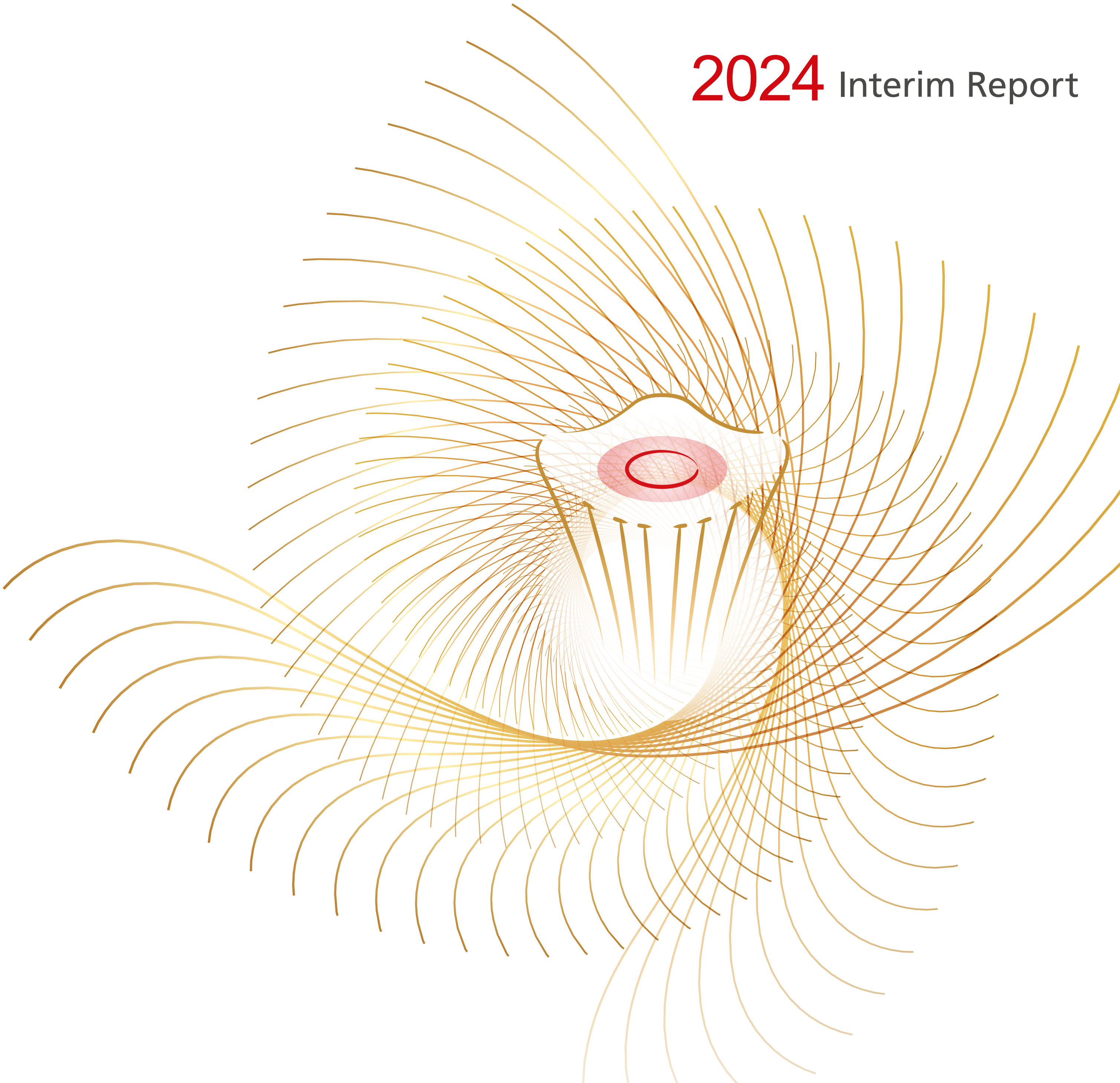
中信银行
CHINA CITIC BANK

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

Stock Code: 0998

2024 Interim Report



Important Notice

The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of the Bank guarantee that the information contained in the 2024 Interim Report does not include any false records, misleading statements or material omissions, and assume several and joint liabilities for its truthfulness, accuracy and completeness.

The Board of Directors of the Bank adopted the full text and summary of the Bank's 2024 Interim Report on 28 August 2024. Nine of the nine directors attended the meeting. The supervisors and senior management of the Bank attended the meeting as non-voting delegates.

Interim Profit Distribution Plan: The Chapter 3 "Corporate Governance – Interim Profit Distribution for 2024" disclosed the Interim Profit Distribution Plan for 2024 which has been reviewed and approved by the Board of Directors to submit to an extraordinary general meeting. The plan proposes to pay a cash dividend of RMB1.847 per 10 shares (tax inclusive), and the total amount of the interim cash dividends for ordinary shares for 2024 is RMB9,873,422,861.90 (tax inclusive) with reference to the total number of 53,456,539,588 A shares and H shares on the register as at 30 June 2024. As the A share convertible bonds of the Bank are in conversion period, it is planned that the Bank will maintain the total amount of dividends unchanged and adjust the dividends per share when there is a change in the Bank's total shares before the A share register date. In the first half of 2024, the Bank didn't convert capital reserve to share capital.

The 2024 interim financial reports prepared by the Bank in accordance with the PRC Accounting Standards and International Financial Reporting Standards (IFRS) were reviewed respectively by KPMG Huazhen LLP and KPMG in accordance with review standards of the Chinese mainland and Hong Kong SAR respectively.

Mr. Fang Heying as Chairman and executive director of the Bank, Mr. Liu Cheng as executive director and President (in charge of finance and accounting work) of the Bank, and Mr. Xue Fengqing as General Manager of the Finance and Accounting Department of the Bank hereby declare and guarantee the truthfulness, accuracy and completeness of the financial report contained in the Bank's 2024 Interim Report.

Cautionary note on forward-looking statements: Forward-looking statements such as future plans and development strategies contained in this report do not constitute substantive commitments of the Bank to its investors. Investors and relevant persons are kindly reminded to maintain adequate risk awareness of such statements and understand the differences between plans, forecasts and commitments.

Material risk reminder: During the reporting period, the Bank was not aware of any material risk that would adversely affect its future development strategies and business targets. The Bank has disclosed in this report the major risks that it was and may be exposed to in its operation and management and its countermeasures thereof. For relevant information thereof, please refer to related parts in Chapter 2 "Management Discussion and Analysis" of this report.

For the purpose of this report, numbers are expressed in Renminbi (RMB) unless otherwise specified. This report is prepared in both Chinese and English. Shall there be discrepancy between the two versions, the Chinese version shall prevail.


中信银行
CHINA CITIC BANK
中信银行，让财富有温度
全国统一客服热线
95558
www.citicbank.com

Contents

Vision

Become a responsible, unique, valuable and caring bank and strive to be a competitive player among the world's first-class banks.

Strategy

Becoming a leading wealth management bank, a leading comprehensive financing bank, a leading trading settlement bank, a leading forex service bank, and a leading digital bank.

Brand motto

The more we care, the more you gain.

Performance Overview

Operating performance:

Operating income
108.640
billion RMB

Net profit
35.490
billion RMB

Operating income growth
2.60%

Total assets
9,104.623
billion RMB

Profitability:

ROAA
0.79%

Cost-to-income ratio
27.46%

ROAE
10.83%

Net interest margin
1.77%

Asset quality:

NPL ratio
1.19%

Allowance coverage ratio
206.76%

The ratio of allowance for impairment of loans to total loans
2.46%

Core Business Capabilities:

Balance of comprehensive finance
13.43 trillion RMB

Retail asset under management
4.42 trillion RMB

Scale of wealth management products
1.92 trillion RMB

Customer base:

Retail banking customers
141 million

Corporate customers
1.2136 million

Online monthly active users
38.6176 million

Note: Figures under "Customer base" are data of the Bank and others are data of the Group.

Definitions

the reporting period	From 1 January 2024 to 30 June 2024
the Bank/the Company/China CITIC Bank/ CITIC Bank/CNCB	China CITIC Bank Corporation Limited
the Group	China CITIC Bank Corporation Limited and its subsidiaries
NFRA	National Financial Regulatory Administration
Lin'an CITIC Rural Bank	Zhejiang Lin'an CITIC Rural Bank Limited
SSE	Shanghai Stock Exchange
SEHK	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Xinhu Zhongbao	Xinhu Zhongbao Co., Ltd.
CITIC Wealth Management	CITIC Wealth Management Corporation Limited
CNCB Investment	CNCB (Hong Kong) Investment Co., Ltd. (formerly known as China Investment and Finance Limited)
former CBIRC	former China Banking and Insurance Regulatory Commission
former CBRC	former China Banking Regulatory Commission
China Tobacco	China National Tobacco Corporation
CSRC	China Securities Regulatory Commission
CITIC aiBank	CITIC aiBank Corporation Limited
CITIC Limited	CITIC Limited (formerly known as CITIC Pacific Limited prior to renaming in August 2014)
CIAM	CITIC International Assets Management Limited
CIFH	CITIC International Financial Holdings Limited
CITIC Financial Holdings	China CITIC Financial Holdings Co., Ltd.
CITIC Financial Leasing	CITIC Financial Leasing Co., Ltd.
CITIC Group	CITIC Group Corporation Limited (formerly known as CITIC Group Corporation prior to renaming in December 2011)
CITIC Pacific	CITIC Pacific Limited
CNCBI	CITIC Bank International Limited (formerly known as CITIC Ka Wah Bank Limited)
CITIC Corporation Limited	CITIC Corporation Limited (formerly known as CITIC Limited prior to renaming in August 2014)

(Note: The definitions are arranged in the alphabetic order of Mandarin Pin Yin)

Chapter 1 Corporate Introduction

1.1 Corporate Information

Registered Name in Chinese	中信銀行股份有限公司 (abbreviated as "中信銀行")
Registered Name in English	CHINA CITIC BANK CORPORATION LIMITED (abbreviated as "CNCB")
Legal Representative	Fang Heying
Authorized Representative	Fang Heying, Zhang Qing
Secretary to the Board of Directors	Zhang Qing
Joint Company Secretaries	Zhang Qing, Kam Mei Ha Wendy (FCG, HKFCG) *(resigned from 28 August 2024)* Cheung Yuet Fan (FCG, HKFCG) *(appointed from 28 August 2024)*
Securities Representative of the Company	Wang Junwei
Registered and Office Address[1]	6-30/F and 32-42/F, Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing
Postal Code of the Registered and Office Address	100020
Official Website	www.citicbank.com
Telephone Number/Fax Number for Investors	+86-10-66638188/+86-10-65559255
Customer Service and Complaint Telephone Number	95558
Email Address for Investors	ir@citicbank.com
Principal Place of Business in Hong Kong	5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong
Media for Information Disclosure	*China Securities Journal* (www.cs.com.cn) *Shanghai Securities News* (www.cnstock.com) *Securities Times* (www.stcn.com)
Websites for Information Disclosure	SSE website publishing A-share interim report: www.sse.com.cn SEHK website publishing H-share interim report: www.hkexnews.hk
Place Where Interim Reports Are Kept	Office of the Board of Directors of CITIC Bank, Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing
Legal Adviser as to PRC Laws	East & Concord Partners
Legal Adviser as to Hong Kong Laws	Clifford Chance LLP
Domestic Auditor	KPMG Huazhen LLP 8th Floor, Office Building Tower 2, Oriental Plaza East, No. 1 East Chang An Avenue, Beijing, China Domestic Signing CPAs: Shi Jian and Ye Hongming
Overseas Auditor	KPMG 8th Floor, Prince's Building, No. 10 Chater Road, Central Hong Kong, China Overseas Signing CPA: Elise Wong (Wong Yuen Shan)
Sponsor 1 for Continuous Supervision and Guidance	CITIC Securities Co., Ltd.
Office Address and Telephone	23/F, CITIC Securities Mansion, No. 48 Liangmaqiao Road, Chaoyang District, Beijing +86-10-60838888
Signing Sponsor Representatives	Ma Xiaolong and Hu Yan

1 The registered address of the Bank was changed from "Building C of Fuhua Building, No. 8 Chaoyangmen Beidajie, Dongcheng District, Beijing" to "No. 9 Chaoyangmen Beidajie, Dongcheng District, Beijing" in 2015 and to "6-30/F and 32-42/F, Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing" in 2020.

Duration of Continuous Supervision and Guidance	From 19 March 2019 to 31 December 2020 (Where the convertible bonds are not fully converted to shares upon expiry of the duration of continuous supervision and guidance, the duration shall be extended to the time of full conversion or redemption upon maturity, whichever is earlier)
Sponsor 2 for Continuous Supervision and Guidance	China International Capital Corporation Limited
Office Address and Telephone	27-28/F, China World Office 2, No. 1 Jianguomen Waidajie, Chaoyang District, Beijing +86-10-65051166
Signing Sponsor Representatives	Ai Yu and Zhou Yinbin
Duration of Continuous Supervision and Guidance	From 19 March 2019 to 31 December 2020 (Where the convertible bonds are not fully converted to shares upon expiry of the duration of continuous supervision and guidance, the duration shall be extended to the time of full conversion or redemption upon maturity, whichever is earlier)
A-share Registrar	China Securities Depository and Clearing Corporation Limited Shanghai Branch 188 Yanggao South Road, Pudong New Area, Shanghai
H-share Registrar	Computershare Hong Kong Investor Services Limited 17/F, Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Listing Exchanges, Stock Name and Stock Code	A-share Ordinary shares: Shanghai Stock Exchange, CNCB, 601998 Preference shares: Shanghai Stock Exchange, CITIC Excellent 1, 360025 Convertible corporate bonds: Shanghai Stock Exchange, CITIC Convertible Bonds, 113021 H-share Ordinary shares: The Stock Exchange of Hong Kong Limited, CITIC Bank, 0998
Credit Ratings	Standard & Poor's: (1) Long-term issuer credit rating: A-; (2) Short-term rating: A-2; (3) Outlook: Stable. Moody's: (1) Deposit rating: Baa2/P-2; (2) Baseline credit assessment: ba2; (3) Outlook: Stable. Fitch Ratings: (1) Default rating: BBB+; (2) Viability rating: bb-; (3) Outlook: Stable. Dagong: (1) Issuer rating: AAA; (2) Outlook: Stable CCXI: (1) Issuer rating: AAA; (2) Outlook: Stable

1.2 Contact Persons and Contact Details

	Secretary to the Board of Directors	**Securities Representative of the Company**
Name	Zhang Qing	Wang Junwei
Address	Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing	Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing
Telephone	+86-10-66638188	+86-10-66638188
Fax	+86-10-65559255	+86-10-65559255
Email Address	ir@citicbank.com	ir@citicbank.com

1.3 Financial Highlights

1.3.1 Operating Performance

Unit: RMB million

Item	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Growth rate (%)	Six months ended 30 June 2022
Operating income	**108,640**	105,885	2.60	108,218
Profit before tax	**43,751**	42,367	3.27	38,711
Net profit attributable to the equity holders of the Bank	**35,490**	36,067	(1.60)	32,524
Net cash flow from/(used in) operating activities	**(341,909)**	(123,018)	177.93	36,219
Per share				
Basic earnings per share (RMB)	**0.66**	0.70	(5.71)	0.63
Diluted earnings per share (RMB)	**0.64**	0.63	1.59	0.57
Net cash flows from/(used in) operating activities per share (RMB)	**(6.40)**	(2.51)	154.98	0.74

1.3.2 Profitability Indicators

Item	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Increase/(decrease) in percentage point	Six months ended 30 June 2022
Return on average assets (ROAA)(1)	**0.79%**	0.85%	(0.06)	0.81%
Return on average equity (ROAE, not including non-controlling equity)(2)	**10.83%**	12.32%	(1.49)	11.99%
Cost-to-income ratio (excluding tax and surcharges)(3)	**27.46%**	26.64%	0.82	24.33%
Credit cost(4)	**1.09%**	1.05%	0.04	1.28%
Net interest spread(5)	**1.71%**	1.81%	(0.10)	1.94%
Net interest margin(6)	**1.77%**	1.85%	(0.08)	1.99%

Notes: (1) Return on average assets (ROAA) = net profit (annualized)/the average of the balances of total assets at the beginning and end of the period.

(2) Return on average equity (ROAE) = net profit attributable to the ordinary shareholders of the Bank (annualized)/the average of beginning and ending total equity attributable to the ordinary shareholders of the Bank.

(3) Cost-to-income ratio = (operating expenses – tax and surcharges)/operating income.

(4) Credit cost = current-year accruals of allowance for impairment losses on loans and advances to customers (annualized)/average balance of loans and advances to customers.

(5) Net interest spread = average yield on total interest-earning assets – average cost rate of total interest-bearing liabilities.

(6) Net interest margin = net interest income (annualized)/average balance of total interest-earning assets.

1.3.3 Scale Indicators

Unit: RMB million

Item	30 June 2024	31 December 2023	Growth rate (%)	31 December 2022
Total assets	**9,104,623**	9,052,484	0.58	8,547,543
Total loans and advances to customers[1]	**5,593,671**	5,498,344	1.73	5,152,772
– Corporate loans	**2,917,982**	2,697,150	8.19	2,524,016
– Discounted bills	**346,982**	517,348	(32.93)	511,846
– Personal loans	**2,328,707**	2,283,846	1.96	2,116,910
Total liabilities	**8,288,872**	8,317,809	(0.35)	7,861,713
Total deposits from customers[1]	**5,514,879**	5,398,183	2.16	5,099,348
– Corporate demand deposits[2]	**2,167,037**	2,187,273	(0.93)	1,951,555
– Corporate time and call deposits	**1,781,144**	1,745,094	2.07	1,855,977
– Personal demand deposits	**444,924**	340,432	30.69	349,013
– Personal time and call deposits	**1,121,774**	1,125,384	(0.32)	942,803
Deposits from banks and non-bank financial institutions	**839,999**	927,887	(9.47)	1,143,776
Placements from banks and non-bank financial institutions	**74,307**	86,327	(13.92)	70,741
Total equity attributable to the equity holders of the Bank	**798,077**	717,222	11.27	665,418
Total equity attributable to the ordinary shareholders of the Bank	**653,136**	602,281	8.44	550,477
Net asset per share attributable to the ordinary shareholders of the Bank (RMB)	**12.22**	12.30	(0.65)	11.25

Notes: (1) As per the *Notice on Amending and Issuing the Formats of Financial Statements for Financial Enterprises for 2018* (Finance and Accounting [2018] No.36) issued by the Ministry of Finance, the interest of a financial instrument accrued according to the effective interest method should be included in the book balance of the corresponding financial instrument and reflected in the relevant item in the balance sheet. The Group has prepared the financial statements according to requirements in the above notice since 2018. For the convenience of analysis, "total loans and advances to customers" and "total deposits from customers" hereby do not include relevant interest.

(2) Corporate demand deposits included demand deposits from corporate customers and outward remittance and remittance payables of corporate customers.

1.3.4 Asset Quality Indicators

Item	30 June 2024	31 December 2023	Increase/ (decrease) in percentage point	31 December 2022
NPL ratio[1]	**1.19%**	1.18%	0.01	1.27%
Allowance coverage ratio[2]	**206.76%**	207.59%	(0.83)	201.19%
Ratio of allowance for loan impairment losses to total loans[3]	**2.46%**	2.45%	0.01	2.55%

Notes: (1) NPL ratio = balance of non-performing loans/total loans and advances to customers.

(2) Allowance coverage ratio = balance of allowance for impairment losses on loans and advances to customers (excluding allowance for impairment losses on accrued interest)/balance of NPLs.

(3) The ratio of allowance for loan impairment losses to total loans = balance of allowance for impairment losses on loans and advances to customers (excluding allowance for impairment losses on accrued interest)/total loans and advances to customers.

1.3.5 Other Main Regulatory Indicators

Item(Note)	Regulatory value	30 June 2024	31 December 2023	31 December 2022
Capital adequacy profile				
Core tier-one capital adequacy ratio	≥8.00%	**9.43%**	8.99%	8.74%
Tier-one capital adequacy ratio	≥9.00%	**11.57%**	10.75%	10.63%
Capital adequacy ratio	≥11.00%	**13.69%**	12.93%	13.18%
Leverage profile				
Leverage ratio	≥4.25%	**7.39%**	6.66%	6.59%
Liquidity risk profile				
Liquidity coverage ratio	≥100%	**151.58%**	167.48%	168.03%
Liquidity ratio				
Including: Local and foreign currencies	≥25%	**59.98%**	52.79%	62.61%
Renminbi	≥25%	**60.11%**	52.00%	62.18%
Foreign currencies	≥25%	**63.98%**	64.83%	69.24%

Note: The figures in the table were calculated in accordance with the regulatory consolidation standards of NFRC.

1.3.6 Differences between IFRS and PRC Accounting Standards

There is no difference between the net assets on 30 June 2024 and the net profit for the reporting period of the Group calculated according to the PRC Accounting Standards and those calculated as per the International Financial Reporting Standards (IFRS).

Chapter 2 Management Discussion and Analysis

2.1 Industry Overview of the Company

Since the beginning of the years, new challenges have arisen as the external environment becomes more complex, severe and uncertain and domestic structural adjustments are continuously deepened, but factors such as continuous release of macro policy effect, recovery in external demand and accelerated development of new quality productive forces have provided new support. Overall, in the first half of the year, the national economy continued the recovery and growth momentum and achieved stable growth. Production grew steadily, demand continued to recover, employment and commodity prices were generally stable, personal income continued to increase, new growth drivers grew at a faster pace, and new progress was made in high-quality development. In the first half of the year, China's GDP grew 5.0% year on year and the value added of the primary, secondary and tertiary industries grew by 3.5%, 5.8% and 4.6% respectively.

Prudent monetary policy was implemented in a flexible, appropriate, targeted, and effective way. Counter-cyclical adjustments were strengthened, with instruments such as interest rates, required reserve ratios and relending facility applied comprehensively, solid measures taken to serve the real economy, and financial risks effectively controlled, creating a favorable monetary and financial environment for economic recovery and growth. Remarkable results were achieved in the reform of loan prime rates, as the mechanism for market-oriented adjustment of deposit interest rates effectively played its role. The transmission efficiency of monetary policy was enhanced, and social financing costs continued to decline. The demand and supply of the foreign exchange market were basically balanced, with stable current account surplus, sufficient foreign exchange reserves, and the RMB exchange rate floating both ways and expected to stabilize, remaining generally stable at an adaptive and balanced level.

The intensity of proactive fiscal policy was appropriately enhanced and its quality and effectiveness were improved. Macro regulation was more targeted and effective and coordination of policies was strengthened, which significantly improved the effectiveness of their implementation. Efforts were intensified to implement fiscal policy. Ultra-long special treasury bonds were issued and made good use of and the use of funds from issuance of additional treasury bonds and special-purpose bonds for local governments and the central government budget for investment was accelerated. The effect of government investment in boosting overall investment was strengthened. Support was efficiently provided to implement major national strategies and build up security capacity in key areas and solid steps were taken to promote renewal of large-scale equipment and trade-in of consumer goods. The steering role of fiscal and tax policies was given play to, structural tax and fee reduction policies were implemented, and efforts were made to transform the development model, foster new growth drivers, and improve development quality. Security in basic living needs programs were strengthened and the reform of fiscal administration was deepened.

In terms of regulatory policies, the regulators upheld political consciousness and took a people-centric approach in financial work, spared no effort to promote the development of the "five priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance, vigorously supported development of new quality productive forces, and took solid steps to strengthen regulation of financial institutions, behaviors and functions, penetrative regulation and continuous regulation. Meanwhile, the regulators advanced risk control in key areas such as real estate, local government debts and small and medium-sized financial institutions in a steady and orderly manner, further improved the institutions and mechanisms for preventing and defusing financial risks, ensured that no systemic financial risks arose, and made the financial reform more systematic, holistic and coordinated.

In the first half of 2024, the banking industry saw steady growth in total assets, with stable credit asset quality and sufficient risk offsetting ability. In the first six months of 2024, commercial banks realized cumulative net profits of RMB1.3 trillion, an increase of 0.4% year on year. As at the end of the second quarter of 2024, China's financial institutions in the banking industry had total assets in local and foreign currencies of RMB433.1 trillion, an increase of 6.6% year on year. Commercial banks (at the bank level) registered a total balance of non-performing loans (NPLs) of RMB3.3 trillion, an NPL ratio of 1.56%, and a provision coverage ratio of 209.32%. The capital adequacy ratio of commercial banks was 15.53%.

2.2 Main Business of the Company

Relying on the comprehensive strength of CITIC Group in terms of "Finance + Real Economy", the Bank, with the vision to become a bank with "Four Features"[2] and one of the world's first-class banks, upholds honesty and trustworthiness, pursuit of benefits through righteous means, steadiness and prudence, integrity and innovation, and legal compliance. Being customer-centric, the Bank worked to create a distinctive and differentiated model for financial services by implementing the "Five Leading"[3] strategy. For corporate customers, institutional customers and inter-bank market customers, the Bank offers integrated financial solutions in corporate banking business, international business, financial markets business, institutional banking business, investment banking business, transaction banking business and custody business. For individual customers, the Bank provides diversified financial products and services related to wealth management, private banking, personal credit, credit cards, pension finance and going abroad finance, etc. As such, the Bank satisfies the needs of corporate, institutional, inter-bank market and individual customers for comprehensive financial services on all fronts. For details about the Bank's business during the reporting period, please refer to the section of "Business Overview" in this chapter.

2.3 Core Competitiveness Analysis

Standardized and efficient corporate governance. The Bank made great headway in boosting the building of a modern enterprise with Chinese characteristics, and persisted to the two "Consistent Adherence"[4]. Through standardized, science-based and effective management, it constantly improved its corporate governance and business operation systems and mechanisms, forming an organizational structure characterized by efficient management and professional division of duties. With reference to the theory and practice of modern bank development and considering the requirements for Party building, the Bank set up a science-based corporate governance framework comprised of the Board of Directors, the Board of Supervisors, the general meeting of shareholders and the senior management, and integrated overall Party leadership into its corporate governance. According to the principle of separating the front, middle and back offices, the Bank established a matrix management model with the Head Office departments as the lines and the branches and sub-branches as the arrays. The governing bodies of the Bank such as the general meeting of shareholders, the Board of Directors, the Board of Supervisors and the senior management functioned according to rules and performed duties effectively.

Significant edges in synergy. Following the development principle of "One CITIC, One Customer" and the philosophy of "Altruism and Win-win Cooperation", the Bank further strengthened the collaboration mechanism with the financial and industrial subsidiaries of the CITIC Group and formed unique CITIC advantages in the development of the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance. With a focus on key service scenarios such as rural revitalization, green finance and enterprises with specialized, sophisticated techniques and unique, novel products, the Bank launched "CITIC Collaboration and Assistance" series solutions and provided all types of customers such as government, enterprises and individuals with one-stop, customized, multi-scenario and full-lifecycle professional services, safeguarding the steady development of the real economy.

Vigorous explorations and innovations. As China's first commercial bank participating in financing at both domestic and international financial markets, the Bank is renowned at home and abroad for brushing numerous track records in the modern Chinese financial history. It has the genes of innovation and drives its development through innovation as well. The Bank has carried forward the CITIC style of exploration and innovation. It further boosted innovation in products and services, and gained unique competitive advantages in businesses such as investment banking, cross-border business, institutional banking business, transaction banking, wealth management, going abroad finance, pension finance, credit card, and forex market making.

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2 A bank with "Four Features": a responsible, unique and valuable provider of the best comprehensive financial services with a human touch.

3 "Five Leading": a leading wealth management bank, a leading comprehensive financing bank, a leading trading settlement bank, a leading forex service bank, and a leading digital bank.

4 The Party leadership over state-owned enterprises as a significant political principle and the establishment of a modern enterprise system as the direction of the reform of state-owned enterprises must be adhered to.

Scientific and effective risk prevention and control. The Bank continued to improve the risk management system in which risks can be put under control and development can be boosted, and continuously improved the quality and efficiency of risk management. It strengthened comprehensive risk management and effectively transmitted sound risk strategies and risk appetite. It pushed forward the combination of "Five Policies"[5] in depth, allocated major assets in a forward-looking manner, actively put in place national strategies and orientations such as the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance, and continuously improved its credit structure. With consistent efforts in controlling new risks and resolving existing ones and deepening full-process credit management, the Bank maintained stable asset quality. In addition, the Bank intensified efforts in the building of the smart risk control system, deepened multi-level application of digital risk control tools, and made risk prevention and control more forward-looking and targeted.

All-around empowerment by FinTech. Adhering to technology empowerment and innovation as the core driving force, the Bank comprehensively empowered business development and strove to be a top technology-driven bank. The Bank comprehensively strengthened product and service competitiveness and promoted digital transformation of management, business and operation models. The Bank built a cloud-native technology and capability system and applied technologies such as artificial intelligence, big data, blockchain and Internet of Things deeply in all business fields. As a result, the capability of using FinTech to comprehensively empower businesses improved significantly and FinTech became an important productive force and driving force for the development of the Bank.

Fostering corporate culture as a solid foundation for development. The Bank established the financial culture with Chinese characteristics as the basic principle that the Bank should follow when communicating its thoughts and culture to employees and the public. The Bank actively fostered and promoted the financial culture with Chinese characteristics and accelerated efforts to internalize it and make it the common value and the consciousness in action for all employees through guidance, so that employees serve the real economy and develop the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance with correct views of operation, performance and risks. The culture provided sufficient guidance in values and thought for the vision of "becoming a responsible, caring, unique and valuable bank in an all-around way and ranking in the leading places among world-class banks". Meanwhile, the Bank vigorously promoted fine traditional Chinese culture and organized and held a diversity of activities such as Book Reading Forum and the "Spokespersons for Books" micro-video book recommendation event, through which it strengthened culture building, utilized cultural soft power to develop its hard power of development, and promoted development through culture building across the Bank.

