	739,802	–	8,560,537
Fee and commission income	380,412	225,003	80,275	–	685,690
Fee and commission expense	(69,783)	(79,594)	(15,733)	–	(165,110)
Net fee and commission income	310,629	145,409	64,542	–	520,580
Net trading gains	–	–	63,980	–	63,980
Net gains on disposal of financial assets at fair value through other comprehensive income	–	–	143,836	–	143,836
Net gains on disposal of financial assets measured at amortized cost	–	–	7,923	–	7,923
Other income, gains or losses	9,607	20,321	2,259	72,357	104,544
Operating income	4,815,893	3,490,808	1,022,342	72,357	9,401,400
Operating expenses	(1,006,983)	(1,743,907)	(222,308)	(89,453)	(3,062,651)
Credit impairment losses	(3,073,697)	(835,838)	28,238	(53,443)	(3,934,740)
Profit before tax	735,213	911,063	828,272	(70,539)	2,404,009
Income tax expense					(15,278)
Net profit for the period					2,388,731
Other segment information					
Depreciation and amortization	104,570	189,992	20,695	6,712	321,969
Capital expenditure	58,334	105,836	10,518	3,853	178,541
As at 31 December 2023					
Segment assets	437,225,256	177,771,492	679,218,818	8,672,015	1,302,887,581
Segment liabilities	(385,392,802)	(589,308,974)	(242,530,565)	(269,232)	(1,217,501,573)
Other segment information					
Credit commitments	171,133,521	37,654,039	–	–	208,787,560

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

4 OPERATING SEGMENT INFORMATION (Continued)

4.2 Geographical information

The Bank mainly operates in Guangdong Province, China. The major customers and non-current assets are located in Guangdong Province, China.

5 NET INTEREST INCOME

	Six months ended 30 June	
	2024	2023
Interest income		
Loans and advances to customers	12,608,052	15,028,370
Financial investments		
– Financial assets at amortized cost	2,978,351	3,209,830
– Financial assets at fair value through other comprehensive income	1,394,144	993,244
Financial assets held under resale agreements	212,197	358,890
Due from central bank	410,515	426,960
Deposits with banks and other financial institutions	992,002	794,249
Subtotal	18,595,261	20,811,543
Interest expense		
Customer deposits	(9,373,535)	(9,594,966)
Debt securities issued	(1,906,610)	(1,583,868)
Deposits from banks and other financial institutions	(469,064)	(339,279)
Due to central bank	(221,161)	(260,531)
Borrowings from other banks (i)	(205,385)	(195,495)
Financial assets sold under repurchase agreements	(125,401)	(254,647)
Lease liabilities	(24,131)	(22,220)
Subtotal	(12,325,287)	(12,251,006)
Net interest income	6,269,974	8,560,537
Including		
Interest income accrued on impaired financial assets	205,132	108,362

- (i) The interest expenses for the long-term and short-term borrowings from other banks were incurred by Zhujiang Financial Leasing Co., Ltd., a wholly-owned subsidiary of the Bank.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

6 NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2024	2023
Fee and commission income:		
Agency and custodian service fees	119,605	195,700
Settlement and electronic channel business fees	80,515	72,410
Bank card fees	80,200	100,360
Syndicated loan fees	71,530	152,595
Wealth management product related fees	55,579	79,862
Bond lending arrangement fees	37,555	29,984
Guarantee and commitment service fees	34,347	37,039
Acceptance fees	15,546	6,599
Others	14,632	11,141
Subtotal	509,509	685,690
Fee and commission expense:		
Agency service fees	(43,236)	(23,570)
Bank card fees	(29,123)	(29,222)
Settlement and electronic channel business fees	(23,471)	(26,339)
Bond lending arrangements fees	(19,955)	(24)
Interbank services fees	(13,844)	(11,905)
Others	(64,102)	(74,050)
Subtotal	(193,731)	(165,110)
Net fee and commission income	315,778	520,580

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

7 NET TRADING GAINS

	Six months ended 30 June	
	2024	2023
Equity instruments		
Unrealised losses from equity instruments	(319,346)	(475,512)
Realised losses from equity instruments	(54,804)	–
Subtotal	(374,150)	(475,512)
Debt securities		
Unrealised losses from debt securities	(138,888)	(2,410)
Realised gains from debt securities	407,730	59,501
Subtotal	268,842	57,091
Funds		
Unrealised gains from funds	239,577	42,680
Realised gains from funds	250,138	437,299
Subtotal	489,715	479,979
Others	2,532	2,422
Total	386,939	63,980

The above amounts include gains and losses arising from the buying and selling of, interest income on, and changes in the fair value of financial assets at fair value through profit or loss.

8 OTHER INCOME, GAINS OR LOSSES

	Six months ended 30 June	
	2024	2023
Net foreign exchange (losses)/gains	(189,908)	33,567
Government grants and subsidiaries	26,747	38,525
Net gains/(losses) on disposal of lease assets	15,175	(5,767)
Net gains on disposal of property and equipment	7,510	8,435
Net (losses)/gains on disposal of foreclosed assets	(813)	6,976
Others	25,711	22,808
Total	(115,578)	104,544

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

9 OPERATING EXPENSES

	Six months ended 30 June	
	2024	2023
Staff costs (i)	1,959,251	2,032,517
Depreciation and amortization	305,635	321,969
Tax and surcharges	127,072	114,779
Advertising and promotional expenses	71,002	67,799
Currency delivery fees	58,510	74,607
Labor dispatch fee	35,650	29,527
Consulting fees	13,677	6,222
Others	459,381	415,231
Total	3,030,178	3,062,651

(i) Staff costs

	Six months ended 30 June	
	2024	2023
Salaries, bonuses and allowances (include early retirement)	1,339,787	1,346,200
Social insurance, employee benefits and others	619,464	686,317
Total	1,959,251	2,032,517

10 CREDIT IMPAIRMENT LOSSES

	Six months ended 30 June	
	2024	2023
Loans and advances to customers		
– Loans and advances to customers at amortized cost	2,529,501	3,825,805
– Impairment gains on assets (i)	(25,345)	(46,297)
– Loans and advances to customers at fair value through other comprehensive income	27,934	(34,272)
Financial investments	107,566	73,792
Off-balance sheet activities	254,924	(87,124)
Placements with banks and other financial institutions	5,504	63,321
Deposits with banks and other financial institutions	(55)	(1,868)
Financial assets held under resale agreements	5,637	4,897
Others	10,320	136,486
Total	2,915,986	3,934,740

- (i) The Group recognized the excess of the collection amount of the purchased loans over the fair value on the purchase date as asset impairment gains.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

11 INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2024	2023
Current income tax	478,266	656,971
Deferred income tax	(779,112)	(641,693)
Total	(300,846)	15,278

Current income tax is calculated based on the statutory rate of 25% of the taxable income of the Group for the respective periods.

The difference between the actual income tax charged in the profit or loss and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	Six months ended 30 June	
	2024	2023
Profit before income tax	1,399,795	2,404,009
Tax calculated at a tax rate of 25%	349,949	601,002
Tax effect arising from income not subject to tax (i)	(705,098)	(649,628)
Tax effect of expenses that are not deductible for tax purposes (ii)	46,544	42,616
Adjustments on income tax for prior years which affect current profit or loss	7,759	21,288
Income tax (credit)/expense	(300,846)	15,278

(i) The income not subject to tax mainly represents interest income arising from treasury bonds, which is income tax free in accordance with the PRC tax regulations.

(ii) The expenses that are not tax deductible for tax purposes mainly represent certain expenditures, such as entertainment expenses and so forth, which are not deductible for tax purposes according to PRC tax regulations.

12 DIVIDENDS

	Six months ended 30 June	
	2024	2023
Dividends on ordinary shares declared (a)	576,392	1,202,382
Dividend per share (in RMB yuan) (a)	0.040	0.105
Dividends on preference shares declared and paid (b)	666,129	645,402

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

12 DIVIDENDS (Continued)

(a) Distribution of final dividend for 2023

A cash dividend of RMB0.04 per ordinary share related to 2023, amounting to RMB576,392 thousand in total was approved in the annual general meeting held on 13 June 2024.

The above dividend was recognized as distribution but not paid during the six months ended 30 June 2024.

(b) Distribution of preference dividend

A cash dividend for preference share, amounting to RMB666,129 thousand in total was approved by the board of directors on 25 April 2024.

The above dividend was recognized as distribution and paid during the six months ended 30 June 2024.

13 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
Profit for the period attributable to ordinary shareholders of the Bank	1,475,088	2,103,176
Less: distribution for the period attributable to preference shareholders of the Bank	(666,129)	(645,402)
Net profit for the period attributable to ordinary shareholders of the Bank	808,959	1,457,774
Divided: Weighted average number of ordinary shares in issue (in thousands)	14,409,789	11,451,269
Basic and diluted earnings per share (in RMB yuan)	0.06	0.13

During the six months ended 30 June 2024, there were no potential diluted ordinary shares, so the diluted earnings per share were the same as the basic earnings per share.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

14 CASH AND DEPOSITS WITH CENTRAL BANK

	As at 30 June 2024	As at 31 December 2023
Cash on hand	1,829,940	2,808,509
Mandatory reserves with central bank (a)	47,080,466	48,828,401
Surplus reserves with central bank (b)	21,650,835	28,952,529
Fiscal deposits with central bank	69,047	274,408
Total	70,630,288	80,863,847

(a) The Group is required to place mandatory reserve deposits with the PBOC, and these mandatory reserve deposits with the central bank are not available for use in the Group's daily operations. As at 30 June 2024, the ratio of the Bank for RMB deposits statutory reserve was 5.00% (31 December 2023: 5.25%), and different ratios are applicable to the subsidiaries based on their respective locations. The ratio for foreign currency deposits was 4.00% (31 December 2023: 4.00%). The reserve for RMB is interest bearing based on the rules of the PBOC.

(b) Surplus reserves are mainly for settlement purpose.

15 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2024	As at 31 December 2023
Deposits with banks operating in Mainland China	13,058,140	11,835,962
Deposits with banks operating outside Mainland China	661,836	2,162,720
Deposits with other financial institutions operating in Mainland China	662,634	896,891
Interest receivable	58,620	47,598
Subtotal	14,441,230	14,943,171
Less: ECL allowance	(391)	(446)
Total	14,440,839	14,942,725

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

16 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2024	As at 31 December 2023
Placements with banks operating in Mainland China	1,128,885	424,962
Placements with other financial institutions operating in Mainland China	59,789,720	53,387,720
Placements with banks operating outside Mainland China	1,630,722	2,054,977
Interest receivable	69,841	73,890
Subtotal	62,619,168	55,941,549
Less: ECL allowance	(474,554)	(469,050)
Total	62,144,614	55,472,499

17 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	As at 30 June 2024	As at 31 December 2023
Securities purchased under resale agreements	16,792,570	23,203,769
Interest receivable	4,839	15,583
Subtotal	16,797,409	23,219,352
Less: ECL allowance	(19,739)	(14,102)
Total	16,777,670	23,205,250

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS

(a) Loans and advances to customers:

	As at 30 June 2024	As at 31 December 2023
<u>Loans and advances at amortized cost</u>		
Corporate loans and advances		
– Corporate loans	428,393,052	428,956,885
– Discounted bills	188,013	204,510
	428,581,065	429,161,395
Personal loans and advances		
– Personal residential mortgages	71,541,388	71,152,812
– Personal business loans	76,513,596	76,605,069
– Personal consumption loans	18,111,749	15,560,168
– Credit cards overdraft	11,585,292	11,776,093
	177,752,025	175,094,142
Gross amount of loans and advances at amortized cost	606,333,090	604,255,537
Less: ECL allowance of loans and advances at amortized cost	(22,123,739)	(22,409,671)
Net amount of loans and advances at amortized cost	584,209,351	581,845,866
<u>Loans and advances at fair value through other comprehensive income</u>		
Corporate loans and advances		
– Discounted bills and forfaiting	137,693,023	127,062,711
Net amount of loans and advance to customers	721,902,374	708,908,577

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Loans listed by assessment method for allowance

