晋商银行
Jinshang Bank

JINSHANG BANK CO., LTD.*
晉商銀行股份有限公司*

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

(Stock Code: 2558)

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

The board (the "**Board**") of directors (the "**Director(s)**") of Jinshang Bank Co., Ltd.* (the "**Bank**") is pleased to announce the unaudited consolidated interim results of the Bank and its subsidiary (the "**Group**") for the six months ended June 30, 2024 (the "**Reporting Period**"). The content of this results announcement has been prepared in accordance with applicable disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") in relation to preliminary announcements of interim results and the International Financial Reporting Standards (the "**IFRSs**") promulgated by the International Accounting Standards Board (the "**IASB**"). Such interim results have also been reviewed and confirmed by the Board and the audit committee of the Board. Unless otherwise indicated, the financial information set out in this announcement is on a consolidated basis and presented in Renminbi ("**RMB**").

1. CORPORATE INFORMATION

1.1 Basic Information

Legal Chinese Name	晉商銀行股份有限公司
Abbreviation in Chinese	晉商銀行
Legal English Name	Jinshang Bank Co., Ltd.
Abbreviation in English	Jinshang Bank
Legal Representative	HAO Qiang[1]
Authorized Representatives	HAO Qiang, WONG Wai Chiu
Listing Place of H shares	The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**")
Stock Name	JINSHANG BANK
Stock Code	2558

(1) According to the articles of association of the Bank, the chairwoman of the Bank is the legal representative.

1.2 Contact Persons and Contact Details

Secretary to the Board	LI Yanbin
Joint Company Secretaries	LI Yanbin, WONG Wai Chiu
Registered Address and Address of Head Office	No. 59 Changfeng Street, Xiaodian District, Taiyuan City, Shanxi Province, the PRC
Principal Place of Business in Hong Kong	40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong
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* *Jinshang 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.*

2. SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

	For the six months ended June 30,		
	2024	2023	Rate of change (%)
	(Expressed in millions of RMB, unless otherwise stated)		
Results of operations			
Interest income	**5,997.3**	5,718.4	4.9
Interest expense	**(3,778.5)**	(3,690.1)	2.4
Net interest income	**2,218.8**	2,028.3	9.4
Fee and commission income	**331.3**	433.3	(23.5)
Fee and commission expense	**(40.9)**	(74.4)	(45.0)
Net fee and commission income	**290.4**	358.9	(19.1)
Net trading gains	**(98.9)**	172.2	(157.4)
Net gains arising from investment securities	**352.5**	250.7	40.6
Other operating income(1)	**23.9**	24.6	(2.8)
Operating income	**2,786.7**	2,834.7	(1.7)

	For the six months ended June 30,		
	2024	2023	Rate of change (%)
	(Expressed in millions of RMB, unless otherwise stated)		
Operating expenses	**(920.4)**	(950.3)	(3.1)
Impairment losses on credit	**(808.2)**	(859.5)	(6.0)
Impairment losses on other assets	**(24.5)**	–	N/A
Share of profits of associate	**13.0**	16.1	(19.3)
Profit before tax	**1,046.6**	1,041.0	0.5
Income tax expense	**(17.2)**	(8.0)	115.0
Net profit	**1,029.4**	1,033.0	(0.3)
Net profit attributable to:			
Equity shareholders of the Bank	**1,030.4**	1,034.1	(0.4)
Non-controlling interests	**(1.0)**	(1.1)	(9.1)
Earnings per share attributable to equity shareholders of the Bank (RMB per share)			
—Basic	**0.18**	0.18	0.0
—Diluted	**0.18**	0.18	0.0

Note:

(1) Consists primarily of operating government grants and non-operating government grants.

	As of June 30, 2024	As of December 31, 2023	Rate of change (%)
	(Expressed in millions of RMB, unless otherwise stated)		
Key indicators for assets/liabilities			
Total assets	**370,863.1**	361,305.0	2.6
of which: net loans and advances to customers	**195,681.9**	185,609.7	5.4
Total liabilities	**345,557.2**	336,492.2	2.7
of which: deposits from customers	**298,635.2**	288,250.4	3.6
Total equity	**25,305.9**	24,812.8	2.0
of which: share capital	**5,838.7**	5,838.7	–
equity attributable to equity holders of the Bank	**25,290.7**	24,796.6	2.0

	For the six months ended June 30, 2024	2023	Change
Profitability indicators (%)			
Return on average total assets[(1)]	**0.56**	0.61	(0.05)
Return on average equity[(2)]	**8.22**	8.75	(0.53)
Net interest spread[(3)]	**1.14**	1.33	(0.19)
Net interest margin[(4)]	**1.29**	1.34	(0.05)
Net fee and commission income to operating income ratio	**10.42**	12.66	(2.24)
Cost-to-income ratio[(5)]	**31.54**	32.06	(0.52)

	As of June 30, 2024	As of December 31, 2023	Change
Asset quality indicators (%)			
NPL ratio[6]	**1.85**	1.78	0.07
Allowance coverage ratio[7]	**197.88**	198.71	(0.83)
Allowance to gross loan ratio[8]	**3.67**	3.54	0.13

	As of June 30, 2024	As of December 31, 2023	Change
Capital adequacy indicators (%)[9]			
Core tier-one capital adequacy ratio[10]	**9.78**	11.14	(1.36)
Tier-one capital adequacy ratio[11]	**9.78**	11.14	(1.36)
Capital adequacy ratio[12]	**11.59**	13.17	(1.58)
Total equity to total assets ratio	**6.82**	6.87	(0.05)

	As of June 30, 2024	As of December 31, 2023	Change
Other indicators (%)			
Loan-to-deposit ratio[13]	**69.61**	68.11	1.50
Liquidity coverage ratio[14]	**225.27**	242.06	(16.79)
Liquidity ratio[15]	**94.89**	104.13	(9.24)

	As of June 30, 2024	As of March 31, 2024	As of December 31, 2023
	(Expressed in millions of RMB, unless otherwise stated)		
Net stable funding ratio(16)			
Net stable funding ratio (%)	**125.56**	122.92	126.76
Available stable funding	**241,883.0**	233,353.5	231,274.6
Required stable funding	**192,648.8**	189,839.4	182,449.4

Notes:

(1) Calculated by dividing net profit by the average balance of total assets at the beginning and the end of the period, and adjusted on an annualized basis.

(2) Calculated by dividing net profit by the average balance of total equity at the beginning and the end of the period, and adjusted on an annualized basis.

(3) Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities.

(4) Calculated by dividing net interest income by the average balance of total interest-earning assets, and adjusted on an annualized basis.

(5) Calculated by dividing total operating expenses (net of taxes and surcharges) by total operating income.

(6) Calculated by dividing total non-performing loans ("**NPL**") by gross loans and advances to customers. Except as otherwise stated, the "gross loans and advances" referred to in this announcement exclude interest accrued.

(7) Calculated by dividing total allowance for impairment losses on loans to customers (including the provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income) by total NPLs.

(8) Calculated by dividing total allowance for impairment losses on loans to customers (including the provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income) by gross loans and advances to customers.

(9) Calculated in accordance with the Capital Administrative Measures for Commercial Banks《(商業銀行資本管理辦法》).

(10) Calculated by dividing core tier-one capital, net of core tier-one capital deductions, by risk-weighted assets.

(11) Calculated by dividing tier-one capital, net of tier-one capital deductions, by risk-weighted assets.

(12) Calculated by dividing total capital, net of capital deductions, by risk-weighted assets.

(13) Calculated by dividing gross loans and advances to customers by total deposits from customers (excluding interest accrued).

(14) Liquidity coverage ratio is calculated in accordance with the formula promulgated by the former China Banking and Insurance Regulatory Commission (the "**former CBIRC**"). Liquidity coverage ratio = eligible high-quality liquid assets/net cash outflows for the next 30 days × 100%.

(15) Liquidity ratio is calculated in accordance with the formula promulgated by the former CBIRC. Liquidity ratio = balance of current assets/balance of current liabilities × 100%.

(16) Net stable funding ratio is calculated in accordance with the formula stipulated in the Measures for Disclosure of Information on Net Stable Funding Ratio by Commercial Banks (Yin Bao Jian Fa [2019] No.11) (《商業銀行淨穩定資金比例信息披露辦法》(銀保監發[2019]11 號)) as promulgated by the former CBIRC. Net stable funding ratio = available stable funding/required stable funding × 100%.

3. MANAGEMENT DISCUSSION AND ANALYSIS

3.1 Review of the Economic, Financial and Policy Environment

During the Reporting Period, China's national economy was generally stable with steady progress, featuring steady increase of production, sustained recovery of demand, generally stable employment and prices, continued increase of household income, accelerating growth of new driving forces and new achievements of the high-quality development.

In the first half of 2024, the gross domestic product (GDP) amounted to RMB61,683.6 billion, representing an increase of 5.0% year-on-year on a constant price basis. Industrial production registered fast growth and equipment manufacturing industry played an underpinning role. The added value of national industrial enterprises above the designated size increased by 6.0% year-on-year in the first half of the year. The added value of the equipment manufacturing industry increased by 7.8%, and that of high-tech manufacturing industry increased by 8.7%, with the growth rate of 1.8 percentage points and 2.7 percentage points higher than that of the industrial enterprises above the designated size respectively. Market sales kept growing. The total retail sales of social consumer goods reached RMB23,596.9 billion in the first half of the year, increased by 3.7% year-on-year. The scale of fixed asset investment expanded, and investment in high-tech industries grew fast. The national fixed asset investment (excluding rural households) reached RMB24,539.1 billion in the first half of the year, increased by 3.9% year-on-year. Investment in high-tech industries recorded a 10.6% year-on-year increase, outpacing all investment by 6.7 percentage points. Imports and exports of goods grew fast. The total value of imports and exports of goods was RMB21,168.8 billion in the first half of the year, representing an increase of 6.1% year-on-year. Consumer price saw a mild pick-up and producer prices for industrial products witnessed a narrowed decline. The consumer price index (CPI) in the first half of the year increased by 0.1% year-on-year; while the producer prices for industrial products decreased by 2.1% year-on-year, the decrease of which was narrowed by 0.6 percentage point compared with that of the first quarter. Household income continued to grow. The nationwide per capita disposable income of households was RMB20,733, representing a nominal growth of 5.4% year-on-year.

During the Reporting Period, the overall economic development of Shanxi Province showed a trend of stable recovery and improvement quarter by quarter, with steady increase of production demand, generally stable employment and prices, and continued improvement of development quality.

The regional GDP of Shanxi Province amounted to RMB1,118.685 billion in the first half of 2024, representing an increase of 1.9% year-on-year on a constant price basis. Industrial production witnessed a narrowed decline with new driving forces. The added value of provincial industrial enterprises above the designated size decreased by 1.0% year-on-year in the first half of the year, the decline of which was narrowed by 0.1 percentage point compared with that of January-May 2024, of which the added value of high-tech manufacturing industry increased by 10.5% year-on-year. Investment in fixed asset rebounded slightly, the province's fixed asset investment in the first half of the year increased by 2.8% year-on-year, accelerated by 0.2 percentage point from that of January-May 2024. Investment in emerging industry showed a good growth momentum. In the first half of the year, the province's equipment manufacturing industry investment increased by 49.2% year-on-year, and high-tech industry investment increased by 23.7%. Market sales operated steadily. Total retail sales of social consumer goods in the province in the first half of the year amounted to RMB387.21 billion, representing a year-on-year increase of 2.2%. The consumer price index declined slightly, and the producer price index for industrial products witnessed a narrowed decline. The consumer price index in the province in the first half of the year decreased by 0.3% year-on-year, and the producer price index for industrial products in the province decreased by 9.2% year-on-year, the decline of which was narrowed by 1.3 percentage points compared to that of January-May 2024. Household income steadily increased, and the provincial per capita disposable income of households was RMB14,986 in the first half of the year, representing an increase of 5.2% year-on-year.

During the Reporting Period, China adhered to the general principle of pursuing progress while ensuring stability for its macroeconomic policies, pursued a prudent monetary policy that is flexible, moderate, precise, and effective, enhanced countercyclical adjustments, and comprehensively utilized tools such as interest rates, reserve funds, and re-lending, to actually serve the real economy, effectively prevent and control financial risks, and create a favorable monetary and financial environment for the continuous economic upturn. In the first half of 2024, the monetary and credit aggregates were moderate and the pace was stable. As of the end of June 2024, the broad money (M2) balance was RMB305.02 trillion, representing an increase of 6.2% year-on-year, and the balance of RMB loans was RMB250.85 trillion, increased by 8.8% year-on-year. Newly added RMB loans amounted to RMB13.27 trillion in the first half of the year. The stock of aggregate financing to the real economy reached RMB395.11 trillion as of the end of June 2024, representing a year-on-year increase of 8.1%. The cumulative increase of aggregate financing to the real economy in the first half of the year amounted to RMB18.1 trillion, decreased by RMB3.45 trillion compared with the same period of the previous year. Supply and demand in the foreign exchange market have been basically in equilibrium, current account surplus has remained stable, and foreign exchange reserves have been adequate. The RMB exchange rate has moved in both directions with stabilizing expectations and remained basically stable at an adaptive and equilibrium level.

3.2 Business Overview and Development Strategies

In the first half of 2024, guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Group always kept in mind its role as a provincial financial enterprise, earnestly practiced the mission of a local corporate bank, efficiently served the real economy, focused on risk prevention and control, and continued to promote the reform and transformation, with the aim of achieving new progress and achievements in the overall operation.

Firstly, the Group enhanced its political stance, and promoted the implementation of the "Five Priorities". Focusing on the ambitious goal of "accelerating the construction of a financial powerhouse" put forward by the Central Financial Work Conference, the Group studied and formulated the "Jinshang Bank's Action Plan on Doing a Good Job in the Five Priorities (《晉商銀行關於做好「五篇大文章」的行動方案》)", and actively deployed and promoted the implementation of the "Five Priorities". The Group formed a technology finance leadership group to promote the development concept and business strategy of technology finance. The Group incorporated green finance into the development strategic plan for 2021-2025, launched the "Green Series" green financial product system, and released environmental information disclosure report on a regular basis. Focusing on financial inclusion, the Group continued to broaden financing channels, optimize the approval method and upgrade the linkage mechanism. The Group also optimized its service strategy for the elderly clientele, providing them with a wide range of retirement investment options through a diversified wealth management service model. The Group fully implemented the digital transformation strategy and continued to broaden the depth and breadth of financial services in the enhancement of the data service and application capabilities.

Secondly, the Group fulfilled its mission and improved the quality and efficiency of serving the real economy. With the fundamental purpose of financial services for the real economy, the Group vigorously supported the transformation and upgrading of the manufacturing industry and the development of strategic emerging industries, and increased the supply of financial services in areas such as carbon emission reduction, technological innovation and equipment renewal and upgrade, so as to boost the real economy. The Group's credit was mainly directed to the key industrial chain built by Shanxi Province to accelerate the innovation of industrial chain and supply chain businesses. The Group successfully launched "Jinyun Chain (晉雲鏈)", a new coal trading mode. The Group also continued to enhance the core competitiveness of its county-level sub-branches, supported the construction of local key projects and the development of core leading enterprises, as well as consolidated and deepened strategic cooperation with governments and enterprises, with a view to accelerating the implementation of financial services.

Thirdly, the Group coordinated development and security and put more efforts on preventing and defusing risks. The Group strengthened risk control, earnestly implemented the requirements of early identification, early warning, early exposure and early disposal of risks, continuously reinforced risk control over all institutions, assets, risks, processes and personnel, and comprehensively improved the work quality and efficiency of all links of approval, post-lending management and asset preservation. As a result, the Group maintained a robust operation. The Group also focused on production safety, conscientiously implemented the relevant arrangements of the province on production safety and carried out a series of "Production Safety Month" activities. By doing so, the Group's production safety inspection covered all links and processes of operation, which effectively promoted the rectification of problems. In addition, to maintain operation compliance, the Group adapted to the requirements of "strong and strict supervision", internalized external regulations in an orderly manner, and continued to intensify audit supervision, compliance inspection and accountability for violations. Through these efforts, the Group's development safety was further consolidated.

Fourthly, the Group exercised full and strict governance over the Party and improved the effectiveness of Party conduct and integrity construction. The Group strengthened the study and education of Party discipline and set up a special team for the study and education of Party discipline, and formulated and distributed implementation plans to fully advance and deepen such study and education. The Group also deepened strict governance over the Party, resolutely shouldered our main responsibility, and maintained "strictness" over the Party governance and the whole process of operation and management. The Group constantly advanced the construction of clean banks and coordinated the integration of supervision forces, in order to further promote full and strict governance over the Party. Moreover, the Group focused on team building. For this purpose, the Group strictly controlled important criteria such as honesty and compliance in employee selection and appointment, comprehensively strengthened supervision over key positions, key personnel and young cadres, and paid close attention to improving the purity, professionalism and combat capability of financial teams.

In the second half of 2024, the Group will earnestly implement the guiding principles from the Third Plenary Session of the 20th CPC Central Committee, adhere to the general principle of pursuing progress while ensuring stability, adhere to its market positioning, and take root in Shanxi region. The Group will continue to increase support for the real economy, firmly guard the bottom line against systemic risks, actively explore the path of characteristic operation, and strive for high-quality development and high-standard safe and benign interaction within the Bank, in a bid to contribute to a new pattern of high-quality development of financial services in Shanxi Province.

3.3 Income Statement Analysis

	For the six months ended June 30,		
	2024	2023	Rate of change (%)
	(Expressed in millions of RMB, unless otherwise stated)		
Interest income	**5,997.3**	5,718.4	4.9
Interest expense	**(3,778.5)**	(3,690.1)	2.4
Net interest income	**2,218.8**	2,028.3	9.4
Fee and commission income	**331.3**	433.3	(23.5)
Fee and commission expense	**(40.9)**	(74.4)	(45.0)
Net fee and commission income	**290.4**	358.9	(19.1)
Net trading gains	**(98.9)**	172.2	(157.4)
Net gains arising from investment securities	**352.5**	250.7	40.6
Other operating income[1]	**23.9**	24.6	(2.8)
Operating income	**2,786.7**	2,834.7	(1.7)
Operating expenses	**(920.4)**	(950.3)	(3.1)
Impairment losses on credit	**(808.2)**	(859.5)	(6.0)
Impairment losses on other assets	**(24.5)**	–	N/A
Share of profits of associate	**13.0**	16.1	(19.3)
Profit before tax	**1,046.6**	1,041.0	0.5
Income tax expense	**(17.2)**	(8.0)	115.0
Net profit	**1,029.4**	1,033.0	(0.3)

Note:

(1) Consists primarily of operating government grants and non-operating government grants.

For the six months ended June 30, 2024, the operating income of the Group decreased by 1.7% from RMB2,834.7 million for the six months ended June 30, 2023 to RMB2,786.7 million, which was firstly due to the decrease in return on assets and net interest margin as affected by the downward of market interest rates; and secondly due to the fact that Group took the initiative to optimize its asset-liability structure and moderately reduced the scale of its trading financial investments, resulting in a year-on-year decrease in net trading gains and net gains arising from investment in securities. For the six months ended June 30, 2024, the profit before tax of the Group was RMB1,046.6 million, and net profit for the same period was RMB1,029.4 million, which was basically the same as that of the same period of the previous year. The return on average total assets of the Group decreased by 0.05 percentage point from 0.61% for the six months ended June 30, 2023 to 0.56% for the six months ended June 30, 2024; the return on average equity decreased by 0.53 percentage point from 8.75% for the six months ended June 30, 2023 to 8.22% for the six months ended June 30, 2024, mainly because the Group's total assets and net assets increased while the net profit failed to grow simultaneously as affected by the continuous narrowing of interest rate spreads.

3.3.1 Net interest income, net interest spread and net interest margin

For the six months ended June 30, 2024, the net interest income of the Group increased by 9.4% to RMB2,218.8 million from RMB2,028.3 million for the six months ended June 30, 2023, mainly due to the interest income increased by 4.9% during the Reporting Period, which was partially offset by an increase in interest expenses.

The net interest spread of the Group decreased from 1.33% for the six months ended June 30, 2023 to 1.14% for the six months ended June 30, 2024; the net interest margin of the Group decreased from 1.34% for the six months ended June 30, 2023 to 1.29% for the six months ended June 30, 2024, which was mainly due to the decrease in the yield on interest-earning assets from 3.79% to 3.49%, which was partially offset by the decrease in the cost of interest-bearing liabilities from 2.46% to 2.35%. The decrease in yield on interest-earning assets was firstly due to the lower average yields on new loans and advances as a result of the downward trend in the loan prime rate; and secondly due to the decrease in average yield on financial investment as a result of the fluctuation in the market rate. The decrease in the cost of interest-bearing liabilities was due to the fact that the Group lowered its nominal interest rate for deposits several times in the context of interest rate liberalization.

The following table sets forth the average balances of the Group's interest-earning assets and interest-bearing liabilities, the related interest income or expense, and the related average yield on assets or related average cost on liabilities for the six months ended June 30, 2023 and 2024.

	For the six months ended June 30,					
	2024			2023		
	Average balance	**Interest income/ expense**	**Average yield/cost (%)[1]**	Average balance	Interest income/ expense	Average yield/cost (%)[1]
	(in millions of RMB, except percentages)					
Interest-earning assets						
Loans and advances to customers	**200,036.9**	**4,097.8**	**4.10**	190,571.1	4,068.6	4.27
Financial investments[2]	**79,541.6**	**1,152.7**	**2.90**	72,227.4	1,246.1	3.45
Placements with banks and other financial institutions	**15,106.9**	**258.5**	**3.42**	5,018.6	83.6	3.33
Financial assets held under resale agreements	**30,783.2**	**348.8**	**2.27**	16,478.8	189.1	2.30
Deposits with the central bank[3]	**16,688.9**	**118.8**	**1.42**	15,918.1	110.0	1.38
Deposits with banks and other financial institutions	**1,414.9**	**20.7**	**2.93**	1,566.4	21.0	2.68
Total interest-earning assets	**343,572.4**	**5,997.3**	**3.49**	**301,780.4**	**5,718.4**	3.79
Interest-bearing liabilities						
Deposits from customers	**279,045.5**	**3,279.5**	**2.35**	252,601.3	3,143.3	2.49
Deposits from banks and other financial institutions	**36.2**	**0.3**	**1.66**	53.3	0.5	1.88
Placements from banks and other financial institutions	**329.6**	**3.3**	**2.00**	478.3	5.2	2.17
Financial assets sold under repurchase agreements	**17,811.3**	**176.3**	**1.98**	18,589.9	185.8	2.00
Debt securities issued[4]	**22,013.5**	**298.8**	**2.71**	25,580.9	329.9	2.58
Borrowing from the central bank	**2,062.7**	**20.3**	**1.97**	2,539.2	25.4	2.00
Total interest-bearing liabilities	**321,298.8**	**3,778.5**	**2.35**	299,842.9	3,690.1	2.46
Net interest income		**2,218.8**			2,028.3	
Net interest spread[5]			**1.14**			1.33
Net interest margin[6]			**1.29**			1.34

Notes:

(1) Calculated by dividing interest income/expense by average balance, and adjusted on an annualized basis.

(2) Consist of financial investments measured at amortised costs and financial investments measured at fair value through other comprehensive income.

(3) Consist primarily of statutory deposit reserves and surplus deposit reserves.

(4) Consist of certificates of interbank deposits, tier-two capital debts and financial bonds.

(5) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.

(6) Calculated by dividing net interest income by the average balance of total interest-earning assets, and adjusted on an annualized basis.

3.3.2 Interest income

For the six months ended June 30, 2024, interest income of the Group increased by 4.9% to RMB5,997.3 million from RMB5,718.4 million for the six months ended June 30, 2023, primarily due to an increase of 13.8% in the average balance of interest-earning assets from RMB301,780.4 million for the six months ended June 30, 2023 to RMB343,572.4 million for the six months ended June 30, 2024, which was partially offset by a decrease in the average yield on interest-earning assets from 3.79% for the six months ended June 30, 2023 to 3.49% for the six months ended June 30, 2024.

Interest income from loans and advances to customers

Interest income from loans and advances to customers increased by 0.7% from RMB4,068.6 million for the six months ended June 30, 2023 to RMB4,097.8 million for the six months ended June 30, 2024, primarily due to an increase of 5.0% in the average balance of loans and advances to customers from RMB190,571.1 million for the six months ended June 30, 2023 to RMB200,036.9 million for the six months ended June 30, 2024, which was partially offset by a decrease in the average yield on loans and advances to customers from 4.27% for the six months ended June 30, 2023 to 4.10% for the six months ended June 30, 2024. The increase in the average balance of loans and advances to customers was primarily because the Group adhered to the fundamental purpose of financial services for the real economy, focused on the major and important issues concerned by the provincial Party Committee and provincial government, identified the entry point and focus of financial support for the real economy, helped accelerate the cultivation and development of new quality productivity, and granted credit funds at the fastest speed and maximum limit. The decrease in the average yield on loans and advances to customers was firstly due to a decrease in the average yield on new loans to customers as a result of the downward trend in the loan prime rate, and secondly due to a decrease in the average yield of discounted bills affected by the downward trend in the bill market rate.

Interest income from financial investments

For the six months ended June 30, 2024, interest income from financial investments decreased by 7.5% from RMB1,246.1 million for the six months ended June 30, 2023 to RMB1,152.7 million, primarily due to a decrease in the average yield on financial investments from 3.45% for the six months ended June 30, 2023 to 2.90% for the six months ended June 30, 2024, which was partially offset by an increase of 10.1% in the average balance of financial investments from RMB72,227.4 million for the six months ended June 30, 2023 to RMB79,541.6 million for the six months ended June 30, 2024. The increase in the average balance of financial investments was primarily because the Group proactively adjusted its asset and liability structure and moderately increased the scale of financial investments measured at amortised cost; and the decrease in the average yield on financial investments was primarily due to the impact of the downturn in the bond market, which resulted in lower gains from newly allocated assets.

Interest income from placements with banks and other financial institutions

For the six months ended June 30, 2024, interest income from placements with banks and other financial institutions increased by 209.2% to RMB258.5 million from RMB83.6 million for the six months ended June 30, 2023, primarily due to an increase of 201.0% in the average balance of placements with banks and other financial institutions from RMB5,018.6 million for the six months ended June 30, 2023 to RMB15,106.9 million for the six months ended June 30, 2024, and an increase in the average yield on placements with banks and other financial institutions from 3.33% for the six months ended June 30, 2023 to 3.42% for the six months ended June 30, 2024. The increases in the average balance and the average yield on placements with banks and other financial institutions were primarily because the Group adjusted its asset and liability structure and increased the amount of placements with non-depository financial institutions with higher yield.

Interest income from financial assets held under resale agreements

For the six months ended June 30, 2024, interest income from financial assets held under resale agreements increased by 84.5% to RMB348.8 million from RMB189.1 million for the six months ended June 30, 2023, primarily due to an increase of 86.8% in the average balance of financial assets held under resale agreements from RMB16,478.8 million for the six months ended June 30, 2023 to RMB30,783.2 million for the six months ended June 30, 2024, which was partially offset by a decrease in the average yield of financial assets held under resale agreements from 2.30% for the six months ended June 30, 2023 to 2.27% for the six months ended June 30, 2024. The increase in average balance of financial assets held under resale agreements was primarily because the Group strengthened fund management, and increased the allocation of the financial assets held under resale agreements with strong liquidity in light of the asset yield.

Interest income from deposits with the central bank

Interest income from deposits with the central bank increased by 8.0% from RMB110.0 million for the six months ended June 30, 2023 to RMB118.8 million for the six months ended June 30, 2024, primarily due to an increase of 4.8% in the average balance of deposits with the central bank from RMB15,918.1 million for the six months ended June 30, 2023 to RMB16,688.9 million for the six months ended June 30, 2024, and the average yield increased from 1.38% for the six months ended June 30, 2023 to 1.42% for the six months ended June 30, 2024. The increases in the average balance of and the average yield on deposits with the central bank were primarily because the amount and proportion of statutory deposit reserves in the deposits with the central bank increased as deposits increased.

Interest income from deposits with banks and other financial institutions

For the six months ended June 30, 2024, interest income from deposits with banks and other financial institutions decreased by 1.4% from RMB21.0 million for the six months ended June 30, 2023 to RMB20.7 million, primarily due to a decrease of 9.7% in the average balance of deposits with banks and other financial institutions from RMB1,566.4 million for the six months ended June 30, 2023 to RMB1,414.9 million for the six months ended June 30, 2024, which was partially offset by an increase in the average yield from 2.68% for the six months ended June 30, 2023 to 2.93% for the six months ended June 30, 2024.

3.3.3 Interest expense

The Group's interest expense increased by 2.4% from RMB3,690.1 million for the six months ended June 30, 2023 to RMB3,778.5 million for the six months ended June 30, 2024, primarily due to an increase of 7.2% in the average balance of interest-bearing liabilities from RMB299,842.9 million for the six months ended June 30, 2023 to RMB321,298.8 million for the six months ended June 30, 2024, which was partially offset by a decrease of 0.11 percentage point in the average cost of interest-bearing liabilities from 2.46% for the six months ended June 30, 2023 to 2.35% for the six months ended June 30, 2024.

Interest expense on deposits from customers

Interest expense on deposits from customers increased by 4.3% from RMB3,143.3 million for the six months ended June 30, 2023 to RMB3,279.5 million for the six months ended June 30, 2024, primarily because the average balance of deposits from customers increased by 10.5% from RMB252,601.3 million for the six months ended June 30, 2023 to RMB279,045.5 million for the six months ended June 30, 2024 and the average cost on deposits from customers decreased by 0.14 percentage point from 2.49% for the six months ended June 30, 2023 to 2.35% for the six months ended June 30, 2024. The increase in the average balance of deposits from customers was primarily because the Group strived to enlarge its customer base, focused on the core customer base, enhanced customer loyalty, built brand characteristics, and promoted the growth of the deposit by strengthening product innovation, channel expansion and scenario construction. The decrease in the average cost was due to the decrease in interest payment costs as the Group adapted to the market changes and optimized the maturity structure of deposits through the adjustment of nominal interest rate on deposits.