Professional and brilliant talent team. The Bank, which has always upheld the idea that "talents are the primary resource", unswervingly advanced the strategy of developing a quality workforce. It implemented the talent allocation mechanism that regards value as the core and coordinates quantity, quality, structure and efficiency and continued to improve the institutions and mechanisms for talent work that are compatible with the strategy, support development and drive transformation. The Bank vigorously promoted China CITIC Bank's view of talent of "uniting those men in progression, inspiring men of action and promoting men with achievement", further advanced the *14th Five-Year Plan for Talent Development of China CITIC Bank Corporation Limited*, and continuously strengthened "six talent teams"[6] through the collaboration between Head Office and branches. The Bank carried out a package of demonstration talent programs such as "Sailing a Hundred Ships" and took further steps to enhance the teams' purity, expertise and effectiveness by efforts to build a team of talents for the sound implementation of the "five priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance as well as the "Five Leading" bank strategy.

Brand image deeply rooted among the people. The Bank has always been committed to upholding the CPC and national policies. It put into practice the new development philosophy, worked to build a high-quality financial brand, and strove to become a "value bank worthy of trust for the future". During the reporting period, the Bank made an inventory of its brand assets, issued the *Management Measures of China CITIC Bank for Assessment of Brand Architecture*, and took further steps to develop a brand system. The Bank also formulated and issued the *2024 Brand Communication Plan of China CITIC Bank*, to further deepen brand effect and expand brand influence. During the reporting period, the Bank ranked 19th in "Brand Finance Banking 500 2024", up one place over the previous year, a steady improvement in brand value for the second year straight.

5 The "Five Policies" refer to industry research, credit policies, approval standards, marketing guidelines, and resource and evaluation policies.

6 Six talent teams refer to the operation management talent team, the financial talent team, the FinTech talent team, the excellent young talent team, the frontline backbone talent team, and the Party building talent team.

2.4 Overview of the Operating Results

During the reporting period, in the face of complicated and severe internal and external environment, the Group earnestly implemented the decisions and plans of the CPC Central Committee and the State Council, and strictly implemented regulatory requirements. It actively pursued the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance, supported the real economy, and firmly advanced the building of a "Five Leading" bank. Focusing on "four business themes", the Group sought progress amid stability and ensured stability through progress, with overall business development meeting expectations.

Operating income remained stable. During the reporting period, the Group realized RMB108.640 billion operating income, representing a year-on-year increase of 2.60%. Specifically, net interest income registered RMB72.608 billion, down by 0.82% year on year; net non-interest income posted RMB36.032 billion, up by 10.26% year on year. The Group realized RMB35.490 billion of net profit attributable to the shareholders of the Bank, down by 1.60% year on year. Return on average assets (ROAA) stood at 0.79%, down by 0.06 percentage points year on year; while return on average equity (ROAE) was 10.83%, down by 1.49 percentage points year on year.

Asset quality maintained stable. As at the end of the reporting period, the NPL balance of the Group recorded RMB66.580 billion, an increase of RMB1.780 billion or 2.75% over the end of the previous year, corresponding to a NPL ratio of 1.19%, up by 0.01 percentage point over the end of the previous year. The Group's allowance coverage ratio stood at 206.76%, a decrease of 0.83 percentage point over the end of the previous year. The ratio of allowance for loan impairment losses to total loans was 2.46%, up by 0.01 percentage point over the end of the previous year.

Business scale grew steadily. As at the end of the reporting period, the Group recorded total assets of RMB9,104.623 billion, an increase of 0.58% over the end of the previous year; its total loans and advances to customers stood at RMB5,593.671 billion, a growth of 1.73% over the end of the previous year; and its total deposits from customers recorded RMB5,514.879 billion, marking a 2.16% increase from the end of last year. During the reporting period, the Group integrated the implementation of national strategies with the adjustment of credit structure. The growth rate of loans to key areas such as sci-tech innovation finance, green credit, inclusive finance, agriculture-related loans and manufacturing outpaced the overall growth rate of total loans.

2.5 Analysis of the Financial Statements

2.5.1 Income Statement Analysis

During the reporting period, the Group realized RMB35.490 billion net profit attributable to the equity holders of the Bank, a decrease of 1.60% year on year. The table below sets out the changes in the main items of the Group's income statement during the reporting period.

Unit: RMB million

Item	Six months ended 30 June 2024	Six months ended 30 June 2023	Increase/ (decrease)	Growth rate (%)
Operating income	**108,640**	105,885	2,755	2.60
– Net interest income	**72,608**	73,206	(598)	(0.82)
– Net non-interest income	**36,032**	32,679	3,353	10.26
Operating expenses	**(30,958)**	(29,247)	(1,711)	5.85
Credit and other asset impairment losses	**(34,413)**	(34,706)	293	(0.84)
Profit before tax	**43,751**	42,367	1,384	3.27
Income tax	**(7,880)**	(5,660)	(2,220)	39.22
Profit for the year	**35,871**	36,707	(836)	(2.28)
Including: Net profit attributable to the equity holders of the Bank	**35,490**	36,067	(577)	(1.60)

2.5.1.1 Operating Income

During the reporting period, the Group realized operating income of RMB108.640 billion, up by 2.60% year on year, of which net interest income accounted for 66.8%, a decrease of by 2.3 percentage points year on year and net non-interest income accounted for 33.2%, up by 2.3 percentage points year on year.

Unit: %

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Share of net interest income	**66.8**	69.1
Share of net non-interest income	**33.2**	30.9
Total	**100.0**	100.0

2.5.1.2 Net Interest Income

During the reporting period, the Group realized RMB72.608 billion of net interest income, a decrease of RMB598 million or 0.82% year on year. The table below sets out the average balances and average interest rates of the Group's interest-earning assets and interest-bearing liabilities. Average balances of assets and liabilities are average daily balances.

Unit: RMB million

	Six months ended 30 June 2024			Six months ended 30 June 2023		
Item	**Average balance**	**Interest**	**Average yield/ cost rate (%)**	Average balance	Interest	Average yield/ cost rate (%)
Interest-earning assets						
Loans and advances to customers	**5,531,224**	**119,733**	**4.35**	5,286,731	122,213	4.66
Financial investments[1]	**1,902,587**	**27,718**	**2.93**	1,873,251	28,540	3.07
Deposits with central banks	**365,258**	**2,994**	**1.65**	409,023	3,220	1.59
Deposits and placements with, and loans to banks and non-bank financial institutions	**375,708**	**5,844**	**3.13**	347,821	4,802	2.78
Financial assets held under resale agreements	**66,870**	**644**	**1.94**	61,560	462	1.51
Subtotal	**8,241,647**	**156,933**	**3.83**	7,978,386	159,237	4.02
Interest-bearing liabilities						
Deposits from customers	**5,404,413**	**53,283**	**1.98**	5,408,159	57,407	2.14
Deposits and placements from banks and non-bank financial institutions	**988,500**	**11,045**	**2.25**	1,205,284	12,801	2.14
Debt securities issued	**1,129,949**	**14,201**	**2.53**	960,493	12,287	2.58
Borrowings from central banks	**274,469**	**3,410**	**2.50**	144,639	1,904	2.65
Financial assets sold under repurchase agreements	**200,669**	**2,129**	**2.13**	125,752	1,373	2.20
Others	**11,409**	**257**	**4.53**	10,915	259	4.79
Subtotal	**8,009,409**	**84,325**	**2.12**	7,855,242	86,031	2.21
Net interest income		**72,608**			73,206	
Net interest spread[2]			**1.71**			1.81
Net interest margin[3]			**1.77**			1.85

Notes: (1) Financial investments includes financial investments measured at amortized cost and financial investments measured at fair value through other comprehensive income.

(2) Net interest spread = average yield of total interest-earning assets – average cost rate of total interest-bearing liabilities.

(3) Net interest margin = net interest income (annualized)/average balance of total interest-earning assets.

The table below sets out the changes in the Group's net interest income resulting from changes in the scale and interest rate factors.

Unit: RMB million

	Comparison between the six months ended 30 June 2024 and that of 30 June 2023		
Item	**Scale factor**	**Interest rate factor**	**Total**
Assets			
Loans and advances to customers	5,650	(8,130)	(2,480)
Financial investments	447	(1,269)	(822)
Deposits with central banks	(345)	119	(226)
Deposits and placements with, and loans to banks and non-bank financial institutions	384	658	1,042
Financial assets held under resale agreements	40	142	182
Changes in interest income	6,176	(8,480)	(2,304)
Liabilities			
Deposits from customers	(40)	(4,084)	(4,124)
Deposits and placements from banks and non-bank financial institutions	(2,301)	545	(1,756)
Debt certificates issued	2,168	(254)	1,914
Borrowings from central banks	1,706	(200)	1,506
Financial assets sold under repurchase agreements	817	(61)	756
Others	12	(14)	(2)
Changes in interest expense	2,362	(4,068)	(1,706)
Changes in net interest income	3,814	(4,412)	(598)

Net Interest Margin and Net Interest Spread

During the reporting period, the Group's net interest margin and net interest spread registered 1.77% and 1.71% respectively, representing a year-on-year decrease of 0.08 percentage point and 0.10 percentage point. The Group's yield of interest-earning assets was 3.83%, down by 0.19 percentage points year on year; the cost rate of interest-bearing liabilities was 2.12%, down by 0.09 percentage point year on year. During the reporting period, the Group continued to focus on "stabilizing net interest margin" as the top four business themes and persisted in "balancing quantity and pricing". On the one hand, the Bank adjusted and optimized its deposit structure, vigorously developed settlement deposits, and promoted the steady decline of deposit costs. On the other hand, the Bank actively adjusted its asset structure, increased the proportion of loans, optimized the loan structure, raised the return on assets, and stabilized the interest margin at a reasonable level through multiple measures.

2.5.1.3 Interest Income

During the reporting period, the Group realized an interest income of RMB156.933 billion, a decrease of RMB2.304 billion or 1.45% year on year, mainly due to the drop in the size of interest-earning assets. The proportion of interest income from loans and advances to customers, interest income from financial investments, interest income from deposits and placements with and loans to banks and non-bank financial institutions, interest income from deposits with central banks, and interest income from financial assets held under resale agreements was 76.30%, 17.66%, 3.72%, 1.91% and 0.41%, respectively. Interest income from loans and advances to customers was the main component of interest income.

Interest Income from Loans and Advances to Customers

During the reporting period, the Group recorded RMB119.733 billion interest income from loans and advances to customers, a decline of RMB2.480 billion or 2.03% year on year, primarily because the average yield of loans and advances to customers decreased by 0.31 percentage point which offset the impact of an increase of RMB244.493 billion in the average balance. Specifically, the average balance of corporate loans increased by RMB123.641 billion, and interest income went down by RMB402 million; the average balance of personal loans increased by RMB147.356 billion, and interest income went down by RMB1.300 billion.

Classification by Maturity Structure

Unit: RMB million

Item	Six months ended 30 June 2024 Average balance	Six months ended 30 June 2024 Interest income	Six months ended 30 June 2024 Average yield (%)	Six months ended 30 June 2023 Average balance	Six months ended 30 June 2023 Interest income	Six months ended 30 June 2023 Average yield (%)
Short-term loans	**1,853,322**	**42,975**	**4.66**	1,846,972	43,184	4.71
Medium to long-term loans	**3,677,902**	**76,758**	**4.20**	3,439,759	79,029	4.63
Total	**5,531,224**	**119,733**	**4.35**	5,286,731	122,213	4.66

Classification by Business

Unit: RMB million

Item	Six months ended 30 June 2024 Average balance	Six months ended 30 June 2024 Interest income	Six months ended 30 June 2024 Average yield (%)	Six months ended 30 June 2023 Average balance	Six months ended 30 June 2023 Interest income	Six months ended 30 June 2023 Average yield (%)
Corporate loans	**2,823,955**	**59,284**	**4.22**	2,700,314	59,686	4.46
Personal loans	**2,289,189**	**57,193**	**5.02**	2,141,833	58,493	5.51
Discounted loans	**418,080**	**3,256**	**1.57**	444,584	4,034	1.83
Total	**5,531,224**	**119,733**	**4.35**	5,286,731	122,213	4.66

Interest Income from Financial Investments

During the reporting period, the Group's interest income from financial investments amounted to RMB27.718 billion, a decrease of RMB822 million or 2.88% year on year, mainly attributable to a fall of 0.14 percentage point in the average yield of financial investments which offset the impact of an increase of RMB29.336 billion in the average balance.

Interest Income from Deposits with Central Banks

During the reporting period, the Group's interest income from deposits with central banks stood at RMB2.994 billion, a decrease of RMB226 million or 7.02% year on year, mainly due to a decrease of the average balance of deposits with central banks.

Interest Income from Deposits and Placements with, and Loans to Banks and Non-bank Financial Institutions

During the reporting period, the Group's interest income from deposits and placements with, and loans to banks and non-bank financial institutions was RMB5.844 billion, an increase of RMB1.042 billion or 21.70% year on year, mainly due to an increase of RMB27.887 billion in the average balance and 0.35 percentage point in the average yield of deposits and placements with, and loans to banks and non-bank financial institutions.

Interest Income from Financial Assets Held under Resale Agreements

During the reporting period, the Group recorded RMB644 million interest income from financial assets held under resale agreements, an increase of RMB182 million or 39.39% year on year, mainly attributable to a rise of RMB5.310 billion in the average balance of financial assets held under resale agreements and an increase of 0.43 percentage point in the average yield.

2.5.1.4 Interest expense

During the reporting period, the Group's interest expense was RMB84.325 billion, a decrease of RMB1.706 billion or 1.98% year on year, mainly attributable to a decline in the cost rate of interest-bearing liabilities.

Interest Expense on Deposits from Customers

During the reporting period, the Group's interest expense on deposits from customers was RMB53.283 billion, a decrease of RMB4.124 billion or 7.18% year on year, mainly due to RMB3.746 billion decrease in the average balance of deposits from customers and a drop of average cost rate of 0.16 percentage point.

Unit: RMB million

	Six months ended 30 June 2024			Six months ended 30 June 2023		
Item	**Average balance**	**Interest expense**	**Average cost rate (%)**	Average balance	Interest expense	Average cost rate (%)
Corporate deposits						
Time and call deposits	**1,696,077**	**22,758**	**2.70**	1,870,428	26,534	2.86
Demand deposits	**2,214,819**	**13,518**	**1.23**	2,167,278	15,297	1.42
Subtotal	**3,910,896**	**36,276**	**1.87**	4,037,706	41,831	2.09
Personal deposits						
Time and call deposits	**1,132,742**	**16,519**	**2.93**	1,044,809	15,039	2.90
Demand deposits	**360,775**	**488**	**0.27**	325,644	537	0.33
Subtotal	**1,493,517**	**17,007**	**2.29**	1,370,453	15,576	2.29
Total	**5,404,413**	**53,283**	**1.98**	5,408,159	57,407	2.14

Interest Expense on Deposits and Placements from Banks and Non-Bank Financial Institutions

During the reporting period, the Group's interest expense on deposits and placements from banks and non-bank financial institutions amounted to RMB11.045 billion, a decrease of RMB1.756 billion or 13.72% year on year, mainly due to a drop of RMB216.784 billion in the average balance of deposits and placements from banks and non-bank financial institutions, which offset the effects from a rise of 0.11 percentage point in the average cost rate.

Interest Expense on Debt Certificates Issued

During the reporting period, the Group's interest expense on debt certificates issued stood at RMB14.201 billion, an increase of RMB1.914 billion or 15.58% year on year, primarily due to an increase of RMB169.456 billion in the average balance of debt certificates issued which offset the effects from a drop of 0.05 percentage point in the average cost rate.

Interest Expense on Borrowings from Central Banks

During the reporting period, the Group's interest expense on borrowings from central banks reached RMB3.410 billion, an increase of RMB1.506 billion or 79.10% year on year, mainly due to a rise of RMB129.830 billion in the average balance of borrowings from central banks which offset the effects from a decrease of 0.15 percentage point in the average cost rate.

Interest Expense on Financial Assets Sold under Repurchase Agreements

During the reporting period, the Group's interest expense on financial assets sold under repurchase agreements was RMB2.129 billion, an increase of RMB756 million or 55.06% year on year, primarily due to an increase of RMB74.917 billion in the average balance of financial assets sold under repurchase agreements which offset a drop of 0.07 percentage point in the average cost rate.

Other Interest Expense

During the reporting period, the Group's other interest expense stood at RMB257 million, a decrease of RMB2 million year on year.

2.5.1.5 Net Non-interest Income

During the reporting period, the Group realized RMB36.032 billion of net non-interest income, an increase of RMB3.353 billion or 10.26% year on year. The proportion of net non-interest income stood at 33.17%, a rise of 2.31 percentage points year on year.

Unit: RMB million

Item	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Increase/ (decrease)	Growth rate (%)
Net fee and commission income	**16,353**	19,063	(2,710)	(14.22)
Net trading gain	**2,930**	3,344	(414)	(12.38)
Net gain from investment securities	**16,279**	9,783	6,496	66.40
Other net operating income	**470**	489	(19)	(3.89)
Total	**36,032**	32,679	3,353	10.26

2.5.1.6 Net Fee and Commission Income

During the reporting period, net fee and commission income of the Group reached RMB16.353 billion, a decrease of RMB2.710 billion or 14.22% year on year, which accounted for 15.05% of the operating net income, a decrease of 2.95 percentage points year on year. Among these, settlement and clearing fees increased by RMB87 million or 7.17% year on year; guarantee and consulting fees went up by RMB23 million or 0.93% year on year; commissions for custodian and other fiduciary business went down by RMB1.315 billion or 24.36% year on year; agency fees decreased by RMB953 million or 26.78% year on year; bank card fees decreased by RMB250 million or 3.05% year on year. For analysis of reasons under changes in net fee and commission income, please refer to "Non-interest income" in 2.6.4 of this chapter.

Unit: RMB million

Item	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Increase/ (decrease)	Growth rate (%)
Bank card fees	**7,950**	8,200	(250)	(3.05)
Commissions for custodian and other fiduciary business	**4,084**	5,399	(1,315)	(24.36)
Agency fees	**2,605**	3,558	(953)	(26.78)
Guarantee and consulting fees	**2,502**	2,479	23	0.93
Settlement and clearing fees	**1,300**	1,213	87	7.17
Other fees	**271**	100	171	171.00
Subtotal of fees and commissions	**18,712**	20,949	(2,237)	(10.68)
Fee and commission expense	**(2,359)**	(1,886)	(473)	25.08
Net fee and commission income	**16,353**	19,063	(2,710)	(14.22)

2.5.1.7 Net Trading Gain and Net Gain from Investment Securities

During the reporting period, the Group's net trading gain and net gain from investment securities registered a combined amount of RMB19.209 billion in total, a year-on-year increase of RMB6.082 billion, mainly because the Group seized market opportunities and enhanced the efficiency of trading turnover to achieve an increase in income from securities investment.

2.5.1.8 Operating Expenses

During the reporting period, the Group incurred RMB30.958 billion operating expenses, an increase of RMB1.711 billion or 5.85% year on year. During the reporting period, the cost-to-income ratio (after deducting tax and surcharges) of the Group stood at 27.46%, up by 0.82 percentage point year on year.

Unit: RMB million

Item	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Increase/ (decrease)	Growth rate (%)
Staff costs	**17,160**	16,179	981	6.06
Property and equipment expenses and amortization	**5,380**	4,913	467	9.51
Other general operating and administrative expenses	**7,293**	7,119	174	2.44
Subtotal	**29,833**	28,211	1,622	5.75
Taxes and surcharges	**1,125**	1,036	89	8.59
Total	**30,958**	29,247	1,711	5.85
Cost-to-income ratio	**28.50%**	27.62%	Up 0.88 percentage point	
Cost-to-income ratio (after deducting tax and surcharges)	**27.46%**	26.64%	Up 0.82 percentage point	

2.5.1.9 Credit and Other Asset Impairment Losses

During the reporting period, the Group's accrued credit impairment losses and other asset impairment losses totaled RMB34.413 billion, a decrease of RMB293 million or 0.84% year on year. Specifically, allowance for impairment losses on loans and advances to customers was RMB29.974 billion, representing an increase of RMB2.439 billion or 8.86% year on year. Impairment losses for financial investments was RMB1.386 billion, down by RMB1.883 billion or 57.60% year on year. Please refer to the section of "Loan Quality Analysis" in this chapter for analysis of the Group's allowance for impairment losses on loans and advances to customers.

Unit: RMB million

Item	**Six months ended 30 June 2024**	Six months ended 30 June 2023	Increase/ (decrease)	Growth rate (%)
Loans and advances to customers	**29,974**	27,535	2,439	8.86
Financial investments	**1,386**	3,269	(1,883)	(57.60)
Interbank business [(Note)]	**(16)**	11	(27)	(245.45)
Other financial assets and accrued interest	**2,846**	3,751	(905)	(24.13)
Off-balance-sheet items	**180**	(102)	282	Negative in same period of last year
Repossessed assets	**43**	242	(199)	(82.23)
Total	**34,413**	34,706	(293)	(0.84)

Note: Including the impairment losses on deposits and placements with, and loans to banks and non-bank financial institutions, and financial assets held under resale agreements.

2.5.1.10 Income Tax Expense

During the reporting period, the Group's income tax expense was RMB7.880 billion, representing an increase of RMB2.220 billion or 39.22% year on year. Effective tax rate during the reporting period stood at 18.01%, up by 4.65 percentage points year on year due to the year-on-year decrease in non-taxable income and the year-on-year increase in non-tax deductible expenses.

Unit: RMB million

Item	Six months ended 30 June 2024	Six months ended 30 June 2023	Increase/ (decrease)	Growth rate (%)
Profit before tax	**43,751**	42,367	1,384	3.27
Income tax expense	**7,880**	5,660	2,220	39.22
Effective tax rate	**18.01%**	13.36%	Up by 4.65 percentage points	

2.5.2 Balance Sheet Analysis

2.5.2.1 Assets

As at the end of the reporting period, the Group recorded total assets of RMB9,104.623 billion, an increase of 0.58% from the end of the previous year, mainly because the Group increased its loans and advances to customers.

Unit: RMB million

	30 June 2024		31 December 2023	
Item	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Net loans and advances to customers	**5,475,547**	**60.1**	5,383,750	59.4
Including: Total loans and advances to customers	**5,593,671**	**61.4**	5,498,344	60.7
Accrued interest of loans and advances to customers	**20,733**	**0.2**	19,948	0.2
Less: Allowance for impairment losses on loans and advances to customers(1)	**(138,857)**	**(1.5)**	(134,542)	(1.5)
Net financial investments	**2,509,805**	**27.6**	2,592,906	28.6
Including: Total financial investments	**2,515,247**	**27.7**	2,599,876	28.7
Accrued interest of financial investments	**20,365**	**0.2**	19,335	0.2
Less: Allowance for impairment losses on financial investments(2)	**(25,807)**	**(0.3)**	(26,305)	(0.3)
Investment in associates and joint ventures	**7,315**	**0.1**	6,945	0.1
Cash and deposits with central banks	**384,906**	**4.2**	416,442	4.6
Deposits and placements with, and loans to banks and non-bank financial institutions	**387,488**	**4.3**	318,817	3.5
Financial assets held under resale agreements	**68,224**	**0.7**	104,773	1.2
Others(3)	**271,338**	**3.0**	228,851	2.6
Total	**9,104,623**	**100.0**	9,052,484	100.0

Notes: (1) Including allowances for impairment losses on loans and advances to customers measured at amortized cost and allowances for impairment losses on accrued interest of loans and advances to customers measured at amortized cost.

(2) Including allowances for impairment losses on financial investments measured at amortized cost and impairment losses on accrued interest of financial investments measured at amortized cost.

(3) Including precious metals, derivative financial assets, investment properties, property and equipment, intangible assets, goodwill, use right assets, deferred income tax assets and other assets, etc.

Loans and Advances to Customers

As at the end of the reporting period, the Group recorded RMB5,593.671 billion total loans and advances to customers (excluding accrued interest), up by 1.73% over the end of the previous year. Net loans and advances to customers accounted for 60.1% of total assets, up by 0.7 percentage point over the end of the previous year. The Group's balance of loans and advances to customer measured at amortized cost took up 92.4% of total loans and advances to customers. The table below sets out the classification of the Group's loans and advances to customers by measurement attribute.

Unit: RMB million

	30 June 2024		31 December 2023	
Item	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Loans and advances to customers measured at amortized cost	**5,168,802**	**92.4**	4,918,959	89.5
Loans and advances to customers measured at fair value through other comprehensive income	**415,310**	**7.4**	573,827	10.4
Loans and advances to customers measured at fair value through profit or loss	**9,559**	**0.2**	5,558	0.1
Total loans and advances to customers	**5,593,671**	**100.0**	5,498,344	100.0

Please refer to the section of "Loan Quality Analysis" in this chapter for analysis of the Group's loans and advances to customers.

Financial Investments

As at the end of the reporting period, the Group recorded RMB2,515.247 billion total financial investments (excluding accrued interest), down by RMB84.629 billion or 3.26% over the end of the previous year, mainly because of the decrease in the Group's investments in debt securities.

Classification of the Group's financial investments by product is set out in the table below.

Unit: RMB million

	30 June 2024		31 December 2023	
Item	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Investments in debt securities	**1,798,370**	**71.5**	1,854,012	71.3
Investment funds	**419,674**	**16.7**	421,154	16.2
Trust management plans	**192,529**	**7.7**	204,840	7.9
Directional asset management plan	**22,046**	**0.9**	22,908	0.9
Investment in wealth management products and through structured entities	**3,760**	**0.1**	4,045	0.2
Certificates of deposit and interbank certificates of deposit	**67,985**	**2.7**	81,776	3.1
Investment in equity instruments	**10,883**	**0.4**	11,141	0.4
Total financial investments	**2,515,247**	**100.0**	2,599,876	100.0

Classification of the Group's financial investments by measurement attribute is set out in the table below.

Unit: RMB million

	30 June 2024		31 December 2023	
Item	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Financial investments measured at fair value through profit or loss	**631,535**	**25.1**	613,824	23.6
Financial investments measured at amortized cost	**1,015,429**	**40.4**	1,098,899	42.3
Financial investments measured at fair value through other comprehensive income	**863,473**	**34.3**	882,346	33.9
Financial investments designated to be measured at fair value through other comprehensive income	**4,810**	**0.2**	4,807	0.2
Total financial investments	**2,515,247**	**100.0**	2,599,876	100.0

Investment in Debt Securities

As at the end of the reporting period, the Group registered RMB1,798.370 billion investments in debt securities, a decrease of RMB55.642 billion or 3.00% over the end of the previous year, primarily because the decreased investments in central government bonds and local bonds.

Classification of Debt Securities Investment by Issuers

Unit: RMB million

	30 June 2024		31 December 2023	
Item	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Banks and non-bank financial institutions	**240,122**	**13.4**	222,656	12.0
Government	**1,367,313**	**76.0**	1,459,897	78.8
Policy banks	**46,087**	**2.6**	52,520	2.8
Business entities	**139,009**	**7.7**	115,016	6.2
Public entities	**5,839**	**0.3**	3,923	0.2
Total	**1,798,370**	**100.0**	1,854,012	100.0

Breakdown of Significant Investments in Financial Debt Securities

The table below sets out the breakdown of major investments in financial debt securities held by the Group as at 30 June 2024.

Unit: RMB million

Name of debt securities	**Book value**	**Maturity date (DD/MM/YY)**	**Coupon rate (%)**	**Accrued impairment allowance**
2024 Policy Bank Debt Securities	5,848	09/05/2025	1.67	–
2021 Policy Bank Debt Securities	3,819	21/07/2024	2.78	–
2019 Policy Bank Debt Securities	3,595	02/07/2024	3.42	–
2019 Policy Bank Debt Securities	3,573	14/08/2024	3.24	–
2024 Policy Bank Debt Securities	3,237	22/02/2029	2.30	–
2024 Policy Bank Debt Securities	2,509	30/05/2025	1.57	–
2020 Policy Bank Debt Securities	2,506	22/04/2025	2.25	–
2024 Policy Bank Debt Securities	2,190	08/01/2034	2.63	–
2023 Policy Bank Debt Securities	1,420	25/05/2028	2.52	–
2024 Policy Bank Debt Securities	1,352	22/04/2025	1.61	–
Total	**30,049**			–

Note: The first phase impairment allowance accrued according to the expected credit loss measurement model is not included.

Investments in Associates and Joint Ventures

As at the end of the reporting period, the Group recorded RMB7.315 billion investments in associates and joint ventures, an increase of 5.33% over the end of the previous year. As at the end of the reporting period, the Group's balance of allowance for impairment losses on investment in associates and joint ventures was zero. For relevant details, please refer to Note 21 "Investment in Associates and Joint Ventures" to the financial report.

Unit: RMB million

Item	30 June 2024	31 December 2023
Investments in joint ventures	6,906	6,572
Investments in associates	409	373
Allowance for impairment losses	–	–
Net investments in associates and joint ventures	**7,315**	6,945

Derivatives

The table below sets out major categories and amounts of derivatives held by the Group as at the end of the reporting period. For relevant details, please refer to Note 17 "Derivative Financial Assets/Liabilities" to the financial report.

Unit: RMB million

	30 June 2024			31 December 2023		
	Nominal	Fair value		Nominal	Fair value	
Item	principal	Assets	Liabilities	principal	Assets	Liabilities
Interest rate derivatives	3,837,061	16,046	15,836	3,633,349	14,656	14,360
Currency derivatives	4,537,487	41,693	33,251	3,071,039	29,872	26,748
Other derivatives	76,928	389	2,187	34,448	147	742
Total	**8,451,476**	**58,128**	**51,274**	6,738,836	44,675	41,850

Repossessed Assets

As at the end of the reporting period, the Group recorded repossessed assets of RMB2.348 billion, and charged RMB1.134 billion allowances for impairment losses on repossessed assets. The book value stood at RMB1.214 billion.