	As at 30 June 2024				
	Stage I	Stage II	Stage III	Purchased or originated credit- impaired	Total
Gross amount of loans and advances to customers at amortized cost					
– Corporate loans	321,677,812	75,969,295	30,916,769	17,189	428,581,065
– Personal loans	169,846,167	3,349,754	4,502,243	53,861	177,752,025
	491,523,979	79,319,049	35,419,012	71,050	606,333,090
Less: ECL allowance					
– Corporate loans	(2,745,489)	(5,401,422)	(8,791,378)	(775)	(16,939,064)
– Personal loans	(1,616,409)	(630,548)	(2,937,485)	(233)	(5,184,675)
	(4,361,898)	(6,031,970)	(11,728,863)	(1,008)	(22,123,739)
Net amount of loans and advances to customers at amortized cost	487,162,081	73,287,079	23,690,149	70,042	584,209,351
Gross amount of loans and advances at fair value through other comprehensive income	137,693,023	–	–	–	137,693,023

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Loans listed by assessment method for allowance (Continued)

	As at 31 December 2023				
	Stage I	Stage II	Stage III	Purchased or originated credit-impaired	Total
Gross amount of loans and advances to customers at amortized cost					
– Corporate loans	331,556,163	69,030,947	28,555,714	18,571	429,161,395
– Personal loans	168,516,321	2,642,582	3,879,949	55,290	175,094,142
	500,072,484	71,673,529	32,435,663	73,861	604,255,537
Less: ECL allowance					
– Corporate loans	(3,087,409)	(4,971,411)	(9,558,461)	(938)	(17,618,219)
– Personal loans	(1,540,628)	(645,268)	(2,605,319)	(237)	(4,791,452)
	(4,628,037)	(5,616,679)	(12,163,780)	(1,175)	(22,409,671)
Net amount of loans and advances to customers at amortized cost	495,444,447	66,056,850	20,271,883	72,686	581,845,866
Gross amount of loans and advances at fair value through other comprehensive income	127,062,711	-	-	-	127,062,711

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Movements in ECL allowance

Movements in ECL allowance on corporate loans and advances to customers at amortized cost

	Six months ended 30 June 2024				Total
	Stage I 12-month ECL	Stage II Lifetime ECL	Stage III Lifetime ECL	Purchased or originated credit- impaired	
Corporate loans and advances					
ECL allowance as at 1 January 2024	3,087,409	4,971,411	9,558,461	938	17,618,219
Originated or purchased	618,517	–	–	–	618,517
Derecognition or settlements	(411,729)	(81,142)	(106,103)	–	(598,974)
Remeasurement					
– Parameter changes	(220,243)	(201,635)	156,250	(163)	(265,791)
– Stage transfer	(31,888)	701,214	1,249,656	–	1,918,982
Write-offs or disposals	–	–	(2,169,927)	–	(2,169,927)
Transfers	(296,577)	11,574	285,003	–	–
Transfer from Stage I to Stage II	(298,705)	298,705	–	–	–
Transfer from Stage I to Stage III	(33,934)	–	33,934	–	–
Transfer from Stage II to Stage I	36,062	(36,062)	–	–	–
Transfer from Stage II to Stage III	–	(258,663)	258,663	–	–
Transfer from Stage III to Stage II	–	7,594	(7,594)	–	–
Transfer from Stage III to Stage I	–	–	–	–	–
Others	–	–	(181,962)	–	(181,962)
ECL allowance as at 30 June 2024	2,745,489	5,401,422	8,791,378	775	16,939,064

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Movements in ECL allowance (Continued)

Movements in ECL allowance on corporate loans and advances to customers at amortized cost (Continued)

	Year ended 31 December 2023				Total
	Stage I 12-month ECL	Stage II Lifetime ECL	Stage III Lifetime ECL	Purchased or originated credit- impaired	
Corporate loans and advances					
ECL allowance as at 1 January 2023	3,259,927	4,160,147	11,612,443	1,131	19,033,648
Originated or purchased	1,384,570	–	–	–	1,384,570
Derecognition or settlements	(1,154,482)	(212,074)	(162,924)	(1)	(1,529,481)
Remeasurement					
– Parameter changes	58,532	33,331	1,069,896	(192)	1,161,567
– Stage transfer	(49,693)	1,227,292	4,157,092	–	5,334,691
Write-offs or disposals	–	–	(7,521,449)	–	(7,521,449)
Transfers	(411,445)	(237,285)	648,730	–	–
Transfer from Stage I to Stage II	(450,924)	450,924	–	–	–
Transfer from Stage I to Stage III	(18,130)	–	18,130	–	–
Transfer from Stage II to Stage I	57,609	(57,609)	–	–	–
Transfer from Stage II to Stage III	–	(630,600)	630,600	–	–
Transfer from Stage III to Stage II	–	–	–	–	–
Transfer from Stage III to Stage I	–	–	–	–	–
Others	–	–	(245,327)	–	(245,327)
ECL allowance as at 31 December 2023	3,087,409	4,971,411	9,558,461	938	17,618,219

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Movements in ECL allowance (Continued)

Movements in ECL allowance on corporate loans and advances to customers at amortized cost
(Continued)

	Six months ended 30 June 2024				Total
	Stage I 12-month ECL	Stage II Lifetime ECL	Stage III Lifetime ECL	Purchased or originated credit- impaired	
Personal loans and advances					
ECL allowance as at 1 January 2024	1,540,628	645,268	2,605,319	237	4,791,452
Originated or purchased	448,252	–	–	–	448,252
Derecognition or settlements	(213,795)	(148,883)	(28,807)	(2)	(391,487)
Remeasurement					
– Parameter changes	(51,313)	(10,115)	147,726	(2)	86,296
– Stage transfer	(145,366)	384,404	782,674	–	1,021,712
Write-offs or disposals	–	–	(748,380)	–	(748,380)
Transfers	38,003	(240,126)	202,123	–	–
Transfer from Stage I to Stage II	(63,641)	63,641	–	–	–
Transfer from Stage I to Stage III	(54,356)	–	54,356	–	–
Transfer from Stage II to Stage I	113,184	(113,184)	–	–	–
Transfer from Stage II to Stage III	–	(224,180)	224,180	–	–
Transfer from Stage III to Stage II	–	33,597	(33,597)	–	–
Transfer from Stage III to Stage I	42,816	–	(42,816)	–	–
Others	–	–	(23,170)	–	(23,170)
ECL allowance as at 30 June 2024	1,616,409	630,548	2,937,485	233	5,184,675

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Movements in ECL allowance (Continued)

Movements in ECL allowance on corporate loans and advances to customers at amortized cost (Continued)

	Year ended 31 December 2023				Total
	Stage I 12-month ECL	Stage II Lifetime ECL	Stage III Lifetime ECL	Purchased or originated credit- impaired	
Personal loans and advances					
ECL allowance as at 1 January 2023	1,445,468	536,168	1,838,282	484	3,820,402
Originated or purchased	674,537	–	–	–	674,537
Derecognition or settlements	(419,256)	(158,668)	(165,152)	(17)	(743,093)
Remeasurement					
– Parameter changes	(52,449)	930	102,580	(230)	50,831
– Stage transfer	(149,551)	485,220	1,285,058	–	1,620,727
Write-offs or disposals	–	–	(613,689)	–	(613,689)
Transfers	41,879	(218,382)	176,503	–	–
Transfer from Stage I to Stage II	(50,722)	50,722	–	–	–
Transfer from Stage I to Stage III	(76,850)	–	76,850	–	–
Transfer from Stage II to Stage I	113,316	(113,316)	–	–	–
Transfer from Stage II to Stage III	–	(187,812)	187,812	–	–
Transfer from Stage III to Stage II	–	32,024	(32,024)	–	–
Transfer from Stage III to Stage I	56,135	–	(56,135)	–	–
Others	–	–	(18,263)	–	(18,263)
ECL allowance as at 31 December 2023	1,540,628	645,268	2,605,319	237	4,791,452

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Movements in ECL allowance (Continued)

Movements in ECL allowance on loans and advances to customers at fair value through other comprehensive income

	Six months ended 30 June 2024			Total
	Stage I 12-month ECL	Stage II Lifetime ECL	Stage III Lifetime ECL	
Discounted bills and forfaiting				
ECL allowance as at 1 January 2024	65,681	–	–	65,681
Originated or purchased	88,062	–	–	88,062
Derecognition or settlements	(63,249)	–	–	(63,249)
Remeasurement				
– Parameter changes	3,121	–	–	3,121
Write-offs or disposals	–	–	–	–
Transfers	–	–	–	–
Transfer from Stage I to Stage II	–	–	–	–
Transfer from Stage I to Stage III	–	–	–	–
Transfer from Stage II to Stage I	–	–	–	–
Transfer from Stage II to Stage III	–	–	–	–
Transfer from Stage III to Stage II	–	–	–	–
Transfer from Stage III to Stage I	–	–	–	–
ECL allowance as at 30 June 2024	93,615	–	–	93,615
	Year ended 31 December 2023			
	Stage I 12-month ECL	Stage II Lifetime ECL	Stage III Lifetime ECL	Total
Discounted bills and forfaiting				
ECL allowance as at 1 January 2023	52,729	–	–	52,729
Originated or purchased	65,681	–	–	65,681
Derecognition or settlements	(52,729)	–	–	(52,729)
Remeasurement				
– Parameter changes	–	–	–	–
Write-offs or disposals	–	–	–	–
Transfers	–	–	–	–
Transfer from Stage I to Stage II	–	–	–	–
Transfer from Stage I to Stage III	–	–	–	–
Transfer from Stage II to Stage I	–	–	–	–
Transfer from Stage II to Stage III	–	–	–	–
Transfer from Stage III to Stage II	–	–	–	–
Transfer from Stage III to Stage I	–	–	–	–
ECL allowance as at 31 December 2023	65,681	–	–	65,681

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024	As at 31 December 2023
Government bonds	15,747,064	9,935,117
Bonds issued by policy banks	669,384	4,338,775
Bonds issued by financial institutions	1,226,552	1,077,329
Certificates of deposit issued by other financial institutions	1,330,288	13,312,375
Assets backed securities issued by other banks and non-bank financial institutions	40,702	38,358
Corporate bonds	253,732	892,507
Trust and asset management plans	5,215,692	5,263,645
Fund investments	54,471,622	29,078,257
Other investments	3,360,168	3,861,899
Total	82,315,204	67,798,262

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2024	As at 31 December 2023
Government bonds	75,606,968	30,568,214
Bonds issued by policy banks	53,294,359	78,021,519
Bonds issued by financial institutions	2,230,711	5,930,094
Assets backed securities issued by other banks and non-bank financial institutions	1,364	7,180
Corporate bonds	1,166,483	2,148,530
Certificates of deposit issued by other financial institutions	1,074,938	2,955,042
Trust and asset management plans (i)	4,484,302	4,601,064
Interest receivable	2,282,154	1,936,177
Total	140,141,279	126,167,820

- (i) Trust and asset management plans as at 30 June 2024 were invested in credit assets, and mainly in stage 2 or stage 3.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

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

(a) Movements in ECL allowance are summarised as follows:

	Six months ended 30 June 2024			
	Stage I 12-month ECL	Stage II Lifetime ECL	Stage III Lifetime ECL	Total
ECL allowance as at 1 January 2024	11,528	78,885	2,403,718	2,494,131
Originated or purchased	3,903	–	–	3,903
Derecognition or settlements	(6,162)	(37)	–	(6,199)
Remeasurement				
– Parameter changes	(3,381)	3,317	40,354	40,290
– Stage transfer	–	–	–	–
Write-offs or disposals	–	–	(100,000)	(100,000)
Transfers:	–	–	–	–
Transfer from Stage I to Stage II	–	–	–	–
Transfer from Stage I to Stage III	–	–	–	–
Transfer from Stage II to Stage I	–	–	–	–
Transfer from Stage II to Stage III	–	–	–	–
Transfer from Stage III to Stage II	–	–	–	–
Transfer from Stage III to Stage I	–	–	–	–
ECL allowance as at 30 June 2024	5,888	82,165	2,344,072	2,432,125
	Year ended 31 December 2023			
	Stage I 12-month ECL	Stage II Lifetime ECL	Stage III Lifetime ECL	Total
ECL allowance as at 1 January 2023	2,444	72,607	2,158,479	2,233,530
Originated or purchased	3,763	–	–	3,763
Derecognition or settlements	(1,111)	(68)	–	(1,179)
Remeasurement				
– Parameter changes	6,432	6,346	245,239	258,017
– Stage transfer	–	–	–	–
Write-offs or disposals	–	–	–	–
Transfers:	–	–	–	–
Transfer from Stage I to Stage II	–	–	–	–
Transfer from Stage I to Stage III	–	–	–	–
Transfer from Stage II to Stage I	–	–	–	–
Transfer from Stage II to Stage III	–	–	–	–
Transfer from Stage III to Stage II	–	–	–	–
Transfer from Stage III to Stage I	–	–	–	–
ECL allowance as at 31 December 2023	11,528	78,885	2,403,718	2,494,131

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

21 FINANCIAL ASSETS AT AMORTIZED COST

	As at 30 June 2024	As at 31 December 2023
Government bonds	106,692,682	112,648,092
Bonds issued by policy banks	76,115,356	83,582,889
Bonds issued by financial institutions	4,623,980	6,447,797
Certificates of deposit issued by other financial institutions	2,424,514	3,016,246
Assets backed securities issued by other banks and non-bank financial institutions	1,944	521,800
Corporate bonds	589,024	1,067,064
Trust and asset management plans (i)	7,174,444	7,608,279
Interest receivable	3,460,229	3,986,762
Subtotal	201,082,173	218,878,929
Less :		
ECL allowance	(1,588,449)	(1,948,499)
Total	199,493,724	216,930,430

(i) Trust and asset management plans as at 30 June 2024 were invested in credit assets, and mainly in stage 2 or stage 3.