Interest expense on deposits from banks and other financial institutions

Interest expense on deposits from banks and other financial institutions decreased by 40.0% from RMB0.5 million for the six months ended June 30, 2023 to RMB0.3 million for the six months ended June 30, 2024, mainly due to a decrease of 32.1% in the average balance of deposits from banks and other financial institutions from RMB53.3 million for the six months ended June 30, 2023 to RMB36.2 million for the six months ended June 30, 2024. Meanwhile, the average cost on the deposits from banks and other financial institutions decreased from 1.88% for the six months ended June 30, 2023 to 1.66% for the six months ended June 30, 2024.

Interest expense on placements from banks and other financial institutions

Interest expense on placements from banks and other financial institutions decreased by 36.5% from RMB5.2 million for the six months ended June 30, 2023 to RMB3.3 million for the six months ended June 30, 2024, mainly due to a decrease of 31.1% in the average balance of placements from banks and other financial institutions from RMB478.3 million for the six months ended June 30, 2023 to RMB329.6 million for the six months ended June 30, 2024, as well as a decrease of 0.17 percentage point in the average cost of placements from banks and other financial institutions from 2.17% for the six months ended June 30, 2023 to 2.00% for the six months ended June 30, 2024. The decrease in the average balance of placements from banks and other financial institutions was mainly because the Group reduced the borrowing of interbank funds in line with liquidity and liability management, and the decrease in the average cost was mainly due to the impact of the declining market funding rate.

Interest expense on financial assets sold under repurchase agreements

Interest expense on financial assets sold under repurchase agreements decreased by 5.1% from RMB185.8 million for the six months ended June 30, 2023 to RMB176.3 million for the six months ended June 30, 2024, mainly due to a decrease of 4.2% in the average balance of financial assets sold under repurchase agreements from RMB18,589.9 million for the six months ended June 30, 2023 to RMB17,811.3 million for the six months ended June 30, 2024. The decrease in the average balance of financial assets sold under repurchase agreements was mainly because the number of sold under repurchase agreements transactions was decreased in accordance with the Group's liquidity and liability management. The average cost of financial assets sold under repurchase agreements was basically the same as that of the same period of the previous year.

Interest expense on debt securities issued

Interest expense on debt securities issued decreased by 9.4% from RMB329.9 million for the six months ended June 30, 2023 to RMB298.8 million for the six months ended June 30, 2024, mainly due to a decrease of 13.9% in the average balance of debt securities issued from RMB25,580.9 million for the six months ended June 30, 2023 to RMB22,013.5 million for the six months ended June 30, 2024, which was partially offset by an increase of 0.13 percentage point in the average cost of debt securities issued from 2.58% for the six months ended June 30, 2023 to 2.71% for the six months ended June 30, 2024. The decrease in the average balance of debt securities issued was mainly because the Group adjusted its liability structure according to the liquidity and liability management needs and decreased the issuance of interbank deposits, and the increase in the average cost of debt securities issued was mainly due to the relatively higher cost of some outstanding interbank deposits as compared to last period, resulting in a slight increase in the average cost.

Interest expense on borrowing from the central bank

Interest expense on borrowing from the central bank decreased by 20.1% from RMB25.4 million for the six months ended June 30, 2023 to RMB20.3 million for the six months ended June 30, 2024, mainly due to a decrease of 18.8% in the average balance of borrowing from the central bank from RMB2,539.2 million for the six months ended June 30, 2023 to RMB2,062.7 million for the six months ended June 30, 2024, as well as a decrease of 0.03 percentage point in the average cost from 2.00% for the six months ended June 30, 2023 to 1.97% for the six months ended June 30, 2024. The decrease in the average balance of borrowing from the central bank was mainly due to the decrease in the borrowings of the Group from the central bank in light of ample market liquidity.

3.3.4 Net fee and commission income

The following table sets forth, for the six months ended June 30, 2023 and 2024, the principal components of net fee and commission income of the Group.

	For the six months ended June 30,			
	2024	2023	Amount change	Rate of change (%)
	(in millions of RMB, except percentages)			
Fee and commission income				
Wealth management business fees	**116.0**	91.5	24.5	26.8
Acceptance and guarantee service fees	**82.3**	86.4	(4.1)	(4.7)
Bank card service fees	**58.2**	79.9	(21.7)	(27.2)
Settlement and clearing fees	**45.5**	97.9	(52.4)	(53.5)
Agency service fees and others	**29.3**	77.6	(48.3)	(62.2)
Subtotal	**331.3**	433.3	(102.0)	(23.5)
Fee and commission expense				
Settlement and clearing fees	**(16.8)**	(20.7)	3.9	(18.8)
Bank card service fees	**(14.1)**	(30.9)	16.8	(54.4)
Agency service fees and others	**(10.0)**	(22.8)	12.8	(56.1)
Subtotal	**(40.9)**	(74.4)	33.5	(45.0)
Net fee and commission income	**290.4**	358.9	(68.5)	(19.1)

Net fee and commission income decreased by 19.1% from RMB358.9 million for the six months ended June 30, 2023 to RMB290.4 million for the six months ended June 30, 2024, mainly due to the decrease in fee and commission income by 23.5% from RMB433.3 million for the six months ended June 30, 2023 to RMB331.3 million for the six months ended June 30, 2024, which was partially offset by 45.0% decrease in fee and commission expenses from RMB74.4 million for the six months ended June 30, 2023 to RMB40.9 million for the six months ended June 30, 2024. The decrease in fee and commission income was due to the decrease in the agency business as a result of the decrease in the settlement of bank card business.

3.3.5 Net trading gains

Net trading gains of the Group decreased by 157.4% from RMB172.2 million for the six months ended June 30, 2023 to RMB-98.9 million for the six months ended June 30, 2024, primarily due to the decrease in gains on changes in fair value of the fund products.

3.3.6 Net gains arising from investment securities

Net gains arising from investment securities of the Group increased by 40.6% from RMB250.7 million for the six months ended June 30, 2023 to RMB352.5 million for the six months ended June 30, 2024, primarily due to the increase of dividends from fund products as compared with the same period of the previous year.

3.3.7 Operating expenses

The following table sets forth, for the six months ended June 30, 2023 and 2024, the principal components of operating expenses of the Group.

	For the six months ended June 30,			
	2024	2023	Amount change	Rate of change (%)
	(in millions of RMB, except percentages)			
Staff costs	**532.9**	541.0	(8.1)	(1.5)
Depreciation and amortization	**152.3**	156.2	(3.9)	(2.5)
Taxes and surcharges	**41.6**	41.6	0.0	0.0
Rental and property management expenses	**20.9**	21.0	(0.1)	(0.5)
Other general and administrative expenses(1)	**172.7**	190.5	(17.8)	(9.3)
Total operating expenses	**920.4**	950.3	(29.9)	(3.1)
Cost-to-income ratio(2)	**31.54%**	32.06%	(0.52%)	

Notes:

(1) Consist primarily of insurance premiums, electronic equipment operating cost, banknote shipping fee, business marketing expenses and security fee.

(2) Calculated by dividing total operating expenses (net of taxes and surcharges) by total operating income.

Operating expenses decreased by 3.1% from RMB950.3 million for the six months ended June 30, 2023 to RMB920.4 million for the six months ended June 30, 2024, primarily due to the strategy of reducing costs and increasing efficiency actively implemented by the Group, which requires to strictly reduce cost and optimise expenditure structure for constant efficiency improving.

For the six months ended June 30, 2023 and 2024, the Group's cost-to-income ratio (excluding taxes and surcharges) was 32.06% and 31.54%, respectively. The decrease in cost-to-income ratio was primarily due to the strategy of reducing costs and increasing efficiency actively implemented by the Group, which led to the decrease in operating expenses outweighing the decrease in operating income.

Staff costs

Staff costs decreased by 1.5% from RMB541.0 million for the six months ended June 30, 2023 to RMB532.9 million for the six months ended June 30, 2024. The following table sets forth the main components of staff costs for the periods indicated.

	For the six months ended June 30,			
	2024	2023	Amount change	Rate of change (%)
	(in millions of RMB, except percentages)			
Salaries, bonuses and allowances	**332.8**	354.5	(21.7)	(6.1)
Social insurance and annuity	**132.1**	119.5	12.6	10.5
Housing allowances	**40.5**	37.1	3.4	9.2
Staff welfare	**14.3**	15.1	(0.8)	(5.3)
Employee education expenses and labour union expenses	**11.3**	11.8	(0.5)	(4.2)
Supplementary retirement benefits	**–**	0.8	(0.8)	(100.0)
Others	**1.9**	2.2	(0.3)	(13.6)
Total staff costs	**532.9**	541.0	(8.1)	(1.5)

Depreciation and amortization

Depreciation and amortization expenses decreased by 2.5% from RMB156.2 million for the six months ended June 30, 2023 to RMB152.3 million for the six months ended June 30, 2024, which was basically the same as that of the same period of the previous year.

Taxes and surcharges

Taxes and surcharges amounted to RMB41.6 million for the six months ended June 30, 2024, which was the same as that of the same period of the previous year.

Rental and property management expenses

For the six months ended June 30, 2024, rental and property management expenses decreased by 0.5% to RMB20.9 million from RMB21.0 million for the six months ended June 30, 2023, which was basically the same as that of the same period of the previous year.

Other general and administrative expenses

Other general and administrative expenses primarily consisted of insurance premiums, electronic equipment operating cost, banknote shipping fee, business marketing expenses and security fee. The Group's other general and administrative expenses decreased by 9.3% from RMB190.5 million for the six months ended June 30, 2023 to RMB172.7 million for the six months ended June 30, 2024, primarily because the Group strictly restricted expenses by significantly reduced unnecessary expenditures and non-urgent expenditures, so as to direct the limited financial resources to projects with better returns.

3.3.8 Impairment losses on credit

The following table sets forth the principal components of the Group's impairment losses on credit for the periods indicated.

	For the six months ended June 30,			
	2024	2023	Amount change	Rate of change (%)
	(in millions of RMB, except percentages)			
Impairment losses on credit				
Loans and advances to customers	**978.3**	462.4	515.9	111.6
Placements with banks and other financial institutions	**10.1**	24.7	(14.6)	(59.1)
Deposits with banks and other financial institutions	**1.2**	(0.3)	1.5	N/A
Financial assets held under resale agreements	**0.4**	–	0.4	N/A
Credit commitments	**(36.4)**	46.3	(82.7)	(178.6)
Financial investments	**(144.6)**	321.0	(465.6)	(145.0)
Others	**(0.8)**	5.4	(6.2)	(114.8)
Total	**808.2**	859.5	(51.3)	(6.0)

The Group's impairment losses on credit was RMB808.2 million for the six months ended June 30, 2024, representing a decrease of 6.0% from RMB859.5 million for the six months ended June 30, 2023, primarily due to the decrease in the provision for impairment of financial investments and credit commitments of the Group based on the expected credit loss method model, taking into account macro-economic situations, the Group's scale and quality of assets, default rates, default probabilities and other factors.

3.3.9 Income tax expense

The following table sets forth the reconciliation between the income tax calculated at the statutory income tax rate applicable to the Group's profit before tax and the Group's actual income tax for the periods indicated.

	For the six months ended June 30,			
	2024	2023	Amount change	Rate of change (%)
	(in millions of RMB, except percentages)			
Profit before tax	**1,046.6**	1,041.0	5.6	0.5
Income tax calculated at applicable statutory tax rate of 25%	**261.7**	260.3	1.4	0.5
Non-deductible expenses and others	**2.9**	15.7	(12.8)	(81.5)
Non-taxable income[1]	**(247.4)**	(268.0)	20.6	(7.7)
Income tax expense	**17.2**	8.0	9.2	115.0

Note:

(1) Non-taxable income mainly represents the interest income arising from the PRC government bonds and dividends from domestic funds.

Income tax expense increased by 115.0% from RMB8.0 million for the six months ended June 30, 2023 to RMB17.2 million for the six months ended June 30, 2024, mainly due to the decrease in non-taxable income.

3.4 Financial Statement Analysis

3.4.1 Assets

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

	As of June 30, 2024		As of December 31, 2023	
	Amount	**% of total (%)**	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Cash and deposits with the central bank	**21,113.2**	**5.7**	22,260.5	6.2
Deposits with banks and other financial institutions	**2,905.1**	**0.8**	2,356.7	0.7
Placements with banks and other financial institutions	**16,441.7**	**4.4**	13,674.4	3.8
Financial assets held under resale agreements	**29,901.3**	**8.1**	41,514.9	11.5
Net loans and advances to customers	**195,681.9**	**52.8**	185,609.7	51.3
Net financial investments	**99,572.7**	**26.8**	90,815.4	25.0
Investment in an associate	**356.5**	**0.1**	343.6	0.1
Property and equipment	**1,255.8**	**0.3**	1,306.4	0.4
Deferred tax assets	**2,191.9**	**0.6**	2,079.3	0.6
Other assets[1]	**1,443.0**	**0.4**	1,344.1	0.4
Total assets	**370,863.1**	**100.0**	361,305.0	100.0

Note:

(1) Consists primarily of accounts receivable and prepayments, intangible assets and right-to-use assets.

The Group's total assets increased by 2.6% from RMB361,305.0 million as of December 31, 2023 to RMB370,863.1 million as of June 30, 2024, primarily due to the increase in size of the net loans and advances to customers as the Group insisted on the implementation of financial services to the real economy and stepped up support for the real economy.

Loans and advances to customers

The following table sets forth the breakdown of the Group's loans by business line as of the dates indicated.

	As of June 30, 2024		As of December 31, 2023	
	Amount	**% of total (%)**	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Corporate loans	**130,396.7**	**64.5**	120,284.4	62.8
Personal loans	**33,110.8**	**16.4**	31,819.7	16.6
Discounted bills	**38,511.4**	**19.1**	39,332.0	20.6
Gross loans and advances to customers	**202,018.9**	**100.0**	191,436.1	100.0
Interest accrued	**1,051.3**		951.9	
Less: Allowance for impairment on loans and advances to customers measured at amortised cost	**(7,388.3)**		(6,778.3)	
Net loans and advances to customers	**195,681.9**		185,609.7	

Corporate loans

As of June 30, 2024, the Group's corporate loans amounted to RMB130,396.7 million, representing an increase of 8.4% from RMB120,284.4 million as of December 31, 2023, primarily because the Group actively implemented the relevant deployment of the provincial Party Committee and provincial government and regulatory authorities on serving the real economy, continued to strengthen its efforts in providing quality financial services for key areas and industries supported by the country and regions, proactively fulfilled the responsibilities of financial state-owned enterprises, and enhanced the quality and efficiency of its financial services to the real economy.

The following table sets forth the breakdown of the Group's corporate loans by contract maturity as of the dates indicated.

	As of June 30, 2024		As of December 31, 2023	
	Amount	**% of total (%)**	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Short-term loans and advances (one year or less)	**53,665.1**	**41.2**	48,935.5	40.7
Medium-and long-term loans (above one year)	**76,731.6**	**58.8**	71,348.9	59.3
Total corporate loans	**130,396.7**	**100.0**	120,284.4	100.0

Short-term loans and advances as a percentage of total corporate loans increased from 40.7% as of December 31, 2023 to 41.2% as of June 30, 2024, while medium-and long-term loans as a percentage of total corporate loans decreased from 59.3% as of December 31, 2023 to 58.8% as of June 30, 2024. The percentage change of the above-mentioned corporate loan portfolio was primarily because the Group, in line with the requirements of developing new quality productivity, focused on areas such as technological innovation, new, distinctive, specialized and sophisticated business, and green and low-carbon development, increased credit extension in response to the financing needs of medium, small and micro enterprises, which are "short-term, frequent and urgent".

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

	As of June 30, 2024		As of December 31, 2023	
	Amount	**% of total (%)**	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Working capital loans	**84,876.7**	**65.1**	75,797.8	63.0
Fixed asset loans	**31,918.2**	**24.5**	33,311.2	27.7
Others[(1)]	**13,601.8**	**10.4**	11,175.4	9.3
Total corporate loans	**130,396.7**	**100.0**	120,284.4	100.0

Note:

(1) Consist primarily of trade financing, syndicated loans and merger and acquisition loans.

Personal loans

As of June 30, 2024, the Group's personal loans amounted to RMB33,110.8 million, representing an increase of 4.1% from RMB31,819.7 million as of December 31, 2023. The increase was primarily due to the fact that the Group made great efforts in the digital transformation of its personal loans, continuously accelerated its product innovation and optimization capabilities, continued to strengthen the level of customer services for small and micro customers, continued to strengthen its ability to build credit card consumption scenarios, and continuously increased the transformation of its personal consumption loans, resulting in a steady increase in the number of personal loan customers and the scale of assets.

The table below sets forth the distribution of the Group's personal loans by product type as of the dates indicated.

	As of June 30, 2024		As of December 31, 2023	
	Amount	**% of total (%)**	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Residential mortgage loans	**24,074.4**	**72.7**	22,983.7	72.2
Personal consumption loans	**3,646.6**	**11.0**	2,938.7	9.2
Personal business loans	**1,311.3**	**4.0**	1,294.6	4.1
Credit card balances	**4,078.5**	**12.3**	4,602.7	14.5
Total personal loans	**33,110.8**	**100.0**	31,819.7	100.0

As of June 30, 2024, residential mortgage loans amounted to RMB24,074.4 million, representing an increase of 4.7% from RMB22,983.7 million as of December 31, 2023. The increase was primarily due to the fact that the Group continued to provide financial services for residents with rigid housing needs, continued to make efforts in second-hand residential mortgage loans through breakthroughs in the online capability of residential mortgage loans, which further improved service efficiency with the loan scale also increased steadily.

As of June 30, 2024, personal consumption loans amounted to RMB3,646.6 million, representing an increase of 24.1% from RMB2,938.7 million as of December 31, 2023, which was primarily attributable to the fact that the Group has continuously made breakthroughs in online personal consumption loans with a focus on customer needs and products, and has continued to iteratively optimize its products based on "housing e-loans (房e貸)" and "credit e-loans (信e貸)", providing residents with convenient financial services while increasing the scale of personal consumption loans.

As of June 30, 2024, personal business loans amounted to RMB1,311.3 million, representing an increase of 1.3% from RMB1,294.6 million as of December 31, 2023, which was primarily due to the fact that the Group enhanced its technology-enabled investment to constantly optimise its integrated small and micro-finance service platform project, and innovated to launch the "Jinshang e-loan (晉商 e 貸)", an online credit loan product mainly serving small and micro entrepreneurs and individual businesses, which has expanded the coverage of the target clientele for personal business loans and made it more accessible.

As of June 30, 2024, credit card balances amounted to RMB4,078.5 million, representing a decrease of 11.4% from RMB4,602.7 million as of December 31, 2023, which was primarily due to the fact that during the Reporting Period, on the one hand, in the face of macro-economic volatility and the impact of a weaker-than-expected recovery in consumer demand and an increase in precautionary savings, the overall customer vitality of the credit card industry declined; on the other hand, with the rise of the consumer finance market, various consumer financial products and "credit card-like" products emerged, leading to the segmentation of the youth consumer market and causing a certain impact on credit card consumption.

Discounted bills

The balance of discounted bills decreased by 2.1% from RMB39,332.0 million as of December 31, 2023 to RMB38,511.4 million as of June 30, 2024, which was mainly attributable to the Group's adjustments in the structure of assets and liabilities, the scale of discounted bills was reduced.

Financial investments

As of June 30, 2024, the Group's net financial investments (mainly consisting of debt securities investment and special purpose vehicles ("**SPV**") investment) reached RMB99,572.7 million, representing an increase of 9.6% from RMB90,815.4 million as of December 31, 2023, which was mainly attributable to the Group's initiative to adjust the structure of its assets and liabilities, which increased the investment scale of fund assets and bond assets.

The following table sets forth the classification of the Group's financial investments, based on its business model and cash flow characteristics, as of December 31, 2023 and June 30, 2024.

	As of June 30, 2024		As of December 31, 2023	
	Amount	**% of total (%)**	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Financial investments measured at amortised cost	**77,759.6**	**77.5**	75,117.9	82.0
Financial investments measured at fair value through other comprehensive income	**4,837.6**	**4.8**	4,731.0	5.2
Financial investments measured at fair value through profit or loss	**17,761.2**	**17.7**	11,731.8	12.8
Total financial investments	**100,358.4**	**100.0**	91,580.7	100.0

	As of June 30, 2024		As of December 31, 2023	
	Amount	**% of total (%)**	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Interests accrued	**892.3**		1,056.9	
Less: allowance for impairment losses	**(1,678.0)**		(1,822.2)	
Net financial investments	**99,572.7**		90,815.4	

Debt securities investment

The following table sets forth the components of the Group's debt securities investment by issuer as of December 31, 2023 and June 30, 2024.

	As of June 30, 2024		As of December 31, 2023	
	Amount	**% of total (%)**	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Debt securities issued by PRC government	**53,168.2**	**71.1**	49,788.7	69.6
Debt securities issued by policy banks	**14,900.5**	**19.9**	15,228.8	21.2
Debt securities issued by commercial banks and other financial institutions	**5,081.9**	**6.8**	5,357.0	7.5
Debt securities issued by corporates	**1,632.9**	**2.2**	1,187.1	1.7
Total debt securities investment	**74,783.5**	**100.0**	71,561.6	100.0

The Group's investment in debt securities issued by the PRC government increased by 6.8% from RMB49,788.7 million as of December 31, 2023 to RMB53,168.2 million as of June 30, 2024, which was primarily due to the fact that the Group optimised the asset and liability structure by increasing investment in debt securities issued by the PRC government.

The Group's investment in debt securities issued by policy banks decreased by 2.2% from RMB15,228.8 million as of December 31, 2023 to RMB14,900.5 million as of June 30, 2024, which was primarily due to the fact that such debt securities were not renewed after maturity upon the Group's comprehensive consideration of asset allocation and market conditions.

The Group's investment in debt securities issued by commercial banks and other financial institutions decreased by 5.1% from RMB5,357.0 million as of December 31, 2023 to RMB5,081.9 million as of June 30, 2024, which was basically the same as that of the end of last year.

The Group's investment in debt securities issued by corporates increased by 37.6% from RMB1,187.1 million as of December 31, 2023 to RMB1,632.9 million as of June 30, 2024, which was primarily due to an appropriate increase in the investment in debt securities issued by corporates as a result of the Group's need to support the real economy.

SPV investment

The following table sets forth the distribution of the Group's SPV investment by product type as of December 31, 2023 and June 30, 2024.

	As of June 30, 2024		As of December 31, 2023	
	Amount	**% of total (%)**	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Trust plans	**764.8**	**4.6**	854.8	8.4
Asset management plans	**953.1**	**5.7**	1,231.4	12.2
Funds	**15,055.6**	**89.7**	8,062.7	79.4
Total SPV investment	**16,773.5**	**100.0**	10,148.9	100.0

As of June 30, 2024, the total SPV investment increased by 65.3% from RMB10,148.9 million as of December 31, 2023 to RMB16,773.5 million, which was primarily due to an appropriate increase in the investment in fund products after the Group's comprehensive consideration of liquidity and asset allocation needs.

Other components of the Group's assets

The following table sets forth the composition of the Group's other components of assets as of December 31, 2023 and June 30, 2024.

	As of June 30, 2024		As of December 31, 2023	
	Amount	**% of total (%)**	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Cash and deposits with the central bank	**21,113.2**	**27.9**	22,260.5	26.2
Deposits with banks and other financial institutions	**2,905.1**	**3.8**	2,356.7	2.8
Placements with banks and other financial institutions	**16,441.7**	**21.8**	13,674.4	16.1
Financial assets held under resale agreements	**29,901.3**	**39.5**	41,514.9	48.9
Investment in an associate	**356.5**	**0.5**	343.6	0.4
Property and equipment	**1,255.8**	**1.7**	1,306.4	1.5
Deferred income tax assets	**2,191.9**	**2.9**	2,079.3	2.5
Other assets[1]	**1,443.0**	**1.9**	1,344.1	1.6
Total other components of assets	**75,608.5**	**100.0**	84,879.9	100.0

Note:

(1) Consists primarily of accounts receivable and prepayments, intangible assets and right-of-use assets.

As of June 30, 2024, total other components of assets decreased by 10.9% to RMB75,608.5 million from RMB84,879.9 million as of December 31, 2023, which was primarily due to the decrease in the financial assets held under resale agreements. Financial assets held under resale agreements decreased by 28.0% from RMB41,514.9 million as of December 31, 2023 to RMB29,901.3 million as of June 30, 2024, which was mainly due to the Group's continuous optimization of its asset-liability structure, which resulted in a reduction in the scale of financial assets held under resale agreement.

3.4.2 Liabilities

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

	As of June 30, 2024		As of December 31, 2023	
	Amount	**% of total (%)**	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Borrowing from the central bank	**2,661.6**	**0.8**	1,726.2	0.5
Deposits from banks and other financial institutions	**40.5**	**0.0**	46.9	0.0
Financial assets sold under repurchase agreements	**15,260.4**	**4.4**	22,078.7	6.6
Deposits from customers	**298,635.2**	**86.4**	288,250.4	85.6
Income tax payable	**119.0**	**0.0**	322.4	0.1
Debt securities issued(1)	**25,114.7**	**7.3**	21,825.9	6.5
Other liabilities(2)	**3,725.8**	**1.1**	2,241.7	0.7
Total liabilities	**345,557.2**	**100.0**	336,492.2	100.0

Notes:

(1) Consist of interbank deposit and tier-two capital debts.

(2) Consist primarily of accounts payable in the process of clearance and settlement, dividend payable, employee compensation payable, lease liabilities and provisions.

As of June 30, 2024, the Group's total liabilities amounted to RMB345,557.2 million, representing an increase of 2.7% from RMB336,492.2 million as of December 31, 2023, mainly due to the increase in the scale of deposits from customers.

Deposits from customers

As of June 30, 2024, the Group's deposits from customers amounted to RMB298,635.2 million, representing an increase of 3.6% from RMB288,250.4 million as of December 31, 2023. The increase in deposits from customers was mainly due to the fact that the Group continued to improve the level of its services for individual customers and actively explored product and service innovations to facilitate the steady increase in personal deposits.

The following table sets forth the distribution of the Group's deposits from customers by product type and term structure of deposits as of December 31, 2023 and June 30, 2024.

	As of June 30, 2024		As of December 31, 2023	
	Amount	**% of total (%)**	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Corporate deposits				
Demand	**56,841.1**	**19.6**	57,557.2	20.5
Time	**67,682.5**	**23.3**	70,109.4	24.9
Subtotal	**124,523.6**	**42.9**	127,666.6	45.4
Personal deposits				
Demand	**14,734.4**	**5.1**	14,452.6	5.1
Time	**132,567.3**	**45.7**	119,395.0	42.5
Subtotal	**147,301.7**	**50.8**	133,847.6	47.6
Others[1]	**18,404.4**	**6.3**	19,567.8	7.0
Total	**290,229.7**	**100.0**	281,082.0	100.0
Interest accrued	**8,405.5**		7,168.4	
Deposits from customers	**298,635.2**		288,250.4	

Note:

(1) Consist primarily of pledged deposits, inward and outward remittances and fiscal deposits.

Debt securities issued

As of June 30, 2024, debt securities issued amounted to RMB25,114.7 million, representing an increase of 15.1% from RMB21,825.9 million as of December 31, 2023, and the increase in debt securities issued was mainly due to the increased scale of interbank deposits by adjusting the structure of assets and liabilities.

Financial assets sold under repurchase agreements

As of June 30, 2024, financial assets sold under repurchase agreements amounted to RMB15,260.4 million, representing a decrease of 30.9% from RMB22,078.7 million as of December 31, 2023, primarily because the Group appropriately reduced the scale of financial assets sold under repurchase agreements in accordance with the needs of asset and liability management.

3.4.3 Equity

The following table sets forth the components of the Group's equity as of the dates indicated.

	As of June 30, 2024		As of December 31, 2023	
	Amount	**% of total (%)**	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Share capital	**5,838.7**	**23.1**	5,838.7	23.5
Capital reserve	**6,627.6**	**26.2**	6,627.6	26.7
Surplus reserve	**5,063.2**	**20.0**	4,361.3	17.6
General reserve	**4,228.1**	**16.6**	4,228.1	17.0
Fair value reserve	**(40.4)**	**(0.2)**	(42.6)	(0.2)
Impairment reserve	**20.9**	**0.1**	3.5	0.0
Deficit on remeasurement of net defined benefit liability	**(5.9)**	**(0.0)**	(5.3)	(0.0)
Retained earnings	**3,558.5**	**14.1**	3,785.3	15.3
Equity attributable to equity holders of the Bank	**25,290.7**	**99.9**	24,796.6	99.9
Non-controlling interests	**15.2**	**0.1**	16.2	0.1
Total equity	**25,305.9**	**100.0**	24,812.8	100.0

As of June 30, 2024, the total equity of the Group amounted to RMB25,305.9 million, representing an increase of 2.0% from RMB24,812.8 million as of December 31, 2023. As of the same date, the equity attributable to equity holders of the Bank amounted to RMB25,290.7 million, representing an increase of 2.0% from RMB24,796.6 million as of December 31, 2023. The increase in equity was mainly attributable to the increase in retained earnings due to net profit, which was partially offset by the payment of dividends for the period. For the six months ended June 30, 2024, the Group realized a net profit of RMB1,029.4 million; according to the 2023 profit distribution plan approved at the general meeting, cash dividends of RMB583.9 million were distributed to all shareholders of the Bank (the "**Shareholders**").

3.5 Off-balance Sheet Items Analysis

The following table sets forth the contractual amounts of the Group's off-balance sheet commitments as of December 31, 2023 and June 30, 2024.

	As of June 30, 2024	As of December 31, 2023
	(in millions of RMB)	
Loan commitments	**7,168.9**	8,803.2
Credit card commitments	**5,856.3**	6,724.9
Bank acceptances	**36,051.1**	44,684.7
Letters of credit	**8,746.6**	9,552.6
Letters of guarantee	**116.5**	109.7
Capital commitments	**62.0**	19.4
Total off-balance sheet commitments	**58,001.4**	69,894.5

As of June 30, 2024, the Group's total off-balance sheet commitments amounted to RMB58,001.4 million, representing a decrease of 17.0% from RMB69,894.5 million as of December 31, 2023, mainly due to the decrease in balance of loan commitments and bank acceptances.