Unit: RMB million

Item	30 June 2024	31 December 2023
Original value of repossessed assets	2,348	2,369
– Land, premises and buildings	2,346	2,367
– Others	2	2
Allowances for impairment losses on repossessed assets	(1,134)	(1,138)
– Land, premises and buildings	(1,134)	(1,138)
– Others	–	–
Total book value of repossessed assets	**1,214**	1,231

Changes in Impairment Allowances

Unit: RMB million

Item	31 December 2023	Accruals/ reversals during the current period	Write-offs/ transfer out during the current period	Others[1]	30 June 2024
Loans and advances to customers[2]	134,517	29,974	(32,817)	5,984	**137,658**
Financial investments[3]	28,207	1,386	(1,547)	65	**28,111**
Interbank business[4]	298	(16)	–	1	**283**
Other financial assets and accrued interests	11,069	2,846	(2,890)	509	**11,534**
Off-balance-sheet items	10,520	180	(87)	362	**10,975**
Subtotal of allowances for credit impairment	184,611	34,370	(37,341)	6,921	**188,561**
Repossessed assets	1,138	43	(47)	–	**1,134**
Subtotal of allowances for other asset impairments	1,138	43	(47)	–	**1,134**
Total	185,749	34,413	(37,388)	6,921	**189,695**

Notes: (1) Including recovery of write-offs and impacts of exchange rate changes.

(2) Including allowances for impairment losses on loans and advances to customers measured at amortized cost, and allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income.

(3) Including allowances for impairment losses on financial investments measured at amortized cost and impairment losses on financial investments measured at fair value through other comprehensive income.

(4) Including allowance for impairment losses of deposits and placements with, and loans to banks and non-bank financial institutions and financial assets held under resale agreements.

2.5.2.2 Liabilities

As at the end of the reporting period, the Group recorded total liabilities of RMB8,288.872 billion, down by 0.35% from the end of the previous year, primarily due to the decrease in financial assets sold under repurchase agreements and deposits and placements from banks and non-bank financial institutions.

Unit: RMB million

	30 June 2024		31 December 2023	
Item	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Borrowings from central banks	**275,603**	**3.3**	273,226	3.3
Deposits from customers	**5,592,100**	**67.5**	5,467,657	65.7
Deposits and placements from banks and non-bank financial institutions	**914,306**	**11.0**	1,014,214	12.2
Financial assets sold under repurchase agreements	**180,105**	**2.2**	463,018	5.6
Debt certificates issued	**1,170,880**	**14.1**	965,981	11.6
Others *(Note)*	**155,878**	**1.9**	133,713	1.6
Total	**8,288,872**	**100.0**	8,317,809	100.0

Note: Including financial liabilities measured at fair value through profits and losses, derivative financial liabilities, staff remunerations payable, taxes and fees payables, estimated liabilities, lease liabilities, deferred income tax liabilities and other liabilities.

Deposits from Customers

As at the end of the reporting period, the Group's total deposits from customers (excluding accrued interest) were RMB5,514.879 billion, representing an increase of RMB116.696 billion or 2.16% over the end of the previous year; and deposits from customers accounted for 67.5% of total liabilities, an increase of 1.8 percentage points from the end of the previous year. The Group's balance of corporate deposits was RMB3,948.181 billion, representing an increase of RMB15.814 billion or 0.40% over the end of the previous year; and balance of personal deposits stood at RMB1,566.698 billion, representing an increase of RMB100.882 billion or 6.88% over the end of the previous year.

Unit: RMB million

	30 June 2024		31 December 2023	
Item	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Corporate deposits				
Demand deposits	**2,167,037**	**38.8**	2,187,273	40.0
Time and call deposits	**1,781,144**	**31.8**	1,745,094	31.9
Subtotal	**3,948,181**	**70.6**	3,932,367	71.9
Personal deposits				
Demand deposits	**444,924**	**8.0**	340,432	6.2
Time and call deposits	**1,121,774**	**20.0**	1,125,384	20.6
Subtotal	**1,566,698**	**28.0**	1,465,816	26.8
Total deposits from customers	**5,514,879**	**98.6**	5,398,183	98.7
Accrued interest	**77,221**	**1.4**	69,474	1.3
Total	**5,592,100**	**100.0**	5,467,657	100.0

Breakdown of Deposits from Customers by Currency

Unit: RMB million

	30 June 2024		31 December 2023	
Item	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Renminbi	**5,145,638**	**92.0**	5,050,568	92.4
Foreign currencies	**446,462**	**8.0**	417,089	7.6
Total	**5,592,100**	**100.0**	5,467,657	100.0

Breakdown of Deposits by Geographical Region

Unit: RMB million

	30 June 2024		31 December 2023	
Item	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Head Office	**2,574**	**0.1**	2,669	0.1
Bohai Rim	**1,535,684**	**27.4**	1,439,550	26.3
Yangtze River Delta	**1,493,096**	**26.7**	1,472,237	27.0
Pearl River Delta and West Strait	**865,776**	**15.5**	859,897	15.7
Central China	**723,045**	**12.9**	729,490	13.3
Western China	**554,842**	**9.9**	548,939	10.0
Northeastern China	**116,182**	**2.1**	115,673	2.1
Overseas	**300,901**	**5.4**	299,202	5.5
Total	**5,592,100**	**100.0**	5,467,657	100.0

2.5.3 Shareholders' Equity

As at the end of the reporting period, the Group's shareholders' equity was RMB815.751 billion, an increase of 11.04% over the end of the previous year. The table below sets out the changes in shareholders' equity in the Group during the reporting period.

Unit: RMB million

	Six months ended 30 June 2024							
Item	Share capital	Other equity instrument	Capital reserve	Other comprehensive income	Surplus reserve and general reserve	Retained earnings	Non-controlling interest	Total
31 December 2023	48,967	118,060	59,400	4,057	166,119	320,619	17,453	734,675
i. Profit for the period	–	–	–	–	–	35,490	381	35,871
ii. Other comprehensive income	–	–	–	7,094	–	–	18	7,112
iii. Capital contributed or reduced by shareholders	4,490	27,853	25,040	–	–	–	–	57,383
iv. Profit allocation	–	–	–	–	153	(19,265)	(178)	(19,290)
30 June 2024	53,457	145,913	84,440	11,151	166,272	336,844	17,674	815,751

2.5.4 Loan Quality Analysis

Loan Risk Classification

The Group measures and manages the quality of its credit assets pursuant to the *Measures on Financial Asset Risk Classification of Commercial Banks* formulated by the former CBIRC and the PBOC. During the reporting period, the Group continued to strengthen the risk classification management, and improved functions of the risk classification system. According to the requirements of the new regulations on risk classification of financial assets, it adhered to the principle of substantive risk judgment, and strictly conducted the risk classification of assets to truly reflect asset quality. The Bank classifies loans into pass, special mention, substandard, doubtful and loss, with the latter three collectively referred to as non-performing loans.

Unit: RMB million

	30 June 2024		31 December 2023	
Risk Classification	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Performing loans	**5,527,091**	**98.81**	5,433,544	98.82
Pass	**5,436,644**	**97.19**	5,346,875	97.25
Special mention	**90,447**	**1.62**	86,669	1.57
Non-performing loans	**66,580**	**1.19**	64,800	1.18
Substandard	**24,079**	**0.43**	17,346	0.32
Doubtful	**23,656**	**0.42**	26,107	0.47
Loss	**18,845**	**0.34**	21,347	0.39
Total loans	**5,593,671**	**100.00**	5,498,344	100.00

As at the end of the reporting period, the Group's balance of pass loans increased by RMB89.769 billion over the end of the previous year, and accounted for 97.19% of the total loans, representing a decrease of 0.06 percentage points over the end of the previous year; and the balance of special mention loans increased by RMB3.778 billion, accounting for 1.62% of the total loans, up by 0.05 percentage points over the end of the previous year. The balance of the Group's NPLs increased by RMB1.780 billion over the end of the previous year; and the NPL ratio stood at 1.19%, up by 0.01 percentage points over the end of the previous year. During the reporting period, the economy continued to recover, but still faced challenges such as complicated external environment and insufficient effective domestic demand. Against this background, the Group had already made sufficient anticipation and preparation in response to the changing trends of loan quality. It implemented targeted measures for risk prevention and resolution, while intensifying efforts in risk resolution and NPA disposal, thereby maintaining changes in asset quality within a controllable range.

Concentration of Loans and NPLs by Product Type

As at the end of the reporting period, the Group's balance of corporate loans (excluding discounted bills) recorded RMB2,917.982 billion, an increase of RMB220.832 billion or 8.19% over the end of the previous year; and its balance of personal loans reached RMB2,328.707 billion, an increase of RMB44.861 billion or 1.96% over the end of the previous year. The balance of discounted bills decreased by RMB170.366 billion or 32.93% over the end of last year to RMB346.982 billion. The Group's balance of corporate non-performing loans (excluding discounted bills) dropped by RMB675 million over the end of the previous year, corresponding to a 0.12 percentage points decline in the NPL ratio over the end of the previous year. The Group's balance of personal non-performing loans increased by RMB2.528 billion over the end of the previous year, corresponding to a 0.09 percentage points increase in the NPL ratio over the end of the previous year. The NPL balance and NPL ratio of discounted bills dropped by RMB73 million and 0.01 percentage points over the end of the previous year, respectively.

Unit: RMB million

	30 June 2024				31 December 2023			
Product Type	**Balance**	**Proportion (%)**	**NPL balance**	**NPL ratio (%)**	Balance	Proportion (%)	NPL balance	NPL ratio (%)
Corporate loans	**2,917,982**	**52.17**	**36,354**	**1.25**	2,697,150	49.05	37,029	1.37
Personal loans	**2,328,707**	**41.63**	**30,196**	**1.30**	2,283,846	41.54	27,668	1.21
Discounted bills	**346,982**	**6.20**	**30**	**0.01**	517,348	9.41	103	0.02
Total loans	**5,593,671**	**100.00**	**66,580**	**1.19**	5,498,344	100.00	64,800	1.18

Distribution of Loans and NPLs by Sector

As at the end of the reporting period, rental and business services, manufacturing and water, environment and public utilities management were the top three sector borrowers of the Group's outstanding corporate loans, recording loan balances of RMB587.368 billion, RMB525.217 billion and RMB465.341 billion, respectively. The balance of loans granted to the real estate industry stood at RMB277.547 billion, accounting for 9.51% of the total, down by 0.11 percentage points from the end of previous year. In term of the increments, rental and business service, water, environment and public utilities management and manufacturing all recorded an increase of more than RMB20.0 billion (with increments of RMB55.944 billion, RMB30.771 billion and RMB25.215 billion respectively).

As at the end of the reporting period, the Group's NPLs were mainly concentrated in three sectors, i.e., manufacturing, real estate, and rental and business service, with their NPL balances collectively taking up 62.06% of the total corporate NPLs. The asset quality indicators of the construction, information transmission, software and information technology services, and real estate improved slightly compared with the end of last year, with the balance of NPLs dropping by RMB2.364 billion, RMB1.156 billion and RMB343 million respectively over the end of the previous year, and the corresponding NPL ratio declining by 2.08 percentage points, 2.35 percentage points and 0.29 percentage point respectively. During the reporting period, affected by the macro-economic environment, industry risks and other factors, the balance of the Group's NPLs in the sectors of rental and business service, wholesale and retail, etc. increased as compared to the end of last year.

Unit: RMB million

	30 June 2024				31 December 2023			
Sector	**Balance**	**Proportion (%)**	**NPL balance**	**NPL ratio (%)**	Balance	Proportion (%)	NPL balance	NPL ratio (%)
Corporate loans	**2,917,982**	**52.17**	**36,354**	**1.25**	2,697,150	49.05	37,029	1.37
Rental and business service	**587,368**	**10.50**	**4,847**	**0.83**	531,424	9.67	3,345	0.63
Manufacturing	**525,217**	**9.39**	**11,328**	**2.16**	500,002	9.09	11,189	2.24
Water, environment and public utilities management	**465,341**	**8.32**	**771**	**0.17**	434,570	7.90	410	0.09
Real estate	**277,547**	**4.96**	**6,386**	**2.30**	259,363	4.72	6,729	2.59
Wholesale and retail	**229,330**	**4.10**	**4,029**	**1.76**	213,632	3.89	3,585	1.68
Transportation, storage and postal service	**147,154**	**2.63**	**324**	**0.22**	139,201	2.53	264	0.19
Construction	**121,534**	**2.17**	**953**	**0.78**	116,099	2.11	3,317	2.86
Production and supply of electric power, gas and water	**113,626**	**2.03**	**556**	**0.49**	96,190	1.75	701	0.73
Financial industry	**88,586**	**1.59**	**48**	**0.05**	78,756	1.43	51	0.06
Information transmission, software and information technology services	**62,984**	**1.13**	**978**	**1.55**	54,705	0.99	2,134	3.90
Others	**299,295**	**5.35**	**6,134**	**2.05**	273,208	4.97	5,304	1.94
Personal loans	**2,328,707**	**41.63**	**30,196**	**1.30**	2,283,846	41.54	27,668	1.21
Discounted bills	**346,982**	**6.20**	**30**	**0.01**	517,348	9.41	103	0.02
Total loans	**5,593,671**	**100.00**	**66,580**	**1.19**	5,498,344	100.00	64,800	1.18

Distribution of Loans and NPLs by Geographic Region

As at the end of the reporting period, the Group's total loans stood at RMB5,593.671 billion, an increase of RMB95.327 billion or 1.73% over the prior year-end. Specifically, the balances of loans to the Yangtze River Delta, the Bohai Rim and Central China ranked the top three, recording RMB1,622.347 billion, RMB1,402.211 billion and RMB794.966 billion, and accounting for 29.00%, 25.07% and 14.21% of the Group's total, respectively. In terms of increment, Yangtze River Delta recorded the highest growth, reaching RMB84.078 billion, followed by Pearl River Delta and West Strait with an increase of RMB9.654 billion.

As for the distribution of NPLs, the Group's NPLs were mainly concentrated in the Bohai Rim, Western China and the Pearl River Delta and West Strait, with the combined NPL balance of above regions reaching RMB43.763 billion, accounting for 65.73% of the total. In terms of incremental NPLs, Western China registered an amount of RMB1.843 billion incremental NPLs and its NPL ratio rose by 0.25 percentage points; Pearl River Delta and West Strait ranked second, recording RMB1.725 billion incremental NPLs and a 0.20 percentage points rise in its NPL ratio.

Unit: RMB million

Geographic region	30 June 2024 Balance	30 June 2024 Proportion (%)	30 June 2024 NPL balance	30 June 2024 NPL ratio (%)	31 December 2023 Balance	31 December 2023 Proportion (%)	31 December 2023 NPL balance	31 December 2023 NPL ratio (%)
Yangtze River Delta	**1,622,347**	**29.00**	**8,004**	**0.49**	1,538,269	27.97	6,670	0.43
Bohai Rim	**1,402,211**	**25.07**	**18,936**	**1.35**	1,423,026	25.88	23,456	1.65
Central China	**794,966**	**14.21**	**8,244**	**1.04**	790,477	14.38	7,503	0.95
Pearl River Delta and West Strait	**791,885**	**14.16**	**10,945**	**1.38**	782,231	14.23	9,220	1.18
Western China	**676,731**	**12.10**	**13,882**	**2.05**	669,589	12.18	12,039	1.80
Northeastern China	**87,173**	**1.56**	**1,503**	**1.72**	85,037	1.55	1,436	1.69
Overseas	**218,358**	**3.90**	**5,066**	**2.32**	209,715	3.81	4,476	2.13
Total loans	**5,593,671**	**100.00**	**66,580**	**1.19**	5,498,344	100.00	64,800	1.18

Note: Bohai Rim includes the Head Office.

Breakdown of Loans by Type of Guarantee

During the reporting period, the Group's loan guarantee structure remained stable. As at the end of the reporting period, the balance of the Group's unsecured and guaranteed loans was RMB2,696.799 billion, an increase of RMB186.971 billion over the end of the previous year, accounting for 48.22% of the Group's total loans, up by 2.58 percentage points from the end of the previous year; the balance of loans secured by collateral and pledge was RMB2,549.890 billion, an increase of RMB78.722 billion over the end of the previous year, accounting for 45.58% of the Group's total loans, up by 0.63 percentage points from the end of the previous year.

Unit: RMB million

Type of guarantee	30 June 2024 Balance	30 June 2024 Proportion (%)	31 December 2023 Balance	31 December 2023 Proportion (%)
Unsecured loans	**1,651,009**	**29.52**	1,546,536	28.12
Guaranteed loans	**1,045,790**	**18.70**	963,292	17.52
Loans secured by collateral	**2,131,284**	**38.10**	2,057,869	37.43
Pledge loans	**418,606**	**7.48**	413,299	7.52
Subtotal	**5,246,689**	**93.80**	4,980,996	90.59
Discounted bills	**346,982**	**6.20**	517,348	9.41
Total loans	**5,593,671**	**100.00**	5,498,344	100.00

Concentration of Borrowers of Corporate Loans

The Group focused on concentration risk control over its corporate loan borrowers. During the reporting period, the Group complied with the applicable regulatory requirements on concentration of borrowers. Since a single borrower was defined by the Group as a specific legal entity, one borrower could be the related party of another borrower.

Major regulatory indicator	Regulatory Standard	30 June 2024	31 December 2023	31 December 2022
Percentage of loans to the largest single customer (%)(1)	≤10	**1.11**	1.20	1.19
Percentage of loans to the top 10 customers (%)(2)	≤50	**9.00**	9.50	9.84

Notes: (1) Percentage of loans to the largest single customer = balance of loans to the largest single customer/net capital.

(2) Percentage of loans to the top 10 customers = balance of loans to the top 10 customers/net capital.

Unit: RMB million

		30 June 2024		
Borrower	**Industry**	**Balance**	**Percentage in total loans (%)**	**Percentage in regulatory capital (%)**
Borrower A	Rental and business services	**10,513**	**0.19**	**1.11**
Borrower B	Real estate	**10,400**	**0.19**	**1.09**
Borrower C	Transportation, storage and postal services	**9,667**	**0.17**	**1.02**
Borrower D	Real estate	**9,176**	**0.16**	**0.96**
Borrower E	Real estate	**8,119**	**0.15**	**0.85**
Borrower F	Water, environment and public utilities management	**8,091**	**0.14**	**0.85**
Borrower G	Rental and business services	**7,973**	**0.14**	**0.84**
Borrower H	Transportation, storage and postal services	**7,739**	**0.14**	**0.81**
Borrower I	Public administration, social security and social organizations	**7,488**	**0.13**	**0.79**
Borrower J	Rental and business services	**6,501**	**0.12**	**0.68**
Total loans		**85,667**	**1.53**	**9.00**

As at the end of the reporting period, the total balance of corporate loans from the Group to the top 10 customers amounted to RMB85.667 billion, taking up 1.53% of its total loans and 9.00% of its net capital.

Migration of Loans

The table below sets out the migration of the Bank's loans across the five tiers during the reporting period.

Migration ratio indicator	30 June 2024	31 December 2023	31 December 2022
Migration ratio of pass loans (%)	1.02	2.18	2.26
Migration ratio of special mention loans (%)	21.73	36.70	29.38
Migration ratio of substandard loans (%)	49.91	83.18	73.43
Migration ratio of doubtful loans (%)	42.57	88.83	78.75
Ratio of migration from performing loans to NPLs (%)	0.73	1.63	1.60

As at the end of the reporting period, the Bank's ratio of loan migration from performing loans to NPLs was 0.73%, a decrease of 0.90 percentage points over the end of the previous year.

Loans Overdue

Unit: RMB million

	30 June 2024		31 December 2023	
Item	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Loans repayable on demand	5,489,539	98.13	5,408,918	98.38
Loans overdue[1]				
Within 3 months	51,339	0.92	40,756	0.74
3 months-1 year	32,777	0.59	28,890	0.52
1-3 years	17,098	0.31	17,325	0.32
More than 3 years	2,918	0.05	2,455	0.04
Subtotal	104,132	1.87	89,426	1.62
Total customer loans	5,593,671	100.00	5,498,344	100.00
Loans overdue for more than 3 months	52,793	0.95	48,670	0.88
Restructured loans[2]	22,114	0.40	17,477	0.32

Notes: (1) Loans overdue refer to loans with principal or interest overdue for one day or more. According to internal management needs, the Group refined the terms of overdue loans and adjusted the data at the beginning of the period accordingly.

(2) Restructured loans refer to loans the debtors of which were in financial difficulties and the Group adjusted their contracts in the favor of the debtors or provided refinancing for their existing debts, including repaying existing debts with new borrowing and new debt financing so as to facilitate the loan repayment.

As at the end of the reporting period, the Group's balance of overdue loans recorded RMB104.132 billion, a rise of RMB14.706 billion over the end of the previous year, and the proportion of overdue loans in total loans went up by 0.25 percentage points over the end of the previous year. The increase of overdue loans was mainly caused by factors such as macro economic environment and the transformation of real estate market, which resulted in the decline of borrowers' capability to repay and the rise of over due loan balance in personal loans and loans of certain sectors.

The Group managed loan restructuring in a stringent and prudent manner in accordance with regulatory policies. As at the end of the reporting period, the Group's balance of restructured loans stood at RMB22.114 billion, accounting for 0.40% of the total.

Analysis of Allowance for Loan Impairment

The Group set aside adequate allowance for loan impairment losses based on expected credit loss as required by the PRC Accounting Standards and International Financial Reporting Standards (IFRS) in light of customer default rate, default loss rate and many other quantitative risk parameters as well as macro perspective adjustments.

Unit: RMB million

Item	**As at 30 June 2024**	As at 31 December 2023	As at 31 December 2022
Beginning balance	**134,517**	131,202	121,471
Accruals during the period(1)	**29,974**	49,840	55,786
Write-offs and transfer-out	**(32,817)**	(60,054)	(57,791)
Recovery of loans and advances written off in previous years	**6,114**	13,670	10,520
Others(2)	**(130)**	(141)	1,216
Ending balance	**137,658**	134,517	131,202

Notes: (1) Equal to the net loan impairment losses recognized as accruals for the Group in the consolidated income statement of the Group.
(2) Including foreign exchange rate changes and others.

As at the end of the reporting period, the Group's balance of allowance for loan impairment losses registered RMB137.658 billion, up by RMB3.141 billion over the end of the previous year. The Group's ratio of balance of allowance for loan impairment losses to NPL balance (i.e., allowance coverage ratio) and ratio of balance of allowance for loan impairment losses to total loans (i.e., allowance for loan impairment losses to total loans) stood at 206.76% and 2.46%, down by 0.83 percentage point and up by 0.01 percentage point over the end of the previous year, respectively.

2.5.5 Major Off-Balance Sheet Items

As at the end of the reporting period, the Bank's major off-balance sheet items included credit commitments, capital commitments and pledged assets. The detailed items and balances are set out in the table below.

Unit: RMB million

Item	**30 June 2024**	31 December 2023
Credit commitments		
– Bank acceptance bills	**750,043**	867,523
– Letters of guarantee	**259,094**	237,359
– Letters of credit	**280,781**	256,351
– Irrevocable loan commitments	**46,317**	46,768
– Credit card commitments	**826,374**	779,947
Subtotal	**2,162,609**	2,187,948
Capital commitments	**1,046**	1,521
Pledged assets	**534,675**	838,102
Total	**2,698,330**	3,027,571

2.5.6 Cash Flow Statement Analysis

Net Cash Outflows Used in Operating Activities

The Group's net cash outflows used in operating activities registered RMB341.909 billion, and the net cash outflows for the same period of last year were RMB123.018 billion, resulting in an increase of RMB218.891 billion in net cash outflows, primarily due to the decrease in deposits from customers over the same period of last year.

Net Cash Inflows Generated from Investing Activities

The Group's net cash inflows generated from investing activities recorded RMB61.639 billion, with the net cash inflows for the same period of last year standing at RMB44.392 billion, marking an increase of RMB17.247 billion in net cash inflows, mainly due to the increased scale of investments, sale and redemption of financial investments, which was reflected overall as net cash inflows.

Net Cash Inflows Used in Financing Activities

The Group's net cash inflows generated from financing activities registered RMB245.616 billion, and the net cash outflows for the same period of last year were RMB16.838 billion. Primarily due to the increase in the issuance and redemption scale of interbank certificates of deposit and debt securities, the overall net cash inflows increased.

Unit: RMB million

Item	Six months ended 30 June 2024	Year-on-year increase (%)	Main reason
Net Cash Outflows Used in Operating Activities	**(341,909)**	177.9	
Including: Cash inflows due to deposits from customers	**106,677**	(74.1)	Decrease in deposits from customers
Net cash outflows due to interbank business [(Note)]	**(401,022)**	44.4	Increase in interbank outflows
Cash outflows due to loans and advances to customers	**(113,851)**	(51.3)	Drop in increase of loans
Cash inflows due to financial assets held for trading	**5,006**	Negative in same period of last year	Decrease in the scale of financial investment held for trading
Cash inflows due to deposits with central banks	**36,195**	Negative in same period of last year	Decrease in the scale of deposits with central banks
Net Cash Inflows Generated from Investing Activities	**61,639**	38.9	
Including: Proceeds from redemption of investments	**1,716,776**	30.0	Increase in the scale of financial investments sold and redeemed
Payments on acquisition of investments	**(1,651,773)**	29.8	Increase in the scale of investments
Net Cash Inflows Generated from Financing Activities	**245,616**	Negative in same period of last year	
Including: Proceeds from issuance of debt certificates	**907,898**	74.9	Increase in issuance of interbank certificates of deposit and debt securities
Proceeds from issuance of other equity instruments	**29,996**	Nero in same period of last year	Issuance of perpetual bonds
Repayment of debt certificates	**(673,828)**	29.3	Increase in repayment of matured interbank certificates of deposit and debt securities

Note: Including deposits and placements with, and loans to banks and non-bank financial institutions, financial assets held under resale agreements, deposits and placements from banks and non-bank financial institutions, and financial assets sold under repurchase agreements.

2.5.7 Capital Adequacy Ratio Analysis

The Group has established a closed-loop whole-process management system covering capital planning, allocation, measurement, monitoring and evaluation. During the reporting period, in light of changes in both internal and external situations, the Group intensified support for the real economy, established and improved the linkage mechanism between capital planning and business arrangements, and promoted reasonable asset growth. Meanwhile, it continued to uphold the "capital light, asset light and cost light" development strategy. Guided by the concepts of "light development" and "value creation", the Group optimized the capital allocation model, stepped up efforts in refined capital management, guided operating institutions to reasonably arrange business, customer and product structure under capital constraints, and realized the balanced development of business growth, value return and capital consumption.

As at the end of the reporting period, as required by the *Measures for Capital Management of Commercial Banks* promulgated by the NFRA in October 2023, the Group recorded a capital adequacy ratio of 13.69%, a tier-one capital adequacy ratio of 11.57%, a core tier-one capital adequacy ratio of 9.43% and a leverage ratio of 7.39%, all meeting regulatory requirements.

Capital adequacy ratios

Unit: RMB million

Item	**30 June 2024**	31 December 2023	31 December 2022
Net core tier-one capital	**655,185**	605,156	551,863
Net additional tier-one capital	**148,775**	118,313	119,614
Net tier-one capital	**803,960**	723,469	671,477
Net tier-two capital	**147,154**	146,384	160,610
Net capital	**951,114**	869,853	832,087
Risk-weighted assets	**6,947,036**	6,727,713	6,315,506
Core tier-one capital adequacy ratio	**9.43%**	8.99%	8.74%
Tier-one capital adequacy ratio	**11.57%**	10.75%	10.63%
Capital adequacy ratio	**13.69%**	12.93%	13.18%

Note: The Group calculated and disclosed its capital adequacy ratios as at the end of June 2024 according to the *Measures for Capital Management of Commercial Banks* (NFRA Decree [2023] No.4) promulgated by the NFRA, and those for comparable periods according to the *Provisional Measures for Capital Management of Commercial Banks* promulgated by the former CBIRC.

Leverage ratio

Unit: RMB million

Item	**30 June 2024**	31 December 2023	31 December 2022
Leverage ratio	**7.39%**	6.66%	6.59%
Net tier-one capital	**803,960**	723,469	671,477
Adjusted balance of on-and off-balance sheet assets	**10,884,330**	10,859,498	10,193,191

Note: The Group calculated and disclosed its leverage ratios as at the end of June 2024 according to the *Measures for Capital Management of Commercial Banks* (NFRA Decree [2023] No.4) promulgated by the NFRA, and those for comparable periods according to the *Rules on Leverage Ratio of Commercial Banks* (Revision) (CBRC Decree [2015] No.1).

2.5.8 Major Accounting Estimates and Assumptions

The preparation of the financial statements in conformity with the *International Financial Reporting Standards* (IFRS) required the Group to make certain accounting estimates and assumptions when applying its accounting policies to determine the amounts of assets, liabilities as well as profits and losses for the reporting period. The accounting estimates and assumptions made by the Group were based on its historical experience and other factors such as reasonable expectations of future events. The key assumptions involved in such estimates and the judgment on uncertainties were reviewed on an on-going basis. Such accounting estimates and assumptions made by the Group were all appropriately recognized during the current period of the concerned changes and will be recognized as such during the subsequent periods of any impacts resulting from such changes.

The basis for preparing the Group's financial statements was influenced by estimates and judgments in the following main aspects: expected credit loss measurement model, classification of financial assets, fair value measurement of financial instruments, the derecognition of financial assets, the control of structured entities, income tax and deferred income tax.