(a) Movements in ECL allowance are summarised as follows:

	Six months ended 30 June 2024			Total
	Stage I 12-month ECL	Stage II Lifetime ECL	Stage III Lifetime ECL	
ECL allowance as at 1 January 2024	16,361	31,453	1,900,685	1,948,499
Originated or purchased	211	-	-	211
Derecognition or settlements	(3,168)	(1,005)	(36,552)	(40,725)
Remeasurement				
– Parameter changes	(5,758)	292	-	(5,466)
– Stage transfer	-	-	115,552	115,552
Write-offs or disposals	-	-	(429,622)	(429,622)
Transfers:	-	(20,560)	20,560	-
Transfer from Stage I to Stage II	-	-	-	-
Transfer from Stage I to Stage III	-	-	-	-
Transfer from Stage II to Stage I	-	-	-	-
Transfer from Stage II to Stage III	-	(20,560)	20,560	-
Transfer from Stage III to Stage II	-	-	-	-
Transfer from Stage III to Stage I	-	-	-	-
ECL allowance as at 30 June 2024	7,646	10,180	1,570,623	1,588,449

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

21 FINANCIAL ASSETS AT AMORTIZED COST (Continued)

(a) Movements in ECL allowance are summarised as follows (Continued):

	Year ended 31 December 2023			
	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
ECL allowance as at 1 January 2023	11,106	10,040	1,841,829	1,862,975
Originated or purchased	2,267	–	–	2,267
Derecognition or settlements	(3,126)	(366)	–	(3,492)
Remeasurement				
– Parameter changes	6,114	21,779	456,399	484,292
– Stage transfer	–	–	–	–
Write-offs or disposals	–	–	(397,543)	(397,543)
Transfers:	–	–	–	–
Transfer from Stage I to Stage II	–	–	–	–
Transfer from Stage I to Stage III	–	–	–	–
Transfer from Stage II to Stage I	–	–	–	–
Transfer from Stage II to Stage III	–	–	–	–
Transfer from Stage III to Stage II	–	–	–	–
Transfer from Stage III to Stage I	–	–	–	–
ECL allowance as at 31 December 2023	16,361	31,453	1,900,685	1,948,499

22 PROPERTY AND EQUIPMENT

	Properties and buildings	Construction in progress	Leasehold improvements	Office equipments	Motor vehicles	Total
Cost						
As at 1 January 2024	5,873,629	810,390	614,665	1,389,973	25,788	8,714,445
Additions	2,136	574,017	67	32,272	349	608,841
Transfer from construction in progress	132,004	(150,103)	–	17,317	782	–
Disposals	(4,538)	–	–	(43,584)	(1,032)	(49,154)
Other transfer-out	–	(30,810)	–	–	–	(30,810)
As at 30 June 2024	6,003,231	1,203,494	614,732	1,395,978	25,887	9,243,322
Accumulated depreciation						
As at 1 January 2024	4,070,712	–	582,088	1,133,511	19,707	5,806,018
Charge for the period	61,880	–	6,786	54,942	1,654	125,262
Disposals	(4,468)	–	–	(41,784)	(980)	(47,232)
As at 30 June 2024	4,128,124	–	588,874	1,146,669	20,381	5,884,048
Net book value						
As at 30 June 2024	1,875,107	1,203,494	25,858	249,309	5,506	3,359,274
As at 1 January 2024	1,802,917	810,390	32,577	256,462	6,081	2,908,427

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

22 PROPERTY AND EQUIPMENT (Continued)

	Properties and buildings	Construction in progress	Leasehold improvements	Office equipments	Motor vehicles	Total
Cost						
At 1 January 2023	6,049,940	631,486	610,999	1,418,519	38,149	8,749,093
Additions	16,242	274,889	3,642	46,100	542	341,415
Transfer from construction in progress	33,958	(65,734)	24	31,776	-	24
Disposals	(208,762)	-	-	(106,422)	(12,903)	(328,087)
Other transfer-out	(17,749)	(30,251)	-	-	-	(48,000)
At 31 December 2023	5,873,629	810,390	614,665	1,389,973	25,788	8,714,445
Accumulated depreciation						
At 1 January 2023	4,116,138	-	569,900	1,103,650	24,859	5,814,547
Charge for the year	132,097	-	13,978	131,388	7,384	284,847
Disposals	(167,272)	-	(1,790)	(101,527)	(12,536)	(283,125)
Other transfer-out	(10,251)	-	-	-	-	(10,251)
At 31 December 2023	4,070,712	-	582,088	1,133,511	19,707	5,806,018
Net book value						
At 31 December 2023	1,802,917	810,390	32,577	256,462	6,081	2,908,427
At 1 January 2023	1,933,802	631,486	41,099	314,869	13,290	2,934,546

The original value and net value of the property and equipment that have been used but are in the process of applying for the right certificates and that have been used but have not yet applied for the right certificates are listed as follows:

	As at 30 June 2024	As at 31 December 2023
Original value	1,513,960	1,524,377
Net value	558,689	585,862

Management expects that the aforesaid matter would not affect the rights of the Group to these assets or have any significant impact on the business operation of the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

23 GOODWILL

	As at 1 January 2024	Additions	As at 30 June 2024
ZZRCB	382,216	–	382,216
CZRCB	476,181	–	476,181
Impairment allowance	(124,160)	–	(124,160)
	734,237	–	734,237

	As at 1 January 2023	Additions	As at 31 December 2023
ZZRCB	382,216	–	382,216
CZRCB	476,181	–	476,181
Impairment allowance	(124,160)	–	(124,160)
	734,237	–	734,237

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

24 DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset income tax assets against income tax liabilities and when the deferred income taxes are related to income taxes levied by the same taxation authority. The deferred tax assets and liabilities recognised are as follows:

	30 June 2024		31 December 2023	
	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary difference	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary difference
Deferred income tax assets:				
Impairment allowances for assets	8,945,019	35,780,076	7,584,106	30,336,423
Provisions	910,251	3,641,004	1,121,770	4,487,082
Changes in the expected credit losses of financial assets at FVOCI	608,032	2,432,125	623,533	2,494,131
Changes in fair value of financial assets at FVOCI	155,450	621,796	547,077	2,188,307
Changes in the expected credit losses of loans and advances to customers at FVOCI	23,404	93,615	16,421	65,681
Changes in fair value of loans and advances to customers at FVOCI	48,096	192,379	109,000	436,000
Changes in fair value of financial assets at FVPL	969,266	3,877,068	916,491	3,665,965
Staff salary and welfare payable	329,536	1,318,145	378,483	1,513,932
Lease liabilities	181,656	726,623	189,020	756,078
Unrealised losses	115,257	461,033	578,585	2,314,338
Others	154,479	617,918	60,177	240,710
Subtotal	12,440,446	49,761,782	12,124,663	48,498,647
Deferred income tax liabilities:				
Changes in the expected credit losses of financial assets at FVOCI	(608,032)	(2,432,125)	(623,533)	(2,494,131)
Changes in fair value of financial assets at FVOCI	(99,836)	(399,342)	(54,016)	(216,065)
Changes in the expected credit losses of loans and advances to customers at FVOCI	(23,404)	(93,615)	(16,421)	(65,681)
Changes in fair value of financial assets at FVPL	–	–	(1,888)	(7,554)
Right-of-use asset	(162,814)	(651,261)	(166,720)	(666,882)
Adjustment of book value of assets and liabilities on the date of acquisition	(102,136)	(408,547)	(107,140)	(428,560)
Unrealized gains of foreclosed assets	(76)	(303)	(76)	(303)
Subtotal	(996,298)	(3,985,193)	(969,794)	(3,879,176)
Net deferred income tax	11,444,148	45,776,589	11,154,869	44,619,471

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

24 DEFERRED INCOME TAXES (Continued)

The movements for deferred tax assets and liabilities recognised are as follows:

	As at 30 June 2024	As at 31 December 2023
Balance at the end of the last year	11,154,869	10,424,635
Charged to profit or loss	779,112	953,770
Charged to other comprehensive income	(489,833)	(223,536)
At the end of the period/year	11,444,148	11,154,869

25 OTHER ASSETS

	As at 30 June 2024	As at 31 December 2023
Interest receivable	1,930,679	1,151,460
Right-of-use assets (a)	1,618,185	1,643,483
Receivables and payments	1,111,126	1,121,432
Settlement and clearing accounts	880,426	883,235
Foreclosed assets (b)	395,541	378,383
Intangible assets (c)	377,638	353,337
Assets to be settled	297,231	297,366
Long-term deferred expenses	74,283	82,234
Investment properties	20,932	24,889
Others	72,822	65,271
Total	6,778,863	6,001,090
Less: Allowance for impairment losses	(1,052,110)	(1,045,583)
Total	5,726,753	4,955,507

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

25 OTHER ASSETS (Continued)

(a) Right-of-use assets

	Properties and equipments	Land use rights	Total
Cost			
As at 1 January 2024	1,307,058	1,125,367	2,432,425
Additions	100,699	–	100,699
Disposals	(66,846)	(561)	(67,407)
As at 30 June 2024	1,340,911	1,124,806	2,465,717
Accumulated depreciation			
As at 1 January 2024	642,544	146,398	788,942
Charge for the period	100,475	13,115	113,590
Disposals	(54,745)	(255)	(55,000)
As at 30 June 2024	688,274	159,258	847,532
Net book value			
As at 30 June 2024	652,637	965,548	1,618,185
As at 1 January 2024	664,514	978,969	1,643,483
	Properties and equipment	Land use rights	Total
Cost			
As at 1 January 2023	1,358,511	1,125,367	2,483,878
Additions	219,985	–	219,985
Disposals	(271,438)	–	(271,438)
As at 31 December 2023	1,307,058	1,125,367	2,432,425
Accumulated depreciation			
As at 1 January 2023	645,570	120,447	766,017
Charge for the year	234,267	25,951	260,218
Disposals	(237,293)	–	(237,293)
As at 31 December 2023	642,544	146,398	788,942
Net book value			
As at 31 December 2023	664,514	978,969	1,643,483
As at 1 January 2023	712,941	1,004,920	1,717,861

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

25 OTHER ASSETS (Continued)

(b) Foreclosed assets

	As at 30 June 2024	As at 31 December 2023
Houses and buildings	382,441	365,283
Others	13,100	13,100
Total	395,541	378,383
Less: Allowance for impairment losses	(94,402)	(94,402)
Total	301,139	283,981

Movements of allowance for foreclosed assets are as follows:

	Houses and buildings	Others	Total
At 1 January 2024	94,374	28	94,402
Disposals for the period	–	–	–
At 30 June 2024	94,374	28	94,402
At 1 January 2023	136,666	28	136,694
Charge for the year	(42,292)	–	(42,292)
At 31 December 2023	94,374	28	94,402