3.6 Asset Quality Analysis

Distribution of loans by the five-category loan classification

The following table sets forth the distribution of the Group's loans by the five-category loan classification as of December 31, 2023 and June 30, 2024. According to the current guidelines of risk-based classification of loans, NPLs are classified as substandard, doubtful and loss.

	As of June 30, 2024		As of December 31, 2023	
	Amount	**% of total (%)**	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Normal	**188,137.8**	**93.1**	180,926.1	94.5
Special Mention	**10,134.2**	**5.0**	7,097.7	3.7
Subtotal	**198,272.0**	**98.1**	188,023.8	98.2
Substandard	**1,395.2**	**0.8**	867.5	0.4
Doubtful	**1,645.4**	**0.8**	1,667.5	0.9
Loss	**706.3**	**0.3**	877.3	0.5
Subtotal	**3,746.9**	**1.9**	3,412.3	1.8
Gross loans and advances to customers	**202,018.9**	**100.0**	191,436.1	100.0
NPL ratio[1]		**1.85**		1.78

Note:

(1) Calculated by dividing total NPLs by gross loans and advances to customers.

As of June 30, 2024, according to the five-category loan classification, the Group's normal loans amounted to RMB188,137.8 million, representing an increase of RMB7,211.7 million from that as of December 31, 2023, accounting for 93.1% of the gross loans and advances to customers. Special mention loans amounted to RMB10,134.2 million, representing an increase of RMB3,036.5 million from that as of December 31, 2023, accounting for 5.0% of the gross loans and advances to customers. NPLs amounted to RMB3,746.9 million, representing an increase of RMB334.6 million from that as of December 31, 2023. The NPL ratio was 1.85%, representing an increase of 0.07 percentage point from that as of December 31, 2023. Both total NPLs and NPL ratio increased, mainly due to the fact that certain of the Group's coal mining enterprise customers and coking enterprise customers were affected by the continuous weakening of the coal and coking market in the first half of the year and the internal management of the enterprises, which caused operational difficulties and resulted in defaults of their loans.

Distribution of loans by collateral

The following table sets forth the distribution of the Group's loans and advances to customers by types of collateral as of December 31, 2023 and June 30, 2024.

	As of June 30, 2024		As of December 31, 2023	
	Amount	**% of total (%)**	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Pledged loans[1]	**49,965.4**	**24.8**	50,239.1	26.2
Collateralized loans[1]	**30,370.3**	**15.0**	29,073.5	15.2
Guaranteed loans[1]	**88,443.1**	**43.8**	85,809.1	44.8
Unsecured loans	**33,240.1**	**16.4**	26,314.4	13.8
Gross loans and advances to customers	**202,018.9**	**100.0**	191,436.1	100.0

Note:

(1) Represent the total amount of loans fully or partially secured by collateral, pledges or guarantees in each category. If a loan is secured by more than one form of security interest, the categorization is based on the primary form of security interest.

Distribution of corporate loans by industry

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

	As of June 30, 2024		As of December 31, 2023	
	Amount	**% of total** (%)	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Manufacturing	**45,007.0**	**34.5**	43,960.9	36.6
Mining	**25,460.0**	**19.5**	23,610.6	19.6
Wholesale and retail	**11,786.2**	**9.0**	10,089.9	8.4
Leasing and business services	**11,318.8**	**8.7**	8,985.8	7.5
Real estate	**9,689.0**	**7.4**	8,469.3	7.0
Construction	**8,249.9**	**6.3**	6,942.4	5.8
Electricity, heating, gas and water production and supply	**6,608.5**	**5.1**	5,081.7	4.2
Water, environment and public utility management	**4,084.5**	**3.1**	3,595.4	3.0
Transportation, warehousing and postal services	**3,471.3**	**2.7**	3,043.9	2.5
Finance	**1,211.0**	**0.9**	2,841.4	2.4
Lodging and catering	**331.9**	**0.3**	591.2	0.5
Education	**158.5**	**0.1**	138.0	0.1
Agriculture, forestry, animal husbandry and fishery	**63.2**	**0.1**	154.6	0.1
Others[1]	**2,956.9**	**2.3**	2,779.3	2.3
Total corporate loans	**130,396.7**	**100.0**	120,284.4	100.0

Note:

(1) Consist primarily of the following industries: (i) scientific research and technical services; (ii) health and social services; (iii) culture, sports and entertainment; (iv) information transmission, software and information technology services; and (v) resident services, maintenance and other services.

For the six months ended June 30, 2024, the Group further optimized its credit structure and actively supported the development of the real economy. As of June 30, 2024, the Group's five major components of corporate loans were offered to customers in the following industries: manufacturing, mining, wholesale and retail, leasing and business services and real estate, and the total loans to corporate customers in the top five industries amounted to RMB103,261.0 million, accounting for 79.1% of the total corporate loans and advances to customers granted by the Group.

Distribution of non-performing corporate loans by industry

The following table sets forth the distribution of the Group's NPLs to corporate customers by industry as of the dates indicated.

	As of June 30, 2024			As of December 31, 2023		
	Amount	**% of total (%)**	**NPL ratio[1] (%)**	Amount	% of total (%)	NPL ratio[1] (%)
	(in millions of RMB, except percentages)					
Manufacturing	**915.6**	**29.4**	**2.03**	327.9	12.6	0.75
Real estate	**875.2**	**28.2**	**9.03**	894.0	34.3	10.56
Leasing and business services	**577.4**	**18.6**	**5.10**	602.8	23.2	6.71
Construction	**280.1**	**9.0**	**3.40**	280.2	10.8	4.04
Wholesale and retail	**272.7**	**8.8**	**2.31**	454.1	17.4	4.50
Mining	**149.0**	**4.8**	**0.59**	–	–	–
Agriculture, forestry, animal husbandry and fishery	**8.7**	**0.3**	**13.77**	8.7	0.3	5.63
Lodging and catering	**6.5**	**0.2**	**1.96**	11.4	0.4	1.93
Education	**5.6**	**0.2**	**3.53**	5.6	0.2	4.06
Transportation, warehousing and postal services	**3.7**	**0.1**	**0.11**	3.9	0.1	0.13
Water, environment and public utility management	**1.5**	**0.1**	**0.04**	1.5	0.1	0.04
Others[2]	**12.3**	**0.3**	**0.42**	12.6	0.6	0.45
Total non-performing corporate loans	**3,108.3**	**100.0**	**2.38**	2,602.7	100.0	2.16

Notes:

(1) Calculated by dividing NPLs to corporate customers in each industry by gross loans to corporate customers in that industry.

(2) Consist primarily of the following industries: (i) health and social services; (ii) culture, sports and entertainment; (iii) resident services, maintenance and other services; (iv) information transmission, software and information technology services; and (v) scientific research and technical services.

As of June 30, 2024, the Group's non-performing corporate loans were mainly from manufacturing, real estate, leasing and business services industries.

As of December 31, 2023 and June 30, 2024, the NPL ratio for corporate loans in the manufacturing industry was 0.75% and 2.03%, respectively. Non-performing corporate loans to borrowers in such industry accounted for 12.6% and 29.4% of the total non-performing corporate loans, respectively. The balance of non-performing corporate loans to the manufacturing industry increased from RMB327.9 million as of December 31, 2023 to RMB915.6 million as of June 30, 2024. The higher balance of non-performing loans of the Group in the manufacturing industry was attributable to the difficulties in the operation of certain of the Group's coking enterprises in the first half of 2024 due to the impact of the market situation and the internal management of the enterprises, which resulted in loan defaults and being classified as non-performing.

As of December 31, 2023 and June 30, 2024, the NPL ratio for corporate loans in the real estate industry was 10.56% and 9.03%, respectively. Non-performing corporate loans to borrowers in such industry accounted for 34.3% and 28.2% of the total non-performing corporate loans, respectively. The balance of non-performing corporate loans to the real estate industry decreased from RMB894.0 million as of December 31, 2023 to RMB875.2 million as of June 30, 2024. The Group's non-performing loans in the real estate industry have reached the stage of judicial compulsory enforcement to preserve the sufficient assets despite their relatively high balance. The Group continued to increase its efforts in collection and disposal, so that a downward trend has shown in such balance of NPLs and the NPL ratio.

As of December 31, 2023 and June 30, 2024, the NPL ratio for corporate loans in the leasing and business services industry was 6.71% and 5.10%, respectively. Non-performing corporate loans to borrowers in such industry accounted for 23.2% and 18.6% of the total non-performing corporate loans, respectively. The balance of non-performing corporate loans to the leasing and business services industry decreased from RMB602.8 million as of December 31, 2023 to RMB577.4 million as of June 30, 2024. It was attributable to the lower rental rates of commercial complexes held by certain companies, low rental income and the declining operating income resulted from the continued sluggish development of the business services industry in recent years due to the impact of the economic downturn, which led to difficulties in debt repayment and interest payment. The Group has taken various targeted measures to pursue collection, actively engaged in direct collection and legal proceedings against the borrowers, and intensified its efforts in collection and disposal, so that a downward trend has shown in such balance of NPLs and the NPL ratio.

Distribution of NPLs by product type

The table below sets forth the distribution of NPLs by product type as of the dates indicated.

	As of June 30, 2024			As of December 31, 2023		
	Amount	**% of total (%)**	**NPL ratio[1] (%)**	Amount	% of total (%)	NPL ratio[1] (%)
	(in millions of RMB, except percentages)					
Corporate loans						
Working capital loans	**1,980.7**	**52.9**	**2.33**	1,451.2	42.5	1.91
Fixed asset loans	**1,108.4**	**29.6**	**3.47**	1,151.0	33.8	3.46
Other loans[2]	**19.2**	**0.5**	**0.15**	0.5	0.0	0.0
Subtotal	**3,108.3**	**83.0**	**2.38**	2,602.7	76.3	2.16
Personal loans						
Residential mortgage loans	**189.4**	**5.1**	**0.79**	208.7	6.1	0.91
Personal consumption loans	**66.1**	**1.8**	**1.81**	93.6	2.7	3.19
Personal business loans	**127.8**	**3.4**	**9.75**	126.6	3.7	9.78
Credit cards	**255.3**	**6.7**	**6.26**	380.7	11.2	8.27
Subtotal	**638.6**	**17.0**	**1.93**	809.6	23.7	2.54
Total NPLs	**3,746.9**	**100.0**	**1.85**	3,412.3	100.0	1.78

Notes:

(1) Calculated by dividing NPLs in each product type by gross loans and advances to customers in that product type.

(2) Consist primarily of syndicated loans and advances for bank acceptances.

The NPL ratio for corporate loans increased from 2.16% as of December 31, 2023 to 2.38% as of June 30, 2024, while the balance of non-performing corporate loans increased from RMB2,602.7 million as of December 31, 2023 to RMB3,108.3 million as of June 30, 2024, which was primarily due to the fact that certain of the Group's coal mining enterprise customers and coking enterprise customers were affected by the continuous weakening of the coal and coking market in the first half of the year and the internal management of the enterprises, which caused operational difficulties and resulted in defaults of their loans.

The NPL ratio for personal loans decreased from 2.54% as of December 31, 2023 to 1.93% as of June 30, 2024, and the balance of NPLs for personal loans decreased from RMB809.6 million as of December 31, 2023 to RMB638.6 million as of June 30, 2024, mainly due to the fact that the Group further intensified the collection and disposal of NPLs in the first half of 2024 by nimbly using measures including direct collection, legal proceedings, write-off of bad debts and asset reorganization, thus the balance of NPLs and the NPL ratio further decreased.

Distribution of NPLs by geographical region

The following table sets forth the distribution of the Group's NPLs by geographical region as of December 31, 2023 and June 30, 2024.

	As of June 30, 2024			As of December 31, 2023		
	Amount	**% of total (%)**	**NPL ratio[1] (%)**	Amount	% of total (%)	NPL ratio[1] (%)
	(in millions of RMB, except percentages)					
Taiyuan	**2,947.5**	**78.7**	**2.43**	2,446.4	71.7	2.06
Outside Taiyuan	**799.4**	**21.3**	**0.99**	965.9	28.3	1.33
Total NPLs	**3,746.9**	**100.0**	**1.85**	3,412.3	100.0	1.78

Note:

(1) Calculated by dividing NPLs in each region by gross loans and advances to customers in that region.

Borrowers concentration

Loans to the ten largest single borrowers

In accordance with applicable PRC Banking Industry guidelines, the Group is subject to a lending limit of 10% of its net capital base to any single borrower. As of June 30, 2024, the Group's loans to the largest single borrower accounted for 8.4% of the Group's net capital base, which was in compliance with regulatory requirements.

The following table sets forth the Group's loan balances to the ten largest single borrowers as of the date indicated, which were all classified as normal on that date.

	Industry	As of June 30, 2024 Amount	% of total loans (%)	% of net capital base[(1)] (%)	Classification
		(in millions of RMB, except percentages)			
Borrower A	Manufacturing	**2,496.8**	**1.2**	**8.4**	Normal
Borrower B	Manufacturing	**2,231.4**	**1.1**	**7.5**	Normal
Borrower C	Manufacturing	**1,867.5**	**0.9**	**6.3**	Normal
Borrower D	Leasing and business services	**1,712.3**	**0.8**	**5.8**	Normal
Borrower E	Leasing and business services	**1,600.0**	**0.8**	**5.4**	Normal
Borrower F	Manufacturing	**1,598.6**	**0.8**	**5.4**	Normal
Borrower G	Manufacturing	**1,549.4**	**0.8**	**5.2**	Normal
Borrower H	Manufacturing	**1,520.2**	**0.8**	**5.1**	Normal
Borrower I	Construction	**1,494.0**	**0.7**	**5.1**	Normal
Borrower J	Manufacturing	**1,467.5**	**0.7**	**5.0**	Normal
Total		**17,537.7**	**8.6**	**59.2**	

Note:

(1) Represents loan balances as a percentage of the net capital base. The net capital base is calculated in accordance with the requirements of the Capital Administrative Measures for Commercial Banks and based on the financial statements prepared in accordance with PRC Generally Accepted Accounting Principles.

As of June 30, 2024, the balance of the Group's loans to the largest single borrower amounted to RMB2,496.8 million, accounting for 1.2% of the gross loans and advances to customers; the total loans to the ten largest single borrowers amounted to RMB17,537.7 million, accounting for 8.6% of the gross loans and advances to customers.

Loan aging schedule

The following table sets forth the Group's loan aging schedule as of the dates indicated.

	As of June 30, 2024		As of December 31, 2023	
	Amount	**% of total (%)**	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Current loan	**197,772.0**	**97.9**	187,445.4	97.9
Loans past due for				
Up to 3 months[(1)]	**1,561.1**	**0.8**	950.6	0.5
Over 3 months up to 6 months[(1)]	**135.5**	**0.1**	115.6	0.1
Over 6 months up to 1 year[(1)]	**190.5**	**0.1**	211.8	0.1
Over 1 year up to 3 years[(1)]	**964.3**	**0.5**	2,363.5	1.2
Over 3 years[(1)]	**1,395.5**	**0.6**	349.2	0.2
Subtotal	**4,246.9**	**2.1**	3,990.7	2.1
Gross loans and advances to customers	**202,018.9**	**100.0**	191,436.1	100.0

Note:

(1) Represents the principal amount of loans with principal or interest overdue as of the dates indicated.

Changes to allowance for impairment losses

Allowance for impairment losses on loans to customers increased by 9.3% from RMB6,780.7 million as of January 1, 2024 to RMB7,414.2 million as of June 30, 2024, primarily because the allowance for impairment losses of the Group was made based on the corresponding increase in loans at different stages.

	As of June 30, 2024 Amount	As of December 31, 2023 Amount
	(in millions of RMB)	
Beginning of the period (January 1)	**6,780.7**(1)	5,938.0(3)
Charge for the period	**978.3**	959.1
Transfer out	**–**	(39.8)
Recoveries	**3.3**	5.2
Write-offs	**(302.4)**	–
Other changes	**(45.7)**	(81.8)
End of the period	**7,414.2**(2)	6,780.7

Notes:

(1) Including (i) allowance for impairment losses on the loans and advances to customers measured at amortised cost which amounted to RMB6,778.3 million; and (ii) allowance for impairment losses on the loans and advances measured at fair value through other comprehensive income which amounted to RMB2.4 million.

(2) Including (i) allowance for impairment losses on the loans and advances to customers measured at amortised cost which amounted to RMB7,388.3 million; and (ii) allowance for impairment losses on the loans and advances measured at fair value through other comprehensive income which amounted to RMB25.9 million.

(3) Including (i) allowance for impairment losses on the loans and advances to customers measured at amortised cost which amounted to RMB5,920.2 million; and (ii) allowance for impairment losses on the loans and advances measured at fair value through other comprehensive income which amounted to RMB17.8 million.

3.7 Geographical Segments Report

In presenting information by geographical segments, operating income is gathered according to the locations of the branches or subsidiaries that generated the income. For the purpose of presentation, the Group categorizes such information by geographic regions.

The following table sets forth the total operating income of each geographical region for the periods indicated.

	For the six months ended June 30,			
	2024		2023	
	Amount	**% of total (%)**	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Taiyuan	**1,582.5**	**56.8**	2,193.8	77.4
Outside Taiyuan	**1,204.2**	**43.2**	640.9	22.6
Total operating income	**2,786.7**	**100.0**	2,834.7	100.0

3.8 Capital Adequacy Ratio Analysis and Leverage Ratio Analysis

The Group is subject to capital adequacy requirements as promulgated by National Financial Regulatory Administration. The following table sets forth, as of the dates indicated, relevant information relating to the Group's capital adequacy ratio.

	As of June 30, 2024[(1)]	As of December 31, 2023[(2)]
	(in millions of RMB, except percentages)	
Core tier-one capital		
—Share capital	**5,838.7**	5,838.7
—Qualifying portion of capital reserve	**6,627.6**	6,627.6
—Surplus reserve	**5,063.3**	4,361.3
—General reserve	**4,228.1**	4,228.1
—Other comprehensive income	**(25.4)**	(44.4)
—Retained earnings	**3,558.5**	3,785.3
—Qualifying portions of non-controlling interests	**7.4**	6.0
Total core tier-one capital	**25,298.2**	24,802.6
Core tier-one capital deductions	**(337.8)**	(344.3)

	As of June 30, 2024(1)	As of December 31, 2023(2)
	(in millions of RMB, except percentages)	
Net core tier-one capital	**24,960.4**	24,458.3
Other tier-one capital	**1.0**	0.8
Net tier-one capital	**24,961.4**	24,459.1
Tier-two capital	**4,615.8**	4,463.9
Net capital base	**29,577.2**	28,923.0
Total risk-weighted assets	**255,109.9**	219,585.9
Core tier-one capital adequacy ratio (%)	**9.78**	11.14
Tier-one capital adequacy ratio (%)	**9.78**	11.14
Capital adequacy ratio (%)	**11.59**	13.17

Notes:

(1) The relevant information on the Group's capital adequacy ratio as of June 30, 2024 is calculated in accordance with the Capital Administrative Measures for Commercial Banks issued by National Financial Regulatory Administration with effect from January 2024 and the PRC Generally Accepted Accounting Principles.

(2) The relevant information on the Group's capital adequacy ratio as of December 31, 2023 is calculated in accordance with the Capital Administrative Measures for Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》) issued by the former CBIRC and the PRC Generally Accepted Accounting Principles.

As of June 30, 2024, the Group's capital adequacy ratio was 11.59%, down by 1.58 percentage points from the end of 2023. Both the tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 9.78%, down by 1.36 percentage points from the end of 2023. Such changes were mainly due to the short-term increase in risk-weighted assets as a result of the impact of new capital regulations on some assets, which resulted in short-term decrease in the capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio.

As of June 30, 2024, the Group's leverage ratio was 5.92%, same as the 5.92% as of December 31, 2023. Pursuant to the Capital Administrative Measures for Commercial Banks issued by National Financial Regulatory Administration with effect from January 2024, the minimum leverage ratio shall be no lower than 4%.

3.9 Risk Management

The primary risks related to the Bank's operations include: credit risk, market risk, liquidity risk, operational risk, information technology risk, reputational risk, strategic risk and environmental, social and governance (ESG) risk.

In the first half of 2024, the Bank adhered to the main theme of "Party Governance for Risks (黨管風險)" and continued to enhance its comprehensive risk management system. It strengthened credit management, improved system construction, conducted institutional review, enhanced risk investigation, consolidated three lines of defense in risk management, strengthened risk monitoring and warning, and promoted the digital and intelligent transformation in risk management, thereby striving to hold the bottom line of preventing systematic and regional financial risks.

Credit risk

Credit risk refers to the risk of loss that may arise from the default by, or downgrade of credit rating of, an obligor or counterparty, or from its reduced capacity of fulfilling its contractual obligations. The Bank is exposed to credit risks primarily associated with corporate loan business, personal loan business and financial market business.

The Bank has built and continually improves its bank-wide credit risk management system to identify, measure, monitor, mitigate and control the credit risks arising from its credit extension business. In the first half of 2024, the Bank continued to optimize the credit structure, formulated "Five Priorities (五篇大文章)" action plan based on the requirements of Central Financial Work Conference, improved work promotion mechanism and service system and continued to strengthen its ability to provide financial services to the real economy; the Bank focused on industrial policies and transformation directions across the province, deeply explored customers' needs, developed marketing guidelines from multiple dimensions such as industry, region, and product, intensified efforts and increased quantity of project docking, accelerated the pace and scale of investments, and continuously strengthened support for real economy in key areas by promoting the development of upstream and downstream supply chain, industrial chain and industrial circle customers; the Bank also optimized credit approval mechanism and promoted credit dispatch mechanism that is business frontend oriented, so as to further improve the quality and efficiency of credit approval; promoted the digital transformation of post-lending management, carried out special campaigns to improve post-lending management, enhanced application of big data tools and intelligent platforms in the aspect of post-lending management, thus promoting the improvement of post-lending management efficiency; the Bank continued to intensify efforts to recover and dispose of non-performing assets, and established a supervision mechanism for the disposal and resolution of risky assets, enhanced the operation of non-performing assets, conducted differentiated strategies and made breakthroughs in key areas, so as to consolidate asset quality. Furthermore, the Bank improved supervision and inspection system in head office and branches, strengthened implementation of risk control and post-lending management, and further consolidated the risk defense line by promoting problem rectification.

The Bank is committed to using advanced information technology systems to improve the credit risk management level, strengthening financial technology to empower the risk prevention and control, continually optimizing technology risk monitoring indicators, and continually improving the technology capability of risk prevention and control. The Bank introduced external big data such as business administration information and judicial litigation into the credit management system, developed the rules for intelligent risk management, intercepted high-risk customers, effectively improved the capability of risk identification and the efficiency of risk decision-making management.

The Bank is dedicated to striking a balance between achieving steady loan growth and maintaining a prudent culture of risk management. The Bank prepared detailed guidelines on credit risk management based on the provincial, national and international economic conditions as well as government policies and regulatory requirements. In formulating the credit policies, the Bank studied the macroeconomic environment in the PRC and Shanxi Province and analyzed the risks and uncertainties relevant to the Bank's operations. The Bank also kept track of the development of the national and local economic development plans, financial regulations and monetary policies, and adjusted the Bank's credit guidelines accordingly.

Management of large-scale risk exposure

The Bank strictly implemented regulatory requirements, formulated management rules for large-scale risk exposure, established an organizational structure and management system, promoted information system construction, and regularly reported to regulators on large-scale risk exposure indicators and related management work so as to effectively control customer concentration risks. As of June 30, 2024, other than exempt customers, all limit indicators for the Bank's large-scale risk exposure were in compliance with the regulatory requirements.

Market risk

Market risk refers to the risk from adverse changes in market prices (interest rates, currency rates, stock prices and commodity prices) that results in losses to the Bank's on- and off-balance sheet businesses. The Bank is exposed to market risks primarily from interest rate risk and currency rate risk.

During the Reporting Period, the Bank continued to improve its market risk management system, clarified its market risk management framework, and formulated and issued the Bank's market risk management policies and procedures, ensuring that there is a system in place for market risk management. With taking into account the Bank's market risk assets, the Bank continuously adjusted the structure of the Bank's market risk assets and improved the market risk limit indicators in the Bank's risk preference based on the analysis and research on the development trend of the financial market. The Bank has adopted a daily market monitoring management approach. Through measures such as market risk stop-loss limits, modified duration, and account limits, it has continuously enhanced its market risk identification and measurement capabilities. With the integration of market risk emergency plans, the Bank improved its market risk management capabilities. The Bank conducts market risk stress testing and prepares reports on a quarterly basis, and regularly reported to the senior management and the Board for review. Aligning with business development and risk preference, the Bank has reasonably controlled the market risk under a bearable range.

As of June 30, 2024, the Bank was engaged in a small-scaled foreign exchange business and held an insignificant amount of U.S. dollars and other foreign currencies. The Bank has established various policies and operational procedures for its foreign exchange businesses, such as foreign exchange capital businesses, and business of foreign exchange settlement and sale, to control the relevant currency rate risks.

Liquidity risk

Liquidity risk is the risk of failure to obtain sufficient funds in a timely manner or at a reasonable cost to fulfill payment obligations when due. The liquidity management of the Bank is primarily to provide timely payment of funds for lending, trading and investment activities in business development to meet capital needs, and to fulfill payment obligations when due.

The Bank has established a liquidity risk management system and an organizational structure where the Board bears the ultimate responsibilities for the Bank's liquidity risk management and the senior management is responsible for formulating liquidity risk management strategies and policies. The Bank manages liquidity risk by monitoring the maturities of assets and liabilities to ensure it has sufficient funds readily available or at a reasonable cost to fulfill the payment obligations as they become due. The Assets and Liabilities Management Department monitors the Bank's capital position on a daily basis and provides risk alerts and reminders in a timely manner. The Bank also strictly observes the relevant regulatory requirements, closely monitors each liquidity indicator, formulates crisis management plans, enhances daily liquidity risk management and regularly applies stress tests.

In the first half of 2024, the Bank closely monitored the changes in the market interest rates, strengthened the monitoring and management of the regular liquidity risks, and reasonably adjusted liquidity risk management strategy according to the external market environment by strengthening its fund position management during the day time and rationally adjusting the term structure of assets and liabilities, to ensure that the liquidity risk is controllable for safety purposes. Liquidity risk management was strengthened mainly in the following aspects: Firstly, the Bank strengthened the routine monitoring of liquidity risks. The Bank improved the monitoring and analysis of large-amount funds through the information system of liquidity risks, rationally adjusted and controlled its day time excess reserves level to ensure that payment and settlement and other businesses can be operated normally. Meanwhile, the Bank strengthened the management and control of liquidity risk indicators and rationally adjusted the structure of its assets and liabilities to ensure that the Bank's liquidity indicators continued to be stable and meet regulatory requirements. Secondly, the Bank adopted the management of liquidity risk limit indicators and set the limit indicators based on the external market and the actual development of the Bank's business. Thirdly, the Bank strengthened the management of quality liquidity assets to ensure that there were sufficient reserves of quality liquidity assets to meet external financing needs under stress tests. Fourthly, the Bank had developed a reporting mechanism using a liquidity risk monitoring table to ensure that the Board and senior management can keep abreast of the Bank's liquidity status. Fifthly, the Bank regularly conducted liquidity stress tests and timely predicted the potential liquidity risks based on the results of the stress tests to formulate relevant management measures.

Operational risk

Operational risk refers to the risk of losses arising from potentially defective internal procedures, personnel and information systems, and external events.

The Bank has established an operational risk management structure with the Board, the board of supervisors and senior management, and clarified the "three lines of defense" of the operational risk management system for various business and management departments, the Legal and Compliance Department, the Assets and Liabilities Management Department and the Audit Department. The Bank continued to optimise its operational risk management system, upgraded its digital platform for operational risk and compliance management, and improved and implemented management tools such as operational risk self-assessment, key monitoring indicators and collection of loss events, so as to realise full-process management of operational risk.

Based on strengthening internal control and compliance management, the Bank actively enhanced the effective interface between mechanisms and systems such as operational risk and business continuity, data security, network security, outsourcing risk management, and contingency response, etc. The Bank promoted the abolishing, amending and establishing of systems through internalization of external regulations, feedback on system deficiencies, and training and learning on systems, and regularly conducted inspections and supervisions in key areas such as credit business, agency business, procurement and business operations, and staff behavioural monitoring and job rotation and mandatory leave, so as to continuously enhance its risk prevention capability. Simultaneously, the Bank revised and improved its business continuity management system and plan, and conducted real switching drills for important information systems such as major credit card business, core systems and mobile banking to ensure continuous business operations.

Information technology risk

Information technology risks include operational risk, reputational risk, legal risk and other types of risks caused by natural factors, human errors, technical loopholes and management failure arising from the Bank's use of information technology. The Bank has set up an Information Technology Management Committee and the Legal and Compliance Department and Information Technology Department at the head office are responsible for managing information technology risks. The Bank strives to continuously improve the information technology infrastructure and the Bank's information technology management system to comply with the national standards and regulatory requirements.

To ensure the security of information technology, the Bank has hired professionals to supervise the information security system and established a series of information security management measures to prevent any unauthorized network intrusions, attacks, data leakage or third-party tampering with the Bank's information system. As part of the Bank's business continuity management measures, the Bank has established a disaster backup and recovery system comprising two local active application-level centers and one off-site data-level disaster recovery center. The Bank has also established detailed contingency plans regarding the potential breakdown of the information system to ensure the continuity of operations. The Bank conducts periodic disaster drills for business continuity for important businesses.

Reputational risk

Reputational risk refers to the risk that arises from the behavior of the Bank or its employees or external events that lead to negative evaluations of the Bank by stakeholders, the public and the media, thereby damaging the brand value of the Bank, adversely affecting the operation and management of the Bank, and even affecting the market stability and social stability. The Bank takes its reputation seriously and has established an effective reputational risk management mechanism to monitor, identify, report, control and assess the reputational risk, and at the same time manages the reputational risk emergency handling, and minimizes any loss and negative impact on the Bank due to such incidents.

The Office of the Board of the Bank is responsible for undertaking the management of overall reputational risks, including establishing a reputational risk management system, and formulating basic internal policies. The Bank has also set up reputational risk incidents emergency response teams at the branches and sub-branches, so that the head office can be promptly informed upon the occurrence of material and urgent incidents and take appropriate actions accordingly.