2.5.9 Major Financial Statement Items with More than 30% Changes

Unit: RMB million

Item	30 June 2024/ six months ended 30 June 2024	Increase/ Decrease over previous year-end/ year-on-year (%)	Main reason
Precious metals	**16,947**	45.2	Increase in physical precious metals held
Derivative financial assets	**58,128**	30.1	Increase in the scale and revaluation of derivative financial instruments
Financial assets held under resale agreements	**68,224**	(34.9)	Decrease in financial assets held under resale agreements
Other assets	**91,320**	40.4	Increase in funds to be cleared
Financial assets sold under repurchase agreements	**180,105**	(61.1)	Decrease in securities sold under repurchase agreements
Other liabilities	**56,975**	40.8	Increase in dividends payable
Capital reserve	**84,440**	42.2	Increase in share premium due to conversion of convertible corporate bonds
Other comprehensive income	**11,151**	174.9	Increase in the fair value of other financial assets measured at fair value through other comprehensive income and the translation difference of foreign currency statements
Net gains on investment securities	**16,279**	66.4	Increase in investment gains of financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profits or losses
Impairment losses on other assets	**43**	(82.2)	Decrease in impairment losses on repossessed assets
Income tax expense	**7,880**	39.2	Increase in income from non-tax-deductible items and decrease in non-tax-deductible incomes

2.5.10 Segment Report

2.5.10.1 Business Segments

Major business segments of the Group include corporate banking, retail banking and financial markets business. The table below lists the operating results of the Group by business segment.

Unit: RMB million

Business Segment	Six months ended 30 June 2024				Six months ended 30 June 2023			
	Segment operating income	Proportion (%)	Segment profit before tax	Proportion (%)	Segment operating income	Proportion (%)	Segment profit before tax	Proportion (%)
Corporate banking	47,039	43.3	26,182	59.9	46,023	43.5	20,678	48.8
Retail banking	43,464	40.0	2,674	6.1	44,004	41.6	11,238	26.5
Financial markets business	16,373	15.1	13,444	30.7	14,640	13.8	10,487	24.8
Others and unallocated	1,764	1.6	1,451	3.3	1,218	1.1	(36)	(0.1)
Total	108,640	100.0	43,751	100.0	105,885	100.0	42,367	100.0

Unit: RMB million

Business Segment	End of June 2024		End of 2023	
	Segment assets	Proportion (%)	Segment assets	Proportion (%)
Corporate banking	3,026,974	33.4	2,822,064	31.3
Retail banking	2,297,330	25.4	2,249,644	25.0
Financial markets business	3,187,180	35.2	3,336,485	37.1
Others and unallocated	543,135	6.0	591,811	6.6
Total	9,054,619	100.0	9,000,004	100.0

Note: Segment assets do not include deferred income tax assets.

2.5.10.2 Geographical Segments

The Group operates mainly in the Chinese mainland, with branches and sub-branches covering 31 provinces, autonomous regions and municipalities. London Branch officially commenced operation in June 2019. Hong Kong Branch was open in March 2024. As for subsidiaries, CIFH and CNCB Investment were registered in Hong Kong, while Lin'an CITIC Rural Bank, CITIC Financial Leasing and CITIC Wealth Management were registered in the Chinese mainland. The table below lists the operating results of the Group by geographical segment.

Unit: RMB million

Geographical Segment	30 June 2024		Six months ended 30 June 2024		31 December 2023		Six months ended 30 June 2023	
	Segment total assets		Segment profit before tax		Segment total assets		Segment profit before tax	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Head Office	3,458,810	38.2	22,697	51.9	3,442,730	38.3	23,155	54.7
Yangtze River Delta	2,091,279	23.1	9,668	22.1	2,009,211	22.3	5,936	14.0
Pearl River Delta and West Strait	1,011,804	11.2	1,002	2.3	994,510	11.1	(1,662)	(3.9)
Bohai Rim	1,981,456	21.9	3,707	8.5	1,889,859	21.0	6,330	14.9
Central China	876,175	9.7	3,448	7.9	879,067	9.8	3,686	8.7
Western China	730,765	8.0	1,429	3.2	732,239	8.1	2,556	6.0
Northeastern China	128,028	1.4	187	0.4	126,449	1.4	505	1.2
Overseas	415,335	4.6	1,613	3.7	480,467	5.3	1,861	4.4
Offset	(1,639,033)	(18.1)	–	–	(1,554,528)	(17.3)	–	–
Total	9,054,619	100.0	43,751	100.0	9,000,004	100.0	42,367	100.0

Note: Segment assets do not include deferred income tax assets.

2.6 Key Issues in Operation

2.6.1 Loan Extension

In terms of corporate loans, the Bank kept abreast of national policy and market changes and adhered to the orientation of serving the real economy and building itself into a bank of value. It accelerated extension of quality credit assets, continuously optimized the customer structure, and further strengthened refined management of asset extensions. The Bank's asset quality was generally stable and loan business maintained balanced development in quantity and pricing. As at the end of the reporting period, the Bank's balance of general corporate loans recorded RMB2,694.925 billion, representing an increase of RMB215.283 billion or 8.68% from the end of the previous year. The balance of RMB general corporate loans increased by RMB217.818 billion from the end of the previous year, a record high in the corresponding period in history. During the reporting period, the top three industries by growth in corporate loans of the Bank were leasing and business services, water, environment and public utility management, and manufacturing, all with a growth of more than RMB20 billion. Affected by LPR cuts and national policies that guide financial institutions to make profit concessions to the real economy, the pricing of newly granted loans and the average return on loans continued to decline on the asset side.

During the reporting period, the Bank implemented the guiding principles from the Central Financial Work Conference, dynamically combined the implementation of national strategies with the adjustment of the credit structure, and continued to enhance credit support for key areas and weak links in the real economy. As at the end of the reporting period, the balances of loans to key areas of the real economy such as green credit, medium and long-term manufacturing loans, loans to private enterprises[7], and loans to inclusive micro and small businesses recorded RMB529.277 billion, RMB279.828 billion, RMB1,313.725 billion and RMB581.715 billion respectively, up by RMB70.255 billion, RMB21.248 billion, RMB67.626 billion, and RMB36.640 billion or 15.31%, 8.22%, 5.43%, and 6.72% from the end of the previous year respectively. The loans to strategic and emerging industry enterprises stood at RMB525.960 billion, down by 1.11% compared with the end of last year. Meanwhile, centering around the national regional development strategy, the Bank continuously promoted high-quality coordinated development of key regions such as the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, the Beijing-Tianjin-Hebei region and the Chengdu-Chongqing economic zone and further enhanced its market competitiveness in key regions by intensifying policy guidance and resource input. As at the end of the reporting period, the proportion of loans to the four key regions reached 90.50%, up by 0.37 percentage point from the end of the previous year.

In terms of personal loans, as at the end of the reporting period, the Bank's balance of personal loans (excluding credit card) posted RMB1,769.02 billion, representing an increase of RMB58.119 billion or 3.40% from the end of the previous year. During the reporting period, the Bank implemented the national real estate finance policy by supporting the stable and healthy development of the real estate market. It actively advanced the "Five Leading" strategy and continued to enhance financial support for inclusive micro and small businesses and consumer credit. During the reporting period, the Bank's housing mortgage loans, personal inclusive loans and consumer loans increased by RMB17.286 billion, RMB24.351 billion and RMB12.949 billion from the end of the previous year respectively. Affected by factors such as the current economic situation and fiercer competition from peer banks, the Bank issued RMB419.991 billion of new personal loans (excluding credit card) during the reporting period, a decrease of RMB32.658 billion compared to the same period last year. In terms of pricing, due to factors such as LPR cuts, adjustment of mortgage rates and increased market competition for quality customers, the Bank's pricing of new personal loans continued to decline.

7 Statistic of PBOC, which includes loans to private controlled enterprises and personal operating loan (including RMB and foreign currencies) and excludes discounting. The data of the beginning of the year has been rebated due to the change of statistics.

2.6.2 Customer Deposits

In terms of corporate deposits, the departments of the corporate banking line of the Bank developed the business in a coordinated manner, took a customer-centric approach, and continuously optimized products and services. With the efforts, corporate deposits achieved stable development during the reporting period. As at the end of the reporting period, the Bank's balance of corporate deposits recorded RMB3,818.295 billion, representing an increase of RMB35.263 billion or 0.93% from the end of the previous year. During the reporting period, the average daily balance of corporate deposits was RMB3,775.746 billion, down by 2.49% year on year. In terms of deposit costs, during the reporting period, the Bank's cost rate of corporate deposits in local and foreign currencies stood at 1.80%, down by 18 bps from the beginning of the year.

In terms of personal deposits, during the reporting period, the Bank promoted continuous growth in personal deposits with measures such as deepening management of "Five Expertise"[8] related customers, refining the business task list and conducting precision marketing. As at the end of the reporting period, the Bank's balance of personal deposits amounted to RMB1,384.561 billion, an increase of RMB79.606 billion or 6.10% from the end of the previous year; the balance of structured deposits was RMB64.386 billion, a decrease of RMB9.098 billion from the end of the previous year, and it accounted for 4.65% of the personal loans of the Bank, down by 0.98 percentage point from the end of the previous year. During the reporting period, the average daily balance of personal deposits was RMB1,323.987 billion, up by 7.53% year on year. Meanwhile, the Bank achieved a steady decline in the cost rate of deposits by reasonably controlling the interest payment rates on and scale growth of high-cost deposits. During the reporting period, the Bank's cost rate of personal deposits was 2.14%, down by 10 bps from the beginning of the year.

2.6.3 Net Interest Margin

During the reporting period, the net interest margin of the Group was 1.77%, down by 8 bps year on year. Income on the asset side continued to decline, which was mainly due to the impact of factors such as continuous LPR cuts, decrease in mortgage rates and insufficient actual credit demand. Costs on the liability side improved at a faster pace. On the one hand, the Group continuously optimized the liability structure, improved the quality of liabilities, seized market opportunities, and actively strengthened liability cost control, which produced good results. On the other hand, thanks to the further deepening of the market-oriented reform of deposit rates, the price competition in the deposit market was more regulated, providing a favorable external environment for the Group to reduce its costs of deposits.

Looking into the second half of the year, the Group will, on the premise of improving the quality and efficiency of services for the real economy, maintain its own high-quality, sustainable development and strive to stabilize NIM. On the asset side, the Group will strengthen refined management, and on the basis of maintaining risk control capability, select areas with relatively high income and improve assets income by optimizing the asset structure. On the liability side, the Group will adhere to the development philosophy of "balancing quantity and pricing", press ahead with building a leading trading settlement bank, further consolidate the liability foundation, and work for a continuous decline in costs of liabilities.

2.6.4 Non-interest Income

During the reporting period, the Group realized net non-interest income of RMB36.032 billion, an increase of RMB3.353 billion or 10.26% year on year. Mainly affected by the market environment and policies, the Group realized net fee and commission income of RMB16.353 billion, down by RMB2.71 billion or 14.22% year on year. Specifically, bank card fees were RMB7.95 billion, down by RMB250 million or 3.05% year on year, mainly due to the decline in credit card transaction volume on the whole market, which affected credit card commission income. Commissions for custodian and other fiduciary business were RMB4.084 billion, down by RMB1.315 billion or 24.36% year on year, mainly due to the decline in the income from wealth management business. Agency fees were RMB2.605 billion, down by RMB0.953 billion or 26.78% year on year, mainly due to negative growths in income from agency insurance sale and agency trust sale. Guarantee and consulting fees posted RMB2.502 billion, up by RMB23 million or 0.93% year on year, as a result of the increase in the income from bond underwriting business. Settlement and clearing fees were RMB1.3 billion, up by RMB87 million or 7.17% year on year, mainly because income from businesses such as letters of credit increased.

[8] "Five Expertise" refers to settlement, investment, financing, activities and services.

During the reporting period, the Group realized other non-interest income of RMB19.679 billion, an increase of RMB6.063 billion or 44.53% year on year. This growth was primarily driven by the expansion in bond and bill investment returns, as the Group seized market opportunities represented by declining market interest rates and optimized transaction efficiency.

Next, the Group will continue to track market opportunities, strive to overcome unfavorable market factors, implement the "Five Leading" strategy, seize market opportunities, and strengthen capability building, to maintain stable growth in non-interest income.

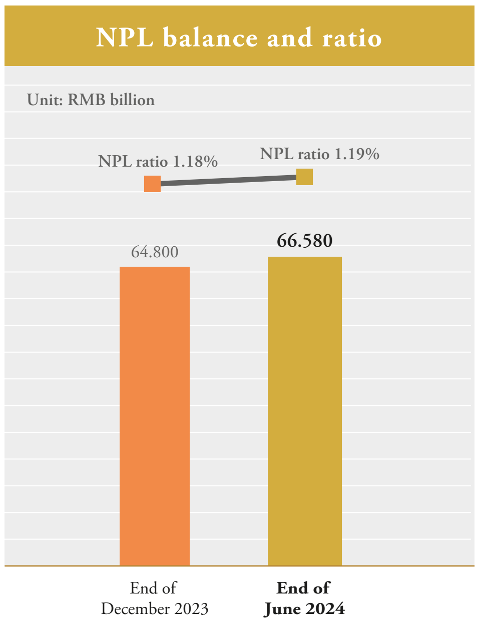
2.6.5 Asset Quality

Overview

During the reporting period, facing the severe and complex external situation, the Group rose to challenges, focused on the main task of high-quality development, and took resolute steps to ensure that no systemic risks arise. As a result, its asset quality was generally stable.

The Group continued to strengthen management and control of asset quality. On the one hand, the Bank focused on "controlling new risks" and took solid steps to prevent increase in non-performing assets. It rigorously assessed credit criteria, stepped up efforts in improving the full-time approver system, and consistently improved review and approval standards. It enhanced control over regional and customer concentration and optimized the credit structure. Meanwhile, the Bank accelerated the building of a post-lending management system and enhanced the forward-looking risk identification and resolution capabilities. It focused on risk management and control in areas such as real estate, local government financing vehicles and retail business and ensured that no major risks arose. On the other hand, the Bank focused on "resolving existing risks" and accelerated efforts to mitigate existing risks. It actively responded to changes in the risk situation, took a categorized approach to management of key customers, key projects and key products, and accelerated resolution of risks. With the efforts, the Group maintained stable asset quality.

As at the end of the reporting period, the total loans of the Group stood at RMB5,593.671 billion, an increase of RMB95.327 billion from the end of the previous year. The asset quality was stable overall. As at the end of the reporting period, the balance of NPLs stood at RMB66.580 billion, an increase of RMB1.780 billion from the end of the previous year. The NPL ratio was 1.19%, an increase of 0.01 percentage point from the end of the previous year. The balance of special mention loans stood at RMB90.447 billion, an increase of RMB3.778 billion from the end of the previous year. The special mention loan ratio was 1.62%, an increase of 0.05 percentage point from the end of the previous year. The Group maintained its stable and prudential provision policies. As at the end of the reporting period, the Bank's ratio of balance of allowance for impairment losses on loans to the balance of NPLs (i.e., allowance coverage ratio) at 206.76%, a drop of 0.83 percentage point from the end of the previous year. The ratio of balance of allowance for impairment losses on loans to the balance of total loans (i.e., allowance for loan impairment losses to total loans) was 2.46%, an increase of 0.01 percentage point from the end of the previous year, indicating overall adequate risk resilience.



Asset Quality in Key Areas

2.6.5.1 Risk Management and Control for Corporate Real Estate Loans

The Bank steadfastly implements the decisions and plans of the CPC Central Committee and the State Council, carries out the guiding principles from the Central Financial Work Conference, and in line with the new development model for real estate, comprehensively implements the long-term mechanism for real estate. During the reporting period, the Bank continued to follow the overall strategy of "improving quality, stabilizing existing quantity, and optimizing increment" and conducted real estate business in a steady and orderly manner.

First, maintaining stable loan extension to real estate development. Upholding the principles of "working unswervingly both to consolidate and develop the public sector and to encourage, support and guide development of the non-public sector", the Bank met reasonable financing demands of real estate enterprises of different ownerships such as state-owned and private real estate enterprises equally and drew a distinction between real estate project risks and enterprise group risks. The Bank expanded business increments for quality real estate enterprises and regions with advantages and continued to carry out real estate customer list management. The Bank supported essential housing, improved housing, long-term rental housing and government-subsidized housing projects that are encouraged by policies.

Second, expanding quality business increments. The Bank supported businesses that are in line with the policy orientation such as pre-sale fund L/G and offshore financing against domestic guarantee. It actively underwrote the bonds issued by quality real estate enterprises and appropriately conducted bond investment business. The Bank supported reasonable demands for personal housing loans, tailored housing credit policies based on local conditions, supported both essential and improvement housing demands, and optimized the housing finance services for new urban residents.

Third, defusing existing risks. The Bank continued to implement policies such as "Sixteen Financial Measures", supported real estate development loan renewals and adjusted repayment plans that meet relevant requirements, and facilitated completion and delivery of housing projects. The Bank supported new matching financing for loans aimed to ensure the delivery of pre-sold housing projects and provided financial support and services for M&A of real estate enterprises. The Bank actively advanced the real estate financing coordination mechanism, promoted the implementation of the projects included in the list system, and worked to defuse existing real estate project risks. The Bank reasonably controlled concentration to a single customer, and prevented risks of large credit exposures.

As at the end of the reporting period, the Group's balance of corporate real estate-related financing that bore credit risk, including real estate-related loans, bank acceptance drafts, letters of guarantee, bond investments and non-standard investments, stood at RMB363.162 billion, an increase of RMB17.924 billion from the end of the previous year. Among these, the balance of corporate real estate loans was RMB277.547 billion, an increase of RMB18.184 billion from the end of the previous year, accounting for 9.51% of the Group's total loans, down by 0.11 percentage point from the end of the previous year. The Group's balance of corporate real estate financing through agency sale, wealth management product investments and other real estate finance that do not bear credit risk was RMB50.805 billion, an increase of RMB1.399 billion from the end of the previous year. In addition, the balance of bond underwriting was RMB32.614 billion, a decrease of RMB7.133 billion from the end of the previous year. By regions where projects are located, 80% of the corporate real estate loan projects are located in relatively developed cities such as the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, the Beijing-Tianjin-Hebei region and the Chengdu-Chongqing economic zone, where a complete range of credit enhancement measures are in place and the risks are generally controllable.

In the second half of this year, the Bank will continue to implement real estate industry policies and regulatory requirements, and steadily carry out real estate business. It will pay close attention to macro policies on real estate, strengthen market research and forward-looking judgments, and take timely actions to optimize internal management measures accordingly.

2.6.5.2 Risk Control for Personal Housing Loans

The Bank actively implemented national and regional policy requirements, met the reasonable housing needs of home buyers, and achieved steady development of personal housing loan business. During the reporting period, the newly granted personal housing loans in first and second-tier cities accounted for 76.55% of the Bank's total newly granted personal housing loans, down by 1.93 percentage points year on year. As at the end of the reporting period, the balance of personal housing loans in first and second-tier cities accounted for 74.45% of the Bank's personal housing loans at the end of the reporting period, up by 0.06 percentage point from the end of the previous year.

As at the end of the reporting period, the balance of personal housing mortgage loans of the Bank reached RMB988.457 billion, an increase of RMB17.286 billion from the end of the previous year. The NPL ratio of personal housing loans was 0.71%, up by 0.21 percentage point from the end of the previous year; the ratio of special mention loans was 0.30%, up by 0.05 percentage point from the end of the previous year. Due to the impact of sluggish real estate sales and slowing economic growth, the NPL ratio and the ratio of special mention both increased compared to the end of the previous year. Meanwhile, given that the Bank's average weighted mortgage ratio of personal housing loans maintained at around 40%, the overall risk of personal housing loan business was basically manageable.

2.6.5.3 Risk Management of Local Government Hidden Debts

During the reporting period, the Bank actively implemented national decisions and plans for preventing and defusing local government debt risks, seized the opportunities presented by the central government's package of measures to defuse local government debt risks, and kept abreast of the province-specific plans for defusing local government debt risks. The Bank capitalized on strategic opportunities such as the effective utilization of idle funds by local governments to proactively build up credit assets of good quality.

As a result, **the existing scale steadily declined.** As at the end of the reporting period, the Bank's balance of hidden local government debts stood at RMB197.465 billion, a decrease of RMB12.406 billion from the end of the previous year. **The credit structure was sound.** By region, the proportion of hidden local government debts in developed regions such as eastern, southern and central regions was about 68%; by administrative level, the proportion of hidden local government debts in prefecture-level cities and above was 56%, and nearly 82% of hidden local government debts at the district and county levels were concentrated in the eastern region. **Asset quality was controllable.** The NPLs were RMB41 million and the NPL ratio was 0.02%, far lower than the average level of the corporate loans of the Bank.

2.6.5.4 Risk Control for Credit Card Business

Affected by slow economic recovery, some customers' income level and solvency declined, placing pressure on the credit card industry in terms of asset quality. As at the end of the reporting period, the Bank's credit card delinquency rate was 2.57%, up by 0.03 percentage point from the end of the previous year. By industry, affected by factors such as adjustment of the economic structure, industry compliance rectification and industrial cycle, risks in industries such as real estate agency services, insurance, hospitality, tourism and catering, and leisure services were relatively high.

To address the rising trend of risks, during the reporting period, the Bank tightened the access criteria, launched the new version of target customer portrait, and optimized allocation of credit resources by upgrading strategies. Meanwhile, it strengthened digital risk control, further raised the identification precision of risk models, and took concrete steps to control new risks and defuse existing risks, to make sure that the asset quality of credit card business is stable and relevant risks are controllable.

2.6.6 Disposal of Non-performing Assets

The Group continuously strengthened the targeted disposal of non-performing assets, and employed comprehensive approaches of recovery, transfer, write-off, and restructuring. During the reporting period, the Group disposed of RMB40.437 billion non-performing loans. Aiming to reduce losses, increase profitability and create value, the Group consistently prioritized cash recovery, formulated science-based and reasonable disposal plans for non-performing assets, seized market opportunities, and hence enhanced disposal efficiency and benefits.

2.7 Accelerated Implementation of the "Five Leading" Strategy

2.7.1 A Leading Wealth Management Bank

The Bank adhered to the political consciousness and people-centeredness in its financial work, always upholds the customer- and value-oriented operation philosophy, keeps abreast of the trends of the era of greater wealth and the changes in customers' wealth demand, and puts forth effort to build itself into a "leading wealth management bank".

The Bank continuously deepened customer relationship comprehensively and pool efforts to build structured capabilities and systematic strengths in "new retail" to become customers' first choice of wealth management bank as an expert at "settlement, investment, financing, activities and services" (hereinafter referred to as "five expertise"), with wealth management as the core engine, the suitability for "all customers – all products – all channels" as the operation strategy, the four links of "sector integration, bank-wide collaboration, intra-Group coordination and external connection" as the development path, and the two wings of "digitalization and ecologicalization" as the capability support. As at the end of the reporting period, the balance of retail assets under management (including assets measured at fair value)[9] of the Bank stood at RMB4.42 trillion, an increase of 4.41% from the end of the previous year.

The Bank implemented the "all customers, all products and all channels" suitability management strategy and strengthened systematic, refined operational management capabilities. In terms of customers, the Bank continued to improve the tiered and grouped refined management system for all customers. The Bank optimized the stratified customer management and service system of "basic, wealthy, VIP and private banking customers" and established a remote customer management and service center to meet customer-centric one-stop "management plus service" demands. For wealthy and VIP customers, it established operation system and fully put in place stratified operation. For private banking customers, it refined lifecycle service system and explored the implementation of the intensive operation model through the private banking center, and further upgraded the professional asset allocation capability. **The Bank further provided differentiated financial services for key customer groups.** To build greater strength in featured businesses such as pension finance and going abroad finance, the Bank continued to refine the "Happiness +" pension finance service system and launched pension planning tools such as "pension account book 2.0" and "balance sheet" on mobile banking. Based on the customer service system for going abroad finance, the Bank expanded business scenarios such as "Learning Without Borders" and "Travel Around the World" and integrated quality resources of the "Junior Trip" children's education service system.

In terms of products, the Bank provided diversified privileges and services centering around the demands of "five expertise" customers such as investment, financing, payment and settlement services. The Bank fostered intelligent consulting service capability driven by investment research as well as leading retail trading settlement capability, launched lifecycle wealth management services based on "three phases and four steps"[10], continued to improve the all-category product system, and elevated overall product allocation capabilities. The Bank continuously enriched the private banking product spectrum and further met high-net-worth customers' demand for customized asset allocation and wealth protection and inheritance, with the featured products discretionary entrustment and family trust at its core. For personal loan customers, the Bank continued to optimize main product functions including mortgage of property and unsecured loan and debuted standardized loan products on online platforms.

9 Including the retail customers' assets under management of the Bank's subsidiaries.

10 Three phases refer to Generation Z, Middle Age and Sliver Age, and four steps refer to balancing the books, preventing risks, planning pension and long-term investment.

In terms of channels, the Bank accelerated efforts to build digital comprehensive management and service capabilities with super channels as the mainstay. The Bank applied itself to building a super channel intelligent engine and scheduling capacity, restructured the integrated service system that covers outlets, remote services and online services, and stepped up development of basic financial service windows at outlets. Externally, the Bank created its new image 3.0 after upgrading; remotely, it established main fronts for synergetic management, developed an assisting management model for wealthy customers, continued to improve the system for centralized operation of personal loans, and intensified construction of customer reach channels. Online, with the mobile banking app at the core, the Bank continuously optimized the functions in account scenarios, wealth scenarios, etc. The Bank applied AI on a large scale, built management capabilities with unified marketing strategies, established a digital management platform for all customers, and improved precise match between customers, products and channels as well as the effectiveness of collaborative marketing.

The Bank implemented the "four links" strategy to unleash incremental capacity and improved comprehensive "five expertise" services with a customer-centric approach. Strengthening sector integration. The Bank formulated an integrated management strategy for retail customers, realized high-quality customer acquisition centering around major scenarios, and continued to expand payroll service and credit-debit card business integration. The Bank linked the service systems for high-end customers of the private banking line and the credit card center, rolled out coordinated service plans for quality real estate customers, and further expanded cross penetration among "five expertise" related customers. **Strengthening bank-wide collaboration.** The Bank integrated business advantages in retail banking and corporate banking and further deepened integration of corporate banking and retail banking. The Bank advanced the "Light Up Program" in depth, strengthened "individual + household + enterprise" comprehensive service capabilities for entrepreneur customers represented by entrepreneurs of public enterprises, sci-tech innovation companies and the manufacturing industry, and achieved remarkable results in customer acquisition through mutual promotion and traffic redirection between corporate banking and retail banking. Through collaboration between corporate banking and retail banking, the Bank promoted collaborative marketing of car loan and tobacco business loan and provided diversified financing services for personal and corporate customers. **Deepening intra-CITIC Group coordination.** During the reporting period, the Bank assisted CITIC Financial Holdings optimizing "CITIC Premier", comprehensively upgraded the diversified asset allocation pool that includes fixed income products, fixed income plus products and equity products, and leveraged the advantages in collaboration between subsidiaries of the CITIC Group on the investment research side and the asset side, to further expand AUM. The Bank expanded synergy advantages through "industry linkage, internal-external collaboration and professional strength", created a synergistic pension service model with CITIC characteristics, and accelerated efforts to build a "finance + industry" pension ecosystem. **Enhancing external connection.** The Bank tapped into the value of ecosystem scenarios. Leveraging new economy and new consumption scenarios, it provided scenario-based product portfolios for strategic partners and "finance + non-finance" comprehensive services for more personal customers.

The Bank continuously empowered operation management through "two wings" across the entire operational management process. The Bank continuously improved digital operation, built a unified operation strategy management system for retail banking, upgraded the M+ retail operation platform, launched the system for managing and evaluating standardized products under agency sales in private banking, and carried out integrated operation for retail business covering "all customers, products and channels". It continued to build an integrated team of the big data center and the retail sector, and effectively enhanced operation and management capability that is agile, closed-loop and dynamic with the business strategy as the lead and the data strategy as the driver.

2.7.2 A Leading Comprehensive Financing Bank

The Bank continued to advance the building of a "leading comprehensive financing bank". Centering around customers' diversified financing demands for stock, bond, credit and investment products, the Bank optimized the product, customer and management systems. By building a "commercial banking + investment banking + collaboration + matchmaking" integrated financing ecosystem with unique advantages, the Bank provided customers with "financing + intelligence" integrated financing services. As at the end of the reporting period, the balance of comprehensive financing of the Bank (including subsidiaries) stood at RMB13.43 trillion, an increase of 2.14% from the end of the previous year.

The "greater commercial banking" ecosystem of the Bank played a positive role in implementing national strategies, serving the real economy and promoting high-quality development. The Bank, with full-process services for local government bonds, assisted in solving government concerns, in key areas such as industrial parks, social undertakings, infrastructure, renovation of old urban residential compounds, government-subsidized housing projects and transport, effectively assisting local governments in high-quality economic development. Guided by the strategy of higher-standard financial opening up, the Bank established a high-quality operation and development system for cross-border business (NRA/FT/EF). As at the end of the reporting period, the balance of on-balance sheet assets of cross-border accounts of the Bank recorded RMB51.93 billion, an increase of RMB6.35 billion from the end of the previous year. The Bank continuously strengthened innovation in product and service models and enhanced financing support for small and medium-sized enterprises in key industries through supply chain finance. As at the end of the reporting period, the Bank provided more than RMB730 billion supply chain financing for 31 thousand enterprises, up by 6.83% and 26.69% year on year respectively.

The Bank improved comprehensive financial service capabilities for investment banking customers centering around mainstream scenarios and continued to build a "greater investment banking" ecosystem. During the reporting period, the Bank underwrote 1,007 debt financing instruments, with an amount of RMB438.675 billion, up by 20.04% year on year. Both the underwriting scale and the number of instruments underwritten led the market and refreshed the half-year records of the entire market. The Bank followed the orientation of the State Council's new "Nine Preferential Policies" for the capital market, and based on the advantages of Group synergy, it provided one-stop comprehensive financial service solutions including financing, consulting, capital operation and wealth management to listed companies and pre-IPO companies, striving to become the commercial bank that understands the capital market the best. As at the end of the reporting period, the Bank served 447 listed companies in the capital market. The strength and influence of the "CITIC Bank" brand were further enhanced.