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

25 OTHER ASSETS (Continued)

(c) Intangible assets

	Software
Cost	
At 1 January 2024	1,149,299
Additions	51,300
Transfer from construction in progress	23,122
Disposals	(134,104)
As at 30 June 2024	1,089,617
Accumulated amortization	
At 1 January 2024	795,962
Amortization	50,121
Disposals	(134,104)
As at 30 June 2024	711,979
Net book value	
As at 30 June 2024	377,638
At 1 January 2024	353,337
	Software
Cost	
At 1 January 2023	1,047,013
Additions	137,380
Transfer from construction in progress	18,385
Disposals	(53,479)
At 31 December 2023	1,149,299
Accumulated amortization	
At 1 January 2023	762,895
Amortization	86,546
Disposals	(53,479)
At 31 December 2023	795,962
Net book value	
At 31 December 2023	353,337
At 1 January 2023	284,118

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

26 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2024	As at 31 December 2023
Deposits from banks operating in Mainland China	5,679,375	3,817,207
Deposits from other financial institutions operating in Mainland China	28,309,160	38,479,605
Interest payable	205,736	253,110
Total	34,194,271	42,549,922

27 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2024	As at 31 December 2023
Placements from banks operating in Mainland China	5,420,000	5,380,000
Interest payable	3,127	3,587
Total	5,423,127	5,383,587

28 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024	As at 31 December 2023
Short position on bonds	1,761,129	–
Financial liabilities related to precious metal	15,204	4,324
Interest payable	11,630	–
Total	1,787,963	4,324

29 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 30 June 2024	As at 31 December 2023
Securities	35,792,713	51,693,252
Bills	999,906	–
Interest payable	4,883	7,867
Total	36,797,502	51,701,119

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

30 CUSTOMER DEPOSITS

	As at 30 June 2024	As at 31 December 2023
Demand deposits		
– Corporate customers	134,447,106	144,151,620
– Personal customers	130,076,097	129,811,308
	264,523,203	273,962,928
Time deposits		
– Corporate customers	185,212,399	198,127,062
– Personal customers	460,829,666	438,771,792
	646,042,065	636,898,854
Pledged deposits	56,614,273	35,791,232
Other deposits	467,573	533,003
Total	967,647,114	947,186,017

31 DEBT SECURITIES ISSUED

	As at 30 June 2024	As at 31 December 2023
2023 tier 2 capital bonds (a)	15,175,339	15,527,798
Interbank certificates of deposit issued (b)	130,243,176	109,285,552
Financial bonds (c)	3,014,206	3,050,163
Total	148,432,721	127,863,513

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

31 DEBT SECURITIES ISSUED (Continued)

(a) Tier 2 capital bonds

Pursuant to the approval of the PBOC and the CBIRC, the Bank issued tier 2 capital bonds in an amount of RMB15 billion in the domestic interbank bond market on 31 March 2023. The bonds have a maturity of 10 years, with a fixed coupon rate of 4.70% and annual interest payment on 31 March. The principal is repaid upon its maturity and the Bank has the option to early redeem the bonds at the end of the fifth year. 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 trigger event occurs. Any accumulated unpaid interest will not be needed to be paid.

(b) Interbank certificates of deposit issued

As at 30 June 2024 and 31 December 2023, the interest rates of outstanding balance were ranging from 1.91% to 2.78% and 2.14% to 2.83% respectively. The outstanding balance in 30 June 2024 will mature in 2024 and 2025, and the outstanding balance in 31 December 2023 would mature in 2024.

(c) Financial bonds

Pursuant to the approval of the PBOC and the CBIRC, the Bank issued financial bonds in an amount of RMB3 billion in the domestic interbank bond market on 5 May 2022. The bonds have a maturity of 3 years, with a fixed coupon rate of 2.89% and annual interest payment on 5 May every year from 2023 to 2025.

32 OTHER LIABILITIES

	As at 30 June 2024	As at 31 December 2023
Borrowings from other banks (a)	12,978,925	6,911,804
Salaries, bonuses, allowances and subsidies payable (b)	1,862,817	2,066,595
Provisions (d)	1,039,714	793,306
Bill rediscounting liabilities	908,491	1,449,993
Lease liabilities	729,060	750,951
Sundry tax payables	668,083	580,110
Dividend payable	580,926	3,598
Guarantee deposits from lessees (c)	463,188	668,242
Deposit insurance premium payable	191,210	197,393
Deferred revenue	89,694	90,088
Settlement and clearing accounts	82,129	206,667
Deposits and guarantees received	64,384	70,509
Collection of foreclosed assets	16,608	16,586
Others	787,964	662,774
Total	20,463,193	14,468,616

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

32 OTHER LIABILITIES (Continued)

(a) Borrowings from other banks

As at 30 June 2024, the wholly-owned subsidiary of the Bank, Zhujiang Financial Leasing Co., Ltd., borrowed long-term and short-term loans for its leasing operation business, with maturity ranging from 2 to 60 months (31 December 2023: from 1 to 60 months) and fixed interest rates ranging from 2.25% to 3.25% (31 December 2023: from 2.10% to 3.55%).

(b) Salaries, bonuses, allowances and subsidies payable

	As at 30 June 2024	As at 31 December 2023
Salaries, bonuses and allowances	890,449	1,115,706
Social insurance	5,426	5,592
Housing fund	460	555
Employee benefits, etc.	172,849	170,246
Defined contribution plans	1,760	1,707
Defined benefit plans		
– Supplemental retirement benefits (i)	688,276	685,134
Early retirement benefits	103,597	87,655
Total	1,862,817	2,066,595

(i) Supplemental retirement benefits

During the period ended 30 June 2024, no forfeited contributions were utilised by the Group to reduce its contributions for the current period (31 December 2023: Nil).

The movement of supplementary retirement benefits of the Group are as follows:

	As at 30 June 2024	As at 31 December 2023
Balance at the end of the last year	685,134	674,029
Benefits paid during the period/year	(14,751)	(46,937)
Defined benefit cost recognised in profit or loss	17,134	34,625
Defined benefit cost recognised in other comprehensive income	759	23,417
At the end of the period/year	688,276	685,134

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

32 OTHER LIABILITIES (Continued)

(b) Salaries, bonuses, allowances and subsidies payable (Continued)

(i) Supplemental retirement benefits (Continued)

The principal actuarial assumptions adopted at the end of 30 June 2024 and 31 December 2023 are as follows:

	As at 30 June 2024	As at 31 December 2023
Discount rate		
– Normal retirees	2.75%	2.75%
– Early retirees	2.25%	2.25%
Expected growth rate of benefits	0-5%	0-5%
Age of retirement		
– Male	60	60
– Female	50/55	50/55

Assumptions regarding future mortality are based on the China Life Insurance Mortality table, which published in Mainland China.

The sensitivity of the present value of supplemental retirement benefit obligations to changes in the principal assumption is:

	Discount rate	
	As at 30 June 2024	As at 31 December 2023
Change in basis points		
+50 basis points	(33,535)	(66,317)
-50 basis points	37,099	74,322

	Growth rate	
	As at 30 June 2024	As at 31 December 2023
Change in basis points		
+50 basis points	80,996	80,996
-50 basis points	(72,510)	(72,510)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

32 OTHER LIABILITIES (Continued)

(c) Guarantee deposits from lessees

The wholly-owned subsidiary of the Bank, Zhujiang Financial Leasing Co., Ltd., received deposits from lessees when entering into the finance lease contracts. These deposits are interest-free and will be repaid upon maturity of the lease contracts.

(d) Provisions

As at 30 June 2024 and 31 December 2023, the balance mainly represent expected credit loss allowance of off-balance sheet credit commitments including bank acceptances, letters of credit and guarantees.

33 SHARE CAPITAL

All shares of the Bank issued are fully paid ordinary shares, with par value of RMB1 per share. The Bank's number of shares is as follows:

	30 June 2024		31 December 2023	
	Number of shares '000	Nominal value	Number of shares '000	Nominal value
Opening balance	14,409,789	14,409,789	11,451,269	11,451,269
Issuance of shares	–	–	2,958,520	2,958,520
As at 30 June 2024/31 December 2023	14,409,789	14,409,789	14,409,789	14,409,789

34 OTHER EQUITY INSTRUMENTS

(a) Preference shares

Movements of preference shares issued

	As at 1 January 2024	Movements		As at 30 June 2024
		Additions	Reductions	
Offshore reference shares				
Amount (shares)	71,500,000	–	(71,500,000)	–
In RMB, after deducting issuance fees	9,820,734	–	(9,820,734)	–

With the approvals by the relevant regulatory authorities in China, the Bank fully redeemed all 71,500,000 offshore preference shares on 20 June 2024. The Bank fully paid the nominal value of the offshore preference shares in amount of USD1.43 billion.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

34 OTHER EQUITY INSTRUMENTS (Continued)

(b) Perpetual bonds

	As at 1 January 2024	Movements		As at 30 June 2024
		Additions	Reductions	
Perpetual bonds	–	12,000,000	–	12,000,000

With the approvals by the relevant regulatory authorities in China, the Bank issued RMB12,000 million undated capital bonds in the Chinese mainland interbank bond market and completed the issuance and listing on 29 May 2024. The denomination of the bonds is RMB100 each, and the annual interest rate of the bonds for the first five years is 2.78%, which is reset every 5 years.

35 RESERVES

(a) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of par value and shareholders' donation.

(b) Surplus reserve

The Bank is required to appropriate 10% of its profit for the year pursuant to the Company Law of the People's Republic of China and the articles of association to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses of the Bank, if any, and may also be converted into capital of the Bank, provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital immediately before capitalisation.

For the six months ended 30 June 2024, no appropriation was made to the statutory surplus reserve (For the year ended 31 December 2023: RMB193,662 thousand).

(c) General reserve

Pursuant to the relevant regulations issued by the Ministry of Finance (the "MOF"), the Bank and its subsidiaries are required to maintain a general reserve within equity, through the appropriation of net profit, starting from 1 July 2012, which should not be less than 1.5% of the year-end balance of their respective risk assets as defined by the regulations.

For the six months ended 30 June 2024, no appropriation was made to the general reserve (For the year ended 31 December 2023: RMB1,065,595 thousand) and the reserve has reached 1.5% of the year ended balance of its risk assets as required on 30 June 2024 and 31 December 2023.

(d) Other comprehensive income

Other comprehensive income included financial assets revaluation reserve and remeasurement losses on defined benefit plans. The financial assets revaluation reserve records the fair value changes and expected credit losses of financial assets at fair value through other comprehensive income. Remeasurement losses on defined benefit plans are the actuarial gains or losses of supplemental retirement benefits.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

36 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	Other comprehensive income in statement of financial position				Other comprehensive income in income statement			
	Attributable to the		As at 30 June 2024	Amount before tax	Net amount transferred to the income statement	Tax expense	Attributable to the	
	As at 31 December 2023	shareholders of the Bank after tax					shareholders of the Bank after tax	Attributable to the non-controlling interests after tax
<i>Other comprehensive income to be reclassified to profit or loss in subsequent years:</i>								
Fair value changes on financial assets at fair value through other comprehensive income	(1,871,088)	1,422,982	(448,106)	2,482,255	(488,846)	(498,351)	1,422,982	72,076
Loss allowance on financial assets at fair value through other comprehensive income	1,921,991	(24,857)	1,897,134	(34,072)	-	8,518	(24,857)	(697)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent years:</i>								
Remeasurement losses on defined benefit plans	(78,013)	(417)	(78,430)	(759)	-	-	(417)	(342)
Total	(27,110)	1,397,708	1,370,598	2,447,424	(488,846)	(489,833)	1,397,708	71,037

	Other comprehensive income in statement of financial position				Other comprehensive income in income statement			
	Attributable to the		As at 31 December 2023	Amount before tax	Net amount transferred to the income statement	Tax expense	Attributable to the	
	As at 31 December 2022	shareholders of the Bank after tax					shareholders of the Bank after tax	Attributable to the non-controlling interests after tax
<i>Other comprehensive income to be reclassified to profit or loss in subsequent years:</i>								
Fair value changes on financial assets at fair value through other comprehensive income	(2,222,480)	351,392	(1,871,088)	966,125	(345,550)	(155,146)	351,392	114,037
Loss allowance on financial assets at fair value through other comprehensive income	1,717,328	204,663	1,921,991	273,554	-	(68,390)	204,663	501
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent years:</i>								
Remeasurement losses on defined benefit plans	(54,646)	(23,367)	(78,013)	(23,417)	-	-	(23,367)	(50)
Total	(559,798)	532,688	(27,110)	1,216,262	(345,550)	(223,536)	532,688	114,488

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

37 ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

On the consolidated statement of cash flows, cash and cash equivalents have an original maturity of less than three months and include the following:

	As at 30 June 2024	As at 31 December 2023
Cash on hand	1,829,940	2,808,509
Surplus reserves with central bank	21,650,835	28,952,529
Deposits with banks and other financial institutions	8,523,975	10,774,869
Placements with banks and other financial institutions	2,567,896	2,366,616
Financial assets held under resale agreements	–	1,798,420
Total	34,572,646	46,700,943

38 TRANSFERS OF 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 special purpose 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 continues to recognise the transferred assets in the consolidated statement of financial position. Potential transfer transactions are taken into consideration to assess the collectability of financial assets, in particular when estimating future cash flows and weightings under different scenarios.