Strategic risk

Strategic risk is the risk caused by inappropriate business strategies or changes in the external operating environment during strategy development and implementation, which may have a negative impact on the current or future profit, capital, reputation or market position of the Bank.

The Bank strengthened guidance to the strategic development plan, pushed ahead with the implementation of strategic plans for 2021-2025 steadily, continually focused on the changes in the external environment, actively conducted the evaluation of strategy implementation and interim revisions of the strategy, and always ensures that the strategic planning is aligned with the external environment, so as to enhance the Bank's adaptability in the face of unexpected market changes. The Office of the Board is responsible for managing the Bank's strategic risks. The Bank identified strategic risk factors through cooperation between the Office of the Board and the Risk Management Department; conducted regular reviews and studies on prevailing market conditions and the Bank's business operation status to timely identify potential risks, made prompt adjustments to the strategies and relevant measures accordingly, and closely monitored the implementation of the strategies.

ESG risk

The Bank has effectively established an organizational structure for environmental and social risk management that links up and down. As the highest decision-making body on environmental and social risk management, the Board is responsible for formulating green finance development strategies and ensuring that an appropriate and effective risk management system is in place to address environmental and social related risks. At the same time, the Bank has set up a Development and Strategy Committee at the Board level to deliberate on ESG related proposals.

Senior management is responsible for setting environment-related targets, establishing green credit mechanisms and processes, conducting internal control inspections and evaluations, and regularly reporting to the Board on environment-related developments such as green credit. All departments of the Bank's head office and branches are responsible for the implementation of specific work related to the environment in accordance with the division of responsibilities. Among them, the Corporate Finance Department is the lead management department of green finance of the Bank, which is responsible for improving the construction of green finance system, collecting green finance data, organizing and carrying out green finance training, etc., the Risk Management Department, as the overall risk management department, is responsible for green finance-related risks, and other departments and branches are responsible for cooperating with relevant specific work.

3.10 Business Review

For the six months ended June 30, 2024, the Group's principal business lines comprised corporate banking, retail banking and financial markets.

For corporate banking business, the Group focuses on serving the governmental and institutional customers as well as enterprises in high-quality industries, extends the industry chain as its marketing approach and extends the supply chain as its customer expansion channel, continuously improves the level of corporate customers management by measures such as enriching trade financial products, building a professional team for corporate banking business, broadening inter-bank cooperation channels, and accelerating the development of investment banking; for retail banking business, the Bank adheres to the philosophy of "building a bank founded on the basis of deposit (存款立行)" and continues to consolidate the foundation of personal deposits, promotes the rapid development of businesses such as credit card, personal loans, and wealth management services, and significantly improves the market competitiveness and influence of retail banking business; for financial market business, the Bank adjusts the asset structure of its bond and bill business proactively, expands credit granting to peer institutions actively, and strengthens the management of counterparties.

The following table sets forth the breakdown of the Group's operating income by business line for the six months ended June 30, 2023 and 2024.

	For the six months ended June 30,			
	2024		2023	
	Amount	**% of total (%)**	Amount	% of total (%)
	(in millions of RMB, except percentages)			
Corporate banking	**1,748.3**	**62.8**	1,995.6	70.4
Retail banking	**655.9**	**23.5**	554.1	19.5
Financial markets	**367.7**	**13.2**	282.0	10.0
Others[(1)]	**14.8**	**0.5**	3.0	0.1
Total operating income	**2,786.7**	**100.0**	2,834.7	100.0

Note:

(1) Consist primarily of income that is not directly attributable to any specific segment.

Corporate banking

The Group positioning itself as a "financial steward" for local governments in Shanxi Province and a "partner" of the real economy, and practiced the concept of green development, gave its full support to the energy revolution and transformation and comprehensive reform in Shanxi Province, actively provided financing support for key projects in Shanxi Province and other cities, constantly provided corporate banking customers with diversified products and services, including deposits, loans, trade finance, cash management, remittance and settlement, bonds and bills service, etc.

For the six months ended June 30, 2024, the Group's operating income from corporate banking was RMB1,748.3 million, representing a year-on-year decrease of 12.4% and accounting for 62.8% of the total operating income for the same period. The decrease in operating income from corporate banking was primarily because the average yield on new loans and advances declined due to the declining loan prime rate.

As of June 30, 2024, the corporate loans of the Group amounted to RMB130,396.7 million, representing an increase of 8.4% as compared to that as of December 31, 2023. As of June 30, 2024, the corporate deposits amounted to RMB124,523.6 million, representing a decrease of 2.5% as compared to that as of December 31, 2023.

The Group continued to improve its ability to meet corporate banking customers' needs for differentiated financial products and vigorously pushed ahead with the development of corporate banking and financial services for supply chains. The Bank also placed a focus on the development of intelligent online products centering on the improvement of customer experiences, actively expanded green and low-carbon corporate financing, strongly supported technology-based small or medium size enterprises and broadened capital sources, so as to continuously optimize the business structure, enrich its product portfolio and enhance comprehensive service capacity.

Retail banking

Capitalizing on its extensive knowledge of the local market and the preferences of retail banking customers, the Group continually develops and promotes retail banking products and services that are well-received by the market and makes consistent efforts in wealth management, customer service, channel operation, product innovation, etc. The Group provided a range of products and services to retail banking customers, including personal loans, deposit taking services, personal wealth management services, credit card services, funds, insurance services, treasury bonds and other agency services and remittance services, etc.

For the six months ended June 30, 2024, the Group's operating income from retail banking was RMB655.9 million, representing a year-on-year increase of 18.4% and accounting for 23.5% of the total operating income for the same period. The increase in operating income from retail banking was mainly because of the continuous improvement of customer service standards and the full play of the differentiated advantages of deposit products, resulting in an increase in the scale of deposits. Meanwhile, the Group adapted to the market changes and lowered the listed interest rate of deposits, resulting in a decrease in the cost of interest payment.

As of June 30, 2024, the total personal loan was RMB33,110.8 million, accounting for 16.4% of the gross loans and advances to customers. As of June 30, 2024, residential mortgage loans, personal consumption loans, personal business loans and credit card balances were RMB24,074.4 million, RMB3,646.6 million, RMB1,311.3 million and RMB4,078.5 million, respectively, accounting for 72.7%, 11.0%, 4.0% and 12.3% of the total personal loans of the Bank, respectively. As of June 30, 2024, the Group's personal deposits amounted to RMB147,301.7 million, representing an increase of 10.1% as compared to that as of December 31, 2023.

Driven by quality services, the number of retail banking customers of the Group further increased during the Reporting Period, from 3,313.0 thousand as of December 31, 2023 to 3,410.4 thousand as of June 30, 2024. After years of persistent efforts, the Group has established an extensive business network covering the major cities within the Shanxi Province. As of June 30, 2024, the Bank had outlets across 11 prefecture-level cities in Shanxi Province. The Bank currently has 152 outlets under its supervision and established a Small Enterprises Financial Service Center. The Bank invested in the establishment of Qingxu Jinshang Village and Township Bank Co., Ltd., and initiated the establishment of the first consumer finance company in Shanxi Province – Jinshang Consumer Finance Co., Ltd.

During the Reporting Period, with a business network that has extensive coverage, the Group was committed to providing customers with convenient online and mobile financial products and services by leveraging advanced technologies. The Group continued to promote the development of the segment namely "investment, lending and consumption based on wages（隨薪隨意）" of mobile banking, which further improved the maintenance level of customers of wages paying. In addition, by integrating high-quality resources, the Group provided professional and comprehensive financial services to high net worth individuals in the province.

To build an image as a private bank for the Bank and to facilitate effective customer management for the private banking business, and with a focus on the service system of "promoting the future (升擢未來)", "promoting privileges (升享尊貴)", "promoting the wellbeing (升生之道)", and "promoting extraordinary experience (升鑑不凡)", the Private Banking Center actively explores the development model of private banking in line with its own development strategy, scale and management capabilities, consolidates its presence in the family wealth planning service market, builds a differentiated and distinctive private banking brand, and accelerates the steady and robust development of private banking in the region.

Financial market business

The financial market business of the Group primarily includes inter-bank money market transactions, repurchases transactions, debt securities investment and trading. It also covers the management of the Group's overall liquidity position.

During the Reporting Period, the Group closely monitored the changes in the macroeconomic situation, adhered to the direction of financial market policies, strengthened the monitoring and analysis of market conditions, seized business development opportunities, and rationally formulated investment strategies, continuously optimized the investment portfolio, reduced funds, adjusted the structure and actively carried out innovative business under the premise of risk control, while building a more competitive financial market business.

For the financial market business, the Group continued to focus on liquidity management, constantly promoted its business implementation, maintained risk prevention and compliance management, continuously enhanced its market activity and influence, and made great efforts to improve its profitability. In order to continue to expand the scope of the Group's bond underwriting and distribution business and credit risk prevention and control capabilities, the Group obtained the core dealer qualification of credit risk mitigation instruments and the business qualification of underlying financial derivatives, which further strengthened the Group's capability of risk aversion and hedging.

For the six months ended June 30, 2024, the operating income from the Group's financial market business increased by RMB85.7 million to RMB367.7 million from RMB282.0 million in the same period in 2023, accounting for 13.2% of total operating income. The increase was mainly because the comprehensive return rate of the fund increased due to the growth in the asset scale of the capital business.

Interbank market transactions

The Group's interbank market transactions business primarily consists of: (i) interbank deposits; (ii) interbank placements; and (iii) purchase under resale agreements and sale under repurchase agreements, which mainly involves bonds and bills.

As of June 30, 2024, deposits with banks and other financial institutions were RMB2,905.1 million, accounting for 0.8% of the Group's total assets as of June 30, 2024.

As of June 30, 2024, placements with banks and other financial institutions were RMB16,441.7 million, accounting for 4.4% of the Group's total assets as of June 30, 2024.

As of June 30, 2024, financial assets held under resale agreements were RMB29,901.3 million, accounting for 8.1% of the Group's total assets as of June 30, 2024. As of the same date, financial assets sold under repurchase agreements amounted to RMB15,260.4 million, accounting for 4.4% of the Group's total liabilities as of June 30, 2024.

Investment management

The Group's investment management business mainly consists of debt securities investment and SPV investment. Specifically, debt securities include debt securities issued by the PRC government, policy banks, commercial banks and other financial institutions and enterprises. SPV investment refers to investments in trust plans, asset management plans and mutual funds. When making debt securities investment and SPV investment, the Group takes into account a broad range of factors, including but not limited to risk preferences, capital consumption level and expected yields of relevant products of the Group, as well as overall economic conditions and relevant regulatory development, to achieve a better balance between risk and return.

As of June 30, 2024, the balance of debt securities investment was RMB74,783.5 million, representing an increase of 4.5% from that as of December 31, 2023, primarily because of an increase in the amount of bonds the Group invested in financial investments measured at amortised costs.

As of June 30, 2024, the balance of SPV investment was RMB16,773.5 million, representing an increase of 65.3% from that as of December 31, 2023, primarily because the Group properly increased the investment scale of fund products, comprehensively taking into account the liquidity and asset allocation needs.

Wealth management

During the Reporting Period, the Bank actively expanded its wealth management products and services to attract a wider range of customers with different financial needs and risk tolerance, and effectively responded to the challenges of traditional banking services amid interest rate marketization. For the six months ended June 30, 2024, the amount of wealth management products issued by the Group was RMB28,902.2 million, representing a decrease of 6.2% as compared to the six months ended June 30, 2023, primarily due to a significant decline in the return on relevant assets, and a certain scale of "asset shortage" in the market as impacted by the economic fundamentals, market liquidity and debt resolution situation while the wealth management business being affected by changes in regulatory policies. As a result, the Group reduced the scale of wealth management products in a timely and moderate manner, resulting in a decrease in the amount of wealth management products issued. As of June 30, 2024, the Group had more than 452,207 wealth management customers, reflected a further increase from the end of 2023.

As of June 30, 2024, the outstanding balance of the non-principal guaranteed wealth management products issued by the Group was RMB46,971.4 million, representing an increase of 1.1% from that as of June 30, 2023, primarily due to a certain transfer of residents' wealth as a result of factors such as the recent sustained low deposit interest rates, which resulted in a certain increase in the wealth management balance of the Group. For the six months ended June 30, 2024, the fee and commission income from the wealth management products issued by the Group was RMB116.0 million, representing an increase of 26.9% as compared to the six months ended June 30, 2023, primarily because of the passive increase in the income from wealth management products as a result of the relatively abundant market liquidity under the weak economic recovery since the second half of 2023, coupled with the catalytic effect of debt resolution situation, which resulted in a period-to-period increase in net fee and commission income.

Debt securities distribution

The Bank's investment banking team provides customers with comprehensive financial services through the debt securities distribution business, further leverages the Bank's strong capacity in managing capital market transactions, and broadens its customer base.

The Bank obtained the preliminary and Class-B qualification for underwriting debt financing instruments issued by non-financial enterprises in October 2016 and February 2019, respectively, among which the Class-B qualification allows the Bank to act as a lead underwriter in the regional market. For the six months ended June 30, 2024, the aggregate principal amount of debt securities that the Bank distributed amounted to RMB17,500.4 million, representing a decrease of 22.8% as compared to the six months ended June 30, 2023, primarily due to a reduction in allocation as a result of the sharp decline in prices and the rapid narrowing of profit margin in bond market.

Small and micro enterprises

During the Reporting Period, the Bank actively implemented the relevant decisions and deployments of the Central Party Committee, the State Council, the provincial Party Committee and provincial government of Shanxi Province to enhance the quality of financial services for small and micro enterprises, and to provide comprehensive support for economic recovery and industrial development.

As of June 30, 2024, the Bank's head office has set up an Inclusive Finance Department (Small Enterprises Financial Department/Small Enterprises Financial Service Center), four directly controlled branches in Taiyuan and ten non-local branches have also set up Inclusive Finance Department (Small Enterprises Financial Department).

As of June 30, 2024, the balance of inclusive loans to small and micro enterprises of the Bank amounted to RMB10,859.7 million, representing an increase of RMB1,028.0 million from the beginning of the year. The number of accounts with balance of inclusive loans to small and micro enterprises was 4,718, representing a net increase of 1,017 from the beginning of the year, achieving the target of "two growth". The NPL ratio of inclusive loans to small and micro enterprises was 3.24%, representing a decrease of 0.56 percentage point from the beginning of the year, and the annualized interest rate of accumulative was 4.05%, representing a decrease of 0.12 percentage point from the beginning of the year, in line with the monitoring requirements of the "two controls".

Digital transformation

During the Reporting Period, the Bank continued to focus on the transformation goal of "giving full play to the value of data, empowering operation and management, and achieving sustainable and high-quality development", and work on digital transformation and digital finance based on the digital transformation plan and the requirements for "Five Priorities", so as to push forward a healthy and benign development of digital finance.

During the Reporting Period, the Bank optimized the transformation working mechanism by improving the data governance framework and data management system, built digital technology platforms, including general technology capabilities that serve the entire Bank such as a data middle office and artificial intelligence, and constructed professional data marts in finance, accounting and risks to provide strong support for deepening the digital application of professional fields. The Bank also selected some data-based areas for digital finance pilot and made a breakthrough in customer service capabilities and operation and management capabilities. Moreover, the Bank constantly strengthened the cultivation and selection of digital talents and talents in key positions to provide intellectual support for the development of technology finance, green finance, inclusive finance, and pension finance.

During the Reporting Period, the Bank advanced digital finance work from four directions, i.e. customer services, operation and management, data governance and technological support. The Bank insisted on optimizing customer services, concentrated on market demands and fully utilized technology empowerment under the guidance of user and digital mindsets. As a result, the Bank constructed a digital and ecological service system, which empowered business to create value and enhance customer experience. The Bank persisted in refining operation and management, focused on increasing efficiency and reducing costs by improving our capabilities in customer operation, risk management, operation management, financial decision-making and employee empowerment, with an aim to comprehensively stimulate internal driving force and enhance the efficiency of digital operation. The Bank kept on solid data governance, directed the attention to data elements and strived to enhance our capabilities in data asset management, unified data computing, and data application services, in a bid to achieve a leapfrog and high-quality development of our business and establish digital competitiveness. The Bank also maintained the efforts to strengthen technological support, drilled down into independent and controllable technology, and promoted the nationalization of important systems and the development of enterprise-level architecture system and general technology capability system, so as to reinforce digital infrastructure and build a cornerstone for the development of business digitization.

4. MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND ASSETS AND BUSINESS MERGER

During the Reporting Period, the Bank had no material acquisition or disposal of subsidiaries, associates, joint ventures and assets or business merger.

Significant Investments

In the first half of 2024, the Bank had no significant investment.

5. OTHER INFORMATION

5.1 Corporate Governance Code

During the Reporting Period, the Bank continued to improve the transparency and accountability of corporate governance and ensured high standards of corporate governance practices to protect the Shareholders' interests and enhance the corporate value and commitment.

The Bank has established a relatively comprehensive corporate governance structure in accordance with the requirements of the Hong Kong Listing Rules. The compositions of the Board and the special committees under the Board are in compliance with the requirements of the Hong Kong Listing Rules. The Bank clearly divides the responsibilities of the Shareholders' general meeting, the Board, the board of supervisors and the senior management. The Shareholders' general meeting is the highest organ of authority of the Bank. The Board is accountable to the Shareholders' general meeting. The Board has established six special committees, which operate under the leadership of the Board and give advice on the decisions of the Board. The board of supervisors is responsible for supervising the performance of responsibilities by the Board and the senior management as well as the financial activities, risk management and internal control of the Bank. Under the leadership of the Board, the senior management is responsible for implementing the resolutions of the Board and for the day-to-day business and management of the Bank, and reports to the Board and the board of supervisors on a regular basis. The president of the Bank is appointed by the Board to be responsible for the overall business operation and management of the Bank.

The Bank has adopted the Corporate Governance Code (the "**Code**") in Appendix C1 to the Hong Kong Listing Rules and meets the requirements of the administrative measures and corporate governance for domestic commercial banks and has established a sound corporate governance system. During the Reporting Period, the Bank has complied with all applicable code provisions set out in Appendix C1 to the Hong Kong Listing Rules.

The Bank is committed to maintaining a high standard of corporate governance. The Bank will continue to review and enhance its corporate governance to ensure compliance with the Code and meet the expectations of Shareholders and potential investors of the Bank.

5.2 Directors, Supervisors, Senior Management of the Bank

As at the date of this announcement, the composition of the Board, the board of supervisors and the senior management are as follows:

The Board comprises twelve Directors, including two executive Directors, namely Ms. HAO Qiang (chairwoman) and Mr. ZHANG Yunfei (vice chairman); five non-executive Directors, namely Mr. LI Shishan, Mr. MA Hongchao (vice chairman), Mr. LIU Chenhang, Mr. LI Yang and Mr. WANG Jianjun; and five independent non-executive Directors, namely Mr. WANG Liyan, Mr. DUAN Qingshan, Mr. SAI Zhiyi, Ms. HU Zhihong and Mr. CHAN Ngai Sang Kenny.

The board of supervisors of the Bank consists of nine supervisors, including three employee supervisors, namely Mr. XIE Liying (chairman of the board of supervisors), Mr. WEN Qingquan and Mr. SU Hua; three shareholder supervisors, namely Mr. WANG Weiping, Ms. XU Jin and Mr. PANG Zhengyu; and three external supervisors, namely Mr. ZHUO Zeyuan, Mr. WU Jun and Mr. BAI Guangwei.

The senior management of the Bank comprises six members, namely Mr. ZHANG Yunfei, Mr. ZHAO Jiquan, Mr. LI Yanbin, Mr. WANG Yibin, Mr. WANG Qi and Mr. SHANGGUAN Yujiang.

5.3 Changes in Directors, Supervisors and Senior Management during the Reporting Period and up to the date of this Announcement

Changes in Directors

On March 28, 2024, the Board resolved to nominate Mr. WU Canming ("**Mr. Wu**") as a non-executive Director. The appointment of Mr. Wu as a non-executive Director has been approved by the Shareholders at the 2023 annual general meeting on June 20, 2024 and is still subject to the approval from Shanxi Supervision Bureau of National Financial Regulatory Administration (國家金融監督管理總局山西監管局) ("**Shanxi Supervision Bureau**") on the qualification of directorship of Mr. Wu. Due to retirement, Mr. LI Shishan has proposed to resign as a non-executive Director, and a member of the Development and Strategy Committee of the Board. His resignation will not become effective until the date of the approval by Shanxi Supervision Bureau on the qualification of directorship of Mr. Wu. For details, please refer to the announcement entitled "PROPOSED CHANGE OF NON-EXECUTIVE DIRECTOR" issued by the Bank on March 28, 2024 and the announcement entitled "POLL RESULTS OF THE 2023 ANNUAL GENERAL MEETING HELD ON JUNE 20, 2024 (THURSDAY)" issued by the Bank on June 20, 2024.

Due to work changes, Mr. SAI Zhiyi ("**Mr. Sai**") has tendered his resignation as an independent non-executive Director, the chairperson of the Risk Management Committee, the chairperson of the Related Parties Transactions Control Committee, the vice chairperson of the Audit Committee, the vice chairperson of the Nomination, Remuneration and HR Committee, and a member of the Customer Rights Protection Committee under the Board on April 26, 2024. Pursuant to the articles of association of the Bank, the resignation of Mr. Sai as an independent non-executive Director has been approved by the Shareholders at the 2023 annual general meeting on June 20, 2024. Whereas the resignation of Mr. Sai will result in the number of the independent non-executive Directors falling below the minimum number required by the articles of association of the Bank, pursuant to the articles of association of the Bank, Mr. Sai will continue to perform the duties as an independent non-executive Director and the chairperson/vice chairperson/member of special committees under the Board, until the appointment of a new independent non-executive Director is approved by the Shareholders at a general meeting and his/her qualification of directorship is approved by Shanxi Supervision Bureau. The Bank will complete the procedures of the appointment of a new independent non-executive Director as soon as possible according to the articles of association of the Bank, and publish the relevant announcements and circular pursuant to the Hong Kong Listing Rules. For details, please refer to the announcement entitled "RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR" issued by the Bank on April 29, 2024 and the announcement entitled "POLL RESULTS OF THE 2023 ANNUAL GENERAL MEETING HELD ON JUNE 20, 2024 (THURSDAY)" issued by the Bank on June 20, 2024.

On May 14, 2024, the Board resolved to nominate Mr. WANG Qi ("**Mr. Wang**") as an executive Director and appoint Mr. Wang as a vice president of the Bank. The appointment of Mr. Wang as an executive Director has been approved by the Shareholders at the 2023 annual general meeting on June 20, 2024 and is still subject to the approval from Shanxi Supervision Bureau on the qualification of directorship of Mr. Wang. For details, please refer to the announcement entitled "PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR" issued by the Bank on May 14, 2024 and the announcement entitled "POLL RESULTS OF THE 2023 ANNUAL GENERAL MEETING HELD ON JUNE 20, 2024 (THURSDAY)" issued by the Bank on June 20, 2024.

On August 6, 2024, the Board resolved to nominate each of Mr. ZHAO Jiquan ("**Mr. Zhao**") and Mr. LI Yanbin ("**Mr. Li**") as an executive Director. The appointment of each of Mr. Zhao and Mr. Li as an executive Director is still subject to the convening of general meeting for the approval by the Shareholders and the approval from Shanxi Supervision Bureau on the qualification of directorship of each of Mr. Zhao and Mr. Li. For details, please refer to the announcement entitled "PROPOSED APPOINTMENT OF EXECUTIVE DIRECTORS" issued by the Bank on August 6, 2024.

Changes in senior management

On May 14, 2024, the Board appointed Mr. Wang as a vice president of the Bank. On July 25, 2024, Mr. Wang obtained the approval from Shanxi Supervision Bureau on the qualification of vice president of the Bank. Mr. Wang has been appointed as a vice president of the Bank, with effect from July 25, 2024.

During the Reporting Period and up to the date of this announcement, there were no changes in the supervisors of the Bank.

Save as disclosed above, there is no other relevant information required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules during the Reporting Period.

5.4 Securities Transaction by Directors, Supervisors and Relevant Employees

The Bank has adopted the standards set by the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Hong Kong Listing Rules as its code of conduct for regulating securities transactions by directors, supervisors and relevant employees of the Bank. Having made inquiries with all Directors and supervisors, the Bank confirmed that they have been in compliance with the Model Code above throughout the Reporting Period. The Bank is also not aware of any violations of the Model Code by the employees concerned.

5.5 Profits and Dividends

The Group's revenue for the six months ended June 30, 2024 and the Bank's financial position as of the same date are set out in the section headed "Interim Financial Information" in this interim results announcement.

The Shareholders have considered and approved the 2023 profit distribution plan at the 2023 annual general meeting held by the Bank on June 20, 2024. The final dividend for 2023 was RMB10.0 (tax inclusive) per 100 shares, totaling RMB583.9 million, and has been distributed to the holders of H shares and domestic shares on August 9, 2024.

The Bank neither recommends paying interim dividends for the six months ended June 30, 2024 nor transfers any capital reserve to increase its share capital.

5.6 Purchase, Sale and Redemption of Listed Securities of the Bank

During the period from January 1, 2024 to the date of this interim results announcement, neither the Bank nor its subsidiary purchased, sold or redeemed any listed securities (including sale of treasury shares) of the Bank.

As at June 30, 2024, the Bank did not hold any treasury shares.

5.7 Review of Interim Results

The interim financial information disclosed in this interim results announcement has not been audited. Ernst & Young has, in accordance with the International Standards on Review Engagements, reviewed the interim financial information for the six months ended June 30, 2024 prepared by the Bank in accordance with International Accounting Standard 34, “Interim Financial Reporting” issued by IASB. Nothing has come to Ernst & Young’s attention that causes it to believe that the interim financial information as at June 30, 2024 is not prepared, in all material respects, in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

The interim results of the Bank have been reviewed and approved by the Board and its Audit Committee.

5.8 Use of Proceeds

The proceeds from issuance of H shares of the Bank have been used according to the intended use as disclosed in the prospectus of the Bank. All of the net proceeds from the Global Offering of the Bank (after deduction of the underwriting fees and commissions and estimated expenses payable by the Bank in connection with the Global Offering) amounted to approximately RMB3,171 million (including net proceeds from over-allotment), which have been used to expand the capital of the Bank to support the ongoing business growth.

As approved by the People’s Bank of China and the former CBIRC Shanxi Office, the Bank issued tier-two capital bonds in the national inter-bank bond market on January 20, 2021, and the payment was completed on January 22, 2021. This tranche of bonds totaled RMB2.00 billion with a maturity of 5+5 years at a fixed interest rate and a coupon interest rate of 4.78%, and the right of redemption with pre-conditions at the end of the fifth year. With prior approval by the regulatory authorities, the Bank is entitled to redeem part or all of such bonds at par value. All funds raised from this tranche of bonds have been used to replenish the tier-two capital of the Bank in accordance with applicable laws and approvals from regulatory authorities.

5.9 Subsequent Events

The Group had no other significant event subsequent to the Reporting Period and up to the date of this announcement.

5.10 Number of Employees, Remuneration Policies, Equity Incentive Plan and Training Programs

As of June 30, 2024, the total number of employees of the Group reached 4,326, including 2,326 female employees and 2,000 male employees, of which 23.88% were employees aged 30 and below, and 88.97% were employees with a bachelor's degree or above. Excellent age distribution and professional talent team can help cultivate a positive and innovative corporate culture and strengthen the ability to respond to market changes and seize market opportunities. As of June 30, 2024, 272 employees in the retail line were Associate Financial Planner (AFP) holders; 31 employees were Certified Financial Planner (CFP) holders.

The Bank earnestly implemented the national vocational skills improvement action plan, closely focused on financial hotspots and trends of domestic and international markets and the Bank's management and development strategy. According to the training concept of "party building leading, close to business, pragmatic and efficient, and service operation", and based on the working idea of "systematic design, project promotion, practical assessment, and market-oriented operation", the Bank formulated and decomposed the annual training plan, and organized and carried out various types of training. The annual training work was aimed at providing strong talent support and intellectual guarantee for the long-term development of the Bank. It has been carried out practically from the three dimensions of focusing on capacity building, improving the training system and strengthening the training management mechanism building. During the Reporting Period, the Bank consolidated the three level training resources at its headquarters, branches and sub-branches, adhered to the principle of combining internal training with external training online and offline, and carried out all-round and multi-dimensional training work for the Bank's employees focusing on front-line business operations, new products business promotion, customer marketing management, and case study of internal control compliance.

In compliance with the PRC laws and regulations, the Bank contributes to employees' social security and other benefits programs including pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, housing allowances, corporate annuity and supplementary medical insurance. The Bank has a labor union established in accordance with the PRC laws and regulations, which represents the interests of its employees and works closely with the Bank's management on labor-related issues.

During the Reporting Period, the Bank has not implemented any share incentive scheme.

6 INTERIM FINANCIAL INFORMATION

Report on Review of Interim Financial Information

To the Board of Directors of Jinshang Bank Co., Ltd.
(Established in the People's Republic of China with limited liability)

Introduction

We have reviewed the accompanying interim financial information set out on pages 66 to 146, which comprises the condensed consolidated statement of financial position of Jinshang Bank Co., Ltd. (the "**Bank**") and its subsidiary (the "**Group**") as at 30 June 2024 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and consolidated interim explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("**IAS 34**") issued by the International Accounting Standards Board.