The Bank put forth effort to build differentiated development advantages and steadily advanced the development of the "greater collaboration" ecosystem. The operation mechanism of the task force for finance-finance collaboration with securities companies of the CITIC Group was more refined, the advantages in the comprehensive financing services for the capital market were further consolidated, and the capacity for providing full lifecycle comprehensive financial services to enterprises with specialized, sophisticated techniques and unique, novel products, listed companies and pre-IPO companies was continuously enhanced. By leveraging the advantages of CITIC Group synergy and focusing on serving high-quality regional development, the Bank deepened comprehensive cooperation with local governments. The Bank made good use of the CITIC Group's strategic customer resources, leveraged the advantages of industry-finance collaboration, and expanded comprehensive financing customers centering around core enterprises of the CITIC Group. The Bank continued to enhance its competitiveness in the field of special assets and actively promoted in-depth cooperation with CITIC AMC in services for putting special assets into good use. During the reporting period, the custody business scale in this field increased by RMB29.504 billion.

Leveraging the advantages of synergy within CITIC Group, the Bank connected resources of the entire market, built a "greater matchmaking" comprehensive financing ecosystem, fully explored insurance, trust and leasing channel resources, realized efficient allocation on the fund side and the asset side, and actively promoted business cooperation with the customers of the Bank. As at the end of the reporting period, the Bank's custody matchmaking business scale increased by RMB17.903 billion and the Bank launched the first asset securitization product for insurance enterprises on the market. The Bank stepped up efforts to build a private fund ecosystem. With a focus on government organs, industrial capital and leading private equity institutions, the Bank continued to develop the bank-wide private equity fund ecosystem, offered value services that precisely match the participants' different business needs, and provided tailor-made comprehensive financial service solutions for government organs and sci-tech enterprises.

2.7.3 A Leading Trading Settlement Bank

During the reporting period, the Bank focused on the building of a "leading trading settlement bank". With the aim of meeting customers' settlement demand in all respects and solving the settlement problems that pain customers and the measures of "improving the service capacity of the scenario-based ecosystem", "strengthening the support capacity of systems and platforms", "integrating the driving forces of products and tools" and "optimizing operation and maintenance support to improve customer experience", the Bank provided ultimate use experience to customers and improved the efficiency of enterprise financial management and fund operation.

In improving the service capacity of the scenario-based ecosystem, the Bank developed custom settlement solutions for corporate customers based on their settlement portraits and demands, and strengthened basic settlement scenario-based services. With account service at the core, the Bank provided customers with secure, convenient, efficient and high value-added basic settlement services and focused on selected settlement scenarios. For the featured settlement scenario concerning industrial park operation, the Bank provided one-stop digital industrial park service solutions. By serving operators of industrial parks, the Bank efficiently reached enterprises in industrial parks, realizing chain customer acquisition and in-depth customer management in industrial park business districts.

In strengthening the support capacity of systems and platforms, the Bank continued to improve the functions of the "Tianyuan Treasury" system and further deepened customer cooperation. As at the end of the reporting period, the system had 1,837 customers, with a transaction amount of RMB168.706 billion. The Bank spared no effort to develop the platform "Easy Salary" and build a digital operation platform of micro and small businesses. During the reporting period, the Bank completed integration of existing service solutions, including featured services such as financial accounts keeping, enterprise tax planning, supply chain management, convenient settlement and financing facilitation. The Bank strengthened the basic capabilities of the corporate online banking channel and completed the sci-tech project application and overall plan design for the "Smart Online Banking 5.0" project. Corporate online banking was made compatible with the domestically-made UnionTech operating system, corporate mobile banking realized 36 high-frequency mobile approval functions, the treasury system compatible with the bank-enterprise direct connect was promoted, and the cloud direct connect access solutions were further optimized.

In integrating the driving forces of products and tools, the Bank comprehensively advanced product integration to create single hit settlement products. During the reporting period, on the basis of pledged financing, the Bank focused on integrating settlement management and upgraded the CITIC fund pool. The Bank launched "CITIC Shouyintong", a new product focusing on collection, improved collection efficiency and management capabilities of corporate and institutional customers, and provided one-stop collection solutions. The Bank rebuilt CITIC Register, updated competitive products, and extended the service to fully cover major bookkeeping scenarios of internal information of all types of funds.

In optimizing operation and maintenance support to improve customer experience, during the reporting period, the Bank further streamlined the business process, introduced online self-service functionality for ten types of online banking business change scenarios, and supported counter-side seal use for corporate electronic banking service agreements. The Bank strengthened user experience by launching the function of intelligent search. Average daily searches reached 11 thousand. The Bank launched intelligent customer service and human customer service on channels such as corporate online banking and mobile banking. Average daily responses to customers' queries recorded 3,200, an increase of 30.26% from the previous year.

2.7.4 A Leading Forex Service Bank

The Bank upholds the service philosophy of "providing professional, prompt and flexible services" and the development philosophy of "building a global value chain through CITIC great forex business", follows the national strategy of higher-standard opening up, serves the "Going Global Strategy" and the Belt and Road Initiative, and aims to build a product map that covers all accounts, all scenarios and the full lifecycle of forex business and a one-stop service platform for cross-border finance, thus establishing a comprehensive cross-border finance service system.

During the reporting period, the Bank adopted a greater forex business strategy, which includes the cultivation of an ecosystem-level pattern, a multi-sector value chain, and a professional capability system for greater forex service. With product capacity and sales capacity as the cornerstone and ecologicalization and digitalization as the engine, the Bank continued to boost its comprehensive financial service capability for cross-border finance. During the reporting period, the Bank's corporate and interbank forex business customers increased by 14.43% year on year.

In terms of the development of the customer ecosystem, the Bank continued to improve the stratified and classified management system of forex and cross-border customers. "Xinhui Treasury" continued to meet the global treasury management needs of medium-sized and large enterprises. The Bank, in collaboration with CNCBI, continued to step up the development of "Bank-Bank Direct Connect" and made the services of both domestic and overseas institutions available to customers via one-point access. By leveraging the unique advantages in global multi-bank account management services and products, the Bank entered into an agreement with more than 20 customers including seven central state-owned enterprises' headquarters and served nearly one thousand accounts. **The Bank strengthened its industry-leading position in services for new forms of foreign trade.** During the reporting period, the transaction volume under "Xinhui e-Commerce" reached USD5.115 billion and the platform served 56.2 thousand small and medium-sized foreign trade customers. The Bank launched the first online forex purchase and payment business for trade e-commerce in China and improved the quality and efficiency of services for small and medium-sized customers in new forms of business, further strengthening the development of a "CITIC model" in this area. **The Bank expanded interbank forex cooperation channels and transaction volume.** During the reporting period, the interbank forex transaction volume between the Bank and overseas institutional investors increased by 44.60% year on year. The Bank ranked in the forefront among joint-stock banks in terms of domestic interbank spot integrated market making and it ranked first among joint-stock banks in terms of total amount of and increment in QDII custody business[11].

In creating forex service value, the Bank served the implementation of national strategies with a focus on the development of free trade zones and the Belt and Road. The Bank increased input in key regions. The Bank aligned itself with international high-quality and high-standard trade and investment opening-up measures and focused on the development of the CITIC free trade service system. **The Bank leveraged its first-mover advantages and developed a new account system.** During the reporting period, the Bank officially launched the multi-function free trade account (EF account) service, becoming one of the first commercial banks to launch such account service. **The number of key accounts increased significantly.** The number of the three types of cross-border accounts (NRA/FT/EF) and the balances of deposits and loans all achieved a two-digit growth from the end of the previous year. **The Bank actively supported enterprises' project contracting and construction along the Belt and Road.** During the reporting period, the Bank's amount of foreign-related letters of guarantee increased by 57.84% year on year. The Bank launched new national export credit projects Cote d'Ivoire etc. and the financing balance increased by 15.45% from the beginning of the year.

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11 Based on the data in the *Statistical Table of Assets Under Custody of the Custody Industry of China* released by the China Banking Association at the end of June 2024.

In building forex service capabilities, the Bank took a customer-centric approach and focus on comprehensive solutions, cross-border channel building and customer facilitation services. On April 18, **the Bank officially launched the "CITIC Forex +" cross-border comprehensive financial service system.** With cross-border "settlement + financing + trading + consulting" as the cornerstone, the Bank established a "4 + N" service system for multiple scenarios that comprises "Xinhui Supply Chain" "Xinhui Going Global" "Xinhui Growth", etc., to provide customers with "professional, prompt and flexible" cross-border financial solutions. On March 27, **Hong Kong Branch was officially opened for business.** As a new pivot created by the Bank to build a global financial service platform, the branch further refined the layout of the Bank on overseas institutions. During the reporting period, **the Bank continued to foster a high-quality forex service pattern by implementing the State Administration of Foreign Exchange's administrative measures aimed at optimizing foreign exchange business processes and the pilot projects of services for higher-standard opening up**. The Bank effectively monitored risks through big data AI models. On the premise of controlling risks, it provided customers a trading experience of "better credit records for more convenient services". Meanwhile, under the guidance of the State Administration of Foreign Exchange, the Bank achieved business expansion across the Bank in an orderly manner and put forth effort to build a "CITIC benchmark".

2.7.5 A Leading Digital Bank

The Bank advanced the strategy of building the Bank's strength in science and technology on all fronts, continued to uphold innovation as the drive, follow the guidance of business and promote deep integration of business, data and technology, and firmly developed digital finance, one of the "five priorities", aiming to build itself into a leading digital bank, restructure the its management, operation and operation value chains through digitalization, and build new competitive drivers and edges through differentiated value creation.

Empowered by digital technology, business value was released at a faster pace. In terms of retail banking, centering around customer demand, the Bank established a data-driven deep insight system and built digital capabilities for the full process of demand conversion. The Bank continued to upgrade the digital operation process system and embedded digital capabilities deeply into the operation management process. In personal loan business, the consumer loans generated through digital strategies took up more than 30% of total consumer loans. **In terms of corporate banking,** the Bank continued to upgrade CITIC Tianyuan Treasury, added new functions such as collection pool management, merchant data governance and external evaluation of merchants, and connected it to Alibaba Group's Ding Talk platform, empowering platform-level batch customer acquisition. The Bank established a full-process, light enterprise ecosystem service system, launched a technology platform and basic module functions, and integrated financial services and ecosystem services in the platform. With those efforts, the Bank realized batch customer acquisition and activation and accumulation of settlement funds. **In terms of financial market business,** the Bank developed "Xinzhiyan", an intelligent quantitative investment research product, which served more 20 thousand forex fund customers, raised investment research efficiency by 50%, and effectively empowered proprietary transaction and marketing for agency business. The Bank built an integrated platform for forex, precious metals and local currency businesses, the first of its kind in the industry. Its average daily forex transaction volume reached USD150 million, maintaining its position at the forefront in terms of forex maketmaking. The Bank upgraded the interbank+ platform, rolled out high-value core products such as interbank certificate of deposit promotion and bond lending, staying among the first tier of joint-stock banks in terms of capital efficiency.

The quality and efficiency of data-driven business processes improved. The Bank accelerated data governance. During the reporting period, the Bank added more than 11 thousand new data dictionary items, issued more than 42 thousand enterprise-level data dictionary items, and made an inventory of more than 300 major business system data assets. The Bank comprehensively developed data-driven business processes with digital equipment such as intelligent customer service, intelligent outbound call, OCR and RPA further upgraded, and optimized the processes of various business lines including corporate banking, retail banking, financial markets business and middle-office and back-office support to make them more digitally intelligent. The retail business completed the reengineering of the OCR-based intelligent pre-lending review and recording processes for personal loans, improving per person efficiency for information entry by four times. The corporate business provided differentiated forex declaration and transaction processing strategies to customers reducing the response time of processes by more than 75%. The financial market business innovated the digital process system of "product + marketing", improving the product marketing efficiency at branches by 50% and front line customer manager access by 115%.

Breakthroughs were made at a faster pace in key innovation areas. The Bank independently developed the Cang Jie large model platform and applied it in five major application areas, namely, code generation, content generation, knowledge management, intelligent multimodal integration and intelligent operation. The platform won *The Asian Banker's* international award "Best AI Technology Implementation 2024". The Bank continued to expand numerous business scenarios such as supply chain finance, greater asset management and data sharing, using technologies such as blockchain, privacy computing and post-quantum cryptography. The privacy computing data integration project established by the Bank jointly with CITIC aiBank was included into the regulatory sandbox of the People's Bank of China and realized the first pilot application of data integration across legal person financial institutions in the industry.

As at the end of the reporting period, the Group had 5,652 technology personnel, accounting for 8.86% of total personnel.

Digital Finance **Special Column**

The Bank resolutely implemented the strategic plans on digitalization of the CPC Central Committee, State Council and regulators, aligned with the goal of building a world-class enterprise, centered on its action plan on digital transformation, adhered to the problem-oriented and goal-oriented approach, and continued to drive the digital building of the retail business.

Upholding the philosophy of "benefiting the public through intelligence", the Bank remained committed to the development path of "AI + finance", focused on the upgrade of the retail business towards data, ecosystem, personalization and intelligence and worked to provide, with digital means, inclusive wealth management services that benefit the people and cover all customers.

In terms of data, the Bank continued to upgrade the customer insight platform and focused on advancing such work as dialog mining, lattice cockpit, "five expertise" thermometer, customer timeline and intelligent calendar. During the reporting period, the Bank segmented customers into a total of 112 lattice customer groups, accumulated more than 3,700 labels, triggered an average of 40 million business opportunities on a daily basis, connected to over 270 thousand behavior points, and integrated 71 marketing calendars, further refining the insight into customers' diversified demands.

In terms of the ecosystem, the Bank actively established cooperation with major financial institutions based on the open platform "Xing Fu Hao". During the reporting period, 35 external financial institutions were introduced to the platform; the Bank and partner financial institutions jointly built investment companionship scenarios, developed the function "Happiness Expert", and brought in professional institutional investment experts to provide more thorough asset allocation services to users. The Bank continued to operate the lending channel of mobile banking. During the reporting period, the Bank granted loans totaling RMB119.976 billion through the lending channel, including RMB113.387 billion in CITIC Instant Loan,

In terms of personalization, the Bank continued to build the intelligent marketing and automated operation capabilities facing over 100 million customers and upgraded the unified strategy management and A/B test capabilities to meet their personalized demands for financial services. During the reporting period, 1,725 strategies were deployed across channels, providing diversified contents and services, including fine matched products, activities, information and caring services, for 476 million persons.

In terms of intelligence, during the reporting period, the Bank completed the upgrading of the digital wealth advisor "Xiao Xin", which provides services for four types of products and services, those are, wealth management, funds, insurance and deposits. Since its launch in July 2023, "Xiao Xin" completed a total of 3.27 million advisory conversions and had overall satisfaction of more than 95%. Meanwhile, the Bank continued to develop the AI outbound call channel, focused on promoting the new model of "AI-Human collaborative call", and applied intelligent tools to continuously empower manual channels, which significantly improved service efficiency and provided more customers with caring online services. During the reporting period, outbound calls were made to 30,010.3 thousand customers, up by 24.91% year on year.

In the second half of this year, the Bank will further advance digital transformation of the retail business, continue to develop the digital operation system facing over 100 million customers in terms of customer group strategy, content integration and channel execution, explore generative AI application scenarios, comprehensively upgrade business management and customer interaction models, and continuously improve the comprehensive operation capability with customers at the center.

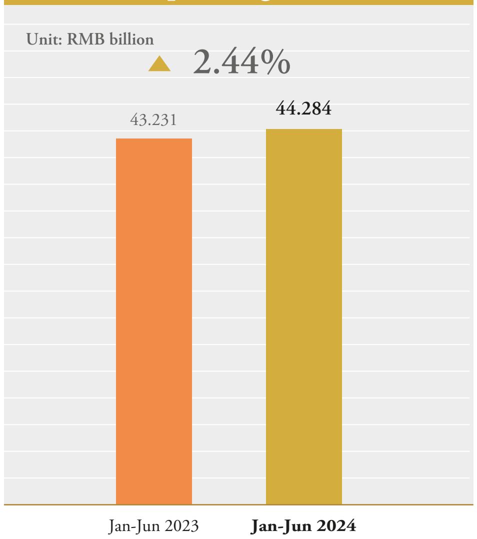
2.8 Business Overview

2.8.1 Corporate Banking

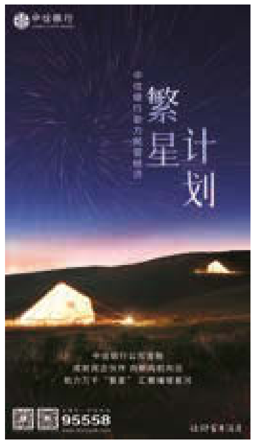
During the reporting period, in face of the complex and changing internal and external situations, the Bank's corporate banking business strictly implemented the decisions and plans of the nation. With high-quality sustainable development as the main task, it increased support to the real economy and actively promoted business transformation. The Bank's corporate banking business development maintained steady progress on the whole.

During the reporting period, the Bank's corporate banking business registered a net operating income of RMB44.284 billion, up by 2.44% year on year, accounting for 43.74% of the Bank's net operating income, up by 0.03 percentage point from the end of the previous year. Specifically, the net non-interest income from corporate banking totaled RMB7.693 billion, accounting for 23.52% of the Bank's net non-interest income, up by 2.67 percentage points from the end of the previous year.

Corporate banking business net operating income



2.8.1.1 Customer Management



During the reporting period, the Bank continued to strengthen the corporate customer base, deepened stratified and classified customer management, and enhanced deep integration of customer departments and product departments, to provide customers with one-stop quality financial services. As at the end of the reporting period, the Bank recorded 1,213.6 thousand corporate customers, an increase of 56 thousand from the end of the previous year. Among them, there were 293 thousand basic customers[12], 163.9 thousand valid customers[13], and 50.5 thousand value customers[14], up by 6.5 thousand, 4.6 thousand and 738 from the end of the previous year respectively.

Major Customers

Leveraging the advantages of synergy of CITIC Group, the Bank provides major customers[15] with customer-specific quality and efficient comprehensive financial services. For major customers, the Bank develops customized and tailor-made comprehensive financial solutions, develops new supply chain finance products, simplified business processes, expands business authorization, allocates differentiated resources, and expands services to cover major customers' industrial chain and equity chain enterprises. During the reporting period, the Bank held the auto industry seminar and had "head-to-head" communication with a batch of customers. The seminar effectively deepened the Bank's comprehensive cooperation with major customers in the fields of automobile, high-end equipment manufacturing, new energy, construction and consumption.

As at the end of the reporting period, the Bank's balance of loans to major customers stood at RMB1,083.533 billion, an increase of 7.75% from the end of the previous year. During the reporting period, the Bank's average daily balance of deposits from major customers stood at RMB1,581.508 billion, a decrease of 7.36% from the previous year.

Government and Institutional Customers

The Bank is committed to providing government and institutional customers of different levels and types with quality financial services, and actively promoted the improvement of the digital government affairs system, working to build the brand of government financial services of CITIC Bank.

During the reporting period, the Bank comprehensively deepened strategic cooperation with governments at all levels, leveraged the synergetic advantage of the Group, intensively developed integrated financial services for customers in areas such as public finance, social security, housing, education and healthcare, and obtained over 400 key government service accounts of various types. The Bank played a positive role in practicing national strategies and advancing high-quality development. It helped address the concerns of governments with full-process services for local government, provided consulting services for nearly 600 local government bond issuance projects covering key areas like industrial parks, social undertakings, infrastructure, renovation of old urban residential compounds, government-subsidized housing projects and transport, and vigorously advanced the supporting project financing. The Bank energetically advanced the building of a service system for digital government affairs, focused on service scenarios for government affairs and people's livelihood, and further accelerated product upgrade and launch, with the number of payroll account surpassing 1.8 million which supports the implementation of the "Retail First Strategy".

As at the end of the reporting period, the Bank recorded 88 thousand accounts of government and institutional customers[16], an increase of 1.5 thousand or 1.77% from the end of the previous year. During the reporting period, the average daily balance of deposits of government and institutional customers posted RMB1,344.259 billion.

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12 Corporate customers with average daily deposits and wealth of RMB100 thousand or above.

13 Corporate customers with average daily deposits and wealth of RMB500 thousand or above.

14 Corporate customers with average daily deposits and wealth of RMB5 million or above.

15 Major customers include Head Office-level major customers and branch-level major customers and consist mainly of leading industrial enterprises that serve as pillars of the economy, central state-owned enterprises, manufacturing champions at specific areas, and high-market-value listed companies. Data for the reporting period and at the beginning of the period have been adjusted according to the changes in the scope of customers.

16 Due to its need for management of corporate customers, the Bank reclassified the existing government and institutional customers and made corresponding regressive calculation of the beginning base figures.

Small and Medium-sized Customers

Upholding the development of small and medium-sized customer groups as the primary project, the Bank continued to enrich and improve the four toolboxes of "policies, services, products and cooperation" and further improved the effectiveness of management services for small and medium-sized customers.

During the reporting period, the Bank **continued to enhance policy support**. It refined the credit policy for small and medium-sized customers, optimized the performance evaluation policy, allocated remuneration expenses, and continued to motivate primary-level institutions. **The Bank continued to strengthen service empowerment**. It optimized and upgraded online service channels, the precision marketing platform and the intelligent operation management system to improve the service efficiency at primary-level institutions and customer service experience. **The Bank continued to strengthen product support**. It enriched and refined scenario-based, online financing products and promoted wealth management products exclusive to small and medium-sized customers such as "CITIC Benefit +" wealth management products, to better meet small and medium-sized customers' financial demands. **The Bank continued to provide collaborative services**. It actively strengthened cooperation with government departments, industrial parks, chambers of commerce, etc. and also with financial and industrial subsidiaries of the CITIC Group, and deepened collaboration between the corporate banking line and the retail banking line. It organized and held collaborative marketing campaigns such as "Visit 10,000 Enterprise Partners – Chunlei Action" and provided comprehensive services that cover the full lifecycles of small and medium-sized customers.

As at the end of the reporting period, the number of small and medium-sized customers[17] of the Bank reached 282.7 thousand, an increase of 6.9 thousand compared with the end of the previous year. During the reporting period, the average daily balance of deposits from small and medium-sized customers was RMB824.463 billion.

[17] Corporate customers with average daily corporate deposits and wealth between RMB100 thousand (inclusive) and RMB50 million (exclusive) in the year.

2.8.1.2 Businesses and Products

Inclusive Finance | **Special Column**

The Bank resolutely upholds the guiding principles from the Central Financial Work Conference, fully implements regulatory requirements, and remains committed to the development of inclusive finance, one of the "five priorities" in the financial work. During the reporting period, the Bank took solid steps to improve service capacity and fully supported the development of micro and small businesses. It achieved good results in inclusive finance business.

In terms of top-level planning and guidance, the Bank actively responded to national policies and calls, included inclusive finance as a strategic focus in its new three-year development plan, and spared no effort to develop inclusive finance. The working group for inclusive finance held regular work meetings to coordinate and promote policy implementation and business development.

In terms of product and service innovation, the Bank continued to upgrade the intelligent credit factory for product R&D and advanced the upgrading of the "CITIC Easy Loan" product system. It also improved digital marketing tools such as "Inclusive AI Business Manager" to further enhance service experience and marketing efficiency.

In terms of policy and resource support, the Bank continuously made inclusive finance indicators part of the performance assessment of heads of branches and maintained a weight of over 10% in the comprehensive performance assessment of branches. Also, it provided assessment profit allowances, remuneration rewards and marketing expenses, maintained risk tolerance, and implemented the policy of exempting those who fulfilled duties from accountability.

In terms of risk compliance management, the Bank dynamically refined the risk compliance management strategy, continuously improved the institutional system for risk compliance, optimized and upgraded the intelligent risk control platform, raised the quality and efficiency of anti-money laundering management, and further boosted risk compliance management capacity.

As at the end of the reporting period, the balance of loans to micro and small-sized businesses[18] was RMB1,600.622 billion, an increase of RMB135.365 billion from the end of the previous year; the number of customers with outstanding loans was 320.8 thousand, an increase of 20.5 thousand from the end of the previous year. The balance of inclusive loans to micro and small businesses[19] was RMB581.715 billion, an increase of RMB36.64 billion from the end of the previous year, a growth faster than the average growth of all types of loans; the number of customers with outstanding loans was 304.2 thousand, an increase of 20.6 thousand from the end of the previous year. The comprehensive financing costs of micro and small-sized businesses at the Bank, including loan interests, fell slightly. Asset quality was kept at a relatively sound level, with the NPL ratio lower than the average of all types of loans across the Bank.

18 Including loans to small businesses, loans to micro businesses, and operating loans to self-employed individuals and micro and small business owners.

19 Including loans to micro and small businesses and operating loans to self-employed individuals and micro and small business owners, with single-account total credit of less than RMB10 million (inclusive).

Investment Banking Business

With investment banking business as an important pillar underpinning the practice of building a "leading comprehensive financing bank", the Bank implemented national strategies, served real economu, further ramped up comprehensive financial support for key areas and weak links of real economy, and served the transformation and development of its corporate business. Upholding the philosophy of "professionalism in empowerment and innovation for efficiency", the Bank continued to promote innovation in the product system and consolidate its market position and competitive strengths, maintaining rapid development in all business.

During the reporting period, the Bank underwrote 1,007 bond financing instruments, with an amount of RMB438.675 billion. Both figures continued to lead the market[20] and refreshed the half-year records on the entire market maintained by the Bank. During the reporting period, the Bank provided RMB48.535 billion capital market financing to listed companies and pre-IPO companies and established cooperation with 44 listed companies in the capital market field for the first time. As at the end of the reporting period, the Bank served a total of 447 listed companies.

During the reporting period, the Bank's investment banking business realized business income of RMB4.237 billion and financing of RMB1,018.278 billion, a record high for the corresponding period.

Technology Finance **Special Column**

The Bank thoroughly implemented the decisions and plans of the CPC Central Committee. Starting from the strategic perspective of system building, it gave priority to systems and comprehensively improved the capacity for serving sci-tech enterprises, thus driving rapid and stable business development. Meanwhile, based on the tiers and categories of sci-tech enterprises assigned, the Bank continuously optimized the product and service supply, improved the financing efficiency and availability, and advanced the financial supply-side structural reform through product upgrading and innovation, contributing its it bit to boosting China's self-reliance and strength in science and technology and promoting high-quality development. As at the end of the reporting period, the Bank's balance of technology finance loans stood at RMB433.089 billion, an increase of 4.19% from the end of the previous year. The Bank served 7,625 among the first five batches of national-level enterprises with specialized, sophisticated techniques and unique, novel products, an increase of 991 from the end of the previous year.

During the reporting period, centering around 5 areas including product innovation, ecosystem building, capability building, risk control and resource support, the Bank continued to develop the technology finance system and made significant progress. In terms of product innovation, the Bank rolled out innovative products such as the point card-based approval 3.0, the Yangtze River Delta point card and "Torch Loan", further enriching the technology finance product matrix. In terms of ecosystem building, the Bank continued to promote cooperation with government departments, factor markets, private equity funds, industrial capital and scientific research institutes to explore the establishment of a new technology finance ecosystem. In terms of capability building, with a focus on emerging industries and future-oriented industries, the Bank continuously enhanced the value discovery capability of business teams by frequently holding industry salons. In terms of risk control, the Bank advanced differentiated approval for technology finance and credit rating of sci-tech enterprises to ensure sound and sustained business development. In terms of resource support, the Bank optimized the organizational structure, strengthened evaluation as the guidance, and improved the capacity for serving sci-tech enterprises.

In the second half of the year, the Bank will remain committed to the original aspirations and missions of finance. Centering around the core task of serving the nation's efforts to boost self-reliance and strength in science and technology, the Bank will continue to increase investment, optimize financial products, develop new service models and support sci-tech enterprises growing bigger and stronger, ensuring a good job in technology finance, one of the "five priorities" of financial work.

20 The ranking is based on the data of Wind Information.

International Business

The international business of the Bank follows the guidance of "adhering to high-standard opening up and moving faster to create a new development paradigm featuring dual circulation, in which domestic and overseas markets reinforce each other, with the domestic market as the mainstay", serves the "Going Global" strategy and the Belt and Road Initiative, and steadily advances business development.

During the reporting period, as one of the first pilot banks, the Bank seized the opportunities presented by the forex business expansion and facilitation reform and promoted digital settlement service. The Bank officially launched the "CITIC Forex+" cross-border comprehensive financial service system and rolled out the "4+N" multi-scenario cross-border service solutions based on "settlement + financing + trading + consulting".

During the reporting period, the Bank's international business line promoted the development of an ecosystem-based forex service pattern. On May 6, the Bank officially launched the multi-function free trade account (EF account) business and actively served a number of account-opening enterprises, further enhancing cross-border comprehensive service capacity. Free trade zone and offshore assets and liabilities grew significantly, effectively supporting the operations of corporate banking across the Bank. The Bank continued to advance ecosystem-based management of new business forms/platforms of foreign trade and micro, small and medium-sized corporate customers in foreign trade. With the approval of regulators, the Bank launched the first online forex purchase and settlement business for service trade e-commerce in China, further strengthening the Bank's industry-leading position in new forms of foreign trade. During the reporting period, the transaction volume of "Xinhui e-Commerce" reached USD5.115 billion and the Bank served 56.2 thousand (126.4 thousand in total) small and medium-sized foreign trade customers.

During the reporting period, the Bank's international business line built a multi-sector value chain of greater forex service. The Bank actively met the cross-border investment and financing needs of customers pursuing global development, established a wholly new foreign-related L/G product and service system, and accelerated development of cross-border RMB financing business. The Bank supported enterprises' project contracting and construction along the Belt and Road and launched new national export credit projects in Cote d'Ivoire, etc. As a result, the financing balance increased by 15.45% from the end of the previous year. With a focus on the "overseas bank channels + corporate customers" integrated service ecosystem, the Bank helped corporate customers seize new development opportunities in the Southeast Asian market. The Bank carried out more than 200 exchange rate "risk neutral" communication events, which covered more than 5,000 customers. The Bank also promoted technology upgrading of "Forex Transaction Connect", through which, customer experience further improved and maintained the lead in the industry.