Bond lending arrangements

As at 30 June 2024, the carrying amount of the bond lending agreements the Group entered into with securities borrowers to lend out its bond securities classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost totalled RMB504,093 thousand, RMB10,292,288 thousand and RMB16,193,381 thousand respectively (31 December 2023: RMB937,266 thousand, RMB8,499,860 thousand and RMB17,423,637 thousand). The counterparties are allowed to sell or repledge these securities in the absence of default by the Group, but have an obligation to return the securities at the maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized them in the condensed consolidated interim financial information.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

39 STRUCTURED ENTITIES

The Group is principally involved with structured entities through wealth management products, financial investments in asset management plans, trust plans and securitisation transactions. The Group determines whether or not to consolidate these structured entities depending on whether the Group has control over them.

(a) Consolidated structured entities

Structured entities consolidated by the Group include certain asset management plans, trust plans and wealth management products invested by the Group. The Group controls these entities because the Group has power over, is exposed to, or has rights to, variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's returns.

As at 30 June 2024, the balance of these consolidated structured entities were RMB63,789,136 thousand (31 December 2023: RMB57,475,547 thousand).

(b) Unconsolidated structured entities

(i) *Unconsolidated structured entities managed by the Group*

Unconsolidated structured entities managed by the Group mainly include non-principal guaranteed wealth management products issued and managed by the Group as an agent. Based on the analysis and research of potential target customer groups, the Group designs and sells wealth management products to specific target customers. The Group invests the funds raised in the assets and distributes investment income to investors in accordance with the contracts.

During the six months ended 30 June 2024, the Group recorded commission income as the manager of these wealth management products amounting to RMB55,579 thousand (For the six months ended 30 June 2023: RMB79,862 thousand). The gains from the unconsolidated non-guaranteed wealth management products of the Group are the same as the Bank's maximum exposure to loss in such business. The Group considers its variable returns from its involvement with the structured entities are not significant and hence it does not consolidate these structured entities.

For the purpose of asset-liability management, the Group's unconsolidated structured entities may raise short-term financing needs to the Group and other banks. The Group is not contractually obliged to provide financing. The Group may enter into repurchase and placement transactions with these unconsolidated structured entities in accordance with market principles. As at 30 June 2024, there was no balance of the above repurchase and placement transactions (31 December 2023: same).

As at 30 June 2024, the balance of the unconsolidated non-guaranteed wealth management products managed by the Group amounted to RMB49,118,290 thousand (31 December 2023: RMB50,101,248 thousand).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

39 STRUCTURED ENTITIES (Continued)

(b) Unconsolidated structured entities (Continued)

(ii) Unconsolidated structured entities invested by the Group

As at 30 June 2024, the Group invests in a number of unconsolidated structured entities mainly consisting of asset-backed securities, funds, wealth management products, trust plans and the asset management plans sponsored and managed by other independent third parties.

The table below sets out the carrying value and the Group's maximum exposure to these unconsolidated structured entities.

As at 30 June 2024	Carrying value	Maximum exposure to loss
<u>Financial assets at fair value through profit or loss</u>		
Trust plans and asset management plans	5,215,692	5,215,692
Fund investments	54,471,622	54,471,622
Other investments	2,227,893	2,227,893
Subtotal	61,915,207	61,915,207
<u>Financial assets at fair value through other comprehensive income</u>		
Trust plans and asset management plans	4,860,000	4,860,000
Other investments	1,383	1,383
Subtotal	4,861,383	4,861,383
<u>Financial assets at amortized cost</u>		
Trust plans and asset management plans	6,081,980	6,081,980
Other investments	1,967	1,967
Subtotal	6,083,947	6,083,947

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

39 STRUCTURED ENTITIES (Continued)

(b) Unconsolidated structured entities (Continued)

(ii) Unconsolidated structured entities invested by the Group (Continued)

<u>At 31 December 2023</u>	<u>Carrying value</u>	<u>Maximum exposure to loss</u>
<u>Financial assets at fair value through profit or loss</u>		
Trust plans and asset management plans	5,263,645	5,263,645
Fund investments	29,078,257	29,078,257
Other investments	2,278,158	2,278,158
Subtotal	36,620,060	36,620,060
<u>Financial assets at fair value through other comprehensive income</u>		
Trust plans and asset management plans	4,976,700	4,976,700
Other investments	7,223	7,223
Subtotal	4,983,923	4,983,923
<u>Financial assets at amortised cost</u>		
Trust plans and asset management plans	6,316,254	6,316,254
Other investments	521,897	521,897
Subtotal	6,838,151	6,838,151

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

40 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit commitments

At any given time, the Group has outstanding commitments to extend credit. These commitments are in the form of approved loans and undrawn credit card limits.

The Group provides letters of credit and financial guarantees to guarantee the performance of customers to third parties.

Bank acceptances comprise undertakings by the Group to pay bills drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

The contractual amounts of credit commitments by category are set out below. The amounts disclosed in respect of loan and credit card commitments are under the assumption that the amounts will be fully advanced. The amounts for bank acceptances, letters of credit and guarantees represent the maximum potential losses that would be recognised at the end of the period if the counterparties had failed to perform as contracted.

	As at 30 June 2024	As at 31 December 2023
Bank acceptances	68,865,891	52,096,208
Letters of credit issued	3,626,895	5,135,496
Guarantees issued	27,303,904	30,118,542
Loan and credit card commitments	97,443,377	121,437,314
Subtotal	197,240,067	208,787,560
Allowance for credit commitments	(958,345)	(703,421)
Total	196,281,722	208,084,139

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

40 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(b) Operating lease commitments

During the period, the Group leased certain of their office properties under lease arrangements, and the total future minimum lease payments in respect of leases not yet commenced to which the lessee is committed amounted to RMB11,321 thousand (31 December 2023: RMB17,569 thousand).

(c) Capital commitments

	As at 30 June 2024	As at 31 December 2023
Contracted, but not provided for	205,587	530,570

(d) Credit risk-weighted amount of financial guarantees and credit related commitments

	As at 30 June 2024	As at 31 December 2023
Financial guarantees and credit related commitments	29,633,648	25,282,278

The credit risk-weighted amount refers to the amount as computed in accordance with the formula promulgated by the CBIRC and depends on the credit worthiness of the counterparty and the maturity characteristics. The risk weights used range from 0% to 100% for contingent liabilities and commitments.

(e) Legal proceedings

As at 30 June 2024, the expected total losses of the litigation cases of which the Bank or its subsidiaries are the defendant amounted to RMB81,369 thousand (31 December 2023: RMB89,885 thousand). In the opinion of management, the Bank has made adequate provisions for any probable losses based on the current facts and circumstances. The litigation cases are not expected to have a significant impact on the Group's business, financial condition and performance.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

41 FIDUCIARY ACTIVITIES

(a) Entrusted lending business

The Group operates entrusted loans. The entrusted loans represent the loans granted to specific borrowers designated by the trustors on their behalf according to the entrusted agreements signed by the Group and the trustors. The Group only acts on behalf of trustors and assists them to administer the loans. Risks remain to trustors while the Group charges commission fee for the business. Entrusted loans are not included in the Group's consolidated balance sheet.

The Group manages assets for customers as an agent, which does not include in the Group's consolidated balance sheet. The Group only charges fees according to agent agreement and bears no risk and takes no benefit of these assets.

	As at 30 June 2024	As at 31 December 2023
Entrusted deposits	(5,338,354)	(5,440,174)
Entrusted loans	5,338,354	5,440,174

(b) Wealth management services

The funds raised by non-principal guaranteed wealth management products from investors are invested in various investments, including debt securities and money market instruments, credit assets and other debt instruments, equity instruments etc. Credit risk, liquidity risk and interest rate risk associated with these products are borne by the customers. The Group only earns commission which represents the charges on customers in relation to the provision of custodian, sale and management services. Income is recognized in the consolidated statement of profit or loss as commission income.

As at 30 June 2024 and 31 December 2023, the total investment of non-principal guaranteed wealth management products managed by the Group that was not included in the Group's consolidated financial statements was disclosed in Note 39 (b)(i).

42 ASSETS PLEDGED AS SECURITY

(a) Financial assets which have been pledged

As at 30 June 2024 and 31 December 2023, financial assets of the Group, which refer to debt securities, have been pledged as security for liabilities or contingent liabilities, mainly arising from financial assets sold under repurchase agreements, time deposits and borrowings from the Central Bank. As at 30 June 2024 and 31 December 2023, the carrying value of the financial assets of the Group pledged as security amounted to approximately RMB71,333,132 thousand and RMB74,934,937 thousand respectively.

(b) Collateral received

The Group received debt securities and bills as collateral in connection with the terms of the financial assets held under resale agreements. The Group did not hold any collateral that can be resold or reused as at 30 June 2024 and 31 December 2023.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

43 RELATED PARTY DISCLOSURES

(a) Related party relationships

As at 30 June 2024 and 31 December 2023, there are 2 shareholders directly holding 5% or above shares of the Bank.

	Number of shares '000	Percentage of shares holding of the Bank %	Main business
Guangzhou Finance Holdings Group Co., Ltd	1,194,271	8.29%	Financial services industry
Guangzhou Metro Group Co., Ltd	722,950	5.02%	Infrastructure industry
Total	<u>1,917,221</u>	<u>13.31%</u>	

(b) Related party transactions

Related party transactions of the Bank mainly include loans and deposits. Transactions between the Bank and its related parties follow general business terms and normal procedures and their pricing principle is the same as with independent third parties.

(i) *Transactions between the Bank and major shareholders and the companies controlled or jointly controlled by major shareholders*

Major shareholders consist of shareholders of the bank with more than 5% (inclusive 5%) shares, and shareholders who hold less than 5% of the total shares but have the power to appoint a director in the Bank.

Balances at the end of the period/year	As at 30 June 2024	As at 31 December 2023
Loans and advances to customers	10,116,999	10,493,487
Financial assets at fair value through profit or loss	–	50,512
Financial assets at amortized cost	–	101,511
Deposits from banks and other financial institutions	20,419	1,399
Customer deposits	3,055,210	4,957,516
Bank acceptance bills	40,000	–
Credit commitments	<u>1,508,966</u>	<u>975,193</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

43 RELATED PARTY DISCLOSURES (Continued)

(b) Related party transactions (Continued)

(i) Transactions between the Bank and major shareholders and the companies controlled or jointly controlled by major shareholders (Continued)

Transactions during the period	Six months ended 30 June	
	2024	2023
Interest income	182,683	171,503
Interest expense	(34,760)	(65,441)
Fee and commission income	66	99
Fee and commission expense	–	(726)
Net trading gains	972	7,205

(ii) Transactions between the Bank and subsidiaries

There are various related party transactions that occur between the Bank and its subsidiaries. These transactions are equitable and follow regular business procedures. The material balances and transactions with subsidiaries have been eliminated in full in the condensed consolidated interim financial information. In the opinion of management, the transactions between the Bank and subsidiaries have no significant impact on profit or loss.