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

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. 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 accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants

Hong Kong
29 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2024 – UNAUDITED
(Amounts in thousands of Renminbi, unless otherwise stated)

		For the six months ended 30 June	
	Notes	**2024**	2023
Interest income		**5,997,261**	5,718,402
Interest expense		**(3,778,494)**	(3,690,063)
Net interest income	*4*	**2,218,767**	2,028,339
Fee and commission income		**331,299**	433,250
Fee and commission expense		**(40,896)**	(74,403)
Net fee and commission income	*5*	**290,403**	358,847
Net trading gains	*6*	**(98,927)**	172,207
Net gains arising from investment securities	*7*	**352,462**	250,686
Other operating income	*8*	**23,997**	24,649
Operating income		**2,786,702**	2,834,728
Operating expenses	*9*	**(920,356)**	(950,261)
Impairment losses on credit	*10*	**(808,225)**	(859,514)
Impairment losses on other assets		**(24,484)**	–
Share of profits of an associate		**12,934**	16,065
Profit before income tax		**1,046,571**	1,041,018
Income tax expense	*11*	**(17,185)**	(7,995)
Net profit		**1,029,386**	1,033,023
Net profit attributable to:			
Equity holders of the Bank		**1,030,416**	1,034,158
Non-controlling interests		**(1,030)**	(1,135)

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

	Notes	For the six months ended 30 June 2024	2023
Net Profit		**1,029,386**	1,033,023
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Financial assets measured at fair value through other comprehensive income:			
– net movement in the fair value reserve, net of tax	*30(d)*	**2,182**	58,600
– net movement in the impairment reserve, net of tax	*30(e)*	**17,418**	1,024
Items that will not be reclassified to profit or loss:			
Remeasurement of net defined benefit liability, net of tax	*30(f)*	**(525)**	60
Other comprehensive income for the period, net of tax		**19,075**	59,684
Total comprehensive income		**1,048,461**	1,092,707
Total comprehensive income attributable to:			
Equity holders of the Bank		**1,049,491**	1,093,842
Non-controlling interests		**(1,030)**	(1,135)
Total comprehensive income		**1,048,461**	1,092,707
Basic and diluted earnings per share (in RMB)	*12*	**0.18**	0.18

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024 – UNAUDITED

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	**As at 30 June 2024**	As at 31 December 2023
ASSETS			
Cash and deposits with the central bank	*13*	**21,113,232**	22,260,537
Deposits with banks and other financial institutions	*14*	**2,905,086**	2,356,658
Placements with banks and other financial institutions	*15*	**16,441,741**	13,674,444
Financial assets held under resale agreements	*16*	**29,901,307**	41,514,880
Loans and advances to customers	*17*	**195,681,908**	185,609,747
Financial investments:	*18*		
Financial investments measured at fair value through profit or loss		**17,761,231**	11,731,796
Financial investments measured at fair value through other comprehensive income		**4,888,514**	4,807,100
Financial investments measured at amortised cost		**76,922,908**	74,276,507
Interest in an associate	*19*	**356,486**	343,551
Property and equipment	*21*	**1,255,785**	1,306,408
Deferred tax assets	*22*	**2,191,866**	2,079,326
Other assets	*23*	**1,443,011**	1,344,077
Total assets		**370,863,075**	361,305,031
LIABILITIES			
Borrowings from the central bank		**2,661,601**	1,726,222
Deposits from banks and other financial institutions	*24*	**40,514**	46,916
Financial assets sold under repurchase agreements	*25*	**15,260,428**	22,078,689
Deposits from customers	*26*	**298,635,159**	288,250,365
Income tax payable		**118,981**	322,371
Debt securities issued	*27*	**25,114,713**	21,825,891
Other liabilities	*28*	**3,725,740**	2,241,771
Total liabilities		**345,557,136**	336,492,225

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

	Notes	As at 30 June 2024	As at 31 December 2023
EQUITY			
Share capital	*29*	**5,838,650**	5,838,650
Capital reserve	*30(a)*	**6,627,602**	6,627,602
Surplus reserve	*30(b)*	**5,063,250**	4,361,372
General reserve	*30(c)*	**4,228,153**	4,228,153
Fair value reserve	*30(d)*	**(40,398)**	(42,580)
Impairment reserve	*30(e)*	**20,880**	3,462
Deficit on remeasurement of net defined benefit liability	*30(f)*	**(5,865)**	(5,340)
Retained earnings	*31*	**3,558,510**	3,785,300
Total equity attributable to equity holders of the Bank		**25,290,782**	24,796,619
Non-controlling interests		**15,157**	16,187
Total equity		**25,305,939**	24,812,806
Total liabilities and equity		**370,863,075**	361,305,031

Approved and authorised for issue by the Board of Directors on 29 August 2024.

Hao Qiang
Chairwoman of the Board

Zhang Yunfei
Executive Director

Zhao Jiquan
Officer in charge of Finance

(Company chop)

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024 – UNAUDITED

(Amounts in thousands of Renminbi, unless otherwise stated)

		Attributable to equity holders of the Bank										
	Notes	Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Impairment reserve	Deficit on remeasurement of a net defined benefit liability	Retained earnings	Total	Non-controlling interests	Total
As at 1 January 2024		5,838,650	6,627,602	4,361,372	4,228,153	(42,580)	3,462	(5,340)	3,785,300	24,796,619	16,187	24,812,806
Changes in equity for the period:												
Net profit		–	–	–	–	–	–	–	1,030,416	1,030,416	(1,030)	1,029,386
Other comprehensive income		–	–	–	–	30,719	17,418	(525)	–	47,612	–	47,612
Total comprehensive income		–	–	–	–	30,719	17,418	(525)	1,030,416	1,078,028	(1,030)	1,076,998
Appropriation of profit												
– Appropriation to surplus reserve	*30(b)*	–	–	701,878	–	–	–	–	(701,878)	–	–	–
– Appropriation to general reserve	*30(c)*	–	–	–	–	–	–	–	–	–	–	–
– Dividends paid to shareholders	*31*	–	–	–	–	–	–	–	(583,865)	(583,865)	–	(583,865)
Internal transfer within owner's equity												
– Other comprehensive income transferred to retained earnings	*30(d)*	–	–	–	–	(28,537)	–	–	28,537	–	–	–
As at 30 June 2024		5,838,650	6,627,602	5,063,250	4,228,153	(40,398)	20,880	(5,865)	3,558,510	25,290,782	15,157	25,305,939

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

		Attributable to equity holders of the Bank										
	Notes	Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Impairment reserve	Deficit on remeasurement of a net defined benefit liability	Retained earnings	Total	Non-controlling interests	Total
As at 1 January 2023		5,838,650	6,627,602	3,976,682	3,742,188	(97,869)	14,994	(4,065)	3,236,909	23,335,091	18,547	23,353,638
Changes in equity for the period:												
Net profit		–	–	–	–	–	–	–	1,034,158	1,034,158	(1,135)	1,033,023
Other comprehensive income		–	–	–	–	58,600	1,024	60	–	59,684	–	59,684
Total comprehensive income		–	–	–	–	58,600	1,024	60	1,034,158	1,093,842	(1,135)	1,092,707
Appropriation of profit												
– Appropriation to surplus reserve	*30(b)*	–	–	184,153	–	–	–	–	(184,153)	–	–	–
– Appropriation to general reserve	*30(c)*	–	–	–	–	–	–	–	–	–	–	–
– Dividends paid to shareholders	*31*	–	–	–	–	–	–	–	(583,865)	(583,865)	–	(583,865)
As at 30 June 2023		5,838,650	6,627,602	4,160,835	3,742,188	(39,269)	16,018	(4,005)	3,503,049	23,845,068	17,412	23,862,480
Changes in equity for the period:												
Net profit		–	–	–	–	–	–	–	968,753	968,753	(1,225)	967,528
Other comprehensive income		–	–	–	–	(3,311)	(12,556)	(1,335)	–	(17,202)	–	(17,202)
Total comprehensive income		–	–	–	–	(3,311)	(12,556)	(1,335)	968,753	951,551	(1,225)	950,326
Appropriation of profit												
– Appropriation to surplus reserve	*30(b)*	–	–	200,537	–	–	–	–	(200,537)	–	–	–
– Appropriation to general reserve	*30(c)*	–	–	–	485,965	–	–	–	(485,965)	–	–	–
– Dividends paid to shareholders	*31*	–	–	–	–	–	–	–	–	–	–	–
As at 31 December 2023		5,838,650	6,627,602	4,361,372	4,228,153	(42,580)	3,462	(5,340)	3,785,300	24,796,619	16,187	24,812,806

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2024 – UNAUDITED
(Amounts in thousands of Renminbi, unless otherwise stated)

	For the six months ended 30 June	
	2024	2023
Cash flows from operating activities		
Profit before income tax	**1,046,571**	1,041,018
Adjustments for:		
Impairment losses on credit	**808,225**	859,514
Impairment losses on other assets	**24,484**	–
Depreciation and amortisation	**152,339**	156,171
Accreted interest on credit-impaired loans	**(45,684)**	(46,315)
Unrealised foreign exchange gains	**(33)**	(159)
Net (gains)/losses on disposal of property and equipment and other assets	**(365)**	231
Net trading gains	**98,960**	(172,048)
Net gains on disposal of investment securities	**(352,462)**	(250,686)
Share of profits of an associate	**(12,934)**	(16,065)
Interest expense on debts securities issued	**298,827**	329,903
Interest expense on lease liabilities	**5,401**	5,751
	2,023,329	1,907,315
Changes in operating assets		
Net increase in deposits with the central bank	**(700,615)**	(568,197)
Net increase in deposits and placements with banks and other financial institutions	**(4,972,002)**	(5,462,540)
Net increase in loans and advances to customers	**(10,877,852)**	(8,265,242)
Net decrease in financial assets held under resale agreements	**11,613,227**	4,057,196
Net increase in other operating assets	**(321,173)**	(534,953)
	(5,258,415)	(10,773,736)

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

	For the six months ended 30 June	
	2024	2023
Changes in operating liabilities		
Net increase/(decrease) in borrowings from the central bank	**935,000**	(872,106)
Net decrease in deposits from banks and other financial institutions	**(6,386)**	(38,892)
Net increase in placements from banks and other financial institutions	**–**	400,000
Net (decrease)/increase in financial assets sold under repurchase agreements	**(6,807,849)**	826,566
Net increase in deposits from customers	**9,147,687**	17,606,705
Income tax paid	**(339,473)**	(148,761)
Net increase in other operating liabilities	**2,397,040**	546,753
	5,326,019	18,320,265
Net cash flows from operating activities	**2,090,933**	9,453,844

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

	Notes	For the six months ended 30 June 2024	2023
Cash flows from investing activities			
Proceeds from disposal and redemption of investments		**29,659,276**	47,208,578
Gains received from investment activities		**403,337**	266,475
Proceeds from disposal of property and equipment and other assets		**590**	169
Payments on acquisition of investments		**(38,545,916)**	(43,701,570)
Payments on acquisition of property and equipment, intangible assets and other assets		**(43,928)**	(107,661)
Net cash flows (used in)/from investing activities		**(8,526,641)**	3,665,991
Cash flows from financing activities			
Proceeds from debt securities issued		**22,397,016**	20,768,453
Repayment of debt securities issued		**(19,060,000)**	(34,380,000)
Interest paid on debt securities issued		**(347,020)**	(463,246)
Dividends paid		**(8,174)**	(38,300)
Repayment of lease liabilities		**(60,955)**	(63,692)
Interest paid on lease liabilities		**(5,401)**	(5,751)
Net cash flows from/(used in) financing activities		**2,915,466**	(14,182,536)
Effect of exchange rate changes on cash and cash equivalents		**238**	1,443
Net decrease in cash and cash equivalents	*32(a)*	**(3,520,004)**	(1,061,258)
Cash and cash equivalents at the beginning of the period		**12,057,574**	5,150,304
Cash and cash equivalents at the end of the period	*32(b)*	**8,537,570**	4,089,046
Interest received		**5,924,417**	5,760,021
Interest paid (excluding interest expense on debt securities issued)		**(2,252,609)**	(2,585,753)

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

1 BACKGROUND INFORMATION

Jinshang Bank Co., Ltd. (the "**Bank**") (formerly Taiyuan City Commercial Bank Co., Ltd.) commenced business as a city commercial bank on 16 October 1998, according to the *Approval on Commencement of Taiyuan City Commercial Bank Co., Ltd.*《關於太原市商業銀行開業的批覆》(YinFu〔1998〕No. 323) issued by the People's Bank of China (the "**PBOC**"). According to the *Approval on Change of Name for Taiyuan City Commercial Bank Co., Ltd.*《關於太原市商業銀行更名的批覆》(YinJianFu〔2008〕No. 569) issued by the former China Banking Regulatory Commission (the former "**CBRC**"), Taiyuan City Commercial Bank Co., Ltd. was renamed as Jinshang Bank Co., Ltd. on 30 December 2008.

The Bank has been approved by the former CBRC (Shanxi Branch) to hold the financial business permit (No. B0116H214010001) and approved by the Shanxi Provincial Administration for Industry and Commerce to hold the business licence (credibility code: 911400007011347302). As at 30 June 2024, the registered capital of the Bank was RMB5,838,650,000, with its registered office located at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province. The Bank is regulated by the National Financial Regulatory Administration (the "**NFRA**") which was authorised by the State Council.

In July 2019, the Bank's H shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock code: 2558).

The principal activities of the Bank and its subsidiary (collectively the "**Group**") are the provision of corporate and personal deposits, loans and advances, settlement, financial market business and other banking services as approved by the NFRA.

2 BASIS OF PREPARATION

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*, including compliance with International Accounting Standard 34 *Interim Financial Reporting* ("**IAS 34**"), issued by the International Accounting Standards Board ("**IASB**") and should be read in conjunction with the annual financial statements for the year ended 31 December 2023.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of interim financial information in conformity with IAS 34 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 on a year-to-date basis. Actual results in the future may differ from those reported as a result of the use of estimates and assumptions about the future conditions.

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

The interim financial information is unaudited but has been reviewed by Ernst & Young in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.*

3 CHANGES IN ACCOUNTING POLICIES

Except as described below, the accounting policies applied in the preparation of the unaudited interim financial information are the same as those applied in the last annual financial statements.

On 1 January 2024, the Group adopted the following amendments.

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

The adoption of the above amendments will have no material impact on the Group's interim financial information.

4 NET INTEREST INCOME

	For the six months ended 30 June	
	2024	2023
Interest income arising from		
Deposits with the central bank	**118,788**	110,025
Deposits with banks and other financial institutions	**20,720**	20,946
Placements with banks and other financial institutions	**258,443**	83,607
Loans and advances to customers		
– Corporate loans and advances	**3,097,909**	2,969,341
– Personal loans	**623,720**	629,475
– Discounted bills	**376,166**	469,809
Financial assets held under resale agreements	**348,814**	189,123
Financial investments	**1,152,701**	1,246,076
Subtotal	**5,997,261**	5,718,402
Interest expense arising from		
Borrowings from the central bank	**(20,347)**	(25,353)
Deposits from banks and other financial institutions	**(296)**	(501)
Placements from banks and other financial institutions	**(3,289)**	(5,199)
Deposits from customers	**(3,279,465)**	(3,143,283)
Financial assets sold under repurchase agreements	**(176,270)**	(185,824)
Debt securities issued	**(298,827)**	(329,903)
Subtotal	**(3,778,494)**	(3,690,063)
Net interest income	**2,218,767**	2,028,339

Interest income arising from loans and advances to customers included RMB46 million for the six months ended 30 June 2024 with respect to the accreted interest on credit-impaired loans (six months ended 30 June 2023: RMB46 million).

5 NET FEE AND COMMISSION INCOME

(a) Income and expense streams:

	For the six months ended 30 June	
	2024	2023
Fee and commission income		
Wealth management business fees	**116,042**	91,466
Acceptance and guarantee service fees	**82,274**	86,434
Bank card service fees	**58,216**	79,915
Settlement and clearing fees	**45,484**	97,852
Agency service fees and others	**29,283**	77,583
Subtotal	**331,299**	433,250
Fee and commission expense		
Settlement and clearing fees	**(16,796)**	(20,731)
Bank card service fees	**(14,109)**	(30,852)
Agency service fees and others	**(9,991)**	(22,820)
Subtotal	**(40,896)**	(74,403)
Net fee and commission income	**290,403**	358,847

(b) Disaggregation of income:

	For the six months ended 30 June			
	2024		2023	
	At a point in time	**Over time**	At a point in time	Over time
Wealth management business fees	**–**	**116,042**	–	91,466
Acceptance and guarantee service fees	**–**	**82,274**	–	86,434
Bank card service fees	**52,258**	**5,958**	63,201	16,714
Settlement and clearing fees	**45,484**	**–**	97,852	–
Agency service fees and others	**29,283**	**–**	77,583	–
Total	**127,025**	**204,274**	238,636	194,614

6 NET TRADING GAINS

	For the six months ended 30 June **2024**	2023
Net gains from debt securities	**8,597**	6,796
Exchange gains	**33**	159
Net (losses)/gains from interbank deposits issued	**(119)**	240
Net losses from equity investments	**(21,978)**	(11,659)
Net (losses)/gains from funds	**(22,543)**	202,120
Net losses from investment management products	**(62,917)**	(25,449)
Total	**(98,927)**	172,207

7 NET GAINS ARISING FROM INVESTMENT SECURITIES

	For the six months ended 30 June **2024**	2023
Net gains on financial investments measured at fair value through profit or loss	**296,251**	223,402
Net gains on financial investments measured at fair value through other comprehensive income	**56,211**	27,284
Total	**352,462**	250,686

8 OTHER OPERATING INCOME

	For the six months ended 30 June **2024**	2023
Government grants	**20,437**	23,488
Rental income	**2,031**	54
Income from long-term unwithdrawn items	**464**	276
Penalty income	**404**	780
Net gains/(losses) on disposal of property and equipment and other assets	**365**	(231)
Others	**296**	282
Total	**23,997**	24,649

9 OPERATING EXPENSES

	For the six months ended 30 June 2024	2023
Staff costs		
– Salaries, bonuses and allowances	**332,703**	354,478
– Social insurance and annuity	**132,057**	119,463
– Housing allowances	**40,546**	37,124
– Employee education expenses and labour union expenses	**11,294**	11,837
– Staff welfare	**14,265**	15,148
– Supplementary retirement benefits	**–**	780
– Others	**1,913**	2,184
Subtotal	**532,778**	541,014
Depreciation and amortisation	**152,339**	156,171
Taxes and surcharges	**41,640**	41,587
Rental and property management expenses	**20,851**	20,963
Other general and administrative expenses	**172,748**	190,526
Total	**920,356**	950,261

10 IMPAIRMENT LOSSES ON CREDIT

	For the six months ended 30 June 2024	2023
Loans and advances to customers	**978,332**	462,438
Placements with banks and other financial institutions	**10,079**	24,654
Deposits with banks and other financial institutions	**1,242**	(264)
Financial assets held under resale agreements	**358**	–
Credit commitments	**(36,393)**	46,298
Financial investments	**(144,573)**	320,992
Other assets	**(820)**	5,396
Total	**808,225**	859,514

11 INCOME TAX EXPENSE

(a) Income tax:

	For the six months ended 30 June 2024	2023
Income tax	**17,185**	7,995

(b) Reconciliations between income tax and accounting profit are as follows:

		For the six months ended 30 June **2024**	2023
Profit before tax		**1,046,571**	1,041,018
Statutory tax rate		**25%**	25%
Income tax calculated at the statutory tax rate		**261,643**	260,255
Non-deductible expenses and others		**2,944**	15,739
Non-taxable income	*(i)*	**(247,402)**	(267,999)
Income tax		**17,185**	7,995

(i) The non-taxable income mainly represents the interest income arising from the People's Republic of China (the "**PRC**") government bonds, and dividends from domestic funds.

12 BASIC AND DILUTED EARNINGS PER SHARE

		For the six months ended 30 June **2024**	2023
Net profit attributable to equity holders of the Bank		**1,030,416**	1,034,158
Weighted average number of ordinary shares (in thousands)	*(a)*	**5,838,650**	5,838,650
Basic and diluted earnings per share attributable to equity holders of the Bank (in RMB)		**0.18**	0.18

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the reporting period.

(a) Weighted average number of ordinary shares (in thousands)

	For the six months ended 30 June **2024**	2023
Number of ordinary shares at the beginning of the period	**5,838,650**	5,838,650
Weighted average number of ordinary shares issued during the period	**–**	–
Weighted average number of ordinary shares	**5,838,650**	5,838,650

13 CASH AND DEPOSITS WITH THE CENTRAL BANK

		30 June 2024	31 December 2023
Cash on hand		**232,938**	318,482
Deposits with the central bank			
– Statutory deposit reserves	*(a)*	**14,198,301**	13,473,303
– Surplus deposit reserves	*(b)*	**6,662,703**	8,424,811
– Fiscal deposits		**12,891**	37,274
Subtotal		**20,873,895**	21,935,388
Interest accrued		**6,399**	6,667
Total		**21,113,232**	22,260,537

(a) The Group places statutory deposit reserves with the PBOC in accordance with relevant regulations. As at the end of each of the reporting periods, the statutory deposit reserve ratios applicable to the Bank were as follows:

	30 June 2024	31 December 2023
Reserve ratio for RMB deposits	**5.00%**	5.00%
Reserve ratio for foreign currency deposits	**4.00%**	4.00%

The statutory deposit reserves are not available for the Group's daily business. The subsidiary of the Bank is required to place statutory RMB deposit reserve at rates determined by the PBOC.

(b) The surplus deposit reserves are maintained with the PBOC for the purpose of clearing.

14 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	30 June 2024	31 December 2023
Deposits in Chinese mainland		
– Banks	**1,637,848**	967,561
– Other financial institutions	**1,255,305**	1,375,296
Subtotal	**2,893,153**	2,342,857
Deposits outside Chinese mainland		
– Banks	**1,777**	2,423
Interest accrued	**11,634**	11,614
Less: Provision for impairment losses	**(1,478)**	(236)
Total	**2,905,086**	2,356,658

15 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	30 June 2024	31 December 2023
Placements in Chinese mainland		
– Other financial institutions	**16,250,000**	13,500,000
Subtotal	**16,250,000**	13,500,000
Interest accrued	**228,987**	201,611
Less: Provision for impairment losses	**(37,246)**	(27,167)
Total	**16,441,741**	13,674,444

16 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by type and location of counterparty

	30 June 2024	31 December 2023
In Chinese mainland		
– Banks	**28,459,829**	40,323,586
– Other financial institutions	**1,441,505**	1,190,975
Subtotal	**29,901,334**	41,514,561
Interest accrued	**334**	322
Less: Provision for impairment losses	**(361)**	(3)
Total	**29,901,307**	41,514,880

(b) Analysed by type of collateral held

	30 June 2024	31 December 2023
Debt securities		
– Government	**878,930**	1,299,700
– Policy banks	**963,475**	2,290,975
Subtotal	**1,842,405**	3,590,675
Bank acceptances	**28,058,929**	37,923,886
Subtotal	**29,901,334**	41,514,561
Interest accrued	**334**	322
Less: Provision for impairment losses	**(361)**	(3)
Total	**29,901,307**	41,514,880

17 LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	30 June 2024	31 December 2023
Loans and advances to customers measured at amortised cost:		
Corporate loans and advances	**129,957,344**	120,284,397
Personal loans		
– Residential mortgage loans	**24,074,435**	22,983,722
– Personal consumption loans	**3,646,597**	2,938,696
– Personal business loans	**1,311,317**	1,294,562
– Credit cards	**4,078,465**	4,602,703
Subtotal	**33,110,814**	31,819,683
Interest accrued	**1,051,258**	951,933
Less: Provision for impairment losses on loans and advances to customers measured at amortised cost	**(7,388,261)**	(6,778,302)
Subtotal	**156,731,155**	146,277,711
Loans and advances to customers measured at fair value through other comprehensive income:		
Corporate loans and advances	**439,312**	–
Discounted bills	**38,511,441**	39,332,036
Subtotal	**38,950,753**	39,332,036
Net loans and advances to customers	**195,681,908**	185,609,747

(b) Loans and advances to customers (excluding interest accrued) analysed by industry sector

	30 June 2024		
	Amount	**Percentage**	**Loans and advances secured by collateral**
Manufacturing	**45,006,954**	**22.28%**	**5,271,692**
Mining	**25,460,036**	**12.60%**	**5,470,993**
Wholesale and retail trade	**11,786,169**	**5.83%**	**3,878,062**
Leasing and commercial services	**11,318,834**	**5.60%**	**1,080,312**
Real estate	**9,688,941**	**4.80%**	**3,068,304**
Construction	**8,249,925**	**4.08%**	**909,571**
Production and supply of electric power, heating, gas and water	**6,608,482**	**3.27%**	**117,475**
Water, environment and public utility management	**4,084,510**	**2.02%**	**699,500**
Transportation, storage and postal services	**3,471,313**	**1.72%**	**874,723**
Financial services	**1,210,939**	**0.60%**	**290,000**
Lodging and catering	**331,939**	**0.16%**	**78,893**
Education	**158,491**	**0.08%**	**127,141**
Agriculture, forestry, animal husbandry and fishery	**63,221**	**0.03%**	**9,685**
Others	**2,956,902**	**1.48%**	**1,860,996**
Subtotal of corporate loans and advances	**130,396,656**	**64.55%**	**23,737,347**
Personal loans	**33,110,814**	**16.39%**	**18,086,914**
Discounted bills	**38,511,441**	**19.06%**	**38,511,441**
Gross loans and advances to customers	**202,018,911**	**100.00%**	**80,335,702**

	31 December 2023		
	Amount	Percentage	Loans and advances secured by collateral
Manufacturing	43,960,904	22.96%	5,847,622
Mining	23,610,552	12.33%	5,580,021
Wholesale and retail trade	10,089,887	5.27%	2,916,313
Leasing and commercial services	8,985,826	4.69%	1,635,604
Real estate	8,469,260	4.42%	2,399,234
Construction	6,942,448	3.63%	1,073,488
Production and supply of electric power, heating, gas and water	5,081,743	2.65%	122,150
Water, environment and public utility management	3,595,434	1.88%	417,500
Transportation, storage and postal services	3,043,886	1.59%	680,343
Financial services	2,841,378	1.48%	307,025
Lodging and catering	591,178	0.31%	338,376
Agriculture, forestry, animal husbandry and fishery	154,576	0.08%	61,112
Education	137,987	0.07%	131,637
Others	2,779,338	1.47%	1,843,964
Subtotal of corporate loans and advances	120,284,397	62.83%	23,354,389
Personal loans	31,819,683	16.62%	16,626,169
Discounted bills	39,332,036	20.55%	39,332,036
Gross loans and advances to customers	191,436,116	100.00%	79,312,594

(c) Analysed by type of collateral

	30 June 2024	31 December 2023
Unsecured loans	**33,240,086**	26,314,437
Guaranteed loans	**88,443,123**	85,809,085
Collateralised loans	**30,370,288**	29,073,478
Pledged loans	**49,965,414**	50,239,116
Subtotal	**202,018,911**	191,436,116
Interest accrued	**1,051,258**	951,933
Gross loans and advances to customers	**203,070,169**	192,388,049
Less: Provision for impairment losses on loans and advances to customers measured at amortised cost	**(7,388,261)**	(6,778,302)
Net loans and advances to customers	**195,681,908**	185,609,747

(d) Overdue loans (excluding interest accrued) analysed by overdue period

	30 June 2024				
	Overdue within three months (inclusive)	**Overdue for more than three months to one year (inclusive)**	**Overdue for more than one year to three years (inclusive)**	**Overdue for more than three years**	**Total**
Unsecured loans	**401,797**	**175,962**	**111,804**	**17,765**	**707,328**
Guaranteed loans	**1,041,052**	**84,007**	**332,646**	**1,268,611**	**2,726,316**
Collateralised loans	**117,719**	**58,883**	**519,852**	**103,110**	**799,564**
Pledged loans	**548**	**7,170**	**–**	**5,952**	**13,670**
Total	**1,561,116**	**326,022**	**964,302**	**1,395,438**	**4,246,878**
As a percentage of gross loans and advances to customers	**0.77%**	**0.16%**	**0.48%**	**0.69%**	**2.10%**

	31 December 2023				
	Overdue within three months (inclusive)	Overdue for more than three months to one year (inclusive)	Overdue for more than one year to three years (inclusive)	Overdue for more than three years	Total
Unsecured loans	90,002	149,652	273,106	37,499	550,259
Guaranteed loans	812,268	80,190	1,596,740	216,782	2,705,980
Collateralised loans	48,070	97,535	487,738	85,367	718,710
Pledged loans	300	–	5,952	9,500	15,752
Total	950,640	327,377	2,363,536	349,148	3,990,701
As a percentage of gross loans and advances to customers	0.50%	0.17%	1.23%	0.18%	2.08%

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

(e) Loans and advances and provision for impairment losses

	30 June 2024			
	Expected credit losses over the next 12 months	**Lifetime expected credit losses: not credit-impaired loans**	**Lifetime expected credit losses: credit-impaired loans**[(i)]	**Total**
Total loans and advances to customers measured at amortised cost	**150,169,264**	**10,203,217**	**3,746,935**	**164,119,416**
Less: Provision for impairment losses	**(3,507,971)**	**(1,772,804)**	**(2,107,486)**	**(7,388,261)**
Carrying amount of loans and advances to customers measured at amortised cost	**146,661,293**	**8,430,413**	**1,639,449**	**156,731,155**
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	**38,950,753**	**–**	**–**	**38,950,753**
Net loans and advances to customers	**185,612,046**	**8,430,413**	**1,639,449**	**195,681,908**

	31 December 2023			
	Expected credit losses over the next 12 months	Lifetime expected credit losses: not credit-impaired loans	Lifetime expected credit losses: credit-impaired loans[(i)]	Total
Total loans and advances to customers measured at amortised cost	142,486,468	7,157,269	3,412,276	153,056,013
Less: Provision for impairment losses	(3,246,691)	(1,486,571)	(2,045,040)	(6,778,302)
Carrying amount of loans and advances to customers measured at amortised cost	139,239,777	5,670,698	1,367,236	146,277,711
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	39,332,036	–	–	39,332,036
Net loans and advances to customers	178,571,813	5,670,698	1,367,236	185,609,747

(i) The loans and advances are "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the loans and advances have occurred. Evidence that loans and advances are credit-impaired includes the following: significant financial difficulty of the borrower or issuer; a breach of contract such as overdue of principal or interest for more than 90 days; the possibility that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties.