Transaction Banking Business

During the reporting period, the Bank put forth effort to develop transaction banking business, with a focus on making products more intelligent, optimizing supply chain service experience, actively expanding the radius of supply chain finance services, and further improving the quality and efficiency of services provided to the real economy.

The Bank accelerated asset extension in development of new "pool" products, actively used the "asset pool" to put current assets such as corporate bills and receivables to good use, and developed a "receivables pool" to help small and medium-sized enterprises boost their receivables pooling management and financing capabilities. During the reporting period, the number of asset pool financing customers recorded 5,077, up by 20.22% year on year; and the amount of pooled supply chain assets surpassed RMB130 billion.

The Bank actively responded to the call of reducing the review process in supply chain financing and continued to polish the simple and easy-to-use online order financing product. Suppliers can apply for online financing with orders and repay it under the pay-as-you-go lending model. The Bank launched online inventory (rights) pledged financing business, realizing intelligent management of collateral and meeting small and medium-sized enterprises' inventory financing needs. The Bank connected to several supply chain bill platforms, expanding new financing channels for small and medium-sized enterprises.

The Bank optimized supply chain service experience, continuously improved the intelligence level of products, and promoted one-click contract signing, one-off opening, one-off review and flexible credit use with the "asset pool". The Bank launched the "Concentrate Nationwide Resources on One Target" model, in which local business institutions are fully mobilized to serve upstream and downstream small and medium-sized enterprises scattered across the country.

The Bank enhanced precise support for key areas and weak links, gave priority to supporting the development of green finance, strategic emerging industries and the manufacturing enterprises, actively promoted featured products such as "Credit Guarantee – Speedy Issuance" and "Green Photovoltaic Chain", and guided more funds to flow into key links of the supply chains of the real economy by reducing financing costs, optimizing the financing structure, etc.

As at the end of the reporting period, the number of transaction banking customers of the Bank reached 1,155.2 thousand, up by 5.56% from the end of the previous year. During the reporting period, the Bank provided RMB737.85 billion supply chain financing for 31 thousand enterprises, up by 6.83% and 26.69% year on year respectively.

Asset Custody Business

The asset custody business of the Bank actively integrated into the Bank's "Five Leading" strategy, integrated fund and asset sides for comprehensive financing, and focused on key areas such as private placement ecosystem, asset revitalization and matchmaking financing. It provided customer, account, transaction and fund carriers for transaction settlement. It empowered the product supply of the wealth management system through collaboration and boosted the development of pension finance. For the forex service strategy, it gave play to its featured cross-border custody services, deepened the mechanism for collaborating with overseas subsidiaries, and built differentiated competitive edges. Supported by digital banking, it explored "custody +" new scenarios, realized intelligent, automated and technology-enabled operation, and tapped into the value of custody big data assets.

During the reporting period, upholding the philosophy of "value-added custody", the Bank deepened business coordination within the Group, intensified the move of bringing assets generated from internal resources under custody, spared no efforts in the development of the asset management business, and deepened customer management. Meanwhile, the Bank further promoted asset management businesses such as mutual fund, pension and cross-border fund custody. As at the end of the reporting period, the mutual funds under the Bank's custody amounted to RMB2.42 trillion, an increase of RMB247.049 billion from the end of the previous year, which included money funds, bond funds, equity funds, index funds and publicly offered REITs. The pension business and the cross-border custody business maintained stable growth. As at the end of the reporting period, the annuities under the Bank's custody reached RMB465.395 billion and the QDII funds under custody amounted to RMB236.182 billion, up by RMB39.160 billion and RMB57.841 billion from the end of the previous year respectively.

During the reporting period, the Bank attached great importance to the development of the custody business system and it applied innovative AI technologies to further optimize the business process, which significantly improved business efficiency. The Bank continuously enriched the services of multi-dimensional customer channels and created more digital service products that improve customer experience and meet customer demand. The Bank strengthened digital management capabilities of business operations and risks, and identified and removed risks and hidden dangers in a timely manner through digital monitoring of the process, ensuring secure and orderly business operations.

As at the end of the reporting period, the Bank's custodian assets surpassed the RMB15 trillion mark for the first time and reached RMB15.44 trillion, an increase of RMB757.042 billion from the end of the previous year. During the reporting period, the Bank recorded RMB1.799 billion in income from custody business, down by RMB13 million year on year; the average daily balance of deposits driven by custody business was RMB255.082 billion, of which the average daily balance of general corporate deposits on the custody accounts was RMB102.351 billion. The Bank was awarded the "Best Custodian Bank in Asia" for its asset custody business by *The Asian Banker* in 2024.

Auto Finance Business

During the reporting period, the Bank's auto finance business put into practice its original aspiration of serving the real economy, continued to serve the auto industry chain, provided diversified financial services based on customer demand, and supported high-quality development of the auto industry and the building of a country of strong auto industry.

The Bank has more than 20 years' experience in auto finance customer management. Based on the massive data accumulated in internal systems and in line with the basic principles of full view, long period, distinctive highlights and dynamic adjustment, the Bank conducted differentiated, refined customer management in customer marketing promotion and risk management processes. As at the end of the reporting period, the Bank's auto finance business recorded 8,223 customers, up by 2.49% from the end of the previous year.

With a clear understanding of the development trends of the auto industry, the Bank, with a focus on the financial demands in the scenarios of manufacturing and sales of new energy vehicles (NEVs) and trading of used cars, continued to increase financial support for NEV brands and traders of used cars, and crated financial service value for partners. The Bank made every effort to improve the quality and efficiency of financial services through digitalization. During the reporting period, the Bank launched the treasury system for auto dealer groups, further improving customer experience in "settlement plus financing" integrated financial services. As at the end of the reporting period, the replacement rate of automatic loan granting of auto finance of the Bank reached 93%, up by 6% from the end of the previous year.

As at the end of the reporting period, the outstanding financing balance of auto finance the Bank stood at RMB146.115 billion, down by 18.96% from the end of the previous year (up by 3.02% year on year). During the reporting period, the Bank granted RMB240.906 billion loans. The overdue advance ratio stood at 0.20%, indicating sound asset quality.

Wealth Management for Corporate Customers

Committed to "building a leading wealth management bank for corporate customers", the Bank worked to establish an "all-round, specialized, leading and comprehensive" wealth management service system with customers at the center, and spared no effort to boost the sustainable development of corporate wealth management business.

During the reporting period, the Bank kept strengthening the connections with leading external institutions, further enriched the ecosystem of corporate wealth management products which covered those of different strategies and terms, and continued to provide customers with diversified and personalized value-added wealth management services. The Bank strengthened the synergy within CITIC Group, and deepened cooperation with the leading financial subsidiaries of CITIC Group. During the reporting period, the Bank responded to the central government's requirement of boosting the development of the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance. It issued "Caring for Children" and "Xinyue Selected Common Prosperity and Co-creation" charity wealth management products with CITIC Wealth Management and CITIC Securities, helping enterprises realize their social value; it issued "Qing Lv Gong Hui" green themed series products with CITIC Wealth Management, incorporating the concept of sustainable development with enterprises' value investment; it issued "Xinhui +" series products for small and medium-sized customers and exclusive products for enterprises with specialized, sophisticated techniques and unique, novel products with CITIC Wealth Management and CITIC Securities, helping realize win-win results between serving small and medium-sized enterprises and transforming to a capital-light bank; and it issued "Chengdu-Chongqing Index" "Zhejiang Common Prosperity and Co-creation" and "Beautiful Jiangsu" series featured products with CITIC Wealth Management and China Securities to build regional financial name cards.

As at the end of the reporting period, the size of corporate wealth management of the Bank was RMB203.342 billion, of which coordinated agency sales registered RMB41.105 billion. During the reporting period, the Bank served more than 20,000 customers in total, further enhancing its influence as a corporate wealth management brand.

2.8.1.3 Risk Management

The Bank adhered to the general principle of "pursuing progress while ensuring stability, promoting stability through progress, and establishing the new before abolishing the old" in corporate banking business. It regarded serving the real economy with financial resources as its fundamental goal, resolutely implemented the decisions and plans of the CPC Central Committee, boosted the development of the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance on all fronts, and promoted high-quality financial development. Guided by the orientation of building a value bank, the Bank put forth effort to strengthen its capacity and market competitiveness in providing long-term, sustainable services for the real economy. By guiding the asset investments across the Bank, strengthening portfolio management and continuously optimizing the asset structure, the Bank better coordinated development and security.

In terms of customers, the Bank upheld the customer-first philosophy and strengthened stratified and classified customer management. With value creation at the core, the Bank raised the comprehensive contributions of major customers to the Bank in terms of quantity, pricing, quality, customer, and efficiency. Centering around key areas such as enterprises with specialized, sophisticated techniques and unique, novel products and core channel products, the Bank vigorously expanded micro, small and medium-sized customer groups. The Bank deepened management of government and institutional customers and enhanced the core competitiveness of its government finance brand. Also, the Bank enhanced support for private enterprises and assisted the private enterprises in the key areas of the real economy growing better and stronger.

In terms of regions, the Bank implemented the objectives of regional coordinated development strategy, promoted the high-quality development along the Belt and Road, coordinated the development of the western, northeastern, central and eastern sectors with the coordinated development of the Beijing-Tianjin-Hebei region, the development of the Guangdong-Hong Kong-Macao Greater Bay Area and the integrated development in the Yangtze River Delta as the lead, the development of the Yangtze Economic Belt and protection and high-quality development in the Yellow River basin as the support, and major agricultural production areas and important ecological function areas as the guarantee to accelerate the formation of a regional economic picture of complementary development.

In terms of industries, guided by the national policy orientation, the Bank accelerated efforts to foster new quality productive forces, continued to increase credit support for key areas such as strategic emerging industries, the manufacturing sector and green credit, and actively supported the construction of infrastructure such as transportation, water conservancy, energy, rural revitalization, data centers and 5G. It also enhanced credit support for spending on big-ticket items such as automobiles, electronic products and home furnishing, and consumption of services such as sports, leisure, culture and tourism. Furthermore, it provided support and services for the fields of transportation and logistics, helped ensure security and keep risks under control in key areas of the national economy such as grain, energy, strategic resources and important industries, and provided targeted and strong support for key areas and weak links in national economic and social development.

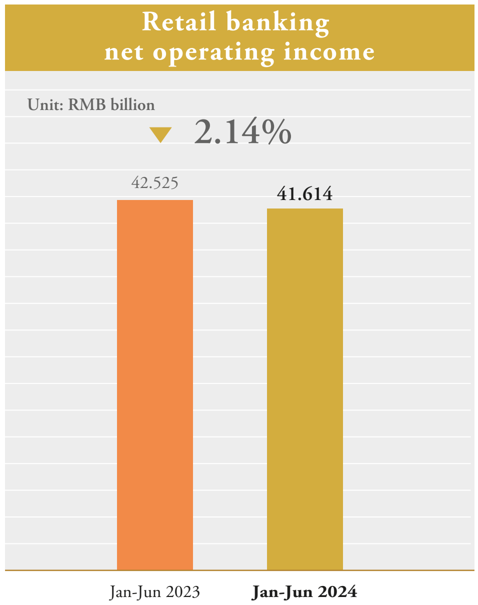
In terms of businesses, the Bank took an innovation-driven and forward-looking approach and boosted the development of the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance. To build technology finance into a feature of the Bank, which through the CITIC financial ecosystem, provided sci-tech enterprises with full-lifecycle financial services. The Bank expanded its presence in the field of green finance by actively following the national policy orientation and seizing the development opportunities of green industries. Upholding the political consciousness and people-centeredness of inclusive finance, the Bank improved service quality and efficiency with a focus on risk mitigation and quality scenarios, assets and customer groups related to supply chains, etc. The Bank improved the pension finance service system and promoted deep integration of the pension industry and the financial market. The Bank analyzed the connotation of digital finance, supported the development of industrial digital finance with the goal of promoting the digital transformation of the real economy, and actively advanced digitalization of its own business operation and management.

As at the end of the reporting period, the balance of corporate loans (excluding discounted bills) of the Bank posted RMB2,694.925 billion, an increase of RMB215.283 billion from the end of the previous year, and the NPL ratio was 1.13%, down by 0.16 percentage point from the end of the previous year. The Bank's corporate loan asset quality remained generally stable.

2.8.2 Retail Banking

The Bank aligned with market development trends. Adhering to the operation logic of retail banking, the Bank enlarged customer base, strengthened product, optimized channel potential, improved service experience, and provided customers with comprehensive financial and non-financial services.

During the reporting period, the Bank's retail banking business registered net operating income of RMB41.614 billion, down by 2.14% year on year, accounting for 41.10% of the net operating income of the Bank. Net non-interest income from retail banking was RMB11.158 billion, down by 11.32% year on year, accounting for 34.11% of the net non-interest income of the Bank. Net non-interest income from credit card business was RMB6.266 billion, accounting for 19.16% of the net non-interest income of the Bank.



2.8.2.1 Customer Management

The Bank adhered to high-quality customer acquisition and high-value management and continuously developed the retail customer management system to promote constant growth in the number of retail customers.

In terms of stratified management of customers, the Bank continued to deepen stratified management of retail customers and regularly conducted stratified management and provided matching support. The Bank leveraged all-channel advantages, enhanced professional capabilities in stratified service to realize value improvement from ordinary basic customers, wealthy customers, VIP customers to private banking customers. As at the end of the reporting period, the Bank had 141 million personal customers, up by 3.07% from the end of the previous year.

For ordinary basic customers, the Bank focused on boosting digital service capacity, fully coordinated online and offline channels such as mobile banking app, enterprise WeChat Account, remote assistant, AI outbound calls and outlets, improved the business handling efficiency and service efficiency for ordinary customers, and provided companion services for ordinary basic customers. As at the end of the reporting period, the Bank had 17.29 million ordinary basic customers, up by 1.80% from the end of the previous year.

For wealthy customers and VIP customers, the Bank strengthened data-driven refined customer management, cemented "five expertise" customer relationship, and enhanced customer service experience with all-channel collaborative services. As at the end of the reporting period, the Bank had 4,479.7 thousand wealthy customers and VIP customers, up by 4.49% from the end of the previous year.

For private banking customers, the Bank took steps to expand the scope of intensive management. The ratio of private banking customers maintaining their levels and the proportion of high-net-worth customers continued to rise, and the customer structure was further optimized. The corporate-private banking collaboration program "Light Up Program", the going abroad finance product "Junior Trip", the "dual interaction" of debit cards and credit cards and Cross-Border Linkage produced remarkable results and the ecosystem-based customer acquisition system took shape. As at the end of the reporting period, the number of private banking customers recorded 79.8 thousand, up by 7.98% from the end of the previous year. During the reporting period, the monthly average daily AUM balance of the Bank's private banking customers reached RMB1,116.308 billion.

In terms of grouped management of customers, the Bank provided comprehensive financial and non-financial services relying on ecological scenarios to key customer groups such as pension customers, going abroad customers and Generation Z customers, strengthening the brand image of a "caring" retail bank.

In terms of management of pension customers, the Bank continued to upgrade the "Happiness +" pension finance service system and meet customers' full lifecycle pension needs covering pre-retirement planning, retirement finance and senior-oriented services. For customers preparing for pension plans, the Bank continued to conduct the "Happiness + Pension Investment Day" investor education activity every Wednesday and helped customers check their pension assets, calculate the benefits they can obtain after retirement and add supplementary pension plans through China CITIC Bank's "Happiness + Pension Account Book". As at the end of the reporting period, the total number of users of "Happiness + Pension Account Book" reached 4,186.2 thousand. For pre-retirement customers, the Bank continued to enrich the "Well-Selected" pension finance product pool and made use of internal and external quality resources to diversify non-financial services such as elderly communities and healthcare services. For customers of senior-oriented services, the Bank established strategic cooperation with universities for the elderly and aging associations and continued to enrich non-financial services and functions such as "Happiness + Club" and "Elderly Care Map". As at the end of the reporting period, the Bank had 25,065.2 thousand older customers[21], up by 5.80% from the end of the previous year.

In terms of management of going abroad finance customers, the Bank continuously tempered professional service capacity, extended the boundary of customer service, developed quality going abroad products by integrating ecosystem cooperation resources, and promoted high-quality differentiated development of featured customer groups. During the reporting period, the Bank launched the first RMB-US dollar dual currency debit card in China with Mastercard International, further meeting the diversified demands of going abroad customers and foreigners in China for payment, settlement and bankcard consumption. The Bank launched the "Yan Xue Pai" scientific research experience platform for going abroad finance to provide an opportunity for students to communicate with tutors of prestigious universities around the world and meet the children's education planning needs of going abroad households. As at the end of the reporting period, the Bank had a total of 11,735.2 thousand going abroad customers, up by 6.22% from the end of the previous year.

In terms of management of Generation Z[22] customers, on the basis of thoroughly understanding the lifestyle, consumption habits and values of Generation Z customers, the Bank developed a service system exclusive to Generation Z customers to meet young customers' diversified wealth management and consumption demands. During the reporting period, the Bank rolled out the "Latte Plan", an automatic investment plan to help young customers effectively build wealth. Based on young users' preferences for diversified platforms, brands and events, the Bank upgraded the online card-issuing platform "Bank Card Supermarket", issued IP co-branded card products, developed "Yanka" (good-looking card) series credit card products, etc. The Bank built a new media channel matrix and opened its official account "China CITIC Bank Xin Youth" on bilibili.com and Xiaohongshu to continuously communicate its philosophy of serving young people. As at the end of the reporting period, the Bank had 32,093.2 thousand young customers[23].

21 The Bank's retail customers aged 50 or above.

22 Generation Z usually refers to the generation born between 1995 and 2009. It is also called iGen or Generation Internet.

23 The Bank's retail customers aged between 18 (inclusive) and 34 (inclusive).

2.8.2.2 Businesses and Products

Wealth Management Business

During the reporting period, the Bank actively implemented the guiding principles from the Central Financial Work Conference, upheld the value of being customer-centric, and adhered to the investment research-driven approach. It continuously improved the wealth management product system, provided forward-looking and effective supply, enhanced customer profit experience, promoted high-quality development of wealth management business, and achieved win-win results for customers and the Bank.

First, the Bank adhered to the strategy of selecting optimal products from the whole market and provided customers with pro-cyclical quality products.

In terms of wealth management business, the Bank deepened the transformation towards net asset value (NAV) business, strengthened the investment research-driven approach and professional capability building, closely tracked the market, flexibly adjusted product strategies, and provided mainly prudent products with low fluctuations, to meet residents' diversified wealth management demands. As at the end of the reporting period, the balance of the Bank's retail wealth management products stood at RMB1.38 trillion, an increase of 9.21% from the end of the previous year.

In terms of agency fund sale, the Bank seized opportunities when market valuation was relatively low, optimized the structure of customer asset allocation, and continued to invest in diversified assets in fund business. During the reporting period, the agency sale of mutual funds held reached RMB156 billion, a stable growth despite a volatile stock market trend. The efficiency of online operations continued to improve and relevant MAU of the fund channel maintained above 1 million accounts.

In terms of insurance business, being customer demand oriented, the Bank provided more comprehensive protection against risks and raised the coverage ratio of insurance products for customers at all levels. During the reporting period, the sales of the retail insurance business posted RMB12.917 billion. In response to the regulatory requirements on "returning to the founding mission", the Bank stuck to value-oriented transformation. During the reporting period, the sales of products providing long-term protection represented 48.91% of the total, indicating a business structure better than the market level.

In terms of personal deposits, the Bank continued to optimize the purchase process of deposit products across electronic channels including mobile banking and personal online banking to boost customer experience. Also, the Bank provided a range of deposit product options based on customer contact scenarios such as payroll, elderly care and going abroad as well as different demands of customers. It accelerated the building of consumer payment scenarios, focused on product features targeting payroll, fees payment and credit repayment scenarios, expanded major settlement accounts and accumulated settlement deposits. As at the end of the reporting period, the balance of personal deposits across the Bank recorded RMB1,384.561 billion, an increase of RMB79.606 billion or 6.10% from the end of the previous year.

Second, the Bank enhanced the capacity of the frontline for providing full lifecycle wealth management services, built a sales capacity system, and strengthened product allocation capacity. In terms of wealth management business and fund business, the Bank kept abreast of market changes, continuously output investment research views, polished allocation methods, enhanced the team's sensitivity to market changes and attention to customer experience, organized and carried out activities such as "10,000-Mile Tour", and strengthened salespersons' basic capabilities and allocation skills. In terms of fund business, based on the four-level organizational structure that comprises of investment research, products, promotion and allocation, the Bank optimized the fund business sales model and built a closed-loop business chain from market investment research to asset strategies, to product strategies, to product promotion, and to product allocation. In terms of insurance business, the Bank continued to refine the sales methodology and optimize the insurance process, upgraded the training and honor system, and strengthened process control to improve allocation efficiency.

Third, the Bank pooled advantaged asset management resources, upheld inclusiveness and people-centeredness in financial work, and remained true to its original aspiration that finance should pursue moral integrity. The Bank actively responded to the nation's call to alleviate poverty and develop charitable initiatives. It launched "Caring for Children" series charity wealth management products with CITIC Wealth Management, in which it makes an agreement with investors to donate part of their return to charity organizations. During the reporting period, a total of more than RMB4.6 billion funds were raised. The Bank implemented the green development strategy, actively selling as an agent ESG, green, low carbon, environmental protection and social responsibility themed wealth management products and fund products. During the reporting period, the sales of newly offered green themed wealth management products reached RMB217 million and the agency sales of customized green themed funds recorded RMB311 million.

Fourth, the Bank enhanced digital service capacity to make financial services more accessible and convenient. The Bank created intelligent complex product sales assistants and digital wealth advisors to improve the intelligent sales capacity of complex products in all products of fund, wealth management, insurance and deposit businesses. Meanwhile, the Bank implemented the asset allocation and pension operation methodology, built intelligent sales capacity, and employed it to provide services to more than 1 million customers online.

Fifth, the Bank continued to boost the capacity for risk control in wealth management products and services and take steps to ensure that no systemic risks arise, thus maintaining stable operation. On the product side, the Bank strictly controlled market interest rate risk and credit risk by formulating quantitative and qualitative selection criteria, searching for quality asset management institutions for partnership, and intensifying research of investment strategies and underlying asset strategies. On the system side, the Bank realized automatic system verification of salespersons' qualifications and authority, established interactive display between the qualification data system and the financial portal website, and strengthened management of qualifications of salespersons. On the sales side, the Bank built a model for monitoring eight major suspicious behaviors in the sales process, periodically organized branches to check suspicious data, and improved digital risk control capacity.

Personal Loan Business

The Bank advanced the "Retail First Strategy" with high quality and adhered to the business positioning of "value personal loan". With the growth in core single products such as housing loans, housing-pledged business loans and unsecured loans as the lever, the Bank promoted structural optimization, raised the contribution of the personal loan business, fully supported the development of the real economy and the private sector, and boosted household consumption upgrading.

In terms of personal housing loans, the Bank implemented the country's policies on real estate regulation, better supported people's needs for essential and improvement-oriented housing, and promoted the building of a new model for real estate development. During the reporting period, housing mortgage loans across the Bank increased by RMB17.286 billion. **In terms of personal business loans**, centering around the central government's plan and requirement of boosting the development of inclusive finance, the Bank established a long-term mechanism featuring "inclusive value", improved the credit supply structure, optimized and upgraded system functions, expanded the coverage of services for micro and small customer groups, and enhanced their sense of gain from financial services. During the reporting period, personal inclusive loans increased by RMB24.351 billion and the number of relevant customers increased by 17 thousand. **In terms of personal consumer loans**, the Bank upheld the development principles of "independent customer acquisition, risk control and products" and maintained a positive and prudent marketing strategy. It further focused on acquiring quality customers for consumer loans, strengthened the comprehensive management of existing customers, tapped further into consumption finance scenarios like automobile and house purchase, and gave full play to the role of financing in driving consumption. During the reporting period, the Bank carried out several activities where it offered discounts on consumer loan rates, promoted the release of consumer demand, and distributed over 10 million interest coupons, benefiting more than 380 thousand customers.

As at the end of the reporting period, the Bank's balance of personal loans (excluding credit cards) posted RMB1,769.020 billion, an increase of RMB58.119 billion or 3.40% from the end of the previous year.

Credit Card Business

The credit card business of the Bank integrated deeply into the Bank's development of the "Retail First Strategy". Centering around the arrangements for the "building of a leading wealth management bank", it aligned business development with the development of the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance, firmly served the economy, society and the people's wellbeing, and leveraged the important role of credit cards in "expanding domestic demand and boosting spending" to further enhance people's senses of gain, happiness and security.

During the reporting period, the Bank deepened the retail integration strategy and advanced in depth the "dual interaction" of debit cards and credit cards. With the efforts, the efficiency released hit a new high. The Bank advanced customer acquisition and activation in a coordinated manner, strengthened development through innovation, deepened customer acquisition in consumption scenarios related to people's livelihood, and further expanded and strengthened high-quality customer acquisition. **The Bank continued to upgrade products and benefits**. The Bank upgraded and launched the "iCar Pro" credit card product, which provides benefits and services for car owners in such consumption scenarios as oiling and charging, further expanding the services for car owners and the eco-chain layout. The Bank upgraded the benefits of "CITIC Salary Card i Platinum", offering discounts for a certain amount of payment on oiling and takeaways. **The Bank continued to improve the card use environment**. The Bank in the light of customers' consumption habits, adopted the product mix of discounts for a certain amount of payment, coupons and in-store offers to strengthen payment experience and build an offline scenario-based operation ecosystem. The "Wonderful 365" brand campaign unleashed new vitality. As at the end of the reporting period, more than 270 thousand merchants nationwide had joined the campaign and used the marketing tool of discounts for a certain amount of payment for promotion, and more than 7 million customers (person-times) participated in the campaign. During the reporting period, for shopping seasons during holidays such as the Spring Festival and May First Labor Day, the Bank carried out region-specific CBD campaigns and launched a total of 1,013 popular scenarios. To meet customers' diversified consumer finance demands, the Bank **continued to enrich the consumer installment product matrix**, covering consumption scenarios such as catering, hotel, travel, entertainment and shopping, and focused on enhancing vertical consumption fields. As a result, the scale of consumer installment products such as bill installments and scenario-based installments hit a new high.

The Bank continued to strengthen innovation in science and technology and intelligent services and actively embraced the HarmonyOS ecosystem. The first single frame version of the "Mobile Card Space" app was launched in Huawei AppGallery on 15 April. "CITIC Collection and Payment" can support multi-terminal payment via smartwatches or mobile phones. The Bank developed caring credit card services through multi-modal AI, upgraded the intelligent robot "Xiaoxin" based on AI large models, and empowered all channels of remote customer service on a large scale with intelligent technology. As a result, customer service efficiency improved by 12%.

As at the end of the reporting period, the Bank issued cumulatively 119.63 million credit cards, an increase of 3.56% from the end of the previous year; and the balance of credit card loans was RMB504.091 billion. During the reporting period, the transaction volume via credit cards recorded RMB1,241.072 billion, down by 8.44% year on year, and the income from credit card business was RMB28.677 billion, down by 3.37% year on year.

Private Banking Business

Guided by the new three-year plan, the private banking business of the Bank focused on the customer demand for "five expertise" services, strengthened management of existing customers, leveraged the advantages of the four links of "sector integration, bank-wide collaboration, intra-Group coordination and external connection", and improved the system for customer acquisition via private banking channels. The Bank built featured and differentiated core competitiveness through specialized operation, ecosystem-based customer acquisition and systematic empowerment.

The quality and effectiveness of management of existing customers improved and the customer services based on "five expertise" was continuously upgraded. The Bank promoted in depth the "1 + 1 + N" service model that comprises private banking customer managers, investment advisors and Head Office and branch expert teams, grasped the "critical moments" to customers, responded to customers' "core demands", and provided specialized and integrated services to private banking customers. The Bank upgraded the "Yaozuan Companion Plan", a tiered service system for private banking customers. To meet private banking customers' demand for "five expertise" services, the Bank provided premium payment & settlement experience, all-product asset allocation, exclusive personal unsecured loans, wealth inheritance service and corporate comprehensive financing service, and to meet customers' demand for high-end activities and socializing, the Bank provided exclusive activities such as "Pursue Sustainability with CITIC" and "Private Party". As at the end of the reporting period, the ratio of private banking customers maintaining their levels rose by 3.36% year on year and the proportion of high-net-worth customers with assets of more than RMB20 million increased by 0.14% from the beginning of the year.

Channel-based customer acquisition achieved remarkable results and the ecosystem-based customer acquisition system was gradually improved. During the reporting period, the Bank added new customer acquisition scenarios, provided exclusive privileges at an earlier stage, raised the contribution of the marketing list, and further optimized the mechanism for customer acquisition through collaboration between the corporate banking line and the private banking line. The Bank connected the high-end customer service systems within the business segment, intensified two-way customer acquisition and conversion, and unlocked the customer acquisition potential through the "dual interaction" of debit cards and credit cards. With expert database resources and characteristic activities as the carriers, the Bank created opportunities for customer reach and unleashed the value of the going abroad finance product "Junior Trip" in customer acquisition. To meet the cross-border financial demands of private banking customers, the Bank improved the efficiency of the cross-border collaborative service system, which drove up fee-based income significantly. During the reporting period, the number of private banking customers acquired through collaboration between the corporate banking line and the private banking line increased by 74.63% year on year; and the number of private banking customers acquired through the "dual interaction" of debit cards and credit cards increased by 18.66% year on year.

From the perspective of customer value, the Bank strengthened asset allocation for private banking customers. Based on the full range of private banking products, the Bank, starting with customers' risk appetites and value orientations, guided customers to diversify investment and asset allocation and enhanced customers' capacity to move through cycles. During the reporting period, the scale of wealth management products in the key asset allocation for private banking increased by RMB62.3 billion year on year, of which, the scale of discretionary products increased by RMB16 billion year on year; and the scale of standardized products sold by private banking under agency sales increased by RMB15.6 billion year on year.