(iii) Other related parties

Other related parties include the companies controlled or jointly controlled by the key management personnel and their close family members, and the companies of which key management personnel and their close family members were appointed as directors and key management personnel. During the period/year, the Bank entered into transactions with other related parties in the ordinary course of business. Details are as follows:

Balances at the end of the period/year	As at 30 June 2024	As at 31 December 2023
Loans and advances to customers	3,597,380	3,784,337
Financial assets at amortized cost	–	267,624
Customer deposits	713,548	1,796,305
Deposits from banks and other financial institutions	88,962	814
Credit commitments	19	2,040,019
Placement with banks and other financial institutions	100,000	–

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

43 RELATED PARTY DISCLOSURES (Continued)

(b) Related party transactions (Continued)

(iii) Other related parties (Continued)

Transactions during the period	Six months ended 30 June	
	2024	2023
Interest income	44,786	57,858
Interest expense	(28,887)	(54,928)
Fee and commission income	15	59
Fee and commission expense	–	(5)
Net trading gains	916	317

(c) Key management personnel

Key management personnel refer to those have power and directly or indirectly are responsible for planning, instruction and control of the Group.

Total amount of remuneration of key management personnel is listed below:

	Six months ended 30 June	
	2024	2023
Salary, remuneration and benefits	8,779	9,312

Transactions with key management personnel and their closed family members are listed below:

Balances at the end of the period/year	As at 30 June 2024	As at 31 December 2023
Customer deposits	68,157	69,893

Transactions during the period	Six months ended 30 June	
	2024	2023
Interest income	–	27
Interest expense	(319)	(245)
Fee and commission income	20	428

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

44 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks and those activities involve analysis, evaluation, acceptance and management of some degree of risks or combination of risks. Managing those risks are crucial to the financial business, and risks are an inevitable consequence of being in business operation. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and control programs, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems.

A description and an analysis of the major risks faced by the Group are as follows:

The major types of risks are credit risk, market risk and liquidity risk. Market risk mainly consists of currency risk, interest rate risk and price risk.

The Board of Directors of the Group is responsible for determining the Group's overall risk preference. Within this framework, the senior management of the Bank designs risk management policies and procedures for credit risk, market risk and liquidity risk accordingly. After the policies and procedures are approved by the Board of Directors, relevant departments of the headquarters are responsible for their implementation.

The Board of Directors of the Group is responsible for setting the Group's overall risk tolerance, risk management and internal control strategies, supervising and ensuring that senior management performs risk management duties effectively. The Group has a Related Party Transactions and Risk Management Committee under the Board of Directors, which is responsible for monitoring the risk management of senior management, evaluating the Group's situation of risk management, risk tolerance ability and level regularly, and taking case precautions, reviewing and controlling the related party transactions. The Board of Supervisors is responsible for inspecting the Group's risk management and taking case precautions, comprehensively evaluating the risk management performance of the directors and senior management. Senior management is responsible for executing the policies of risk management and internal control approved by the Board of Directors and developing the specific rules and regulations of risk management. The Group has a Risk Management Committee under senior management, which is responsible for reviewing the Group's significant matters of risk management.

The Risk Management Department is the leading department of overall risk management, and is responsible for overall planning and coordination of risk management. The Risk Management Department, Legal and Compliance Department (Anti-Money Laundering Center) and Asset and Liability Management Department take the lead in managing credit risk, market risk, operation risk and liquidity risk. The Audit Department is responsible for supervising, inspecting, evaluating and reporting the risk management activities' effect independently and objectively.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

44 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations. Credit risk is often greater when counterparties are concentrated in one single industry or geographic location or have comparable economic features. In addition, different industrial sectors and geographic areas have their unique characteristics in terms of economic development, and could present a different credit risk.

(i) Credit Risk Management

Loans

The Group exercises standardised credit management procedures, including credit investigation and proposals, credit limit review, loan disbursement, post lending monitoring, and management. The Group enhances its credit risk management by strict compliance with its credit management procedures to identify, measure, monitor and manage the potential credit risk, which includes:

- strengthening customer investigation, lending approval and post lending monitoring;
- setting up authorisation limits over loan review and approval;
- establishing the internal assessment system in respect of the credit rating towards different kinds of customers, as the fundamental procedures for granting credit;
- setting up the authority limit over risk classification of credit assets, reviewing periodically and updating risk classification of credit assets, and carrying out on-site sample review and off-site review to monitor the risk; and
- implementing and continuously upgrading the Credit Management System based on the requirements of risk management, developing and popularising various risk management tools.

In respect of the corporate loans, credit managers of the Group are responsible for accepting application from the applicants, carrying out credit investigation and making recommendations on credit rating through credit risk assessment of the applicants and their business. According to the authority limit over credit review and approval, applications will be assessed and authorised at the branch level or/and head office level. The credit limit will be determined based on assessment of the factors including the applicant's credit rating, financial position, collateral and guarantee, the overall credit risk of the portfolio, macro-economic policies, and restriction imposed by laws and regulations. The Group minimises losses over credit risk through: (1) collecting; (2) restructuring; (3) repossessing the collateral or resourcing from the guarantor; (4) seeking arbitration or pursuing lawsuits; and (5) write off according to relevant regulations.

Bonds and other bills

The Group manages the credit risk exposure of bonds and other bills through controlling the investment scale and based on issuer's credit rating and establishing post lending management standards.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

44 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(i) Credit Risk Management (Continued)

Other financial assets carrying at amortized cost

Other financial assets carrying at amortized cost, include wealth management products, trust plans and asset management plans issued and managed by other banks and other financial institutions. The Group establishes a risk evaluation system on the trust companies, security companies and fund management companies, sets up credit limit for parties repurchasing trust beneficial rights, issuers of wealth management products, ultimate borrowers of asset management schemes, and performs ongoing post-lending monitoring on timely basis.

Inter-bank transactions

The Group reviews and monitors the credit risk of financial institutions. Limits are set for each individual bank or non-banking financial institution which has business relationship with the Group.

Credit commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Letters of guarantee issued, acceptances, bill acceptance and letters of credit, which represent irrevocable commitment that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. When the amount of credit commitment exceeds the original credit limit, margin deposits are required to mitigate the credit risk. The Group's exposure of credit risk is equivalent to the total amount of credit commitments.

(ii) Risk limit control and mitigation policies

The Group manages and limits the concentrations of credit risk, including concentration to individual counterparty, group, industry and region.

The Group continuously optimizes the credit risk structure by setting limits on the borrower, group of borrowers, geographical and industry segments. Concentration risks are monitored on ongoing basis and subject to an annual or more frequent reviews where necessary.

The Group manages the exposure to credit risk through analyses of borrowers and potential borrowers' abilities to fulfil interest and principal repayment obligations and amends the lending limits where appropriate.

The Group has established relevant policies to mitigate credit risk. One of the most important measures is to obtain collateral, pledged assets, guarantee deposits or guarantees from corporates or individuals. The Group provides guidelines on the acceptance of specific classes of collateral. The principal types of collateral for loans and advances are:

- Residential property and land use right;
- Commercial assets, such as commercial property, inventory and accounts receivables;
- Financial instruments, such as debt securities and equity shares.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

44 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(ii) Risk limit control and mitigation policies (Continued)

Fair value of collateral is usually required to be assessed by professional valuers permitted by the Group. When there is objective evidence of impairment, the value of collateral will be reviewed by the Group to assess whether it could sufficiently cover the credit exposure of relevant loans. To mitigate the credit risk, the Group has implemented major loan-to-value ratio requirement based on type of collateral as follows:

<u>Item</u>	<u>Main loan-to-value ratio</u>
Residential properties	70%
Villas	60%
Apartments, office buildings, shops, factories, self-builds, carports, warehouses	50%
Land use rights	50%

Fair value of collateral was determined by management based on the latest available external valuation results, taking into account experience adjustments for current market conditions and estimated expenses to be incurred in the disposal process.

For loans guaranteed by third parties, the Group will review the financial condition and credit history of guarantors and evaluate the ability of the guarantors to meet obligations on regular basis.

(iii) Credit risk impairment

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

Stage I (not credit-impaired on initial recognition): 12-month expected credit losses (ECL);

Stage II (significant increase in credit risk since initial recognition): lifetime expected credit losses;

Stage III (credit-impaired assets): lifetime expected credit losses

The Group developed an impairment model to calculate expected credit losses in accordance with the new standards. A top-down development method was used to establish a logistic regression model of macroeconomic indicators and risk parameters.

Stage division

The assessment of significant increase in credit risk consider a number of factors such as five-category classification, overdue days, and credit rating changes. The stages are transferable.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

44 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(iii) Credit risk impairment (Continued)

Stage division (Continued)

Significant increase in credit risk

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following criteria have been met:

Quantitative criteria

At the reporting date, the Group assesses the significant increase in credit risk through the relative change of the probability of default. The thresholds was set based on different product type, such as corporate loans, personal loans, securities investments, etc. For the financial instrument without overdue, the Group assesses changes of probability of default over the lifetime to identify increment of the default risk.

If the borrower fails to pay more than 30 days after the contractual payment date, the credit risk of the financial instrument is considered to be increased significantly.

Qualitative criteria

For corporate loans and bond investment portfolio, the credit risk is considered to be increased significantly, if borrowers were on the watch list or met one or more criteria as follows:

- Significant negative impact appears in business, financing or economic position for borrower;
- Actual or expected extension or restructuring;
- Actual or expected significant adverse change on borrower's operations;
- Collateral's valuation changes which expected to lead the increase of default probability (only for collateralized and pledged loans);
- Indicator for cash flow or liquidity problems, e.g. extension for account payable or loan repayment.

For corporate loans, the Group uses a credit risk early warning monitoring system to assess whether there has been a significant increase in its credit risk. For bond investment, the Group strengthens the management of bond investment and assesses it periodically. For individual loans, the Group assesses at the portfolio level on a quarterly basis whether there has been a significant increase in credit risk. The criteria used to identify significant increases in credit risk are monitored and reviewed by risk management departments on timely basis.

In the half year of 2024, the Group did not determine any financial instruments as having low credit risk, the credit risk of which did not need to be evaluated on the reporting date, comparing with its initial recognition date.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

44 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(iii) Credit risk impairment (Continued)

Stage division (Continued)

Qualitative criteria (Continued)

Definition of default and credit impairment

When a financial instrument meets one or more of the following conditions, the Group defines the financial asset as default which is consistent with the definition of credit impairment:

Quantitative criteria

The borrower is more than 90 days overdue.

Qualitative criteria

The borrower meets the “difficulty to repay” criteria, indicating significant financial difficulties experienced by the borrower. Examples include:

- Significant financial difficulty of the issuer or the debtor;
- The creditor of the debtor, for economic or contractual reasons relating to the debtor’s financial difficulty, granted to the debtor a concession that the creditor would not otherwise consider;
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- Debtors are in breach of contract;
- The disappearance of an active market for some financial assets due to the borrower’s financial difficulties;
- A purchased or originated credit-impaired financial asset.

These criteria apply to all financial instruments of the Group and are consistent with the definition of default used in internal credit risk management. The definition of default has been consistently applied to the model of Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) in the calculation of expected credit losses of the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

44 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(iii) Credit risk impairment (Continued)

Explanation of inputs, assumptions and estimation techniques in the ECL models

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

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per “Definition of default and credit-impaired” above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Group’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month).

Forward-looking information should be considered in determining the 12-month and lifetime PD, EAD and LGD. This varies by product types.

The Group quarterly monitors and reviews the ECL calculation related assumptions, including the changes of PD and LGD for different terms.

The Group has updated the PD and EAD in the ECL models based on the latest historical information and risk condition.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

44 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(iii) Credit risk impairment (Continued)

Forward-looking information in the ECL models

The assessment of significant increase in credit risk and the calculation of ECL incorporates forward-looking information. Through the analysis of historical data, the Group identifies the macroeconomic indicators that affect the credit risk and ECL of various portfolio. Macroeconomic indicators include Gross Domestic Product (GDP), Consumer Price Index (CPI), Money Supply (M2) and Completed Investment in Real Estate Development, etc. The Group obtained the key macroeconomic factors from the Wind Economic to perform historical analysis on the intertemporal endogenous relationship of the macroeconomic factors. The Group integrates statistical analysis and expert judgments to determine economic forecasts and weighting scheme under various economic scenarios.

The impact of these economic indicators on the PDs and the LGDs varies from one portfolio to another. The Group comprehensively considers internal and external data, expert forecasts and statistical analysis to determine the correlation between these economic indicators and the PDs and LGDs. The Group assesses and forecasts these economic indicators at least on an annual basis, calculates the best estimates for the future, and regularly reviews and assesses the results.