(f) Movements in provision for impairment losses

(i) Movements in provision for impairment losses on loans and advances to customers measured at amortised cost:

	For the six months ended 30 June 2024			
	Expected credit losses over the next 12 months	**Lifetime expected credit losses: not credit-impaired loans**	**Lifetime expected credit losses: credit-impaired loans**	**Total**
As at 1 January	**3,246,691**	**1,486,571**	**2,045,040**	**6,778,302**
Transferred:				
– to expected credit losses over the next 12 months	**24,495**	**(4,899)**	**(19,596)**	**–**
– to lifetime expected credit losses: not credit-impaired loans	**(114,255)**	**139,507**	**(25,252)**	**–**
– to lifetime expected credit losses: credit-impaired loans	**(904)**	**(307,967)**	**308,871**	**–**
Charge for the period	**351,944**	**459,592**	**143,287**	**954,823**
Recoveries	**–**	**–**	**3,290**	**3,290**
Write-offs	**–**	**–**	**(302,470)**	**(302,470)**
Other changes	**–**	**–**	**(45,684)**	**(45,684)**
As at 30 June	**3,507,971**	**1,772,804**	**2,107,486**	**7,388,261**

	Year ended 31 December 2023			
	Expected credit losses over the next 12 months	Lifetime expected credit losses: not credit-impaired loans	Lifetime expected credit losses: credit-impaired loans	Total
As at 1 January	2,774,583	1,345,928	1,799,650	5,920,161
Transferred:				
– to expected credit losses over the next 12 months	75,606	(55,244)	(20,362)	–
– to lifetime expected credit losses: not credit-impaired loans	(3,435)	34,100	(30,665)	–
– to lifetime expected credit losses: credit-impaired loans	(5,641)	(48,821)	54,462	–
Charge for the year	405,578	210,608	358,278	974,464
Transfer-out	–	–	(39,831)	(39,831)
Recoveries	–	–	5,166	5,166
Other changes	–	–	(81,658)	(81,658)
As at 31 December	3,246,691	1,486,571	2,045,040	6,778,302

(ii) ***Movements in provision for impairment losses on loans and advances to customers measured at fair value through other comprehensive income:***

	For the six months ended 30 June 2024			
	Expected credit losses over the next 12 months	**Lifetime expected credit losses: not credit-impaired loans**	**Lifetime expected credit losses: credit-impaired loans**	**Total**
As at 1 January	**2,354**	**–**	**–**	**2,354**
Charge for the period	**23,509**	**–**	**–**	**23,509**
As at 30 June	**25,863**	**–**	**–**	**25,863**

	Year ended 31 December 2023			
	Expected credit losses over the next 12 months	Lifetime expected credit losses: not credit-impaired loans	Lifetime expected credit losses: credit-impaired loans	Total
As at 1 January	17,749	–	–	17,749
Reversal of the year	(15,395)	–	–	(15,395)
As at 31 December	2,354	–	–	2,354

Provision for impairment losses on loans and advances to customers measured at fair value through other comprehensive income is recognised in other comprehensive income without decreasing the carrying amount of loans and advances to customers presented in the statement of financial position, and impairment loss or gain is recognised in profit or loss.

(g) Disposal of loans and advances to customers

During the six months ended 30 June 2024, the Group did not transfer any loans and advances to independent third parties. For the year ended 31 December 2023, the Group transferred loans and advances with a gross amount of RMB80 million to independent third parties, and the transfer price was RMB40 million.

During the six months ended 30 June 2024 and the year ended 31 December 2023, the Group did not transfer any portfolio of customer loans and advances through the asset securitisation business.

18 FINANCIAL INVESTMENTS

		30 June 2024	31 December 2023
Financial investments measured at fair value through profit or loss	*(a)*	**17,761,231**	11,731,796
Financial investments measured at fair value through other comprehensive income	*(b)*	**4,888,514**	4,807,100
Financial investments measured at amortised cost	*(c)*	**76,922,908**	74,276,507
Total		**99,572,653**	90,815,403

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

	30 June 2024	31 December 2023
Debt securities issued by the following institutions in Chinese mainland		
– Government	**–**	305,189
– Banks and other financial institutions	**–**	512,587
– Corporates	**405,183**	293,962
Subtotal	**405,183**	1,111,738
Interbank deposits	**–**	199,440
Investment funds	**15,055,618**	8,062,705
Investment management products	**2,148,084**	2,183,589
Other investments	**152,346**	174,324
Total	**17,761,231**	11,731,796

As at 30 June 2024 and 31 December 2023, there were no investments subject to material restrictions in the realisation.

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

	30 June 2024	31 December 2023
Debt securities issued by the following institutions in Chinese mainland		
– Government	**1,245,652**	723,113
– Policy banks	**874,677**	1,122,922
– Banks and other financial institutions	**676,913**	270,657
– Corporates	**486,449**	101,838
Subtotal	**3,283,691**	2,218,530
Interest accrued	**38,770**	38,717
Subtotal	**3,322,461**	2,257,247
Interbank deposits	**892,585**	493,454
Investment management products	**587,866**	871,414
Interest accrued	**12,108**	37,352
Subtotal	**599,974**	908,766
Other investments	**73,494**	1,147,633
Total	**4,888,514**	4,807,100

(i) As at 30 June 2024 and 31 December 2023, there were no investments subject to material restrictions in the realisation.

(ii) Movements in allowances for impairment losses on financial investments measured at fair value through other comprehensive income:

	For the six months ended 30 June 2024			
	Expected credit losses over the next 12 months	**Lifetime expected credit losses: not credit-impaired**	**Lifetime expected credit losses: credit-impaired**	**Total**
Balance at 1 January	**2,264**	**–**	**–**	**2,264**
Reversal of the period	**(285)**	**–**	**–**	**(285)**
Balance at 30 June	**1,979**	**–**	**–**	**1,979**

	Year ended 31 December 2023			
	Expected credit losses over the next 12 months	Lifetime expected credit losses: not credit-impaired	Lifetime expected credit losses: credit-impaired	Total
Balance at 1 January	2,244	–	–	2,244
Charge for the year	20	–	–	20
Balance at 31 December	2,264	–	–	2,264

Allowances for impairment losses on financial investments measured at fair value through other comprehensive income is recognised in other comprehensive income without decreasing the carrying amount of financial investments presented in the statement of financial position, and impairment loss or gain is recognised in profit or loss.

(c) Financial investments measured at amortised cost

		30 June 2024	31 December 2023
Debt securities issued by the following institutions in Chinese mainland	*(i)*		
– Government		**51,922,518**	48,760,419
– Policy banks		**14,025,789**	14,105,837
– Banks and other financial institutions		**4,405,006**	4,573,802
– Corporates		**741,313**	791,339
Interest accrued		**837,320**	974,623
Subtotal		**71,931,946**	69,206,020
Interbank deposits		**1,392,922**	593,499
Investment management products		**5,272,037**	6,292,994
Interest accrued		**3,954**	6,233
Subtotal		**5,275,991**	6,299,227
Less: Allowances for impairment losses	*(ii)*	**(1,677,951)**	(1,822,239)
Total		**76,922,908**	74,276,507

(i) As at the end of each reporting periods, certain debt securities were pledged for repurchase agreements (Note 39(f)).

(ii) Movements in allowances for impairment losses on financial investments measured at amortised cost.

	For the six months ended 30 June 2024			
	Expected credit losses over the next 12 months	**Lifetime expected credit losses: not credit-impaired**	**Lifetime expected credit losses: credit-impaired**	**Total**
Balance at 1 January	**137,234**	**67,151**	**1,617,854**	**1,822,239**
Reversal of the period	**(43,809)**	**(5,128)**	**(95,351)**	**(144,288)**
Balance at 30 June	**93,425**	**62,023**	**1,522,503**	**1,677,951**

	Year ended 31 December 2023			
	Expected credit losses over the next 12 months	Lifetime expected credit losses: not credit-impaired	Lifetime expected credit losses: credit-impaired	Total
Balance at 1 January	239,176	13,289	1,095,455	1,347,920
(Reversal of)/Charge for the year	(101,942)	53,862	522,399	474,319
Balance at 31 December	137,234	67,151	1,617,854	1,822,239

(d) **Financial investments are analysed as follows**

	30 June 2024	31 December 2023
Financial investments measured at fair value through profit or loss		
Debt securities		
– Listed	**308,435**	1,014,990
– Unlisted	**96,748**	96,748
Interbank deposits		
– Listed	**–**	199,440
Fund investments and others		
– Listed	**152,346**	174,324
– Unlisted	**17,203,702**	10,246,294
Subtotal	**17,761,231**	11,731,796
Financial investments measured at fair value through other comprehensive income		
Debt securities		
– Listed	**3,322,461**	2,257,247
Interbank deposits		
– Listed	**892,585**	493,454
Investment management products and others		
– Listed	**–**	1,074,139
– Unlisted	**673,468**	982,260
Subtotal	**4,888,514**	4,807,100
Financial investments measured at amortised cost		
Debt securities		
– Listed	**71,789,765**	69,058,162
– Unlisted	**136,914**	111,887
Interbank deposits		
– Listed	**1,392,545**	593,346
Investment management products		
– Unlisted	**3,603,684**	4,513,112
Subtotal	**76,922,908**	74,276,507
Total	**99,572,653**	90,815,403
Listed	**77,858,137**	74,865,102
Unlisted	**21,714,516**	15,950,301
Total	**99,572,653**	90,815,403

Debt securities traded in the interbank market of Chinese mainland are included in "Listed". Interbank deposits traded in the interbank market of Chinese mainland are classified as "Listed".

19 INTEREST IN AN ASSOCIATE

	30 June 2024	31 December 2023
Interest in an associate	**356,486**	343,551

The following table contains information about the Group's associate which is immaterial to the Bank and is an unlisted corporate entity whose quoted market price is not available:

	Percentages of equity/voting rights			
Name	**30 June 2024**	31 December 2023	**Place of incorporation/ registration**	**Business sector**
Jinshang Consumer Finance Co., Ltd.	**40%**	40%	Shanxi, China	Consumer finance

In February 2016, the Bank and other third-party shareholders jointly established Jinshang Consumer Finance Co., Ltd. ("**Jinshang Consumer Finance**"), which was registered in Taiyuan, Shanxi, China with its main business operating in China. The registered capital of Jinshang Consumer Finance amounted to RMB500 million and the Bank holds 40% of the equity of Jinshang Consumer Finance. As at 30 June 2024, Jinshang Consumer Finance had share capital of RMB500 million.

20 INVESTMENT IN A SUBSIDIARY

	30 June 2024	31 December 2023
Qingxu Jinshang Village and Township Bank Co., Ltd.	**25,500**	25,500

Qingxu Jinshang Village and Township Bank Co., Ltd. was incorporated on 19 January 2012, which was registered in Taiyuan, Shanxi, China with registered capital of RMB50 million. The principal activities of Qingxu Village and Township Bank are operating in Chinese mainland, and it is a corporate legal entity and a non-wholly-owned subsidiary of the Bank. As at 30 June 2024 and 31 December 2023, the Bank held 51% of equity interests in and voting rights of Qingxu Village and Township Bank. As at 30 June 2024, Qingxu Village and Township Bank had share capital of RMB50 million.

21 PROPERTY AND EQUIPMENT

	Premises	Office equipment	Motor vehicles	Electronic equipment	Leasehold improvements	Total
Cost						
As at 1 January 2023	1,701,746	57,703	13,461	526,220	389,684	2,688,814
Additions	72,870	4,107	–	41,172	18,140	136,289
Disposals	–	(1,166)	–	(23,070)	–	(24,236)
As at 31 December 2023	1,774,616	60,644	13,461	544,322	407,824	2,800,867
Additions	2,125	1,705	–	10,303	5,812	19,945
Disposals	–	(346)	–	(9,463)	–	(9,809)
As at 30 June 2024	**1,776,741**	**62,003**	**13,461**	**545,162**	**413,636**	**2,811,003**
Accumulated depreciation						
As at 1 January 2023	(514,302)	(41,499)	(12,279)	(448,025)	(352,876)	(1,368,981)
Charge for the period	(83,400)	(5,904)	(493)	(44,494)	(14,650)	(148,941)
Disposals	–	1,093	–	22,370	–	23,463
As at 31 December 2023	(597,702)	(46,310)	(12,772)	(470,149)	(367,526)	(1,494,459)
Charge for the period	(42,072)	(2,779)	(246)	(16,861)	(8,315)	(70,273)
Disposals	–	335	–	9,179	–	9,514
As at 30 June 2024	**(639,774)**	**(48,754)**	**(13,018)**	**(477,831)**	**(375,841)**	**(1,555,218)**
Net book value						
As at 31 December 2023	1,176,914	14,334	689	74,173	40,298	1,306,408
As at 30 June 2024	**1,136,967**	**13,249**	**443**	**67,331**	**37,795**	**1,255,785**

As at 30 June 2024, the net book values of premises of which title deeds were not yet finalised totalled RMB128 million (31 December 2023: RMB134 million). The Group is still in the progress of applying for the outstanding title deeds for the above premises. The directors of the Bank are of the opinion that there would be no significant costs in obtaining the title deeds.

The net book values of premises as at the end of each of the reporting periods are analysed by the remaining terms of the leases as follows:

	30 June 2024	31 December 2023
Held in Chinese mainland		
– Medium-term leases (10 to 20 years)	**1,136,967**	1,176,914

22 DEFERRED TAX ASSETS

(a) Analysed by nature

	30 June 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	**Deferred income tax assets/ (liabilities)**	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Deferred income tax assets				
– Allowance for impairment losses	**7,526,028**	**1,881,507**	7,160,668	1,790,167
– Accrued staff costs	**647,464**	**161,866**	881,956	220,489
– Fair value changes of financial assets	**150,292**	**37,573**	–	–
– Others	**1,001,332**	**250,333**	880,716	220,179
Subtotal	**9,325,116**	**2,331,279**	8,923,340	2,230,835
Deferred income tax liabilities				
– Fair value changes of financial assets	**–**	**–**	(131,444)	(32,861)
– Others	**(557,652)**	**(139,413)**	(474,592)	(118,648)
Subtotal	**(557,652)**	**(139,413)**	(606,036)	(151,509)
Net balances	**8,767,464**	**2,191,866**	8,317,304	2,079,326

(b) Movements in deferred tax

	Allowance for impairment losses (i)	**Accrued staff costs**	**Net (gains)/ losses on fair value changes (ii)**	**Others**	**Net balance of deferred tax assets**
As at 1 January 2023	1,472,609	210,468	(69,556)	161,888	1,775,409
Recognised in profit or loss	317,558	9,596	55,125	(60,357)	321,922
Recognised in other comprehensive income	–	425	(18,430)	–	(18,005)
As at 31 December 2023	1,790,167	220,489	(32,861)	101,531	2,079,326
Recognised in profit or loss	91,340	(58,798)	71,161	9,389	113,092
Recognised in other comprehensive income	–	175	(727)	–	(552)
As at 30 June 2024	**1,881,507**	**161,866**	**37,573**	**110,920**	**2,191,866**

(i) The Group made provision for impairment losses on loans and advances to customers and other financial assets measured at amortised cost. The provision for impairment losses was determined based on the expected recoverable amount of the relevant assets at the end of the reporting period. However, the amounts deductible for income tax purposes are calculated at 1% of the gross carrying amount of qualifying assets at the end of the reporting period, together with write-offs which fulfil specific criteria as set out in the PRC tax rules and are approved by the tax authorities.

(ii) Net gains or losses on fair value changes of financial instruments are subject to tax when realised.

23 OTHER ASSETS

		30 June 2024	31 December 2023
Accounts receivable and prepayments		**469,081**	411,328
Intangible assets	*(a)*	**337,762**	344,339
Right-of-use assets	*(b)*	**313,648**	311,521
Repossessed assets	*(c)*	**185,403**	184,555
Interest receivables	*(d)*	**100,219**	30,013
Land use rights	*(e)*	**57,388**	58,271
Long-term deferred expenses		**15,440**	16,563
Subtotal		**1,478,941**	1,356,590
Less: Allowances for impairment losses		**(35,930)**	(12,513)
Total		**1,443,011**	1,344,077

(a) Intangible assets

	Computer software and system development
Cost	
As at 1 January 2023	542,214
Additions	116,433
Disposals	(490)
As at 31 December 2023	658,157
Additions	23,274
Disposals	–
As at 30 June 2024	**681,431**
Accumulated amortisation	
As at 1 January 2023	(252,589)
Additions	(61,576)
Disposals	347
As at 31 December 2023	(313,818)
Additions	(29,851)
Disposals	–
As at 30 June 2024	**(343,669)**
Net book value	
As at 31 December 2023	344,339
As at 30 June 2024	**337,762**

(b) Right-of-use assets

	Premises
Cost	
As at 1 January 2023	737,319
Additions	101,695
Deductions	(39,007)
As at 31 December 2023	800,007
Additions	54,504
Deductions	(6,261)
As at 30 June 2024	**848,250**
Accumulated depreciation	
As at 1 January 2023	(398,781)
Additions	(111,746)
Deductions	22,041
As at 31 December 2023	(488,486)
Additions	(52,368)
Deductions	6,252
As at 30 June 2024	**(534,602)**
Net book value	
As at 31 December 2023	311,521
As at 30 June 2024	**313,648**

(c) Repossessed assets

	30 June 2024	31 December 2023
Land use rights and buildings	**185,403**	184,555
Less: Impairment allowances	**(26,193)**	(1,709)
Net balances	**159,210**	182,846

(d) Interest receivables

	30 June 2024	31 December 2023
Interest receivables arising from:		
Loans and advances to customers	**100,219**	30,013
Total	**100,219**	30,013

As at 30 June 2024 and 31 December 2023, interest receivables only included interest that has been due for the relevant financial instruments but not yet received at the end of the reporting period. Interest on financial instruments based on the effective interest method has been reflected in the balance of the corresponding financial instruments.

(e) Land use rights

The carrying value of land use rights is analysed based on the remaining terms of the leases as follows:

	30 June 2024	31 December 2023
For land located in Chinese mainland:		
10 to 35 years	**57,388**	58,271

The Group's right-of-use assets include the above-mentioned fully prepaid land use rights and other right-of-use assets disclosed in Note 23(b).

The amortisation period for the Group's land-use rights is between 10 and 35 years.

24 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	30 June 2024	31 December 2023
Deposits in Chinese mainland		
– Banks	**1,383**	1,038
– Other financial institutions	**38,476**	45,207
Subtotal	**39,859**	46,245
Interest accrued	**655**	671
Total	**40,514**	46,916

25 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analysed by type and location of counterparty

	30 June 2024	31 December 2023
In Chinese mainland		
– Banks	**14,244,700**	20,609,688
– Other financial institutions	**1,007,442**	1,450,303
Subtotal	**15,252,142**	22,059,991
Interest accrued	**8,286**	18,698
Total	**15,260,428**	22,078,689

(b) Analysed by type of collateral held

	30 June 2024	31 December 2023
Debt securities	**14,738,700**	14,607,300
Bank acceptances	**513,442**	7,452,691
Subtotal	**15,252,142**	22,059,991
Interest accrued	**8,286**	18,698
Total	**15,260,428**	22,078,689

26 DEPOSITS FROM CUSTOMERS

	30 June 2024	31 December 2023
Demand deposits		
– Corporate customers	**56,841,087**	57,557,248
– Individual customers	**14,734,392**	14,452,632
Subtotal	**71,575,479**	72,009,880
Time deposits		
– Corporate customers	**67,682,501**	70,109,318
– Individual customers	**132,567,307**	119,394,954
Subtotal	**200,249,808**	189,504,272
Pledged deposits		
– Acceptances	**14,439,021**	15,340,401
– Letters of credit and guarantee	**2,737,013**	2,498,124
– Letters of guarantee	**33,212**	31,800
– Others	**1,152,550**	1,305,226
Subtotal	**18,361,796**	19,175,551
Fiscal deposits	**17**	12
Inward and outward remittances	**42,529**	392,227
Accrued interest	**8,405,530**	7,168,423
Total	**298,635,159**	288,250,365

27 DEBT SECURITIES ISSUED

		30 June 2024	31 December 2023
Interbank deposits issued	*(a)*	**23,073,353**	19,736,643
Tier-two capital bonds issued	*(b)*	**1,999,454**	1,999,148
Subtotal		**25,072,807**	21,735,791
Interest accrued		**41,906**	90,100
Total		**25,114,713**	21,825,891

(a) Interbank deposits issued

(i) During the six months ended 30 June 2024, the Bank issued a number of certificates of interbank deposits with a total nominal amount of RMB22,350 million and duration between 1 to 12 months. The coupon interest rates ranged from 1.91% to 2.50% per annum.

(ii) During the year ended 31 December 2023, the Bank issued a number of certificates of interbank deposits with a total nominal amount of RMB45,550 million and maturity between 1 and 12 months. The coupon interest rates ranged from 1.78% to 2.85% per annum.

(iii) As at 30 June 2024, the fair value of interbank deposits issued was RMB22,938 million (31 December 2023: RMB19,664 million).

(b) Tier-two capital bonds issued

(i) In January 2021, the Bank issued 10-year tier-two capital bonds at fixed interest rate with a face value of RMB2,000 million. The coupon interest rate per annum is 4.78%. The Bank had an option to redeem the bonds at the end of the fifth year.

(ii) As at 30 June 2024, the fair value of the tier-two capital bonds issued was RMB2,076 million (31 December 2023: RMB2,058 million).

28 OTHER LIABILITIES

		30 June 2024	31 December 2023
Accounts payable in the process of clearance and settlement		**1,734,671**	455,755
Dividend payable		**662,548**	86,857
Accrued staff cost	*(a)*	**650,154**	896,389
Lease liabilities	*(b)*	**305,888**	309,827
Provisions	*(c)*	**264,594**	300,987
Deferred income		**67,535**	80,007
Other taxes payable		**40,350**	111,949
Total		**3,725,740**	2,241,771

(a) Accrued staff cost

	30 June 2024	31 December 2023
Salary, bonuses and allowances payable	**521,580**	755,303
Supplementary retirement benefits payable	**40,323**	41,165
Pension and annuity payable	**13,217**	23,217
Other social insurance payable	**10,927**	10,754
Housing fund payable	**9,260**	8,816
Others	**54,847**	57,134
Total	**650,154**	896,389

Defined contribution retirement plans

The defined contribution retirement plans of the Group mainly include social pension schemes and an annuity plan. The contributions to the defined contribution plans of the pension schemes are calculated at the applicable rates based on the amount stipulated by the PRC government or in proportion to the employees' total salaries and bonuses, which were charged to profit or loss of the Group when the contributions are made. Such schemes are arranged or regulated by the PRC local government and pursuant to the applicable laws and regulations, the Group could not use any forfeited contributions to reduce the existing level of contributions.

Supplementary retirement benefits

The Group pays supplementary retirement benefits to eligible employees. The amount confirmed in the statement of financial position represents the discounted value of the estimated benefit liability promised to be paid at the end of the reporting period. The supplementary retirement benefits payable of the Group at the end of the relevant reporting period are actuarial assessed by independent actuary Taorui Huiyue Management Consulting (Shenzhen) Co., Ltd. using the projected unit credit method.

(b) Lease liabilities

The maturity analysis of lease liabilities – undiscounted analysis:

	30 June 2024	31 December 2023
Within one year (inclusive)	**125,356**	120,822
Between one year and two years (inclusive)	**67,034**	70,852
Between two years and three years (inclusive)	**43,631**	41,750
Between three years and five years (inclusive)	**48,936**	49,888
More than five years	**51,107**	58,145
Total undiscounted lease liabilities	**336,064**	341,457
Total carrying amount	**305,888**	309,827

(c) Provisions

		30 June 2024	31 December 2023
Expected credit losses	*(i)*	**264,594**	300,987

(i) Movements in provisions for expected credit losses are as follows:

	For the six months ended 30 June 2024			
	Expected credit losses over the next 12 months	**Lifetime expected credit losses: not credit-impaired**	**Lifetime expected credit losses: credit-impaired**	**Total**
Balance at 1 January	**299,010**	**762**	**1,215**	**300,987**
Transferred				
– to expected credit losses over the next 12 months	**72**	**(72)**	**–**	**–**
– to lifetime expected credit losses: not credit-impaired	**(4,080)**	**4,080**	**–**	**–**
– to lifetime expected credit losses: credit-impaired	**(1)**	**–**	**1**	**–**
(Reversal of)/Charge for the period	**(52,732)**	**16,711**	**(372)**	**(36,393)**
Balance at 30 June	**242,269**	**21,481**	**844**	**264,594**

	Year ended 31 December 2023			
	Expected credit losses over the next 12 months	Lifetime expected credit losses: not credit-impaired	Lifetime expected credit losses: credit-impaired	Total
Balance at 1 January	328,358	1,348	735	330,441
Transferred				
– to expected credit losses over the next 12 months	189	(189)	–	–
– to lifetime expected credit losses: not credit-impaired	(23)	79	(56)	–
– to lifetime expected credit losses: credit-impaired	–	(348)	348	–
(Reversal of)/Charge for the year	(29,514)	(128)	188	(29,454)
Balance at 31 December	299,010	762	1,215	300,987

29 SHARE CAPITAL

	30 June 2024	31 December 2023
Domestic RMB ordinary shares	**4,868,000**	4,868,000
Offshore listed ordinary shares (H Shares)	**970,650**	970,650
Total	**5,838,650**	5,838,650

All of the above H shares are listed on The Stock Exchange of Hong Kong Limited. The par value of the domestic RMB ordinary shares and the offshore listed ordinary shares is RMB1, and these shares will enjoy the same status in terms of declaration, payment or making of all dividends or distributions.

30 RESERVES

(a) Capital reserve

	30 June 2024	31 December 2023
Share premium	**6,568,558**	6,568,558
Other capital reserve	**59,044**	59,044
Total	**6,627,602**	6,627,602

(b) Surplus reserve

The surplus reserve at the end of each reporting periods represented statutory surplus reserve fund and discretionary surplus reserve.

Pursuant to the Company Law of the PRC and the Articles of Association of the Bank, the Bank is required to appropriate 10% of its net profit on an annual basis under the People's Republic of China Generally Accepted Accounting Principles (PRC GAAP) after making good of the prior year's accumulated losses to statutory surplus reserve fund until the balance reaches 50% of its registered capital.

The Bank appropriated an amount of RMB201 million to the statutory surplus reserve fund for the year ended 31 December 2023. The Bank appropriated an amount of RMB702 million to the discretionary surplus reserve fund, that is 35% of its net profit on an annual basis of 2023 according to the resolution of the 2023 Annual General Meeting of Shareholders.

(c) General reserve

Pursuant to the "Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20)" issued by the Ministry of Finance, the Bank is required to set aside a general reserve through profit appropriation which should not be lower than 1.5% of the ending balance of its gross risk-bearing assets on an annual basis. The balance of the general reserve of the Bank amounted to RMB4,218 million as at 30 June 2024.

(d) Fair value reserve

	For the six months ended 30 June 2024	Year ended 31 December 2023
As at 1 January	**(42,580)**	(97,869)
Changes in fair value recognised in other comprehensive income	**99,757**	122,384
Transfer to profit or loss upon disposal	**(68,311)**	(48,665)
Transfer to retained earnings upon disposal	**(28,537)**	–
Less: Deferred tax	**(727)**	(18,430)
As at 30 June/31 December	**(40,398)**	(42,580)

(e) Impairment reserve

	For the six months ended 30 June 2024	Year ended 31 December 2023
As at 1 January	**3,462**	14,994
Impairment losses recognised in other comprehensive income	**23,224**	(15,376)
Less: Deferred tax	**(5,806)**	3,844
As at 30 June/31 December	**20,880**	3,462

(f) Remeasurement a net defined benefit liability

Remeasurement a net defined benefit liability represents actuarial gains or losses, net of tax, from remeasuring the net defined benefit liability.

	For the six months ended 30 June 2024	Year ended 31 December 2023
As at 1 January	**(5,340)**	(4,065)
Changes in fair value recognised in other comprehensive income	**(700)**	(1,700)
Less: Deferred tax	**175**	425
As at 30 June/31 December	**(5,865)**	(5,340)

31 RETAINED EARNINGS

(a) Appropriation of profits

In accordance with the resolution at the Bank's Annual General Meeting on 20 June 2024, the shareholders approved the following profit appropriations for the year ended 31 December 2023 as follows:

- Appropriation of statutory surplus reserve based on 10% of the net profit;
- Appropriation of discretionary surplus reserve based on 35% of the net profit; and
- Appropriation of general reserve amounting to approximately RMB486 million; and
- Declaration of cash dividends in an aggregate amount of approximately RMB584 million to all existing shareholders.

In accordance with the resolution at the Bank's Annual General Meeting on 9 June 2023, the shareholders approved the following profit appropriations for the year ended 31 December 2022 as follows:

- Appropriation of statutory surplus reserve based on 10% of the net profit;
- Appropriation of discretionary surplus reserve based on 10% of the net profit;
- Appropriation of general reserve amounting to approximately RMB581 million; and
- Declaration of cash dividends in an aggregate amount of approximately RMB584 million to all existing shareholders.

32 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Net decrease in cash and cash equivalents

	For the six months ended 30 June	
	2024	2023
Cash and cash equivalents at the end of the period	**8,537,570**	4,089,046
Less: Cash and cash equivalents at the beginning of the period	**(12,057,574)**	(5,150,304)
Net decrease in cash and cash equivalents	**(3,520,004)**	(1,061,258)

(b) Cash and cash equivalents

	30 June 2024	31 December 2023
Cash on hand	**232,938**	318,482
Deposits with the central bank other than restricted deposits	**6,662,703**	8,424,811
Deposits with banks and other financial institutions	**1,641,929**	1,314,281
Placements with banks and other financial institutions	**–**	2,000,000
Total	**8,537,570**	12,057,574

33 CAPITAL MANAGEMENT

The Group's capital management includes capital adequacy ratio management and capital financing management, of which the primary focus is on capital adequacy ratio management. The Group calculates the capital adequacy ratio in accordance with guidelines issued by the NFRA. The capital of the Group is divided into core tier-one capital, other tier-one capital and tier-two capital.

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

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

The Group calculates its capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks" and other relevant regulations promulgated by the NFRA.

The NFRA required commercial banks to meet the requirements of capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks". For non-systemically important banks, the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 7.50%, 8.50% and 10.50%, respectively.

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

The Group has computed its capital adequacy ratios and related data in accordance with "Regulation Governing Capital of Commercial Banks". During the reporting period, the Group complied with the capital requirements imposed by the regulatory authorities.