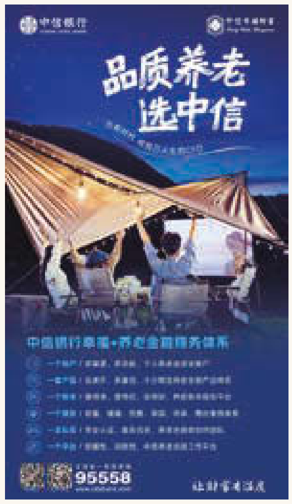
The Bank intensified team and channel building and enhanced the specialized operation capacity of private banking. During the reporting period, the Bank upgraded the team training plan, improved the team evaluation system, and carried out regular empowerment activities. With the efforts, the capacity of the private banking team for empowering the frontline and serving customers was further enhanced. As at the end of the reporting period, the Bank had 94 private banking centers established with approval (five new ones were approved during the reporting period), which cover 36 tier-one branches and more than 60 major cities. Twenty branches launched initiatives to carry out intensive operation model of private banking and continuous improved of specialized operation capacity.

Pension Finance Business

Pension Finance **Special Column**

During the reporting period, to meet residents' full lifecycle pension needs covering "pre-retirement planning, retirement finance and senior-oriented services", the Bank continuously refined the system to improve the people's wellbeing. It continuously enhanced its market recognition for "Quality Elderly Care at CITIC" and boosted the development of pension finance.

Firstly, vigorously promoting high-quality development of third-pillar pension plans. To meet customers' demands for access to pension policies, operating process experience and product allocation, the Bank continued to conduct investor education among customers and carried out the weekly "Happiness + Pension Investment Day" and the monthly pension planning brand campaign; and the Bank further enriched pension finance products and made all categories of private pension products including savings deposits, pension target funds, pension insurance and pension wealth management available for purchase. The Bank launched the "Well-Selected" pension finance product recommendation to improve the suitability between customer demand and financial products. As at the end of the reporting period, the Bank had 1,167.5 thousand private pension accounts, up by 25.93% from the end of the previous year.



Secondly, upgrading the "Happiness +" pension finance service system. To meet the pension needs of different customer groups such as "Generation Z, Middle Age and Sliver Age", the Bank continuously upgraded the pension finance service system, helping customers become the CFOs of their own lives. To meet the saving needs of "Generation Z" customers, the Bank rolled out the automatic investment plan "Latte Plan" and launched the asset management tool "balance sheet" on mobile banking. As at the end of the reporting period, the users totaled 2,200.7 thousand. To meet the pension planning needs of "Middle Age" customers, the Bank launched "Social Security +" allocation services to build up life long cash flows, optimized the "pension account book" tool, and added tools for calculating cash flows after retirement and supplementing pension plans. As at the end of the reporting period, the users totaled 4,186.2 thousand. To meet the demand of "Sliver Age" customers for services for the aged, the Bank optimized and upgraded the "Happiness + Club" platform and continued to enrich non-financing services such as communities for the aged, healthcare and elderly care map.

Thirdly, continuing to make financial services more age-friendly. The Bank was one of the first commercial banks to launch a mobile banking version exclusive to elderly customers. In terms of security, the Bank provided elderly customers with secure internet services and ensured personal information security and property safety using technical means such as biometric recognition and big data-based risk control. Meanwhile, the Bank continued to improve age-friendly services in outlets. It has made 100% its outlets age-friendly and set up "Happiness +" age-friendly pilot outlets in some regions. In terms of service convenience, the Bank continued to optimize the age-friendly IVR system[24] and provide convenient manual services for customers aged 60 or above.

Fourthly, actively exploring the establishment of a "finance + industry" pension service ecosystem. The Bank strengthened synergy within CITIC Group and leveraged the full pension license of CITIC Group and the pension service resources of the industrial subsidiaries of the Group to actively explore the establishment of a "finance + industry" pension service ecosystem. Meanwhile, the Bank intensified research of the pension industry and held the "1st China Pension Industry Forum 2024" with Caixin Media, which provided a communication platform for effectively integrating pension resources and matching supply and demand, thus promoting high-quality development of the pension industry.

In the second half of this year, the Bank will remain committed to featured and systematic development, continue to polish the featured pension finance brand of China CITIC Bank with a focus on pension planning for personal customers, transformation and upgrading of the pension industry, empowerment of pension finance through technology and establishment of a pension ecosystem through collaboration, and take solid and effective steps to boost the development of pension finance.

[24] Interactive Voice Response system, through which customers can interact and obtain functions such as menu navigation by telephone, reduce waiting time effectively and achieve self-service.

2.8.2.3 Risk Management

During the reporting period, the retail banking business of the Bank firmly implemented the national strategy of expanding domestic demand, seized the development opportunities presented by the interplay between effective investment and consumer demand, put into practice the "Retail First Strategy", strengthened value personal loans, continuously improved refined risk management capacity, and promoted high-quality development of "new retail".

Risk Management of Personal Loans

The Bank fully leveraged its advantage of integrated technology, enhanced proactive risk control capacity, and kept improving the digital risk control system that covers the processes before, during and after lending, to build a new momentum for the development of the personal loan business.

In the pre-lending process, the Bank continued to enhance channel management, and established a lifecycle closed-loop channel management system that features standards-based access, process management, orderly exit, independent and autonomous risk control and suits the market. While adhering to unified and standardized access strategies for personal loans, it offered differentiated policies to some regions, established a differentiated policy system covering approval, authorization, access criteria, etc., and dynamically made adjustments in a timely manner based on risk monitoring results. **In the lending process**, through technology empowerment, the Bank enhanced building of basic risk control capabilities, and upgraded, through integration, the risk model system, ushering in a new stage of intelligent risk control of personal loans featuring "strong systems, a high level of intelligence, and fast iteration". It continued to refine the closed-loop mechanism of developing, monitoring, analyzing and upgrading models and strategies, strengthened process monitoring and quick upgrade, and continuously enhanced anti-fraud efficiency. The Bank improved the risk monitoring system and implemented region-specific control measures based on the risk performance of each product, region, customer group, channel, etc. It also maximized the scale effects of the centralized review and approval platform at the Head Office level and gradually changed from standard, process and factory-like management to intelligent management. **In the post-lending process**, the Bank continued to refine the new customer personal loan warning and management system that is integrated and automatic and fully applied the intelligence engine + big data technology to realize post-lending procedure multi-link interaction, realizing the connected and closed-loop management of various modules for post-lending examination and risk warning, etc. Meanwhile, the Bank optimized the collection management system, stepped up control of overdue loans, and actively defused existing risks with a combination of measures.

As at the end of the reporting period, the balance of non-performing personal loans (excluding credit cards) of the Bank posted RMB17.063 billion, an increase of RMB2.748 billion from the end of the previous year, and the NPL ratio was 0.96%, up by 0.12 percentage point from the end of the previous year. The quality of personal loan assets remained reasonable.

Risk Management of Credit Card Business

The credit card business of the Bank upholds a prudent risk management preference and constantly optimizes the customer group structure and the asset structure through effective transmission of credit policies and precise management of credit use process.

The Bank built a multi-task model for deep learning with advanced risk quantification technology and empowered full-process risk management by systematizing, standardizing and parameterizing risk control, which effectively improved data mining and risk identification capacities. Through orientation toward target customer groups and limit management, the Bank realized high-quality customer acquisition, and continuously optimized the customer group structure and the asset structure. Through full-perspective customer segmentation, the Bank established a transaction level risk interception mechanism and intensified interception and control of high risks in the credit use link. To ensure no systemic risks arise and reinforce control over fund use and fraud risk prevention, the Bank promoted the joint prevention and control of gambling and fraud operations to promote the healthy development of credit card business. Greater efforts were made to dispose of non-performing assets (NPA) with a focus on the recovery of substantial NPAs, thus improving the results of NPA disposal.

As at the end of the reporting period, the balance of non-performing credit card loans of the Bank was RMB12.941 billion, down by RMB257 million from the end of the previous year, and the NPL ratio was 2.57%, up by 0.03 percentage point from the end of the previous year. The overall quality of credit card assets remained stable.

2.8.3 Financial Markets Business

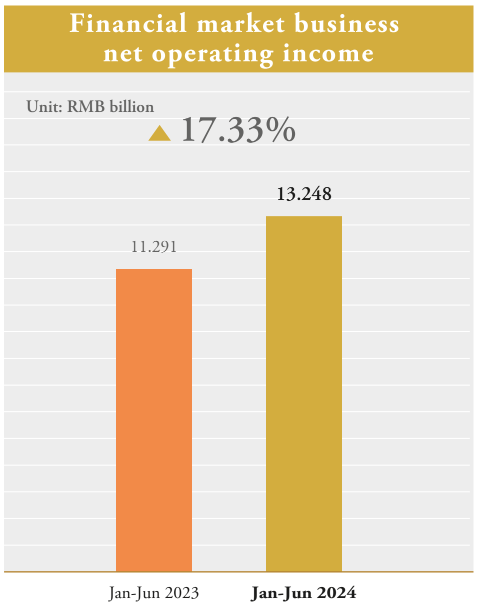
Facing the complex and changing economic and financial environments at home and abroad, the financial markets business of the Bank firmly aimed at the core goal of "value operating income". With integrated management of interbank customers as the guidelines, the Bank unswervingly advanced "operation and reform" at once, made unremitting efforts to establish a "sales service – investment transaction – research of risk control" system, continuously enhanced the value orientation of the business, and promoted business transformation, development and upgrading. On the basis of closely following national policies and effectively fulfilling its mission of serving real economy with financial services, the financial market business line spared no effort to increase operating income. Through early planning and forward-looking arrangements, the Bank made scientific and reasonable plans for assets and liabilities and transaction turnover, continued to advance integrated and in-depth management of interbank customers, and accurately grasped market timing. With those efforts, the Bank served more customers and created greater value.

During the reporting period, the Bank's financial market business registered a net operating income of RMB13.979 billion, up by 9.84% year on year, accounting for 13.81% of the Bank's net operating income. Specifically, the net non-interest income from financial market business totaled RMB13.248 billion, up by 17.33% year on year, accounting for 40.50% of the Bank's net non-interest income.

2.8.3.1 Customer Management

The Bank systematically advanced integrated, in-depth management of interbank customers, accelerated efforts to establish a matching business model, organizational structure and system layout, and strove to make breakthroughs in key customer groups and key areas. As a result, remarkable operating results were achieved and the customer base, market recognition and brand influence improved significantly.

During the reporting period, based on customer demand, the Bank pooled the resources and channels such as directly-operated businesses, its wealth management subsidiary and brother companies of CITIC Group and built three major ecosystems, namely, bond ecosystem, asset management ecosystem and cross-border ecosystem, aiming to form a "new ecosystem" in which channels are interconnected. The Bank deepened the full business operation management process, integrated the product support system and price supply, and advanced digitalization of the product and marketing process. As at the end of the reporting period, the "Financial Interbank +" platform had 2,902 signed customers, an increase of 62 from the end of the previous year. During the reporting period, the total transaction volume via the platform reached RMB1.06 trillion, up by 22.11% year on year.



2.8.3.2 Businesses and Products

Forex Business

The forex business of the Bank strictly implemented its mission of serving the real economy through finance, continuously strengthened the capacity for serving enterprises in the management of exchange rate risks, and facilitated enterprises in exchange rate risk management through a variety of specialized forex trading products and risk aversion strategies. Answering the nation's call for high-standard, two-way financial opening up, the Bank established a cross-border institutional investor service system, which provides a package of solutions including forex services. The Bank actively fulfilled its responsibilities as a market maker and the leading bank of the expert team for standardization of trading on the interbank forex market, providing liquidity for market participants, contributing to the improvement of the RMB exchange rate formation mechanism, and facilitating the high-quality development of the forex market. During the reporting period, the forex market making volume of the Bank recorded USD1.47 trillion, and the Bank remained in the forefront of the market in terms of interbank forex market making.

Bond Business

The bond business of the Bank regards serving the real economy as the starting and ending point of its business implementation, actively supports major national strategies, and earnestly fulfills the Bank's responsibilities as a state-owned financial enterprise. It provided strong support to investment in themed bonds such as bonds for sci-tech innovation, rural revitalization and micro and small businesses, supported the development and expansion of the green bond market through all-around investment practices, and provided financing support for achieving the goals of carbon peak and carbon neutrality. It actively promoted development of green finance and technology finance, created new business development models, and developed the innovative product bond basket, meeting the basket bond trading needs of investors of all types at both home and abroad. It actively put in place the national decisions and plans for continuously promoting two-way opening up of the financial market, actively promoted "Northbound Trading", steadily advanced "Southbound Trading", assisted in the optimization of the contract and mechanism for "Swap Connect", and launched IMM contract trading and contract compression services, facilitating interconnection of bond markets. It strengthened asset rolling operation, explored various trading opportunities such as cross-market trading and cross-variety trading, and worked to increase excess earnings. During the reporting period, the trading volume of bonds and interest rate derivatives of the Bank recorded RMB5.29 trillion, up by 47.77% year on year.

Monetary Market Business

The monetary market business of the Bank vigorously conducted bond repurchase, interbank lending, interbank certificates of deposit issue, etc. to further enhance monetary market financing capacity and actively address the short-term financing needs of small and medium-sized commercial banks, non-banking financial institutions and other trading entities. Meanwhile, it actively participated in the development of new trading mechanisms and further cemented the Bank's position as a core trader in the monetary market. During the reporting period, the total trading volume of the monetary market business of the Bank reached RMB16.69 trillion and the issuance volume of interbank certificates of deposit recorded RMB891.326 billion.

Precious Metals Business

The precious metals business of the Bank focuses on serving the development of the real economy and provides gold leasing and value preservation services for customers of the precious metals industrial chain. During the reporting period, the corporate gold leasing business increased by 61.21% year on year. The Bank actively performed its duties as a market maker of the Shanghai Gold Exchange and conducted market making quotation and trading. During the reporting period, the Bank conducted RMB382.391 billion interbank gold inquiry transactions, up by 74.10% year on year. In proprietary precious metals trading, the Bank kept abreast of market changes, combined it with gold import business, and flexibly applied various trading tools and trading strategies to gain profits.

Bill Business

The Bank intensified efforts in serving the real economy. During the reporting period, it handled RMB808.831 billion discounted bills and served a total of 12,623 corporate customers, an increase of 2,937 year on year, of which, 8,982 or 71.16% were micro and small enterprises. The average daily balance of bill rediscounting was RMB76.256 billion, an increase of 12.26% year on year. It continuously provided a low-cost financing channel for the real economy. As at the end of the reporting period, the balance of bill assets of the Bank stood at RMB346.142 billion, down by 33.02% from the end of the previous year.

Asset Management Business

The asset management business is the bridge and hub for the Bank to build a "wealth management – asset management – comprehensive financing" value chain. The Bank's subsidiary CITIC Wealth Management leverages the advantages of synergy within the Group and collaboration between the parent bank and subsidiaries as well as its own asset organization and investment management capacities to forge an all-round asset management business line with core competitiveness, a full range of products, wide customer coverage and leading comprehensive strength, and strives to build itself into an asset management enterprise with "Four Features" that ranks among China's first-class enterprises and the world's top 100.

Upholding the customer-centric business philosophy, CITIC Wealth Management established a "6+2" product system encompassing six major tracks namely money, money+, fixed income, fixed income+, hybrid, equity, along with two new tracks of projects and stock rights. Meanwhile, it actively explored scenario-based businesses such as pension finance, wealth inheritance and discretionary products, to meet investors' diversified wealth management needs and provide full lifecycle wealth management services. During the reporting period, CITIC Wealth Management built a dual-wheel-driven development model with asset management and wealth management as the two wheels, **continued to develop the "investment + advisory" combined service model**, actively explored buyer advisory business, further upgraded discretionary and family trust solutions, and provided customers with full lifecycle, all-scenario wealth management service experience. **CITIC Wealth Management further advanced the development of the open wealth management platform** and stepped up efforts to develop the "online publicity + offline promotion" "institution + individual" direct selling system and the "10 + 3 + N" agency sales channel. After launching a direct selling app, the first of its kind in the industry, CITIC Wealth Management became the first to realize direct selling and agency sales integrated query and also took the lead in development of an age-friendly app, forming customer acquisition and management fronts centering around apps and its official website. As at the end of the reporting period, it established cooperation with 180 agency sales institutions outside the Bank, an increase of 41 or 29.50% from the end of the previous year.

In terms of asset management business, CITIC Wealth Management closely followed the orientation of national strategies and adhered to its fundamental mission of serving the real economy. **Continuing to develop technology finance**. With a focus on promoting sound circulation among technology, industries and finance, it enhanced support for innovative technologies such as new energy, new materials, next-generation information technology and biomedicine. **Vigorously developing green finance**. It proactively acted on the green and sustainable development philosophy and supported green development in key areas. During the reporting period, CITIC Wealth Management issued its first customized green wealth management product. **Actively responding to pension finance initiatives**. It participated in the development of a pension insurance system with Chinese characteristics. As at the end of the reporting period, it had 109 ongoing "Xinyi" series products which were designed to meet pension investment needs, with a scale of RMB45.169 billion. **Comprehensively practicing inclusive finance**. It further expanded the "charity + finance" model and continued to develop "Caring for Children" series wealth management products. As at the end of the reporting period, a total of RMB10.242 billion was raised. With those efforts, it fulfilled the mission of supporting common prosperity through wealth management. **Developing digital finance through innovation**. It established the "Digital and Intelligent Wealth Management" technology empowerment system, intensified efforts to build a digitalization talent team, and advanced six major digital transformation projects. Centering around the value chain of wealth management business, it adhered to technology-driven development, empowered business development, and continued to foster new quality productive forces.

As at the end of the reporting period, the wealth management products (including entrusted wealth management) amounted to RMB1,916.368 billion, an increase of RMB187.962 billion or 10.87% from the end of the previous year, of which new products posted RMB1,864.341 billion, up by RMB193.076 billion or 11.55% from the end of the previous year.

2.8.3.3 Risk Management

Risk Management of Financial Market Business

The Bank established an embedded approval mechanism for credit risk in financial interbank customers and improved the access mechanism for counterparties of financial interbank customers, making the management of credit risk in counterparties of financial interbank customers more effective. The Bank continued to boost the capacity for managing credit risk in financial market business, formulated a list system for directly-operated credit bonds, and specified concentration limit management requirements. It also improved the review and approval process of credit bonds, refined the mechanisms for investment decision-making and position management, strictly implemented the "Three Inspections" policy, and strengthened risk monitoring and management in key industries such as real estate. Meanwhile, the Bank actively invested in treasury bonds and local government bonds and steadily advanced investment in credit bonds. During the reporting period, its issuer credit qualifications maintained sound.

Risk Management of Asset Management Business

During the reporting period, for asset management business, the Bank further improved the product-side comprehensive risk management system at macro, meso and micro levels and established an "overall + specialized" risk management mechanism for each broad risk category, to comprehensively improve the quality and effectiveness of risk management. **At the macro level**, the Bank strengthened assessment of liquidity risk and market risk and worked to build systemic risk assessment capacity. **At the meso level**, it continuously enhanced management of broad-category assets from the dimensions of region, concentration and term, continued to improve the risk monitoring, early warning, reporting and resolution mechanisms in important risk areas, and realized full lifecycle asset management. **At the micro level**, the Bank strengthened comprehensive risk and quality management of single products, optimized the evaluation criteria of risk levels of wealth management products, established ex ante and in-process control mechanisms of risk limits, and controlled liquidity risk of products by conducting stress tests.

As at the end of the reporting period, all underlying assets of new products were normal assets and asset quality was sound.

2.8.4 Distribution Channels

2.8.4.1 Physical Outlets

As at the end of the reporting period, the Bank had 1,459 outlets in 153 medium-sized and large cities in the Chinese mainland, including 37 tier-one branches (directly managed by the Head Office), 125 tier-two branches, and 1,297 subbranches (including 31 community/micro and small sub-branches), plus 1,519 self-service banks (including onsite and offsite self-service banks), 4,438 self-service terminals and 7,971 smart teller machines (including 3,036 vertical ones). As such, the Bank has developed a diversified outlet pattern that consists of comprehensive outlets, boutique outlets, community/micro and small outlets and off-bank self-service outlets.

The Bank accelerated efforts to advance mobile, intelligent and digital transformation of outlets. During the reporting period, it continued to upgrade financial equipment and relevant systems at outlets, introduced mobile split-type STMs, and took all-around steps to improve the experience of customers, especially elderly customers. Meanwhile, the Bank promoted the platform for integrated management of outlet equipment, the platform for management of release of outlet information, the "Huiju" platform for outlet site selection based on big data and other relevant platforms, realizing refined full life cycle management of financial equipment at outlets.

In terms of the layout of overseas outlets, the Bank set up London Branch in the UK, Hong Kong Branch in Hong Kong SAR, and Sydney Representative Office in Australia. CNCBI, an affiliate of the Bank, had 31 outlets and 2 business wealth management centers in Hong Kong SAR, Macao SAR, New York, Los Angeles, Singapore and the Chinese mainland. CNCB Investment had 3 subsidiaries in Hong Kong and the Chinese mainland. JSC Altyn Bank had 7 outlets and 1 private banking center in Kazakhstan. During the reporting period, according to its strategic development plan, the Bank continued to improve the management frameworks for human resources, businesses, systems, authorization and performance evaluation of overseas affiliates, guided the overseas affiliates in compliant and prudent operation, and steadily promoted the upgrading of Sydney Representative Office.

2.8.4.2 Retail Online Channels

Mobile Banking App

During the reporting period, the Bank continued to optimize the services and functions of the mobile banking app with a focus on user experience and strove to meet customers' full lifecycle financial service needs at all service contacts. In terms of capacity building, the Bank continued to polish the scenario experience of basic services of the mobile banking app, upgraded the member growth system, and integrated local consumer service scenarios to enhance users' convenience and sense of participation when using mobile banking. In terms of experience optimization, the Bank started to build experience contacts, defined key journeys and key interactions from users' perspective, and continued to raise the efficiency of key services when used by customers, thus improving customer experience. In terms of product innovation, the Bank built online product selection scenarios such as "Xinxin Family" "Night Market of Wealth Management Product" and "Product Map", formed an intelligent product recommendation chain, provided customers with full lifecycle accompanying services for asset allocation with the help of digital wealth advisors, and enhanced the online digital service capacity for wealth management products.

During the reporting period, the online MAUs of mobile banking app of the Bank reached 18,078.6 thousand, up by 13.74% year on year. The total number of customers granted loans through the Lending Channel reached 1.15 million, and the loans granted totaled RMB119.976 billion.

Mobile Card Space App

During the reporting period, the Bank continuously optimized the interface design, functional flow and security performance of the elderly version of the credit card Mobile Card Space app, and intensified efforts to develop more age-friendly services such as card use security reminder service, with a view to providing more convenient and secure service experience for elderly customers. Meanwhile, the Bank focused on dual card operation and optimized the CITIC bank card repayment function. The number of CITIC bank card repayment users increased by 15% year on year. During the reporting period, the Bank launched the "HarmonyOS" version of the credit card app, the first of its kind in the industry, with which the Bank won "HarmonyOS Pioneer – Ecosystem Contribution Award" at the Huawei Developer Conference. During the reporting period, the MAUs of Mobile Card Space of the Bank recorded 20,539 thousand.

Remote Customer Management Service

During the reporting period, the Bank established the Remote Customer Management Service Center and accelerated efforts to build up remote customer management service capacity with a focus on business scenarios that integrate service, marketing, transaction and risk control. The Bank realized integration of incoming and outbound call services and provided customers with digital, intelligent, one-stop and professional services with a human touch. Through the remote integrated operation platform, it supported customer service one account login, multi-skill and full-view operations and empowered customer service representatives (manual + AI) to conduct marketing and provide services through collaboration among different service scenarios and channels. The Bank focused on strengthening application of AI and large model technologies in scenarios, and employed tools such as intelligent assistance, intelligent quality inspection, intelligent outbound calling and chatbot to raise productivity. During the reporting period, the Bank's remote customer management reached 14,511.6 thousand customers, up by 15.40% year on year.

Enterprise WeChat Account

The Bank continued to develop the ecosystem of enterprise WeChat channel. Centering around the "five expertise", the Bank established full lifecycle customer service standards for the enterprise WeChat channel, further improved service quality, and worked to build a caring service brand. As at the end of the reporting period, the Enterprise WeChat Account had 15,294.3 thousand users, of which 3,629.1 thousand were added during the reporting period.

Open Banking

The Bank advanced the development of open banking and the scenario-based ecosystem. Through standardized, modular and light docking solutions (including but not limited to API, SDK, H5 and WeChat Mini Program), it embedded financial/non-financial services into three-party cooperation scenarios and introduced third-party services to promote the rapid output of retail banking, corporate banking and other characteristic products and services, and the efficient introduction of external resources from cooperative platforms. During the reporting period, the Bank developed more than 19,000 scenarios such as account, payment and bill payment with industries through standardized product components, serving more than 41.32 million person-times and recording more than RMB286.413 billion in cumulative treasury transactions.

2.8.4.3 Corporate Online Channels

During the reporting period, the Bank continued to advance collaboration between online channels such as corporate online banking, mobile banking and bank-enterprise direct connect and offline channels such as outlet counters in providing services and enhance the capacity of online channels for providing open, interconnected, aggregated and intelligent comprehensive financial services. The Bank made 10 types of online banking business change scenarios available online and self-service and supported counter-side seal use for corporate electronic banking service agreements. Corporate online banking was connected to the UnionTech domestically-made operating system and corporate mobile banking realized mobile approval of 36 highly frequently used functions. The Bank launched the functions of intelligent search and text predictions and provided intelligent customer service and human customer service. Meanwhile, it continuously stepped up the innovation of products that integrate business, finance and tax, such as CITIC E Card, e-CNY, Business Travel Platform, Invoice Express, and corporate equity and enhanced the value of electronic channels as customer service portals, scenario traffic entrances and product application carriers. As at the end of the reporting period, the Bank recorded 1,155.2 thousand customers across corporate online channels, up by 5.56% from the end of the previous year, and covering 95.20% of the total.

2.8.5 Overseas Branches

2.8.5.1 London Branch

London Branch, the Bank's first overseas branch directly managed by the Head Office, opened for business on 21 June 2019. It conducts wholesale banking and its main business scope covers deposits, loans such as bilateral lending, syndicated lending, trade finance and cross-border M&A finance, financial markets services such as agency spot foreign exchange trading, money market trading, derivative trading, offshore RMB trading, bond repurchase and investment in and issuance of bonds and certificates of deposits, as well as financial services such as cross-border RMB payment settlement.

During the reporting period, based on the macroeconomic and international geopolitical situations, London Branch strengthened risk control and compliance management, deepened collaboration between domestic and overseas operations, gave full play to its functions as the financing center in EMEA, and expanded cooperation with the Bank's overseas subsidiaries in one-stop comprehensive services. It further sought for market opportunities resulted from the fluctuations of macro-economy, and stayed active in the money market and forex market. It undertook the forex transactions of the Head Office during European trading sessions, provided customers with efficient and convenient forex trading services throughout the day, actively performed its duties as an interbank forex market maker, and offered the market continuous two-way quotations. During the reporting period, London Branch recorded a proprietary trading volume of USD20.364 billion, a forex trading volume of USD14.928 billion as an agent of the Head Office.

During the reporting period, London Branch realized operating income of USD20,456.3 thousand and net profit of USD15,664.8 thousand; and it granted USD366 million loans of all types and issued about USD2.411 billion interbank certificates of deposit. As at the end of the period, London Branch reported total assets of USD3.241 billion.

2.8.5.2 Hong Kong Branch

On 27 March 2024, Hong Kong Branch was officially opened for business. Hong Kong Branch puts "compliant operation" in the first place, attaches equal importance to business development and risk management, works to enhance the capacity for providing comprehensive services to meet customers' cross-border financial demands and its coverage in major markets overseas, and strives to become an important pivot of the Bank's international comprehensive financing service platform.

2.8.6 Subsidiaries and Joint Ventures

2.8.6.1 CIFH

CIFH was incorporated in Hong Kong in 1924. It was acquired by CITIC Group in June 1986 and restructured to become an investment holdings company after its acquisition of the then Hong Kong Chinese Bank Limited in 2002. It is now a wholly-owned subsidiary of the Bank, with an issued share capital of HKD7.503 billion. CIFH is the main platform for the Bank to conduct its overseas businesses. Its business scope includes commercial banking and non-banking financial services. CIFH conducts its commercial banking business mainly via its holding subsidiary CNCBI (in which CIFH holds a 75% equity interest), and conducts its non-banking financial business primarily via CIAM (in which CIFH holds a 46% equity interest).

As at the end of the reporting period, CIFH had 2,676 employees and no retired employees at the company's expense. It recorded HKD460.951 billion in total assets and HKD59.347 billion in net assets. During the reporting period, it realized operating income of HKD5.275 billion, up by 11.21% year on year; as provisions for loans increased significantly year on year, it realized net profit of HKD1.127 billion, down by 37.48% year on year.

CNCBI. CNCBI is a whole-license commercial bank based in Hong Kong SAR. It fully leverages its role as the main platform of China CITIC Bank for overseas banking business and the main channel for cross-border collaboration, actively integrates into the CITIC ecosystem, and continuously improves its customer base and service capacity.