The values of the core macroeconomic indicators used to evaluate expected credit losses on 30 June 2024 are as follows:

<u>Item</u>	<u>Range</u>
GDP Annual Percentage Change	1.57%~6.83%
Consumer Price Index month on month("CPI")	0.06%~2.54%

In the half year of 2024, the Group has taken into account the impact of changes in different economic scenarios to the ECL model. The Group has adopted three economic scenarios (Base, Pessimistic and Optimistic) on the basis of the macroeconomic information analysis and expert judgment. The weightings for the three scenarios remain 80%, 10% and 10% respectively.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group updates the expected values of macroeconomic indicators periodically. The Group believes that these projections reflect the Group's best estimate of possible outcomes to determine that the scenarios selected are appropriate to represent possible scenarios.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

44 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(iii) Credit risk impairment (Continued)

Sensitivity analysis

The expected credit losses are sensitive to the parameters used in the model, macroeconomic variables for forward-looking prediction, scenarios weightings and other factors considered in the application of expert judgments. The changes in these parameters, assumptions, models and judgments will have an impact on the significant increase in credit risk and the measurement of expected credit losses.

Grouping for ECL allowance

The Group classified the exposures with similar characteristics when collectively assessing the ECL allowance.

The characteristics for grouping are as follows:

Personal loans

- Product types (for instance, personal business loans, personal consumption loans, personal residential mortgages, credit cards overdraft)

Corporate loans

- Industry

Exposures below are evaluated by impairment assessment:

- Corporate loans in Stage III

Credit risk team monitors and reviews the grouping appropriateness regularly.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

44 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(iv) Maximum exposure to credit risk

Financial instruments and commitment and guarantee subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The net carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	As at 30 June 2024	As at 31 December 2023
Deposits with central bank	68,800,348	78,055,338
Deposits with banks and other financial institutions	14,440,839	14,942,725
Placements with banks and other financial institutions	62,144,614	55,472,499
Financial assets held under resale agreements	16,777,670	23,205,250
Loans and advances to customers		
– at amortized cost	584,209,351	581,845,866
– at fair value through other comprehensive income	137,693,023	127,062,711
Financial assets at amortized cost	199,493,724	216,930,430
Financial assets at fair value through other comprehensive income	140,141,279	126,167,820
Other financial assets	3,189,425	2,401,150
Total	1,226,890,273	1,226,083,789
Credit commitments	196,281,722	208,084,139

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

44 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(v) Loans and advances to customers

By industry	30 June 2024		31 December 2023	
	Amount	(%)	Amount	(%)
Corporate loans				
Lease and commercial service	121,186,192	16.29%	119,442,141	16.33%
Manufacturing	54,146,028	7.28%	50,109,773	6.85%
Real estate	53,055,191	7.13%	53,115,517	7.26%
Wholesale and retail	49,172,705	6.61%	49,808,039	6.81%
Construction	37,134,571	4.99%	35,959,772	4.92%
Resident services, repairing and other services	20,614,102	2.77%	20,155,781	2.76%
Transportation, warehouse and postal services	14,152,882	1.90%	16,740,309	2.29%
Water, environment and public facilities management	11,542,171	1.55%	12,324,831	1.69%
Education	10,983,935	1.48%	11,447,332	1.57%
Hotel and catering	9,936,218	1.34%	10,893,699	1.49%
Agriculture, forestry, farming and fishery	9,694,437	1.30%	10,806,996	1.48%
Financial services	9,108,544	1.22%	10,086,563	1.38%
Information transmission, software and IT services	7,586,828	1.02%	7,352,432	1.01%
Energy and utilities	6,834,934	0.92%	7,615,457	1.04%
Culture, sports and entertainment	4,048,828	0.54%	4,153,879	0.57%
Healthcare and social welfare	1,935,751	0.26%	2,057,846	0.28%
Others	7,259,735	0.98%	6,886,518	0.94%
Subtotal	428,393,052	57.58%	428,956,885	58.67%
Discounted bills and forfaiting	137,881,036	18.53%	127,267,221	17.40%
Personal loans	177,752,025	23.89%	175,094,142	23.93%
Total	744,026,113	100.00%	731,318,248	100.00%

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

44 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(v) Loans and advances to customers (Continued)

By geography ⁽ⁱ⁾	As at	As at
	30 June 2024	31 December 2023
Guangzhou	624,283,652	607,320,752
Pearl River Delta (except Guangzhou)	48,900,507	53,455,028
Guangdong Province (except Pearl River Delta)	43,403,656	42,435,373
Central China	19,283,533	19,565,137
Yangtze River Delta	2,108,561	2,031,256
Western China	2,065,849	2,136,749
North-east China	541,038	540,599
Bohai Rim	178,414	348,648
Others	3,260,903	3,484,706
Total	744,026,113	731,318,248

(i) The bank lists the distribution by geography according to the location of the loan granting institution.

By collateral type	As at	As at
	30 June 2024	31 December 2023
Unsecured loans	201,286,870	197,625,381
Guaranteed loans	178,280,475	170,588,388
Collateralised loans	332,131,072	330,312,257
Pledged loans	32,327,696	32,792,222
Total	744,026,113	731,318,248

	Overdue loans and advances to customers				
	Past due up to 90 days (including 90 days)	Past due 90 days to 1 year (including 1 year)	Past due 1 year to 3 years (including 3 years)	Past due over 3 years	Total
30 June 2024					
Unsecured loans	470,950	770,292	826,969	113,302	2,181,513
Guaranteed loans	15,213,284	895,757	1,417,496	127,901	17,654,438
Collateralised loans	14,600,797	4,994,238	2,483,302	139,975	22,218,312
Pledged loans	5,513,679	628,495	618,748	300,908	7,061,830
Total	35,798,710	7,288,782	5,346,515	682,086	49,116,093

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

44 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(v) Loans and advances to customers (Continued)

31 December 2023	Overdue loans and advances to customers				Total
	Past due up to 90 days (including 90 days)	Past due 90 days to 1 year (including 1 year)	Past due 1 year to 3 years (including 3 years)	Past due over 3 years	
Unsecured loans	382,925	603,557	916,976	121,270	2,024,728
Guaranteed loans	9,893,719	1,687,188	3,516,019	142,213	15,239,139
Collateralised loans	14,575,818	2,628,303	2,141,202	118,510	19,463,833
Pledged loans	5,027,415	658,074	368,978	1,636	6,056,103
Total	29,879,877	5,577,122	6,943,175	383,629	42,783,803

(vi) Restructuring loans and advances to customers

As at 30 June 2024 and 31 December 2023, the original value of the Group's restructuring loans and advances were RMB30,575,466 thousand and RMB26,077,922 thousand respectively.

As at 30 June 2024 and 31 December 2023, the original value of the Group's restructuring loans and advances in stage I were RMB1,595,353 thousand and RMB1,484,135 thousand respectively.

(b) Liquidity risk

Liquidity risk is the risk that capital will not be sufficient or funds will not be raised at reasonable cost in a timely manner for the repayment of debts due. This may arise from amount or maturity mismatches of assets and liabilities.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

44 FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

The Group manages its liquidity risk through the Asset and Liability Management Department and aims to:

- optimise the structure of assets and liabilities;
- maintain the stability of the deposit base;
- project cash flows and evaluate the level of current assets; and
- in terms of liquidity of the branches, maintain an efficient internal fund transfer mechanism.

The Group's expected remaining maturity of their financial instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

(i) Analysis of the remaining maturity of the financial assets and financial liabilities is set out below:

30 June 2024	Overdue	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total
Financial assets:									
Cash and deposits with central bank	-	23,549,822	-	-	-	-	-	47,080,466	70,630,288
Deposits with banks and other financial institutions (1)	79,500	19,931,754	17,456,548	16,478,793	37,407,871	2,008,657	-	-	93,363,123
Loans and advances to customers	40,217,149	-	42,387,664	85,660,587	244,623,184	208,099,531	100,914,259	-	721,902,374
Financial assets at fair value through profit or loss	5,567,258	48,289,978	646,916	3,287,630	13,126,021	2,216,163	7,905,239	1,275,999	82,315,204
Financial assets at fair value through other comprehensive income	2,811,663	-	1,921,854	867,293	7,156,037	89,384,103	38,000,329	-	140,141,279
Financial assets at amortized cost	2,921,079	-	735,261	1,797,021	14,360,706	95,097,345	84,582,312	-	199,493,724
Other financial assets	1,540,862	-	483,058	503,608	164,817	449,976	47,104	-	3,189,425
Total financial assets	53,137,511	91,771,554	63,631,301	108,594,932	316,838,636	397,255,775	231,449,243	48,356,465	1,311,035,417
Financial liabilities:									
Due to the central bank	-	-	2,178,125	2,898,703	8,443,975	-	-	-	13,520,803
Deposits from banks and other financial institutions (2)	-	30,588,818	21,198,537	15,028,623	9,261,910	337,012	-	-	76,414,900
Financial liabilities at fair value through profit or loss	-	15,204	-	4,430	7,200	-	1,761,129	-	1,787,963
Customer deposits (3)	-	274,307,505	23,035,620	54,558,406	344,445,233	252,063,729	84,647	19,151,974	967,647,114
Lease liabilities	-	-	17,667	35,335	151,533	466,188	58,337	-	729,060
Debt securities issued	-	-	17,290,205	39,719,996	76,423,431	-	14,999,089	-	148,432,721
Other financial liabilities	3,407	217,362	799,719	2,866,289	10,459,332	139,870	108,912	971,905	15,566,796
Total financial liabilities	3,407	305,128,889	64,519,873	115,111,782	449,192,614	253,006,799	17,012,114	20,123,879	1,224,099,357
Net liquidity gap	53,134,104	(213,357,335)	(888,572)	(6,516,850)	(132,353,978)	144,248,976	214,437,129	28,232,586	86,936,060

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

44 FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

(i) Analysis of the remaining maturity of the financial assets and financial liabilities is set out below (Continued):

31 December 2023	Overdue	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Undated	Total
Financial assets:									
Cash and deposits with central bank	-	32,035,446	-	-	-	-	-	48,828,401	80,863,847
Deposits with banks and other financial institutions (1)	79,500	11,530,841	34,191,634	12,624,823	34,698,565	495,111	-	-	93,620,474
Loans and advances to customers	32,899,787	-	42,442,635	86,049,471	234,844,182	211,515,593	101,156,909	-	708,908,577
Financial assets at fair value through profit or loss	5,609,978	29,048,757	1,469,444	5,478,028	17,756,912	5,670,847	1,038,769	1,725,527	67,798,262
Financial assets at fair value through other comprehensive income	2,974,744	-	859,028	2,812,221	7,177,540	82,717,427	29,626,860	-	126,167,820
Financial assets at amortized cost	2,061,363	-	3,541,680	6,333,686	15,032,696	97,852,543	92,108,462	-	216,930,430
Other financial assets	788,984	-	469,601	539,591	155,538	397,268	50,033	-	2,401,015
Total financial assets	44,414,356	72,615,044	82,974,022	113,837,820	309,665,433	398,648,789	223,981,033	50,553,928	1,296,690,425
Financial liabilities:									
Due to central bank	-	-	1,870,423	11,188,212	14,417,216	-	-	-	27,475,851
Deposits from banks and other financial institutions (2)	-	7,209,120	52,245,249	16,632,339	22,832,920	715,000	-	-	99,634,628
Financial liabilities at fair value through profit or loss	-	4,324	-	-	-	-	-	-	4,324
Customer deposits (3)	-	290,762,061	39,412,327	97,897,959	231,055,248	267,408,291	125,193	20,524,938	947,186,017
Lease liabilities	-	-	16,187	32,375	154,479	477,705	70,205	-	750,951
Debt securities issued	-	-	8,791,401	36,306,219	64,187,932	3,050,163	15,527,798	-	127,863,513
Other financial liabilities	6,941	204,493	962,533	1,336,761	6,203,997	194,627	14,146	575,797	9,499,295
Total financial liabilities	6,941	298,179,998	103,298,120	163,393,865	338,851,792	271,845,786	15,737,342	21,100,735	1,212,414,579
Net liquidity gap	44,407,415	(225,564,954)	(20,324,098)	(49,556,045)	(29,186,359)	126,803,003	208,243,691	29,453,193	84,275,846

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

44 FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

(i) *Analysis of the remaining maturity of the assets and liabilities is set out below (Continued):*

- (1) Includes placements with banks and other financial institutions, financial assets held under resale agreements.
- (2) Includes placements from banks and other financial institutions, financial assets sold under repurchase agreements.
- (3) Demand deposits from customers are classified as repayable on demand for disclosure purposes. In practice, there is a stable portion which has a longer maturity profile.