The Group's capital adequacy ratios at 30 June 2024 calculated in accordance with "Regulation Governing Capital of Commercial Banks" and relevant requirements promulgated by the NFRA; the Group's capital adequacy ratios at 31 December 2023 calculated in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and other relevant requirements promulgated by the former CBRC. Specific data are as follows:

	30 June 2024	31 December 2023
Total core tier-one capital		
– Share capital	**5,838,650**	5,838,650
– Qualifying portion of capital reserve	**6,627,602**	6,627,602
– Surplus reserve	**5,063,250**	4,361,372
– General reserve	**4,228,153**	4,228,153
– Other comprehensive income	**(25,383)**	(44,458)
– Retained earnings	**3,558,510**	3,785,300
– Qualifying portions of non-controlling interests	**7,351**	6,041
Core tier-one capital	**25,298,133**	24,802,660
Core tier-one capital deductions	**(337,762)**	(344,339)
Net core tier-one capital	**24,960,371**	24,458,321
Other tier-one capital	**980**	805
Net tier-one capital	**24,961,351**	24,459,126
Tier-two capital		
– Instruments issued and share premium	**2,000,000**	2,000,000
– Surplus provisions for impairment	**2,613,890**	2,462,273
– Qualifying portions of non-controlling interests	**1,960**	1,611
Net tier-two capital	**4,615,850**	4,463,884
Net capital base	**29,577,201**	28,923,010
Total risk weighted assets	**255,109,904**	219,585,893
Core tier-one capital adequacy ratio	**9.78%**	11.14%
Tier-one capital adequacy ratio	**9.78%**	11.14%
Capital adequacy ratio	**11.59%**	13.17%

34 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Related parties of the Group

(i) Major shareholders

Major shareholders of the Bank refer to shareholders holding or controlling 5% or more of shares or voting right of the Bank, or holding less than 5% of total capital or total shares of the Bank but having significant impact on the operational management of the Bank. The significant impact mentioned above includes but not limited to dispatching directors, supervisors or senior management to a commercial bank, influencing the financial and operational management decisions of commercial banks through agreements or other means and other circumstances.

As at 30 June 2024, general information and shareholdings of major shareholders are as follows:

	Proportion of shareholding	
Name	**30 June 2024**	31 December 2023
Shanxi Finance Bureau (山西省財政廳)	**12.25%**	12.25%
Huaneng Capital Services Co., Ltd. (華能資本服務有限公司)	**10.28%**	10.28%
Taiyuan Municipal Finance Bureau (太原市財政局)	**8.01%**	7.98%
Changzhi Nanye Industry Group Co., Ltd. (長治市南燁實業集團有限公司)	**7.72%**	7.72%
Shanxi Lu'an Mining (Group) Co., Ltd. (山西潞安礦業(集團)有限責任公司)	**6.15%**	6.15%
Shanxi International Electricity Group Limited Company (山西國際電力集團有限公司)	**5.14%**	5.14%
Shanxi Coking Coal Group Co., Ltd. (山西焦煤集團有限責任公司)	**4.99%**	4.99%
Changzhi Huashengyuan Mining Industry Co., Ltd. (長治市華晟源礦業有限公司)	**4.02%**	4.02%
Jinneng Holding Equipment Manufacturing Group Co., Ltd. (晉能控股裝備製造集團有限公司)	**3.43%**	3.43%

The official names of these related parties are in Chinese. The English translation is for reference only.

(ii) Subsidiary of the Bank

The detailed information of the Bank's subsidiary is set out in Note 20.

(iii) Associate of the Bank

The detailed information of the Bank's associate is set out in Note 19.

(iv) Other related parties

Other related parties can be individuals or enterprises, which include: members of the board of directors, the board of supervisors and senior management, and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the board of directors, the board of supervisors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 34(a) or their controlling shareholders.

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

The Bank entered into related-party transactions in the normal course and terms of business, with pricing policies based on market prices.

(i) Transactions between the Bank and its major shareholders

	For the six months ended 30 June	
	2024	2023
Transactions during the period		
Interest income	**6,790**	3,942
Interest expense	**25,300**	12,469
Net fee and commission income	**975**	1

	30 June 2024	31 December 2023
Balances at the end of the period/year		
Loans and advances to customers	**244,654**	166,717
Deposits from customers	**5,759,220**	11,238,578
Bank acceptances	**70,000**	–
Letters of credit	**237,500**	293,750

(ii) Transactions between the Bank and its subsidiary

The subsidiary of the Bank is its related party. The transactions between the Bank and its subsidiary are eliminated in combination.

	For the six months ended 30 June	
	2024	2023
Transactions during the period		
Interest expense	**6,380**	6,273

	30 June 2024	31 December 2023
Balances at the end of the period/year		
Deposits from banks and other financial institutions	**489,523**	493,714

(iii) ***Transactions between the Bank and its associate***

	For the six months ended 30 June	
	2024	2023
Transactions during the period		
Interest income	**18,997**	21,011
Interest expense	**322**	229
Net fee and commission income	**5,001**	506
Operating expenses	**–**	4

	30 June 2024	31 December 2023
Balances at the end of the period/year		
Deposits with banks and other financial institutions	**1,261,377**	1,381,618
Deposits from banks and other financial institutions	**1,250**	4,555

(iv) ***Transactions between the Bank and other related parties***

	For the six months ended 30 June	
	2024	2023
Transactions during the period		
Interest income	**521,259**	518,042
Interest expense	**61,845**	84,940
Net fee and commission income	**42,633**	28,828
Operating expenses	**4,166**	2,856
Assets transferred	**50,005**	–

	30 June 2024	31 December 2023
Balances at the end of the period/year		
Loans and advances to customers	**27,421,689**	21,285,216
Financial investments	**1,508,742**	1,453,211
Deposits from customers	**6,950,450**	13,730,550
Deposits from banks and other financial institutions	**33,495**	36,267
Bank acceptances	**3,644,164**	4,467,733
Letters of credit	**827,620**	1,836,600

(c) Key management personnel

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

(i) Transactions between the Bank and key management personnel

	For the six months ended 30 June	
	2024	2023
Transactions during the period		
Interest income	**11**	23
Interest expense	**17**	67

	30 June 2024	31 December 2023
Balances at the end of the period/year		
Loans and advances to customers	**901**	940
Deposits from customers	**4,709**	3,666

(ii) Key management personnel compensation

The aggregate compensation of key management personnel is as follows

	For the six months ended 30 June	
	2024	2023
Key management personnel compensation	**7,139**	10,222

(d) Loans and advances to key management personnel

	30 June 2024	31 December 2023
Aggregate amount of relevant loans outstanding at the end of the period/year	**901**	940
Maximum aggregate amount of relevant loans outstanding during the period/year	**901**	940

35 SEGMENT REPORTING

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

Corporate banking

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

Retail banking

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

Treasury business

This segment covers the Group's treasury business operations, including interbank money market transactions, repurchase transactions, interbank investments, and debt security trading. The financial market business segment also covers the management of the Group's overall liquidity position, including the issuance of debts.

Others

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

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

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

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

	For the six months ended 30 June 2024				
	Corporate banking	**Retail banking**	**Treasury business**	**Others**	**Total**
Operating income					
External net interest income/(expense)	**2,337,691**	**(1,519,362)**	**1,400,438**	**–**	**2,218,767**
Internal net interest (expense)/income	**(748,093)**	**2,045,183**	**(1,297,090)**	**–**	**–**
Net interest income	**1,589,598**	**525,821**	**103,348**	**–**	**2,218,767**
Net fee and commission income	**149,439**	**130,040**	**10,924**	**–**	**290,403**
Net trading gains	**–**	**–**	**(98,960)**	**33**	**(98,927)**
Net gains arising from investment securities	**–**	**–**	**352,462**	**–**	**352,462**
Other operating income	**9,262**	**–**	**–**	**14,735**	**23,997**
Operating income	**1,748,299**	**655,861**	**367,774**	**14,768**	**2,786,702**
Operating expenses	**(424,976)**	**(419,368)**	**(74,920)**	**(1,092)**	**(920,356)**
Impairment losses on credit	**(690,518)**	**(250,601)**	**132,894**	**–**	**(808,225)**
Impairment losses on other assets	**(24,113)**	**(371)**	**–**	**–**	**(24,484)**
Share of profits of an associate	**–**	**–**	**–**	**12,934**	**12,934**
Profit/(Loss) before tax	**608,692**	**(14,479)**	**425,748**	**26,610**	**1,046,571**
Other segment information					
Depreciation and amortisation	**70,426**	**69,497**	**12,416**	**–**	**152,339**
Capital expenditure	**20,308**	**20,040**	**3,580**	**–**	**43,928**

	30 June 2024				
	Corporate banking	**Retail banking**	**Treasury business**	**Others**	**Total**
Segment assets	**166,234,621**	**32,146,083**	**170,290,505**	**–**	**368,671,209**
Deferred tax assets	**–**	**–**	**–**	**2,191,866**	**2,191,866**
Total assets	**166,234,621**	**32,146,083**	**170,290,505**	**2,191,866**	**370,863,075**
Segment liabilities	**154,443,899**	**147,993,452**	**43,119,785**	**–**	**345,557,136**
Total liabilities	**154,443,899**	**147,993,452**	**43,119,785**	**–**	**345,557,136**

	For the six months ended 30 June 2023				
	Corporate banking	Retail banking	Treasury business	Others	Total
Operating income					
External net interest income/(expense)	2,299,606	(1,374,265)	1,102,998	–	2,028,339
Internal net interest (expense)/income	(529,427)	1,798,756	(1,269,329)	–	–
Net interest income/(expense)	1,770,179	424,491	(166,331)	–	2,028,339
Net fee and commission income	203,571	129,640	25,636	–	358,847
Net trading gains	–	–	172,048	159	172,207
Net gains arising from investment securities	–	–	250,686	–	250,686
Other operating income	21,819	–	–	2,830	24,649
Operating income	1,995,569	554,131	282,039	2,989	2,834,728
Operating expenses	(440,615)	(427,642)	(80,865)	(1,139)	(950,261)
Impairment losses on credit	(318,736)	(195,396)	(345,382)	–	(859,514)
Share of profits of an associate	–	–	–	16,065	16,065
Profit/(loss) before tax	1,236,218	(68,907)	(144,208)	17,915	1,041,018
Other segment information					
Depreciation and amortisation	72,500	70,365	13,306	–	156,171
Capital expenditure	49,980	48,508	9,173	–	107,661

	31 December 2023				
	Corporate banking	Retail banking	Treasury business	Others	Total
Segment assets	157,421,596	30,838,636	170,965,473	–	359,225,705
Deferred tax assets	–	–	–	2,079,326	2,079,326
Total assets	157,421,596	30,838,636	170,965,473	2,079,326	361,305,031
Segment liabilities	155,642,770	134,779,510	46,069,945	–	336,492,225
Total liabilities	155,642,770	134,779,510	46,069,945	–	336,492,225

36 RISK MANAGEMENT

The Group has exposure to the following risks arising from its financial instruments: credit risk, market risk, liquidity risk and operational risk.

This note presents information about the Group's exposure to each of the above risks and their sources, and the Group's objectives, policies and procedures for measuring and managing these risks.

Risk management system

The Group's risk management policies were established to identify and analyse the risks to which the Group is exposed, to set appropriate risk limits, and to design relevant internal control policies and systems for monitoring risks and adhering to risk limits. Risk management policies and relevant internal control systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors is responsible for establishing and maintaining a robust and effective risk management system and determining general risk preference and risk tolerance of the Group. Based on the general strategy of the Group, the Committee of Risk Management under the Board reviews the Group's risk management system and basic principles, risk management strategies and internal control system framework; supervises and evaluates the establishment, organization, working procedures, and effectiveness of the risk management department; monitors and evaluates the risk control measures undertaken by the management in credit risk, market risk, operational risk, and other areas; identifies, monitors, controls, and periodically assesses the group's risk management status and risk tolerance capacity. Senior management led by the president will be responsible for the control of credit risk, market risk, operational risk and approval of related policies and procedures. In addition, the Group set up the Department of Risk Management, Department of Credit Examination, Department of Asset and Liability Management, Department of Law and Compliance and the Audit Department based on the requirements of general risk management to perform respective functions in risk management, strengthen risk-covering portfolio management capabilities and conduct inspection on compliance with risk management policy of internal control system on a regular or irregular basis.

(a) Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its contractual obligation or commitment to the Group. It arises primarily from credit and bond investment portfolios and guarantees granted.

Credit business

To identify, assess, monitor and manage credit risks, the Group has designed effective system frameworks, credit policies and processes for credit risk management and implemented systematic control procedures. The responsible departments for credit risk management include the Risk Management Department and the Credit Examination Department. The Risk Management Department is responsible for implementing the Group's overall risk management system, as well as risk monitoring and control. The Risk Management Department is also responsible for formulating risk management policies. The Credit Examination Department is independent from customer relationship and product management departments to ensure the independence of credit approval. Front office departments, including the Department of Corporate Finance and the Personal Credit Asset Department, carry out credit businesses according to the Group's risk management policies and procedures.

The Group continuously improves the internal control mechanism and strengthens the management of the credit business. The Group has established comprehensive assessment and inquiry mechanisms, assigning the credit management accountability to the relevant departments and individuals.

For corporate and inter-bank credit businesses, the Group has formulated credit investment policies and implemented differentiated portfolio management for different industries, regions, products and customers. With respect to pre-lending evaluations, the Group assesses customers' credit ratings and performs integrated analysis on the risk and return of the loan. In the credit approval phase, all credit applications are approved by designated credit officers. During the post-lending monitoring, the Group continually monitors outstanding loans and other credit-related businesses. Any adverse events that may significantly affect a borrower's repayment ability are reported immediately, and actions are taken to mitigate the risks.

For personal credit operation business, customer relationship managers are required to assess the income level, credit history, and repayment ability of the applicant. The customer relationship managers then forward the applications and their recommendations to the loan approval departments for further approval. The Group monitors borrowers' repayment ability, the status of collateral and any changes to their value during the post-lending phase. Once a loan becomes overdue, the Group starts the recovery process according to standardised loan recovery procedures.

Stages of risks in financial instruments

The financial assets are categorised by the Group into the following stages to manage credit risk arising from financial assets:

Stage 1: Financial assets have not experienced a significant increase in credit risk since origination and impairment is recognised on the basis of 12-month expected credit losses.

Stage 2: Financial assets have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime expected credit losses.

Stage 3: Financial assets are in default and considered credit-impaired.

Significant increase in credit risk

When one or more quantitative, qualitative standards or upper limits are triggered, the Group assumes that the credit risk on financial assets has increased significantly.

If the borrower is one or more of the following criteria are met:

– the credit spread increasing significantly;

– significant changes with an adverse effect that have taken place in the borrower's business, financial and economic status;

– application of a grace period or debt-restructuring;

– significant changes with an adverse effect in the borrower's business conditions;

– decrease in value of the collateral (for the collateral loans and pledged loans only);

– early indicators of problems of cash flow/liquidity, such as late payment of accounts payable/ repayment of loans; or

– the borrowing being more than 30 days past due.

The Group uses the above criteria to monitor credit risk of financial assets related to loans and treasury operations, and conducts regular assessments at the counterparty level. The standards used in determining whether credit risk increases significantly are regularly monitored and reviewed by management for appropriateness.

As at 30 June 2024 and 31 December 2023, the Group has not considered that any of its financial assets has lower credit risk and no longer compared the credit risk at the end of the reporting period with that at the initial recognition to identify whether there was a significant increase in credit risk.

Definition of "default" and "credit-impaired assets"

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;
- the disappearance of an active market for securities because of financial difficulties of the issuer; or
- overdue more than 90 days.

The above criteria apply to all financial assets of the Group and they are consistent with the definition of "default" adopted by the internal management of credit risk.

Measurement of expected credit losses ("ECLs")

The Group adopts the ECL model to measure the provision for impairment losses on financial assets based on the stages categorised above.

The ECL is the result of the discounted product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, overdue situations, repayments.) and forward-looking information in order to establish the models for estimating PD, LGD and EAD. The definitions of these terms are as follows:

- PD refers to the likelihood that a borrower will be unable to meet his/her repayment obligations over the next 12 months or the remaining lifetime of the loan.
- EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan.

– LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. LGD varies according to different types of counterparties or other credit support.

– The discount rate used in the calculation of the ECLs is the initial effective interest rate or its approximate value.

Forward-looking information included in the expected credit loss model is as follows:

Both the assessment of significant increase in credit risk and the measurement of expected credit losses involve forward-looking information. Based on the analysis on historical data, the Group identified critical economic indicators that affect the credit risk and expected credit losses of all asset portfolios. The Group identified the relations between these economic indicators and the probability of default historically by conducting regression analysis and regularly identified the expected probability of default by predicting the future economic indicators. In addition to a base economic scenario, the Group conducts statistical analysis with experts' judgement to determine other possible scenarios and their weights. Generally, the highest weighting is assigned to Base scenario, while lower and comparable weightings are assigned to Upside and Downside scenarios. In the first half of 2024, the key assumptions the Group has taken include producer price index (PPI) and consumer price index (CPI), etc. The Group measures relevant provision for loss by the weighted 12-month ECL (for Stage 1) or the weighted lifetime ECL (for Stage 2 and Stage 3). The above weighted credit losses are calculated by multiplying the ECLs under the different scenarios by the weight of the corresponding scenarios.

Similar to other economic forecasts, there is highly inherent uncertainty in the assessment of estimated economic indicators and the probability of occurrence, and therefore, the actual results may be materially different from the forecasts. The Group believes that these forecasts reflect the Group's best estimate of possible outcomes.

Other forward-looking factors not incorporated in the above scenarios, such as the impact of regulatory and legal changes, have also been taken into account. However, they were not considered to have significant impacts, and the expected credit losses were not adjusted accordingly. The Group reviews and monitors the appropriateness of the above assumptions on a regular basis.

As at 30 June 2024 and 31 December 2023, there have been no significant changes in the estimate techniques and key assumptions of the Group.

At the same time, when the management believes that the potential impact of economic fluctuations cannot be reflected by properly adjusting the model parameters above in time, the Group uses the management superposition to adjust the amount of expected credit loss.

(i) Maximum credit risk exposure

The maximum exposure to credit risk is represented by the net carrying amount of each type of financial assets as at the end of each of the reporting periods.

(ii) Financial assets analysed by credit quality are summarised as follows:

	30 June 2024				
	Loans and advances to customers	**Deposits/ placements with banks and other financial institutions**	**Financial assets held under resale agreements**	**Financial investments***	**Others****
Balance of financial assets that are assessed for expected credit losses over the next 12 months					
– Overdue but not credit-impaired	1,253	–	–	–	–
– Neither overdue nor credit-impaired	188,067,988	19,144,930	29,901,334	79,868,940	684
Subtotal	188,069,241	19,144,930	29,901,334	79,868,940	684
Balance of financial assets that are not credit-impaired and assessed for lifetime expected credit losses					
– Overdue but not credit-impaired	1,553,722	–	–	–	–
– Neither overdue nor credit-impaired	8,649,013	–	–	257,711	25,072
Subtotal	10,202,735	–	–	257,711	25,072
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses					
– Overdue and credit-impaired	2,691,903	–	–	2,397,076	–
– Credit-impaired but not overdue	1,055,032	–	–	–	12,474
Subtotal	3,746,935	–	–	2,397,076	12,474
N/A	–	–	–	17,608,885	–
Interest accrued	1,051,258	240,621	334	892,152	–
Less: Provision for impairment losses	(7,388,261)	(38,724)	(361)	(1,677,951)	(9,737)
Net value	195,681,908	19,346,827	29,901,307	99,346,813	28,493

	31 December 2023				
	Loans and advances to customers	Deposits/ placements with banks and other financial institutions	Financial assets held under resale agreements	Financial investments*	Others**
Balance of financial assets that are assessed for expected credit losses over the next 12 months					
– Overdue but not credit-impaired	892	–	–	–	–
– Neither overdue nor credit-impaired	180,866,077	15,845,280	41,514,561	76,003,879	2,077
Subtotal	180,866,969	15,845,280	41,514,561	76,003,879	2,077
Balance of financial assets that are not credit-impaired and assessed for lifetime expected credit losses					
– Overdue but not credit-impaired	918,087	–	–	–	–
– Neither overdue nor credit-impaired	6,238,784	–	–	278,672	34,349
Subtotal	7,156,871	–	–	278,672	34,349
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses					
– Overdue and credit-impaired	3,071,722	–	–	2,418,737	–
– Credit-impaired but not overdue	340,554	–	–	–	11,441
Subtotal	3,412,276	–	–	2,418,737	11,441
N/A	–	–	–	11,557,472	–
Interest accrued	951,933	213,225	322	1,056,925	–
Less: Provision for impairment losses	(6,778,302)	(27,403)	(3)	(1,822,239)	(10,804)
Net value	185,609,747	16,031,102	41,514,880	89,493,446	37,063

* Financial investments include financial investments measured at fair value through profit or loss, financial investments measured at fair value through other comprehensive income and financial investments measured at amortised cost.

** Others comprise interest receivables, other receivables and other financial assets.

Financial assets (excluding interest accrued) analysed by credit quality

	30 June 2024							
	Balance				Provision for impairment losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Cash and deposits with the central bank	21,106,833	–	–	21,106,833	–	–	–	–
Deposits with banks and other financial institutions	2,894,930	–	–	2,894,930	(1,478)	–	–	(1,478)
Placements with banks and other financial institutions	16,250,000	–	–	16,250,000	(37,246)	–	–	(37,246)
Financial assets held under resale agreements	29,901,334	–	–	29,901,334	(361)	–	–	(361)
Loans and advances to customers	149,118,488	10,202,735	3,746,935	163,068,158	(3,507,971)	(1,772,804)	(2,107,486)	(7,388,261)
Financial investments	75,104,798	257,711	2,397,076	77,759,585	(93,425)	(62,023)	(1,522,503)	(1,677,951)
Other assets	684	25,072	12,474	38,230	(2)	(935)	(8,800)	(9,737)
Total	294,377,067	10,485,518	6,156,485	311,019,070	(3,640,483)	(1,835,762)	(3,638,789)	(9,115,034)
Financial assets measured at fair value through other comprehensive income								
Loans and advances to customers	38,950,753	–	–	38,950,753	(25,863)	–	–	(25,863)
Financial investments	4,764,142	–	–	4,764,142	(1,979)	–	–	(1,979)
Total	43,714,895	–	–	43,714,895	(27,842)	–	–	(27,842)
Credit commitments	57,694,593	242,799	1,943	57,939,335	(242,269)	(21,481)	(844)	(264,594)

	31 December 2023							
	Balance				Allowances for impairment losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Cash and deposits with the central bank	22,253,870	–	–	22,253,870	–	–	–	–
Deposits with banks and other financial institutions	2,345,280	–	–	2,345,280	(236)	–	–	(236)
Placements with banks and other financial institutions	13,500,000	–	–	13,500,000	(27,167)	–	–	(27,167)
Financial assets held under resale agreements	41,514,561	–	–	41,514,561	(3)	–	–	(3)
Loans and advances to customers	141,534,933	7,156,871	3,412,276	152,104,080	(3,246,691)	(1,486,571)	(2,045,040)	(6,778,302)
Financial investments	72,420,481	278,672	2,418,737	75,117,890	(137,234)	(67,151)	(1,617,854)	(1,822,239)
Other assets	2,077	34,349	11,441	47,867	(2)	(2,370)	(8,432)	(10,804)
Total	293,571,202	7,469,892	5,842,454	306,883,548	(3,411,333)	(1,556,092)	(3,671,326)	(8,638,751)
Financial assets measured at fair value through other comprehensive income								
Loans and advances to customers	39,332,036	–	–	39,332,036	(2,354)	–	–	(2,354)
Financial investments	3,583,398	–	–	3,583,398	(2,264)	–	–	(2,264)
Total	42,915,434	–	–	42,915,434	(4,618)	–	–	(4,618)
Credit commitments	69,860,951	9,882	4,343	69,875,176	(299,010)	(762)	(1,215)	(300,987)

Expected credit loss ratios for financial instruments analysed by credit quality:

	30 June 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Financial assets measured at amortised cost	**1.24%**	**17.51%**	**59.10%**	**2.93%**
Financial assets at fair value through other comprehensive income	**0.06%**	**N/A**	**N/A**	**0.06%**
Credit commitments	**0.42%**	**8.85%**	**43.44%**	**0.46%**

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost	1.16%	20.83%	62.84%	2.81%
Financial assets at fair value through other comprehensive income	0.01%	N/A	N/A	0.01%
Credit commitments	0.43%	7.71%	27.98%	0.43%

As at 30 June 2024, the fair values of collaterals held against loans and advances that are not credit-impaired and assessed for lifetime expected credit losses amounted to RMB8,067 million (31 December 2023: RMB3,119 million). The fair values of collaterals held against loans and advances that are credit-impaired and assessed for lifetime expected credit losses amounted to RMB5,938 million (31 December 2023: RMB6,886 million). The collateral mainly includes land, buildings, machinery and equipment. The fair values of collaterals have estimated by the Bank based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

(iii) *Credit rating*

The Group adopts a credit rating approach for managing the credit risk arising from the debt securities portfolio. Debt securities are rated with reference to major rating agencies where the issuers of the securities are located. The carrying amounts of investments on debt securities (excluding interest accrued) analysed by credit ratings as at the end of the reporting period are as follows:

	30 June 2024	31 December 2023
Neither overdue nor impaired		
Ratings		
– AAA	**72,120,663**	68,963,095
– AA- to AA+	**2,560,822**	2,465,851
Subtotal	**74,681,485**	71,428,946
Unrated	**96,748**	96,748
Total	**74,778,233**	71,525,694

(b) Market risk

Market risk is the risk of loss, in respect of the Group's activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices, stock prices and other prices.

The Group has especially set up a structure and a team for market risk management. The Bank's Department of Risk Management takes the major responsibility for the exposure of market risk and preparation of relevant market risk management policies to submit to the Board of Directors. According to the established standards and current management capabilities, the Group measures market risk with the major adoption of sensitivity analysis. Before the new products or new businesses are launched, their market risks will be identified according to regulations.

The major source of market risk of the Group is from the asset and liability businesses involved in the market operation and the risks in interest rate and exchange rate relating to products.

Interest rate risk

The Group is primarily exposed to interest rate risk arising from repricing risk in its commercial banking business and the risk of financial market business position.

Repricing risk

Repricing risk, which is also known as the "maturity mismatch risk", is the most common form of interest rate risk. It is caused by the differences in timing between the maturities (related to fixed interest instruments) or repricing (related to floating interest instruments) of bank assets, liabilities and off-balance sheet items. The mismatch of repricing timing causes the Group's income or its inherent economic value to vary with the movements in interest rates.

Trading interest rate risk

Trading interest rate risk mainly arises from investment portfolios of treasury businesses. Interest rate risk is monitored using the effective duration analysis method. The Group employs other supplementary methods to measure its interest rate sensitivity, which is expressed as changes in the fair value of investment portfolios given a 100 basis points (1%) movement in the interest rates.

(i) The following tables indicate the assets and liabilities as at the end of the reporting period by the next expected repricing date or by maturity dates, depending on which is earlier:

	30 June 2024					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	21,113,232	253,591	20,859,641	–	–	–
Deposits with banks and other financial institutions	2,905,086	11,634	1,893,974	999,478	–	–
Placements with banks and other financial institutions	16,441,741	228,987	4,788,516	11,424,238	–	–
Financial assets held under resale agreements	29,901,307	334	28,424,593	1,476,380	–	–
Loans and advances to customers*	195,681,908	2,005,547	67,305,241	65,650,680	48,230,233	12,490,207
Financial investments	99,572,653	19,293,015	3,370,897	9,497,323	51,731,320	15,680,098
Others	5,247,148	5,247,148	–	–	–	–
Total assets	370,863,075	27,040,256	126,642,862	89,048,099	99,961,553	28,170,305
Liabilities						
Borrowings from the central bank	2,661,601	1,311	319,000	2,341,290	–	–
Deposits from banks and other financial institutions	40,514	655	39,859	–	–	–
Financial assets sold under repurchase agreements	15,260,428	8,286	15,252,142	–	–	–
Deposits from customers	298,635,159	8,498,500	98,255,628	85,806,841	106,074,190	–
Debt securities issued	25,114,713	41,906	7,707,442	15,365,911	–	1,999,454
Others	3,844,721	3,554,252	–	5,202	170,184	115,083
Total liabilities	345,557,136	12,104,910	121,574,071	103,519,244	106,244,374	2,114,537
Asset-liability gap	25,305,939	14,935,346	5,068,791	(14,471,145)	(6,282,821)	26,055,768

	31 December 2023					
	Total	Non-interest-bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	22,260,537	339,314	21,921,223	–	–	–
Deposits with banks and other financial institutions	2,356,658	11,614	1,384,117	960,927	–	–
Placements with banks and other financial institutions	13,674,444	201,611	2,997,565	10,475,268	–	–
Financial assets held under resale agreements	41,514,880	322	37,950,455	3,564,103	–	–
Loans and advances to customers*	185,609,747	2,110,094	68,913,734	56,333,132	45,187,224	13,065,563
Financial investments	90,815,403	13,522,807	3,133,239	7,525,446	51,959,278	14,674,633
Others	5,073,362	5,073,362	–	–	–	–
Total assets	361,305,031	21,259,124	136,300,333	78,858,876	97,146,502	27,740,196
Liabilities						
Borrowings from the central bank	1,726,222	932	4,000	1,721,290	–	–
Deposits from banks and other financial institutions	46,916	671	46,245	–	–	–
Financial assets sold under repurchase agreements	22,078,689	18,698	21,363,174	696,817	–	–
Deposits from customers	288,250,365	7,583,012	109,313,587	69,016,290	102,337,476	–
Debt securities issued	21,825,891	90,100	5,308,488	14,428,155	–	1,999,148
Others	2,564,142	2,272,743	–	2,789	164,113	124,497
Total liabilities	336,492,225	9,966,156	136,035,494	85,865,341	102,501,589	2,123,645
Asset-liability gap	24,812,806	11,292,968	264,839	(7,006,465)	(5,355,087)	25,616,551

* As at 30 June 2024, for loans and advances to customers, the category "Less than three months" included overdue amounts (net of allowances for impairment losses) of RMB75 million (31 December 2023: RMB577 million).

(ii) Interest rate sensitivity analysis

The Group uses sensitivity analysis to measure the impact of changes in interest rate on the Group's net profit or loss and equity. The following table sets forth the results of the Group's interest rate sensitivity analysis on net profit and equity with an assumption that all other variables held constant.

	30 June 2024	31 December 2023
	(Decrease)/ Increase	(Decrease)/ Increase
Change in net profit		
Parallel upward shift of 100 bps in yield curves	**(16,934)**	(24,197)
Parallel downward shift of 100 bps in yield curves	**16,935**	24,219
Change in equity		
Parallel upward shift of 100 bps in yield curves	**(44,640)**	(52,138)
Parallel downward shift of 100 bps in yield curves	**44,670**	52,162

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualised net profit or loss and equity would have been affected by repricing the Group's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions:

– Interest rate movements at the end of the reporting period apply to all non-derivative financial instruments of the Group;

– At the end of the reporting period, an interest rate movement of 100 basis points is based on the assumption of interest rate movement over the next 12 months;

– There is a parallel shift in the yield curve with the changes in interest rates;

– There are no other changes to the asset and liabilities portfolio;

– Other variables (including exchange rates) remain unchanged; and

– The analysis does not take into account the effect of risk management measures taken by the Group.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's net profit or loss and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.

Foreign currency risk

The currency of the majority of the business of the Group is Renminbi, where the currencies of the rest of the businesses are United States dollars and other foreign currencies.

The changes in exchange rates will affect the financial position and cash flows of the Group. Due to the small amount of foreign currency businesses of the Group, the effect of foreign currency risk on the Group would be immaterial. The major principle of the Group's control on foreign currency risk is to achieve matching of assets and liabilities of each currency and to conduct daily monitoring on currency exposure.

The Group adopts sensitivity analysis to measure the possible effects of changes in exchange rates on net gains and losses and interest of the Group. As the foreign currency assets and liabilities account for an immaterial part of the total assets and total liabilities of the Group, the effect of changes in exchange rates on net gains and losses and interest of the Group would be immaterial.

The Group's currency exposures as at the end of each of the reporting periods are as follows:

	30 June 2024			
	RMB	***USD (RMB equivalent)***	***Others (RMB equivalent)***	***Total (RMB equivalent)***
Assets				
Cash and deposits with the central bank	**21,113,019**	**190**	**23**	**21,113,232**
Deposits with banks and other financial institutions	**2,866,278**	**36,935**	**1,873**	**2,905,086**
Placements with banks and other financial institutions	**16,441,741**	**–**	**–**	**16,441,741**
Financial assets held under resale agreements	**29,901,307**	**–**	**–**	**29,901,307**
Loans and advances to customers	**195,681,908**	**–**	**–**	**195,681,908**
Financial investments	**99,572,653**	**–**	**–**	**99,572,653**
Others	**5,247,148**	**–**	**–**	**5,247,148**
Total assets	**370,824,054**	**37,125**	**1,896**	**370,863,075**
Liabilities				
Borrowings from the central bank	**2,661,601**	**–**	**–**	**2,661,601**
Deposits from banks and other financial institutions	**40,514**	**–**	**–**	**40,514**
Financial assets sold under repurchase agreements	**15,260,428**	**–**	**–**	**15,260,428**
Deposits from customers	**298,634,745**	**277**	**137**	**298,635,159**
Debt securities issued	**25,114,713**	**–**	**–**	**25,114,713**
Others	**3,808,586**	**36,135**	**–**	**3,844,721**
Total liabilities	**345,520,587**	**36,412**	**137**	**345,557,136**
Net position	**25,303,467**	**713**	**1,759**	**25,305,939**
Off-balance sheet credit commitments	**57,939,335**	**–**	**–**	**57,939,335**

		31 December 2023		
	RMB	*USD (RMB equivalent)*	*Others (RMB equivalent)*	*Total (RMB equivalent)*
Assets				
Cash and deposits with the central bank	22,260,419	96	22	22,260,537
Deposits with banks and other financial institutions	2,317,299	36,840	2,519	2,356,658
Placements with banks and other financial institutions	13,674,444	–	–	13,674,444
Financial assets held under resale agreements	41,514,880	–	–	41,514,880
Loans and advances to customers	185,609,747	–	–	185,609,747
Financial investments	90,815,403	–	–	90,815,403
Others	5,073,362	–	–	5,073,362
Total assets	361,265,554	36,936	2,541	361,305,031
Liabilities				
Borrowings from the central bank	1,726,222	–	–	1,726,222
Deposits from banks and other financial institutions	46,916	–	–	46,916
Financial assets sold under repurchase agreements	22,078,689	–	–	22,078,689
Deposits from customers	288,249,894	334	137	288,250,365
Debt securities issued	21,825,891	–	–	21,825,891
Others	2,528,176	35,899	67	2,564,142
Total liabilities	336,455,788	36,233	204	336,492,225
Net position	24,809,766	703	2,337	24,812,806
Off-balance sheet credit commitments	69,875,176	–	–	69,875,176

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to obtain funds on a timely basis or obtain funds at a reasonable cost to sustain its asset business or meet its repayment obligations.

The Group plays an active part in managing liquidity risks and improves the related management system in terms of organisation, institution, system, management and mechanism. The organisational structure of the Group's liquidity risk management consists of the Board of Directors, senior management, its Risk Management Committee and Asset and Liability Management Committee, Department of Risk Management, Department of Asset and Liability Management, Department of Corporate Finance, Department of Retail Banking, Department of Personal Credit Assets, Department of Trade Finance, Department of Financial Market, Department of Technology Information and Audit Department of the Bank, which are responsible for formulating liquidity risk management strategies and establishing internal control mechanism to support the implementation and supervision of liquidity risk management strategies.

The measurement of liquidity risk of the Group adopts liquidity indicators and cash flow gap calculation. By stress testing, the Group sets up mild, moderate and severe scenarios to examine the capacity to withstand liquidity or liquidity crises and improve liquidity contingency measures. In terms of responses to liquidity risks, the Group strengthens the management and monitoring of liquidity limits; establishes related liquidity emergency leading groups, early-warning indicators for internal and external liquidity risks and indicators that could trigger contingency plans and monitor these indicators; builds up quality liquidity asset reserves and financing capability management; erects liquidity risk reporting mechanism, in which the asset and liability management department reports to the Asset and Liability Management Committee, senior management and the Board of Directors on issues related to the status, stress testing and contingency plans of liquidity risks on a regular basis.

The following tables provide an analysis of assets and liabilities of the Group by maturity based on the remaining periods to repayment at the end of the reporting period:

	30 June 2024							
	Indefinite*	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with the central bank	14,211,192	6,895,641	6,399	–	–	–	–	21,113,232
Deposits with banks and other financial institutions	–	1,644,254	101,731	155,746	1,003,355	–	–	2,905,086
Placements with banks and other financial institutions	–	–	1,451,441	3,480,569	11,509,731	–	–	16,441,741
Financial assets held under resale agreements	–	–	20,147,741	8,277,186	1,476,380	–	–	29,901,307
Loans and advances to customers	1,686,194	3,245,237	10,286,621	24,775,811	68,131,186	50,010,112	37,546,747	195,681,908
Financial investments	1,720,959	15,055,618	716,819	2,965,044	10,352,840	52,728,322	16,033,051	99,572,653
Others	5,114,372	132,776	–	–	–	–	–	5,247,148
Total assets	22,732,717	26,973,526	32,710,752	39,654,356	92,473,492	102,738,434	53,579,798	370,863,075
Liabilities								
Borrowings from the central bank	–	–	–	320,311	2,341,290	–	–	2,661,601
Deposits from banks and other financial institutions	–	40,514	–	–	–	–	–	40,514
Financial assets sold under repurchase agreements	–	–	14,746,986	513,442	–	–	–	15,260,428
Deposits from customers	–	74,337,537	9,823,985	14,773,809	88,166,429	111,533,399	–	298,635,159
Debt securities issued	–	–	1,608,202	6,099,240	15,407,817	–	1,999,454	25,114,713
Others	–	3,530,929	14,286	20,554	87,263	145,215	46,474	3,844,721
Total liabilities	–	77,908,980	26,193,459	21,727,356	106,002,799	111,678,614	2,045,928	345,557,136
Net position	22,732,717	(50,935,454)	6,517,293	17,927,000	(13,529,307)	(8,940,180)	51,533,870	25,305,939

	31 December 2023							
	Indefinite*	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with the central bank	13,510,577	8,743,293	6,667	–	–	–	–	22,260,537
Deposits with banks and other financial institutions	–	964,119	–	420,888	971,651	–	–	2,356,658
Placements with banks and other financial institutions	–	–	2,000,738	1,031,096	10,642,610	–	–	13,674,444
Financial assets held under resale agreements	–	–	26,413,226	11,537,551	3,564,103	–	–	41,514,880
Loans and advances to customers	1,905,904	3,146,552	14,669,774	23,621,854	57,624,321	47,614,736	37,026,606	185,609,747
Financial investments	2,863,661	8,062,705	348,717	2,833,948	8,139,953	53,543,112	15,023,307	90,815,403
Others	4,480,878	592,484	–	–	–	–	–	5,073,362
Total assets	22,761,020	21,509,153	43,439,122	39,445,337	80,942,638	101,157,848	52,049,913	361,305,031
Liabilities								
Borrowings from the central bank	–	–	–	4,932	1,721,290	–	–	1,726,222
Deposits from banks and other financial institutions	–	46,916	–	–	–	–	–	46,916
Financial assets sold under repurchase agreements	–	–	20,837,807	544,065	696,817	–	–	22,078,689
Deposits from customers	–	74,889,329	13,159,490	22,580,612	70,317,910	107,303,024	–	288,250,365
Debt securities issued	–	–	1,638,313	3,760,275	14,428,155	–	1,999,148	21,825,891
Others	–	2,237,251	17,124	14,182	95,528	147,342	52,715	2,564,142
Total liabilities	–	77,173,496	35,652,734	26,904,066	87,259,700	107,450,366	2,051,863	336,492,225
Net position	22,761,020	(55,664,343)	7,786,388	12,541,271	(6,317,062)	(6,292,518)	49,998,050	24,812,806

* Indefinite amount of cash and deposits with the central bank represents the statutory deposit reserves and fiscal deposits with the central bank. Indefinite amount of loans and advances to customers includes all the impaired loans and advances, as well as those overdue for more than one month. Loans and advances to customers with no impairment but overdue within one month are classified into the category of "repayable on demand". Indefinite amount of financial investments represents the amount of impaired investments or those overdue for more than one month. Equity investments are listed under the category of "indefinite".

The following tables provide an analysis of the contractual undiscounted cash flows of the non-derivative liabilities of the Group at the end of the reporting period:

	30 June 2024							
	Carrying amount	**Contractual undiscounted cash flows**	**Repayable on demand**	**Within one month**	**Between one month and three months**	**Between three months and one year**	**Between one year and five years**	**More than five years**
Non-derivative liabilities								
Borrowings from the central bank	**2,661,601**	**2,693,196**	**–**	**–**	**330,064**	**2,363,132**	**–**	**–**
Deposits from banks and other financial institutions	**40,514**	**40,514**	**40,514**	**–**	**–**	**–**	**–**	**–**
Financial assets sold under repurchase agreements	**15,260,428**	**15,263,700**	**–**	**14,750,258**	**513,442**	**–**	**–**	**–**
Deposits from customers	**298,635,159**	**307,734,498**	**74,337,537**	**9,832,691**	**14,832,431**	**89,556,749**	**119,175,090**	**–**
Debt securities issued	**25,114,713**	**25,949,200**	**–**	**1,610,000**	**6,120,000**	**15,645,600**	**382,400**	**2,191,200**
Other liabilities	**3,844,721**	**3,874,897**	**3,532,449**	**15,649**	**21,978**	**94,031**	**159,683**	**51,107**
Total non-derivative liabilities	**345,557,136**	**355,556,005**	**77,910,500**	**26,208,598**	**21,817,915**	**107,659,512**	**119,717,173**	**2,242,307**

	31 December 2023							
	Carrying amount	Contractual undiscounted cash flows	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Non-derivative liabilities								
Borrowings from the central bank	1,726,222	1,752,013	–	–	12,724	1,739,289	–	–
Deposits from banks and other financial institutions	46,916	46,916	46,916	–	–	–	–	–
Financial assets sold under repurchase agreements	22,078,689	22,084,784	–	20,843,902	544,065	696,817	–	–
Deposits from customers	288,250,365	297,822,444	74,889,329	13,176,282	22,670,853	71,513,692	115,572,288	–
Debt securities issued	21,825,891	22,754,800	–	1,645,600	3,780,000	14,660,000	382,400	2,286,800
Other liabilities	2,564,142	2,595,772	2,239,132	18,888	15,643	101,447	162,517	58,145
Total non-derivative liabilities	336,492,225	347,056,729	77,175,377	35,684,672	27,023,285	88,711,245	116,117,205	2,344,945

This analysis of contractual undiscounted cash flows of the non-derivative liabilities might be different from actual results.

(d) Operational risk

Operational risk refers to the risk of losses associated with internal procedures, employees, information technology systems, and external events, including legal risk, but excluding strategic risk and reputational risk.

The Group has specified issues of operational risks, including its manifestation, management mode, reporting procedure, reporting cycle and statistics of loss and improved comprehensive risk management system, with major initiatives as follows:

– Establishment of operational risk management system in a crisscrossing manner. On the one hand, the Group establishes an operational risk management framework that is compatible with its nature, scale, complexity and risk characteristics, including the operational risk management mechanism that involves its board of directors, board of supervisors, senior management, head office and branches. On the other hand, a three-tier risk prevention system for the front office, middle office and back office has been established for every major risk faced by the Group.

– Formation of business philosophy of compliance and robustness. The Group fosters favourable control environment, including constant advances and promotion in operational risk culture by the board of directors and senior management.

– Preference to low operational risk under the framework of "robust" risk preference. By conducting controls on operational risk including identification, measurement, resolution, monitoring and reporting, the Group establishes mechanisms for risk avoidance, loss prediction, prevention, control, reduction, financing to control operational risk within the carrying capacity of the Group and maximise its profits.

– Prevention of operational risks based on the means of inspection and supervision. All departments and branches of the head office actively perform their duties of supervision and management, conduct routine and special inspections on operational risks in major businesses, and establish ledgers of all problems identified for rectification and check-off. Based on the inspection by departments, the internal audit department fully uses the off-site audit system, business risk early-warning system and remote monitoring system to detect violations and pay constant attention to risk-prone problems to prevent operational risks. In the meantime, inspections and investigations are exercised on key businesses, key institutions and key personnel to prevent operational risks.

– Combination of punishments and incentives to encourage compliance and standard operations, Integral management will be implemented to personnel who violate operational standards for strict ascertainment of responsibility; employees are encouraged to spontaneously disclose and actively report operational risks; internal management, compliance operation, inspection and supervision and swindle prevention and control of the head office and branches shall be quantitatively assessed for penalty points; innovative implementation of compliance and internal control management of institutions shall be assessed for bonus points.

– Substantive achievements in carrying out system training and improving staff operation skills have been effective in preventing operational risks for the Group.

37 FAIR VALUE

(a) Methods and assumptions for measurement of fair value

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

(i) Debt securities and equity investments

The fair values of debt securities and equity investments that are traded in an active market are based on their quoted market prices in an active market at the end of the reporting period. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows.

(ii) Receivables and other non-derivative financial assets

Fair values are estimated at the present value of the future cash flows. The discount rates are based on the market interest rates at the end of the reporting period.

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

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

(b) Fair value measurement

(i) Financial assets

The Group's financial assets mainly consist of cash and deposits with the 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, and financial investments.

Deposits with the central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, and financial assets held under resale agreements are mostly priced at market interest rates and due within one year. Accordingly, the carrying amounts approximate to the fair values.

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

Financial investments measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss are stated at fair value. The carrying amounts of financial investments measured at amortised cost are the reasonable approximations of their fair values because, for example, they are short-term in nature or re-priced at current market rates frequently.

(ii) Financial liabilities

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

The book value and fair value of debt securities issued are presented in Note 27. The carrying amounts of other financial liabilities approximate to their fair values.

(c) Fair value hierarchy

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation techniques as follows:

– Level 1: Fair value measured using only Level 1 inputs, i.e., unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

– Level 2: Fair value measured using Level 2 inputs, i.e., observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and

– Level 3: Fair value measured using significant unobservable inputs.

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

	30 June 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements assets				
Financial investments measured at fair value through profit or loss				
– debt securities and interbank deposits	**–**	**308,435**	**96,748**	**405,183**
– fund investments	**–**	**15,055,618**	**–**	**15,055,618**
– investment management products	**–**	**365,239**	**1,782,845**	**2,148,084**
– other investments	**152,346**	**–**	**–**	**152,346**
Financial investments measured at fair value through other comprehensive income				
– debt securities and interbank deposits	**–**	**4,215,046**	**–**	**4,215,046**
– investment management products	**–**	**599,974**	**–**	**599,974**
– other investments	**–**	**–**	**73,494**	**73,494**
Loans and advances to customers measured at fair value through other comprehensive income				
– corporate loans and advances	**–**	**439,312**	**–**	**439,312**
– discounted bills	**–**	**38,511,441**	**–**	**38,511,441**
Total	**152,346**	**59,495,065**	**1,953,087**	**61,600,498**

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurement assets				
Financial investments measured at fair value through profit or loss				
– debt securities and interbank deposits	–	1,214,430	96,748	1,311,178
– fund investments	–	8,062,705	–	8,062,705
– investment management products	–	360,043	1,823,546	2,183,589
– other investments	174,324	–	–	174,324
Financial investments measured at fair value through other comprehensive income				
– debt securities and interbank deposits	–	2,750,701	–	2,750,701
– investment management products	–	908,766	–	908,766
– other investments	–	1,074,139	73,494	1,147,633
Loans and advances to customers measured at fair value through other comprehensive income				
– discounted bills	–	39,332,036	–	39,332,036
Total	174,324	53,702,820	1,993,788	55,870,932

The reconciliation information in the balance of Recurring Level 3 fair value measurements are as follows:

	1 January 2024	Transfer into Level 3	Transfer out of Level 3	Total gains or losses: Recorded in profit or loss	Total gains or losses: Recorded in other comprehensive income	Purchases, issues, sales and settlements: Purchases	Issues	Sales	Settlements	30 June 2024	Unrealised gains or losses for the period included in profit or loss for assets held at the end of the period
Assets											
Financial investments measured at fair value through profit or loss											
– debt securities	96,748	–	–	–	–	–	–	–	–	96,748	–
– investment management products	1,823,546	–	–	(38,701)	–	–	–	–	(2,000)	1,782,845	(38,701)
Subtotal	1,920,294	–	–	(38,701)	–	–	–	–	(2,000)	1,879,593	(38,701)
Financial investments measured at fair value through other comprehensive income											
– other investments	73,494	–	–	–	–	–	–	–	–	73,494	–
Total	1,993,788	–	–	(38,701)	–	–	–	–	(2,000)	1,953,087	(38,701)

				Total gains or losses		Purchases, issues, sales and settlements					
	1 January 2023	Transfer into Level 3	Transfer out of Level 3	Recorded in profit or loss	Recorded in other comprehensive income	Purchases	Issues	Sales	Settlements	31 December 2023	Unrealised gains or losses for the period included in profit or loss for assets held at the end of the year
Assets											
Financial investments measured at fair value through profit or loss											
– debt securities	96,748	–	–	–	–	–	–	–	–	96,748	–
– investment management products	2,192,760	–	–	(102,018)	–	–	–	–	(267,196)	1,823,546	(108,149)
Subtotal	2,289,508	–	–	(102,018)	–	–	–	–	(267,196)	1,920,294	(108,149)
Financial investments measured at fair value through other comprehensive income											
– other investments	120,700	–	–	–	(47,206)	–	–	–	–	73,494	–
Total	2,410,208	–	–	(102,018)	(47,206)	–	–	–	(267,196)	1,993,788	(108,149)

During the six months ended 30 June 2024 and the year ended 31 December 2023, there were no significant transfers among instruments in Level 1, Level 2 and Level 3.

38 FIDUCIARY ACTIVITIES

(a) Entrusted lending business

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

	30 June 2024	31 December 2023
Entrusted loans	**4,835,100**	4,953,091
Entrusted funds	**4,835,388**	4,953,436

39 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit commitments

The Group's credit commitments are in the form of approved loans with signed contracts, credit card commitments, bank acceptances, letters of credit and financial guarantees.

The contractual amounts of loan commitments represent the amounts should the contracts be fully drawn upon. The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise of undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

	30 June 2024	31 December 2023
Loan commitments		
– Original contractual maturity within one year	**910,487**	1,857,357
– Original contractual maturity more than one year (inclusive)	**6,258,399**	6,945,888
Credit card commitments	**5,856,267**	6,724,904
Subtotal	**13,025,153**	15,528,149
Acceptances	**36,051,131**	44,684,701
Letters of credit	**8,746,596**	9,552,633
Letters of guarantees	**116,455**	109,693
Total	**57,939,335**	69,875,176

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

(b) Credit risk-weighted amount for credit commitments

	30 June 2024	31 December 2023
Credit risk-weighted amount for credit commitments	**32,645,727**	26,893,789

The credit risk-weighted amount for credit commitments at 30 June 2024 represents the amount calculated with reference to the guidelines issued by the NFRA; the credit risk-weighted amount for credit commitments at 31 December 2023 represents the amount calculated with reference to the guidelines issued by the former CBRC.

(c) Capital commitments

As at the end of the reporting period, the Group's authorised capital commitments were as follows:

	30 June 2024	31 December 2023
Contracted but not paid for	**60,228**	16,723
Authorised but not contracted for	**1,769**	2,652
Total	**61,997**	19,375

(d) Outstanding litigations and disputes

As at 30 June 2024, the Group was the defendant in certain outstanding litigations and disputes with an estimated gross amount of RMB8 million (31 December 2023: RMB8 million). The Group has assessed the impact of the above outstanding litigations and disputes that may lead to an outflow of economic benefits. In the opinion of the Group's lawyers and external lawyers, it is unlikely for the Group to receive unfavourable ruling in these cases. Therefore, the Group did not make provision for the litigation. The directors of the Bank are of the view that these litigations will not have any material adverse effects on the Group's businesses, financial condition, results of operations or prospects.

(e) Bonds underwriting commitments and redemption obligations

The Group had no outstanding bond underwriting commitments at the end of the reporting period.

As an underwriting agent of the PRC government bonds, the Group has the responsibility to buy back its bonds if the holders decide to early redeem the bonds. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest accrued up to the redemption date. Accrued interest payable to the bond holders is calculated in accordance with relevant rules of the Ministry of Finance ("MOF") and the PBOC. The redemption price may be different from the fair value of similar instruments traded in the markets at the redemption date.

The redemption obligations below represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured at 30 June 2024 or 31 December 2023:

	30 June 2024	31 December 2023
Redemption obligations	**2,741,031**	2,727,759

(f) Pledged assets

(i) Assets pledged as collateral

	30 June 2024	31 December 2023
For repurchase agreements:		
– Financial investments measured at amortised cost	**15,869,076**	16,306,284
– Discounted bills	**512,790**	7,450,642
Total	**16,381,866**	23,756,926

Financial assets pledged by the Group as collateral for liabilities are mainly debt securities for repurchase agreements.

(ii) Pledged assets received

The Group conducts resale agreements under standard terms of placements and holds collateral for these transactions. The Group's balance of the financial assets held under resale agreements is disclosed in Note 16. The fair value of such collateral accepted by the Group was RMB30,096 million as at 30 June 2024 (31 December 2023: RMB41,758 million). These transactions were conducted under standard terms in the normal course of business.

As at 30 June 2024 and 31 December 2023, the Group had no collateral available for sale or outward encumbrance with an obligation to return at maturity.

40 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(a) Structured entities sponsored by third party institutions in which the Group holds interests

The Group holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Such structured entities include funds, trust schemes and asset management plans issued by financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of third party investors. These vehicles are financed through the issue of units to investors.

The following table sets out an analysis of the carrying amounts of interests held by the Group in unconsolidated structured entities, as well as an analysis of the line items in the statement of financial position in which relevant assets were recognised as at 30 June 2024 and 31 December 2023:

	30 June 2024		31 December 2023	
	Carrying amount	**Maximum exposure**	Carrying amount	Maximum exposure
Financial investments measured at fair value through profit or loss	**16,185,658**	**16,185,658**	9,277,549	9,277,549
Financial investments measured at fair value through other comprehensive income	**599,974**	**599,974**	908,766	908,766
Total	**16,785,632**	**16,785,632**	10,186,315	10,186,315

As at 30 June 2024 and 31 December 2023, the carrying amounts of the unconsolidated structured entities were equal to the maximum exposures.

(b) Structured entities sponsored by the Group in which the Group does not consolidate but holds interests

The types of unconsolidated structured entities sponsored by the Group include non-principal guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interests held by the Group include investments in units issued by these structured entities and fees charged by providing management services. As at 30 June 2024 and 31 December 2023, the carrying amounts of the investments in the units issued by these structured entities and management fee receivables being recognised were not material in the statement of financial position.

For the six months ended 30 June 2024, the amount of fee and commission income received from the above-mentioned structured entities by the Group was RMB116 million (for the six months ended 30 June 2023: RMB91 million).

As at 30 June 2024, the amount of assets held by the unconsolidated non-principal guaranteed wealth management products, which are sponsored by the Group, was RMB46,971 million (31 December 2023: RMB48,907 million).

(c) Unconsolidated structured entities sponsored by the Group during the period in which the Group does not have interests as at 30 June 2024

For the six months ended 30 June 2024, the aggregate amount of the non-principal guaranteed wealth management products sponsored and issued by the Group after 1 January but matured before 30 June was RMB92 million (for the six months ended 30 June 2023, there were no non-principal guaranteed wealth management products sponsored and issued by the Group after 1 January but matured before 30 June).

41 SUBSEQUENT EVENTS

The Group has no material events for disclosure subsequent to the end of the reporting period.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024 - UNAUDITED
(Amounts in thousands of Renminbi, unless otherwise stated)

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

In accordance with the Hong Kong Listing Rules and Banking (Disclosure) Rules, the Group discloses the unaudited supplementary financial information as follows:

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

(a) Liquidity coverage ratio

	30 June 2024	**Average for the six months ended 30 June 2024**
Liquidity coverage ratio (RMB and foreign currencies)	**225.27%**	**214.92%**

	31 December 2023	Average for the year ended 31 December 2023
Liquidity coverage ratio (RMB and foreign currencies)	242.06%	231.61%

Pursuant to the Administrative Measures on the Liquidity Risk Management of Commercial Banks, the minimum regulatory requirement of liquidity coverage ratio is 100%.

(b) Leverage ratio

	30 June 2024	31 December 2023
Leverage ratio	**5.92%**	5.92%

Pursuant to the “Regulation Governing Capital of Commercial Banks” issued by the NFRA effective since 1 January 2024, a minimum leverage ratio of 4% is required.

(c) Net Stable Funding Ratio

	30 June 2024	31 March 2024	31 December 2023
Net stable funding ratio	**125.56%**	122.92%	126.76%
Stable funds available	**241,883,036**	233,353,492	231,274,613
Stable funding required	**192,648,796**	189,839,361	182,449,447

Pursuant to the Administrative Measures on the Liquidity Risk Management of Commercial Banks, a minimum net stable funding ratio of 100% is required.

The above liquidity coverage ratio, leverage ratio and net stable funding ratio are calculated in accordance with the formula promulgated by the former CBRC and based on the financial information prepared in accordance with PRC GAAP.

2 CURRENCY CONCENTRATIONS

	30 June 2024			
	US Dollars *(RMB equivalent)*	**HK Dollars *(RMB equivalent)***	**Others *(RMB equivalent)***	**Total**
Spot assets	**37,125**	**2,420**	**172**	**39,717**
Spot liabilities	**(36,413)**	**(53)**	**(182)**	**(36,648)**
Net position	**712**	**2,367**	**(10)**	**3,069**

	31 December 2023			
	US Dollars *(RMB equivalent)*	HK Dollars *(RMB equivalent)*	Others *(RMB equivalent)*	Total
Spot assets	36,936	2,403	171	39,510
Spot liabilities	(36,233)	(53)	(184)	(36,470)
Net position	703	2,350	(13)	3,040

As at 30 June 2024, the Group had no structural foreign exchange position (31 December 2023: RMB35 million). In early 2024, the NFRA adjusted the reporting requirements for structural foreign exchange position, the Group made corresponding adjustments resulting in this change.

3 INTERNATIONAL CLAIMS

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

International claims only include deposits from banks and other financial institutions.

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

	30 June 2024		
	Banks and other financial institutions	**Non-bank private sector**	**Total**
Asia Pacific	**1,690**	**–**	**1,690**
Europe	**87**	**–**	**87**
Total	**1,777**	**–**	**1,777**

	31 December 2023		
	Banks and other financial institutions	Non-bank private sector	Total
Asia Pacific	2,337	–	2,337
Europe	86	–	86
Total	2,423	–	2,423

4 GROSS AMOUNTS OF OVERDUE LOANS AND ADVANCES

	30 June 2024	31 December 2023
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– between 3 and 6 months (inclusive)	**135,517**	115,612
– between 6 months and 1 year (inclusive)	**190,505**	211,765
– between 1 year and 3 years (inclusive)	**964,302**	2,363,536
– over 3 years	**1,395,438**	349,148
Total	**2,685,762**	3,040,061
Percentage of total gross loans and advances		
– between 3 and 6 months (inclusive)	**0.07%**	0.06%
– between 6 months and 1 year (inclusive)	**0.09%**	0.11%
– between 1 year and 3 years (inclusive)	**0.48%**	1.23%
– over 3 years	**0.69%**	0.18%
Total	**1.33%**	1.58%

7. PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.jshbank.com). The 2024 interim report prepared in accordance with IFRSs will be published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.jshbank.com).

This interim results announcement is prepared in both English and Chinese languages. If there is any inconsistency between Chinese and English versions, the Chinese version shall prevail.

By order of the Board
Jinshang Bank Co., Ltd.*
LI Yanbin
Joint Company Secretary

Taiyuan, August 29, 2024

As at the date of this announcement, the Board comprises Ms. HAO Qiang and Mr. ZHANG Yunfei as executive Directors; Mr. LI Shishan, Mr. MA Hongchao, Mr. LIU Chenhang, Mr. LI Yang and Mr. WANG Jianjun as non-executive Directors; Mr. WANG Liyan, Mr. DUAN Qingshan, Mr. SAI Zhiyi, Ms. HU Zhihong and Mr. CHAN Ngai Sang Kenny as independent non-executive Directors.

* *Jinshang 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.*