(c) 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. The Group's market risk contains currency risk, interest rate risk and other price risk.

The Group is primarily exposed to structural interest rate risk arising from commercial banking and position risk arising from treasury transactions.

The Group's currency risk mainly arises from exchange rate fluctuations on its foreign exchange exposures. Foreign exchange exposures include the mismatch of foreign exchange assets and liabilities.

Sensitivity analysis, interest rate repricing gap analysis and foreign exchange risk concentration analysis are the major market risk management tools used by the Group.

The Bank uses different management methods to control market risk which comprises trading book and banking book risks respectively.

The Group considers the market risk arising from commodity or stock price fluctuations in respect of its investment portfolios to be immaterial.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

44 FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(i) Currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD and other currencies. Transactions in foreign currencies mainly arise from the Group's treasury exposures and foreign exchange business.

(ii) Interest rate risk

The Group's interest rate risk mainly arises from the mismatches between the repricing dates of interest generating assets and interest-bearing liabilities. The Group's interest-generating assets and interest-bearing liabilities are mainly denominated in RMB.

The Group manages its interest rate risk by:

- regularly monitoring the macroeconomic factors that may have impact on the PBOC benchmark interest rates;
- optimising the differences in timing between contractual repricing (maturities) of interest-generating assets and interest-bearing liabilities; and
- managing the deviation of the pricing of interest-generating assets and interest-bearing liabilities from the PBOC benchmark interest rates.

(d) Capital management

The Group follows the following capital management principles:

- Maintain the high quality and adequacy of capital to meet capital regulatory requirements, support business growth and advance the sustainable development scale in the Group;
- Sufficiently identify, calculate, monitor, mitigate and control various types of risks, ensuring that the capital employed is commensurate with the related risks and the level of risk management of the Group; and
- Optimise asset structure and allocate capital properly, to steadily improve the efficiency and return of capital, and advance the sustainable development of the Group.

Capital adequacy and regulatory capital are monitored by the Group's management by employing techniques based on the guidelines developed by the Basel Committee, as implemented by National Administration of Financial Regulation, for supervisory purposes. The required information is filed with National Administration of Financial Regulation on a quarterly basis. From 1 January 2024, the Group commenced to calculate the capital adequacy ratios in accordance with the Administrative Measures for the Capital of Commercial Banks and other relevant regulations promulgated by the National Financial Regulatory Administration.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

44 FINANCIAL RISK MANAGEMENT (Continued)

(d) Capital management (Continued)

The Group's regulatory capital is managed by its financial department and consists of the following:

- Common equity tier 1 capital, mainly including share capital, capital reserve, surplus reserve, general reserve, retained profits and eligible portion of minority interests;
- Additional tier 1 capital, including additional tier 1 capital instruments issued and related premium and eligible portion of minority interests; and
- Tier 2 capital, including tier 2 capital instruments issued and related premium, excess loss allowances and eligible portion of minority interests.

The Group implements a weighted approach to measuring credit risk-weighted assets, which are determined according to the credit risks associated with each asset and counterparty, taking into account any eligible collateral or guarantee, with adjustments made to reflect the potential losses. Market risk-weighted assets and operational risk weighted assets are calculated using the simplified standardised approach and standardised approach, respectively.

The Group takes various measures to manage risk-weighted assets including adjusting the composition of its on-balance and off-balance sheet assets.

The Group was in compliance with the capital requirement promulgated by the regulators in the reporting period. The table below summarises the Group's common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio calculated in accordance with the Administrative Measures for the Capital of Commercial Banks and other relevant regulations promulgated by the National Financial Regulatory Administration.

	As at 30 June 2024	As at 31 December 2023*
Net common equity tier 1 capital	78,885,770	77,748,667
Net tier 1 capital	91,276,981	87,988,429
Net capital	113,623,017	108,108,045
Risk-weighted assets	833,101,733	791,000,172
Common equity tier 1 capital adequacy ratio	9.47%	9.83%
Tier 1 capital adequacy ratio	10.96%	11.12%
Capital adequacy ratio	13.64%	13.67%

* As at 31 December 2023, the Group calculated the capital adequacy ratios in accordance with the Administrative Measures for the Capital of Commercial Banks (Trial) and other relevant regulations promulgated by the CBIRC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

45 FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments measured at fair value

Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: Quoted (Unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following tables show an analysis of financial instruments measured or disclosed at fair value by level of the fair value hierarchy:

30 June 2024	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
– Debt securities	–	17,972,809	1,277,745	19,250,554
– Funds and other investments	55,304,289	–	7,760,361	63,064,650
Financial assets at fair value through other comprehensive income				
– Debt securities	–	134,445,474	835,805	135,281,279
– Other investments	–	–	4,860,000	4,860,000
Loans and advances at fair value through other comprehensive income	–	137,693,023	–	137,693,023
Total	55,304,289	290,111,306	14,733,911	360,149,506
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
– Short position on bonds	–	1,772,759	–	1,772,759
– Financial liabilities related to precious metal	–	15,204	–	15,204
Total	–	1,787,963	–	1,787,963

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

45 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial instruments measured at fair value (Continued)

Determination of fair value and fair value hierarchy (Continued)

31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
– Debt securities	–	28,296,885	1,291,584	29,588,469
– Funds and other investments	30,351,785	–	7,858,008	38,209,793
Financial assets at fair value through other comprehensive income				
– Debt securities	–	120,810,149	380,970	121,191,119
– Other investments	–	–	4,976,701	4,976,701
Loans and advances at fair value through other comprehensive income				
	–	127,062,711	–	127,062,711
Total	30,351,785	276,169,745	14,507,263	321,028,793
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
– Financial liabilities related to precious metal	–	4,324	–	4,324
Total	–	4,324	–	4,324

The following tables present the changes in Level 3 assets for the period ended 30 June 2024 and the year ended 31 December 2023:

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income		Total
	Debt securities	Funds and other investments	Debt securities	Other investments	
Purchase	–	–	–	–	–
Transfer to Level 3	–	–	504,690	–	504,690
– Profit or loss	(13,839)	(85,726)	–	–	(99,565)
– Other comprehensive income	–	–	(49,855)	(116,701)	(166,556)
Settlement	–	(11,921)	–	–	(11,921)
At 30 June 2024	1,277,745	7,760,361	835,805	4,860,000	14,733,911

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

45 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial instruments measured at fair value (Continued)

Determination of fair value and fair value hierarchy (Continued)

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income		Total
	Debt securities	Funds and other investments	Debt securities	Other investments	
At 1 January 2023	155,411	9,841,765	264,616	5,385,839	15,647,631
Purchase	–	–	–	–	–
Transfer to Level 3	1,200,968	–	141,581	–	1,342,549
Total gains and losses					
– Profit or loss	(64,795)	(388,058)	–	–	(452,853)
– Other comprehensive income	–	–	(25,227)	(346,785)	(372,012)
Settlement	–	(1,595,699)	–	(62,353)	(1,658,052)
At 31 December 2023	1,291,584	7,858,008	380,970	4,976,701	14,507,263

The valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3 fair value measurement is as below:

	Fair value		Valuation techniques	Unobservable input
	As at 30 June 2024	As at 31 December 2023		
Financial assets:				
Financial assets at fair value through profit or loss				
– Debt securities	1,277,745	1,291,584	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Funds and other investments	7,760,361	7,858,008	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial assets at fair value through other comprehensive income				
– Debt securities	835,805	380,970	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other investments	4,860,000	4,976,701	Discounted cash flow	Risk-adjusted discount rate, cash flow
Total	14,733,911	14,507,263		

During the six months ended 30 June 2024 and the year ended 31 December 2023, there were no significant changes in the valuation techniques.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

45 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial instruments measured at fair value (Continued)

Determination of fair value and fair value hierarchy (Continued)

As at 30 June 2024 and 31 December 2023, unobservable inputs such as estimated future cash flow were used in the valuation of financial assets at fair value classified as Level 3, which were mainly asset management plans and wealth management products. The fair value of these financial assets fluctuates according to the changes in the unobservable inputs.

The sensitivity of the fair value measurement on changes in unobservable inputs for Level 3 financial instruments measured at fair value on an ongoing basis.

There are no transfers between Level 1 and Level 2 for financial assets measured at fair value during the six month ended 30 June 2024 and the year of 2023.

(b) Financial instruments for which fair values are disclosed

As at 30 June 2024, financial assets and liabilities not presented at fair value on the consolidated statement of financial position mainly represent "Deposits with central bank", "Deposits with banks and other financial institutions", "Placements with banks and other financial institutions", "Financial assets held under resale agreements", "Loans and advances to customers" measured at amortized cost, "Financial assets at amortized cost", "Borrowings from central bank", "Deposits from banks and other financial institutions", "Placements from banks and other financial institutions", "Financial assets sold under repurchase agreements", "Customer deposits" and "Debt securities issued". (31 December 2023: same).

Except for the following items, there are no significant differences between carrying amount and fair value.

	As at 30 June 2024	As at 31 December 2023
Carrying amount:		
Financial assets at amortized cost	199,493,724	216,930,430
Debt securities issued	148,432,721	127,863,513
Fair Value:		
Financial assets at amortized cost	208,700,879	222,770,356
Debt securities issued	149,809,381	128,092,480

46 EVENTS AFTER THE REPORTING PERIOD

The Group has no material events that require additional disclosure in its financial statements for the six months ended 30 June 2024.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

1. LIQUIDITY RATIO, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO

(1) Liquidity Ratio

	As at 30 June 2024	As at 31 December 2023
Liquidity ratio (RMB and foreign currency)	94.99%	102.51%

(2) Liquidity coverage ratio

	As at 30 June 2024	As at 31 December 2023
High-quality liquid assets	212,754.72	206,765.71
Net cash outflows in future 30 days	128,797.69	91,054.64
Liquidity coverage ratio	165.19%	227.08%

(3) Net stable funding ratio

	As at 30 June 2024	As at 31 March 2024	As at 31 December 2023
Available stable funds	851,648.78	831,614.37	807,492.64
Required stable funds	722,981.58	682,349.54	718,879.94
Net stable funding ratio	117.80%	121.88%	112.33%

Pursuant to the Administrative Measures on the Liquidity Risk of Commercial Banks (商業銀行流動性風險管理辦法) issued by the CBIRC, since 1 July 2018 (effective date of the Measures), the above liquidity ratio, liquidity coverage ratio and net stable funding ratio were calculated based on the financial statements prepared in accordance with the Accounting Standards for Business Enterprises issued by the MOF.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

2. CURRENCY CONCENTRATION

	As at 30 June 2024			Subtotal
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	3,168.75	233.23	74.28	3,476.26
Spot liabilities	461.16	96.19	19.51	576.86
Net long/(short) position	2,707.59	137.04	54.77	2,899.40

	As at 31 December 2023			Subtotal
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	1,819.86	1,394.15	63.05	3,277.06
Spot liabilities	321.42	96.66	21.22	439.30
Net long/(short) position	1,498.44	1,297.49	41.83	2,837.76

Above information is calculated in accordance with regulations promulgated by the CBRC. The Group had no structural position as at 30 June 2024 and 31 December 2023.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

3. INTERNATIONAL CLAIMS

The Group regards all claims on third parties outside Mainland China and claims denominated in foreign currencies on third parties inside Mainland China as international claims.

International claims include loans and advances to customers, deposits with central bank, deposits and placements with banks and other financial institutions, financial assets held under resale agreements and investments in debt securities.

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

	As at 30 June 2024		
	Banks and other financial institutions	Non-bank private institutions	Total
Asia Pacific	3,862.35	299.02	4,161.37
of which attributed to Hong Kong	639.84	–	639.84
North and South America	284.42	–	284.42
Europe	8.57	–	8.57
Oceania	28.43	–	28.43
Total	4,183.77	299.02	4,482.79

	As at 31 December 2023		
	Banks and other financial institutions	Non-bank private institutions	Total
Asia Pacific	4,680.84	289.24	4,970.08
of which attributed to Hong Kong	1,766.45	–	1,766.45
North and South America	345.99	–	345.99
Europe	16.39	–	16.39
Oceania	4.52	–	4.52
Total	5,047.74	289.24	5,336.98