In terms of corporate banking, CNCBI actively provides customers with professional financing solutions such as syndicated loans, project financing and green and sustainable finance loans. During the reporting period, its syndication business was of great dynamism. CNCBI ranked 7th[25] among lead arrangers and bookkeepers in the Hong Kong and Macao syndication markets. Its trade financing achieved excellent results. As at the end of the reporting period, its trade financing loans in Hong Kong reached HKD6.64 billion, up by 48.53% from the end of the previous year. **In terms of treasury and global market business**, CNCBI actively captured market business opportunities and fully leveraged the advantages of the Southbound Bond Connect. During the reporting period, it completed issuance of 112 public offering bonds and assets under its custody recorded HKD224.403 billion, up by 65.25% year on year; and it conducted 118 bond trust transactions and had HKD97.844 billion trust assets under management, up by 9.8 times year on year. **In terms of personal and corporate banking**, CNCBI continued to deepen its wealth management strategy and stepped efforts to build a "financial + non-financial" service system. Its efforts to expand customer groups produced remarkable results and cross-border collaborative business maintained stable development. During the reporting period, it launched Cross-border Wealth Management Connect 2.0 services. The Private Banking Center of Singapore Branch continued to enrich investment and insurance products. Macao Branch reached a new bank-insurance cooperation agreement to provide customers with all-round wealth management services.

As at the end of the reporting period, CNCBI recorded an issued share capital of HKD18.404 billion, and posted total assets of HKD457.421 billion and net assets of HKD54.463 billion. During the reporting period, CNCBI realized operating income of HKD5.202 billion, up by 9.12% year on year, and realized net profit of HKD1.058 billion, down by 41.86% year on year.

CIAM. CIAM is a Hong Kong-based institution mainly engaged in private equity investment and asset management. During the reporting period, CIAM implemented the strategy of "controlling risks, increasing income, reducing costs and streamlining tiers", strengthened the management and orderly exit of projects and platform companies, and increased the recovery of debt projects. In addition, CIAM continued to strengthen expense management and control, reduced operation costs and improved income.

[25] Calculated based on the data of London Stock Exchange.

2.8.6.2 CNCB Investment

CNCB Investment is an overseas wholly-controlled subsidiary of the Bank established in Hong Kong in 1984 with a registered capital of HKD1.871 billion. Its business scope covers lending (it holds a Hong Kong money lender license), investment (mainly including bond investment, fund investment, stock investment, long-term equity investment, etc.), and overseas licensed investment banking business and domestic equity investment fund management business via its own subsidiaries.

As the overseas investment banking platform of the Bank, CNCB Investment aspires to develop itself into "an overseas investment bank with 'Four Features' that ranks in the forefront among Hong Kong-based investment banks of Chinese-funded joint-stock banks". It further deepened the development of the licensed investment banking business system and capability building, and strengthened comprehensive risk management. With the efforts, its brand image further improved and its market competitiveness was continuously enhanced. During the reporting period, the bond underwriting business scale continued to grow. In the first half of the year, 142 projects were implemented, representing 2.08 times increase over the same period of the previous year. The scale of active asset management business continued to expand, with increasingly diverse product services and steady progress in key channel and customer development. Its business performance was recognized by the market. In terms of bond underwriting, it ranked sixth[26] in the Chinese-funded offshore bond market, further growing its influence in the market.

As at the end of the reporting period, CNCB Investment registered total assets equivalent to RMB35.894 billion, up by 2.49% from the end of the previous year, net assets attributable to parent company equivalent to RMB5.431 billion, up by 6.04% from the end of the previous year, and assets under active management equivalent to RMB32.34 billion, up by 12.68% from the end of the previous year. During the reporting period, CNCB Investment realized net profit attributable to parent company equivalent to RMB78 million.

2.8.6.3 CITIC Financial Leasing

Wholly owned by the Bank, CITIC Financial Leasing was incorporated in April 2015 with a registered capital of RMB4.0 billion. As an important strategic arrangement of the Bank to serve the real economy, CITIC Financial Leasing focuses on the mission of serving the real economy, fully serves national strategies according to the business strategy of "developing leasing of two large-sized assets and two small-sized assets and optimizing leasing of medium-sized assets", and advances transformation and development in depth, achieving robust operation performance. During the reporting period, RMB16.424 billion leases were granted, including RMB5.294 billion in direct leasing and operating leasing, accounting for 32.23%, indicating a better business structure and operating model.

During the reporting period, the business strategy of "developing leasing of two large-sized assets and two small-sized assets and optimizing leasing of medium-sized assets" started to unleash great development momentum. On the "large-sized assets side", aircraft leasing and ship leasing saw rapid development. During the reporting period, RMB1.469 billion aircraft leases were granted, overfulfiling the chronological schedule, and RMB1.372 billion ship leases were granted and its market influence was further enhanced. On the "small-sized assets side", retail business grew rapidly. During the reporting period, a total of RMB4.31 billion retail business leases were granted, of which RMB1.466 billion was granted to 5,872 rural households in the field of household photovoltaic, and RMB2.844 billion retail vehicle leases were granted to 43,210 car owners. On the "medium-sized assets side", the advantages in the investment in green leases, high-end equipment and strategic emerging industries were further consolidated. New high-end equipment leases granted during the reporting period took up over half of all types of new leases. As at the end of the reporting period, the balance of green leases amounted to RMB29.807 billion.

[26] The ranking is based on the total underwriting amount on the WST Pro/SereS platform.

As at the end of the reporting period, the total assets of CITIC Financial Leasing recorded RMB66.013 billion, up by 9.32% from the end of the previous year, and the net assets posted RMB8.659 billion, up by 6.53% from the end of the previous year. During the reporting period, CITIC Financial Leasing realized net operating income and net profit of RMB831 million and RMB530 million respectively, up by 6.87% and 40.98% year on year respectively.

2.8.6.4 CITIC Wealth Management

CITIC Wealth Management was incorporated in Shanghai on 1 July 2020 with a registered capital of RMB5 billion. As a wholly-owned subsidiary of the Bank, CITIC Wealth Management mainly engages in the issuance of wealth management products, investment and management of investor assets under custody and financial advisory and consulting.

As at the end of the reporting period, CITIC Wealth Management had 469 employees and no retired employees at the company's expense. It registered total assets of RMB13.465 billion, net assets of RMB12.878 billion, and a capital preservation and appreciation rate of 110%. During the reporting period, it recorded operating income of RMB1.83 billion, net profit of RMB1.159 billion.

For details of asset management business conducted during the reporting period, please refer to relevant content on asset management under "2.8.3 Financial Market Business" in this chapter.

2.8.6.5 CITIC aiBank

CITIC aiBank is the first direct bank with independent legal person status in China jointly established by the Bank and Fujian Baidu Borui Network Technology Co., Ltd. with a registered capital of RMB5.634 billion and was officially opened for business on 18 November 2017. The Bank holds 65.70% of its shares.

During the reporting period, CITIC aiBank adhered to the political and people-oriented nature of financial work, and remained committed to serving the real economy. Relying on its financial technology and digital capability, it gave full play to the synergistic advantages of shareholders, focused on new urban residents and micro and small customer groups, and vigorously developed inclusive finance and digital finance. Centering on household consumption, production and operation, logistics and transportation, etc. the Bank made a separate plan for increasing inclusive credit, and capitalized on featured products such as "Good Spending", "Sci-tech Innovation Loan" and "ai Discounting", and strove to made financial service more accessible to a wider range of customers. As at the end of the reporting period, the Bank cumulatively served over 50 million new urban residents, and granted consumption credit and inclusive, small and micro credit of RMB92.285 billion in total during the reporting period. Relying on the endowment of digital finance innovation and advanced artificial intelligence technology, it delivered industrial financial services more efficiently, reducing the application time for business process by a single micro and small customer by 70%; its retail user management was more intelligent, with the user intent recognition rate of smart customer service reaching more than 93%; it made intelligent risk control more accurate, with the number of risk control features increasing by 110%. With these efforts, the convenience of financial services for inclusive customer groups was further improved.

During the reporting period, focusing on the new three-year strategic plan, CITIC aiBank continued to improve product experience, refined user management, optimized business structure, and consolidated internal risk control, achieving steady and healthy development. As at the end of the reporting period, CITIC aiBank recorded total assets of RMB104.610 billion and net assets of RMB8.813 billion. During the reporting period, it generated net operating income of RMB2.235 billion and net profit of RMB465 million. CITIC aiBank ranked among KPMG's China Leading Fintech 50 for six consecutive years, and won the FinTech Development Award of the PBOC for four consecutive years.

2.8.6.6 JSC Altyn Bank

JSC Altyn Bank was formerly an affiliate of HSBC established in Kazakhstan in 1998. In November 2014, it was wholly acquired by the Halyk Savings Bank of Kazakhstan, the largest commercial bank in the country. In April 2018, the Bank completed the acquisition of a majority stake in JSC Altyn Bank. At present, the Bank holds 50.1% of shares in JSC Altyn Bank.

During the reporting period, JSC Altyn Bank actively implemented the new three-year strategic plan of its parent bank, continued to improve corporate governance, further strengthened comprehensive risk management, and adhered to compliant operation. It increased science and technology input and intensified cross-border business collaboration. It has developed into a value bank, boutique bank, digital bank and high-growth bank and it has provided quality financial services for high-quality Belt and Road cooperation. During the reporting period, JSC Altyn Bank distributed cash dividends for the third time. It maintained a relatively high rate of return, continuing to create value for shareholders.

During the reporting period, JSC Altyn Bank pressed ahead with characteristic operation and further enhanced market competitiveness. In terms of corporate banking, by leveraging the advantages of China's policies for free trade zones, JSC Altyn Bank facilitated enterprises' overseas investment and trade contacts, steadily advanced RMB internationalization, and made cross-border RMB business one of its features. Meanwhile, it accelerated empowerment through digital technology with a focus on the entire auto trade process, and actively explored auto finance products and cooperation channels to support national auto brands going global. In terms of retail banking, JSC Altyn Bank remained committed to the digital development path and created more value for customers through technology empowerment and scenario integration. Also, it vigorously developed online housing mortgage business and officially launched online auto mortgage business.

As at the end of the reporting period, JSC Altyn Bank recorded share capital of 7.050 billion tenge[27], total assets of 1,009.845 billion tenge, and net assets of 121.567 billion tenge. During the reporting period, it realized net operating income of 31.223 billion tenge and net profit of 21.056 billion tenge, and its ROE stood at 35.25%, respectively.

2.8.6.7 Lin'an CITIC Rural Bank

Lin'an CITIC Rural Bank, located in Lin'an District, Hangzhou City, Zhejiang Province, officially started operation on 9 January 2012. It has a registered capital of RMB200 million, with the Bank holding 51% of its equity interest. Lin'an CITIC Rural Bank is mainly engaged in general commercial banking business.

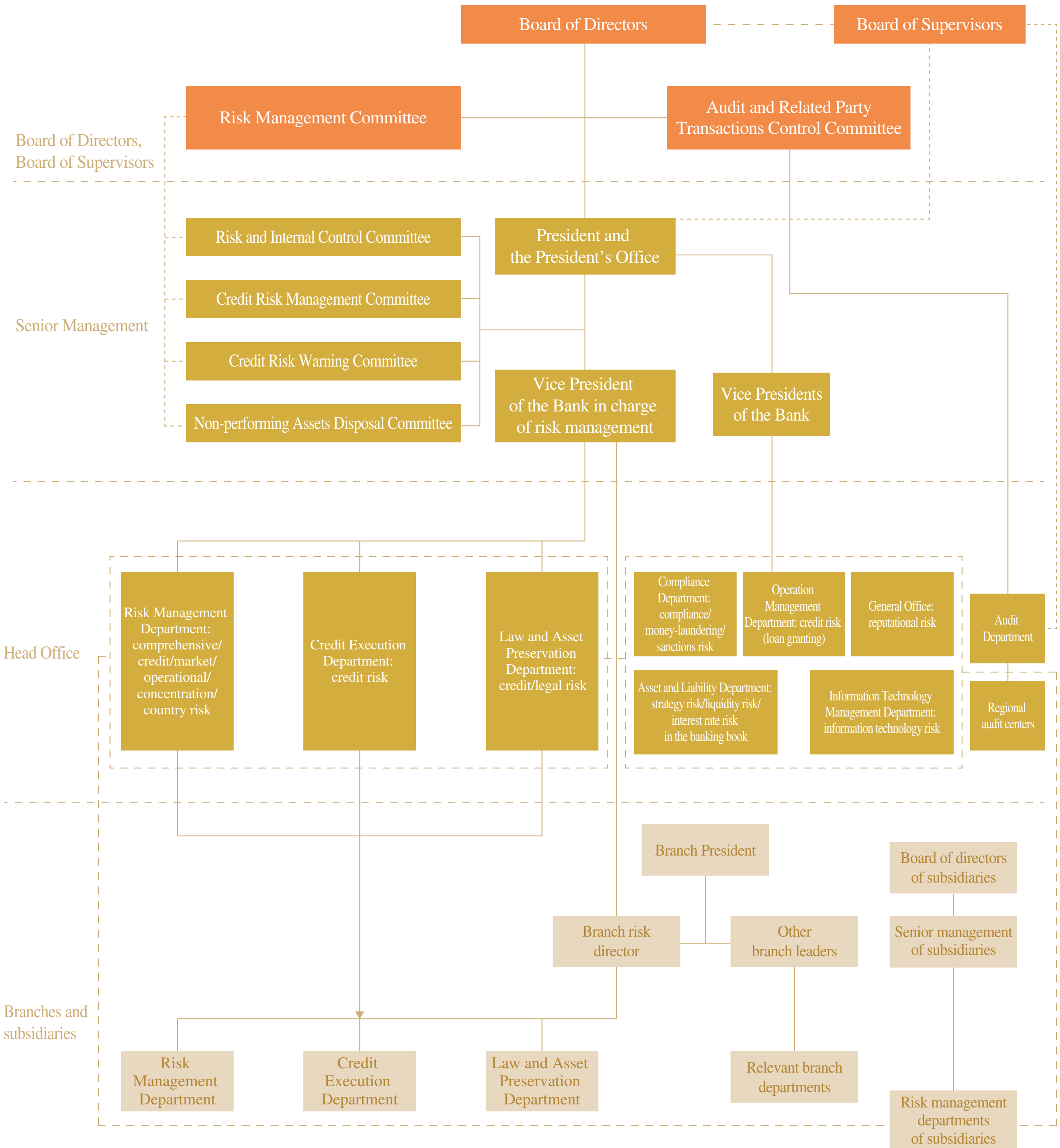
During the reporting period, Lin'an CITIC Rural Bank earnestly studied and implemented the guiding principles from the Central Financial Work Conference. With a focus on the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance, it held the "A Good Start" labor contest, adhered to its mission of "serving Sannong and micro and small businesses", served the national strategies of rural revitalization and common prosperity, and expanded business in key areas such as micro and small businesses (owners), self-employed individuals, farmers, manufacturing and green loans. As at the end of the reporting period, Lin'an CITIC Rural Bank's balance of loans to micro and small businesses recorded RMB1.39 billion and balance of loans to farmers RMB955 million. In total, they accounted for 91.78% of all loans, up by 1.12 percentage points from the end of the previous year.

As at the end of the reporting period, the total assets of Lin'an CITIC Rural Bank were RMB2.24 billion, down by 3.86% from the end of the previous year, the net assets were RMB430 million, up by 1.08% from the end of the previous year, and the allowance coverage ratio was 173.98%. During the reporting period, Lin'an CITIC Rural Bank realized net operating income of RMB35 million and net profit of RMB16 million.

[27] The rate on 30 June 2024 of tenge against Renminbi was 1:0.015362383.

2.9 Risk Management

2.9.1 Risk Management Structure



2.9.2 Risk Management System and Techniques

During the reporting period, the Bank resolutely implemented the decisions and plans of the CPC Central Committee, combined serving the real economy with grasping business opportunities, and realized high-quality development while contributing to building China's financial strength. It continued to improve the comprehensive risk management system featuring "effective risk control and vigorous development promotion", and strengthened the transmission and implementation of risk strategies and risk preference. It solidly promoted the "the combination of Five Policies", conducted research centering on key areas and industries including the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance, improved supporting mechanisms, and proactively arranged the asset investment structure. It improved unified credit management system, and strengthened regional and customer concentration control. It strictly implemented the *Administrative Measures for Large Exposures of Commercial Banks* and other relevant provisions, and met regulatory requirements for limits in terms of all indicators of large exposure management. It continued to integrate credit approval, management and inspection, improved the building of a full-time approver system, and strengthened post-lending and risk mitigation management to improve the quality and efficiency of risk control throughout the process. The Bank exercised stricter control over the quality of all assets, coordinated on- and off-balance sheets, domestic and overseas businesses, the parent bank and subsidiaries, and effectively promoted key corporate projects and retail business risk defusing and resolution. It increased efforts in cash recovery, consolidating risk management fundamentals while seeking economic benefits from troubled assets. It continued to deepen the comprehensive risk management system covering parent company and subsidiaries, strengthened the building of professional risk management teams, and improved the risk management capabilities of the Bank.

The Bank continued to improve the research and development capability of risk control technology, and strengthened the application of advances in digital risk control. During the reporting period, the Bank continued to strengthen the underlying data governance, optimize the internal assessment models for retail and non-retail banking, upgrade big data models, consolidate digital risk control capabilities, and push forward the application of digital risk control tools in the credit extension process of pre-lending approval, post-lending management, risk early warning, collection management and problem assets disposal, empowering business development of the Head Office and branches.

2.9.3 Credit Risk Management

Credit risk refers to the risk of a bank incurring losses in its business due to the failure of its borrowers or transaction counterparties to fulfill the obligations specified in relevant agreements or contracts. The Bank's credit risk mainly comes from various credit businesses, including but not limited to loans (factoring included), guarantee, acceptance, loan commitments and other on-and off-balance sheet credit businesses, bond investment of banking book, derivatives trading and security financing, structured finance and other businesses. Under the overall objective of maintaining stable asset quality and increasing the proportion of high-quality customers and guided by the principle of serving the real economy and preventing risks, the Bank continuously optimized its credit structure, enhanced comprehensive financial service capabilities, strengthened the whole-process credit management, prevented systemic risks, and kept credit risks within a tolerable range. For details on the credit risk management of various businesses of the Bank during the reporting period, please refer to "Business Overview" of this chapter.

During the reporting period, in order to actively adapt to market developments and changes in the policy environment, the Bank took various measures to improve the capability, quality and effectiveness of post-lending management, thereby realizing continuous value creation. Actively advancing the post-lending management system development, the Bank optimized and improved the post- lending management mechanism, and stepped up substantive risk control. It organized and carried out stratified and classified risk monitoring, and strengthened risk investigation in key areas; established a differentiated risk monitoring mechanism, strengthened risk management for key customers, made risk monitoring more targeted and risk control more efficient; improved the early warning committee mechanism, dynamically optimized early warning strategies and rules, and further brought into play the role of early warning.

During the reporting period, taking the implementation of the new rules on capital management as an opportunity and based on the New Three-Year Plan, the Bank, through strengthening organization and support, improving policies and rules, optimizing systems, focusing on building of data governance, strictly conducting valuation management, reinforcing value monitoring, optimizing and upgrading the risk mitigation management system, so as to continuously improve the refined risk mitigation management.

2.9.4 Market Risk Management

Market risk refers to the risk of on- and off-balance sheet businesses of a bank incurring losses due to unfavorable changes in market prices (including interest rate, exchange rate, stock price and commodity price). The main market risk confronting the Bank includes interest rate risk and exchange rate risk. The Bank has established a market risk management policy system covering market risk identification, measurement, monitoring, control and reporting. By closely monitoring market risks, strictly implementing product access and risk limit management, timely conducting risk measurement and reporting and other measures, the Bank has prevented and controlled its market risk. The target of market risk management of the Bank is to control market risk within the reasonable range and maximize risk-adjusted returns based on its risk appetite.

During the reporting period, the Bank measured market risk capital according to the *Rules on Capital Management of Commercial Banks*, and continued to consolidate the system and data foundation of the market risk measurement. It also improved relevant rules for market risk limit management, stress testing and reporting management. In addition, the Bank continuously tracked and monitored market fluctuations such as interest rate and exchange rate, conducted risk investigation and warning, and effectively prevented and responded to market risks. For details of interest rate gap, foreign exchange exposure and sensitivity analysis, please refer to Note 52(b) to the financial report of this report.

2.9.4.1 Interest Rate Risk Management

Management of interest rate risk in the trading book

The Bank established a complete risk limit system for the interest rate risk in the trading book, set limits such as value at risk, interest rate sensitivity and market value loss according to features of different products, and regularly assessed the interest rate risk in the trading book through stress testing and other tools, so as to control the interest rate risk in the trading book within its risk preference.

The Bank's interest rate risk in the trading book is mainly affected by changes in yields of the domestic bond market. During the reporting period, the domestic bond market yields went downwards amid fluctuations. The Bank closely tracked market changes, strengthened market research and judgment, effectively carried out risk monitoring and warning, and prudently controlled the interest rate risk exposure in the trading book.

Management of interest rate risk in the banking book

Interest rate risk in the banking book is defined as the risk of loss in the overall earnings and economic value of the banking book arising from adverse movements in interest rate, maturity structure and other factors. It consists of gap risk, benchmark risk and option risk. The Bank manages its interest rate risk in the banking book with the basic objective of controlling its interest rate risk in the banking book within a reasonable range according to its risk management capability, risk preference and tolerance. Relying on effective comprehensive risk management, the Bank established a sound management system for interest rate risk in the banking book, including a multi-level risk management structure, risk management strategies and processes, risk identification, measurement, monitoring, control and mitigation systems, internal control and audit policies, information management systems, risk reporting and information disclosure mechanism, etc.

During the reporting period, the Bank closely followed changes in monetary policies and fiscal policies, strengthened the analysis and prediction of the trend of market interest rate and the simulation and analysis of customer behavior changes, and took forward-looking measures for proper response. It applied gap analysis, sensitivity analysis, stress testing and other methods to monitor the risk exposure level and changes from multiple dimensions such as re-pricing gap, duration, net interest income fluctuation (ΔNII) and economic value of entity fluctuation (ΔEVE). It also flexibly employed price guidance, duration management, scale management and other management tools to ensure the overall stability of the Bank's interest rate risk exposures in the banking book. With the combined effect of the above management measures, the Bank's management indicators for interest rate risk in the banking book fluctuated within the risk tolerance range of the Bank during the reporting period.

2.9.4.2 Exchange Rate Risk Management

Exchange rate risk refers to the risk of on- and off-balance sheet businesses of a bank incurring losses due to unfavorable changes in exchange rates. The Bank mainly measures the magnitude of exchange rate risk through foreign exchange exposure analysis. Its foreign exchange exposure mainly comes from the foreign exchange position formed through foreign exchange transactions and from foreign currency capital and foreign currency profits. The Bank manages exchange rate risk by reasonably matching Renminbi and foreign currency denominated assets with liabilities denominated in the same currencies and by making appropriate use of derivative financial instruments. For foreign exchange exposures of bank-wide assets and liabilities as well as foreign exchange exposures formed in foreign exchange settlement and sale, foreign exchange trading and other transactions, the Bank sets exposure limits to control its exchange rate risk at an acceptable level.

The exchange rate risk of the Bank was mainly subject to impact of changes in the Renminbi exchange rate against the US dollar. During the reporting period, the exchange rate of RMB against US dollar declined slightly. The Bank strictly controlled the foreign exchange risk exposures of relevant businesses, and intensified routine risk monitoring, forewarning and reporting, controlling the exchange rate risk within the acceptable range.

2.9.5 Liquidity Risk Management

Liquidity risk refers to the risk that a bank is unable to obtain adequate capital in a timely manner and at reasonable cost to repay matured debts, perform other payment obligations or meet other capital needs for normal business. The Bank's liquidity risk management aims to effectively identify, measure, monitor and control the liquidity risk at the legal person level and the Group level by establishing a science-based and sound system for liquidity risk management, and ensure that the liquidity demand can be met at a reasonable cost in a timely manner on the premise of compliance with regulatory requirements.

The Bank has set up a robust governance structure for liquidity risk management, which clearly lays out the division of duties among the Board of Directors, the Board of Supervisors and the senior management and subordinate specialized committees and the relevant management departments of the Bank, and explicitly defines the strategies, policies and procedures on liquidity risk management. The Board of Directors assumes the ultimate responsibility for liquidity risk management of the Bank, and shall review and approve the liquidity risk appetite, liquidity risk management strategy, important policies and procedures, etc. The Board of Supervisors is responsible for supervising and evaluating the performance of the Board of Directors and the senior management in liquidity risk management, and reporting to the general meeting of shareholders. The senior management shall take charge of specific management of liquidity risk, keep abreast of major changes in liquidity risk and regularly report to the Board of Directors. The Asset and Liability Committee of the Head Office shall perform part of responsibilities of the senior management under the latter's authorization. As the leading department for liquidity risk management of the Bank, the Asset and Liability Department of the Head Office is responsible for formulating policies and procedures for liquidity risk management, measuring, monitoring and analyzing liquidity risk and other specific management work. The Audit Department of the Head Office is responsible for auditing, supervising and evaluating the Bank's liquidity risk management.

The Bank maintains a prudent liquidity risk level, implements a prudent, coordinated liquidity risk management strategy, and a unified liquidity risk management model. The Head Office is responsible for formulating liquidity risk management policies and strategies of the Group and its legal-person institutions, and for managing liquidity risk at the legal-person institution level in a centralized manner. All domestic and overseas affiliates of the Group are responsible for developing and implementing their own strategies and procedures for liquidity risk management pursuant to the requirements of competent regulators and within the Group's master policy framework on liquidity risk management.

During the reporting period, in the face of the complex economic environment, the central bank adopted a flexible and appropriate monetary policy that is targeted and effective, enhanced counter-cyclical adjustment, and employed instruments such as interest rate, reserve and re-lending to maintain reasonably ample liquidity. The liquidity of the money market was overall balanced and loose, the interest rates of shorter-term deposits fluctuated around the policy rate, while those of longer-term deposits dropped amid fluctuations.

The Bank constantly enhanced liquidity risk management, increased the foresight and proactiveness of liquidity management and kept optimizing the coordinated management of assets and liabilities. Adhering to stabilizing and increasing deposits, it stepped up efforts in improving the total amount and structure of fund sources and utilization, and maintained a dynamic balance between liquidity and efficiency. It also enhanced liquidity risk measurement and monitoring, kept practicing liquidity risk limit management, and kept liquidity risk indicators meeting regulatory requirements and maintain at reasonable levels. Moreover, the Bank properly conducted routine liquidity management, strengthened market analysis and forecast, made forward-looking fund arrangements, and improved the efficiency of fund utilization on the basis of ensuring liquidity safety. It reinforced proactive management of liabilities and maintained a reasonable and proactive liability structure so as to ensure the smooth channels and diversified sources of financing. In addition, the Bank continued to promote the issuance of financial bonds to replenish and stabilize the sources of liabilities. It paid attention to emergency liquidity management, and enhanced its emergency management capability. During the reporting period, the Bank reasonably set stress scenarios and conducted liquidity risk stress tests on a quarterly basis, comprehensively taking into account major factors and external environmental factors that may trigger liquidity risk. Under the mild, medium and severe scenarios, the Bank's minimum survival periods all exceeded the 30-day limit specified by the regulator.

As at the end of the reporting period, the Group's liquidity indicators continued to meet regulatory requirements. The liquidity coverage ratio was 151.58%, 51.58 percentage points higher than the minimum regulatory requirement, indicating that the Bank had an adequate reserve of premium liquid assets and strong capacity to withstand the short-term liquidity risk, which is set out as below:

Unit: RMB million

Item	**30 June 2024**	31 March 2024	31 December 2023
Liquidity coverage ratio	**151.58%**	128.99%	167.48%
Qualified premium liquid assets	**1,145,166**	1,123,610	923,158
Net cash outflow in the coming 30 days	**755,483**	871,103	551,189

Note: The Group disclosed relevant information on its liquidity coverage ratio in accordance with the *Rules on Disclosure of Liquidity Coverage Ratio of Commercial Banks* (CBRC Decree [2015] No.52).

The net stable funding ratio was 107.67%, 7.67 percentage points higher than the minimum regulatory requirement, indicating that the available stable funding sources for the Bank could support the needs of sustainable business development, which is set out as below:

Unit: RMB million

Item	**30 June 2024**	31 March 2024	31 December 2023
Net stable funding ratio	**107.67%**	105.93%	108.29%
Available stable funding	**5,252,921**	5,140,871	5,081,306
Required stable funding	**4,878,710**	4,853,150	4,692,338

Note: The Group disclosed relevant information on its net stable funding ratio in accordance with the *Rules on Disclosure of Net Stable Funding Ratio of Commercial Banks* (CBIRC Decree [2019] No.11).

For relevant information about the Group's liquidity gaps as at the end of the reporting period, please refer to Note 52(c) to the financial report of this report.

2.9.6 Operational Risk Management

Operational risk refers to the risk of losses resulting from deficient internal procedures, employees and information technology systems and external incidents. It includes legal risk but excludes strategic risk and reputational risk. The target of operational risk management of the Bank is to enhance its risk control capability, effectively prevent operational risk and reduce losses, promote process optimization and improve service efficiency, enhance the capacity to respond to the impact of internal and external events, ensure business continuity and continuous operation, and reduce capital consumption and improve return to shareholders.

During the reporting period, the Bank continued to strengthen the proactive management of its operational risk. It actively advanced the implementation of the new standardized approaches for operational risk under the *Provisional Measures for Capital Management of Commercial Banks*, and continuously bolstered the mechanism for collecting data about loss resulted from operational risk, further improving the quality of data. It defined the priorities of operational risk management for the year, timely started operational risk-triggered evaluation in the links where risk management is weak, enriched the key risk indicator system, and made risk monitoring more forward-looking. It guided consolidated subsidiaries and overseas branches to improve the operational risk system and optimize the functions of the operational risk management system, continuously enhancing the Bank-wide operational risk management. Moreover, it made further endeavors to establish a robust risk management system for its outsourcing business, strengthened the screening and assessment of outsourcing risk, and urged the department in charge of outsourcing affairs to perform its duty. The Bank continued to improve the business continuity system, conducted emergency plan inspections, advanced problem screening and rectification, completed drills on important businesses as scheduled, and continuously improved management quality and efficiency. During the reporting period, the operational risk management system of the Bank operated stably, placing operational risk under control in the overall sense.

2.9.7 Information Technology Risk Management

Information technology risk refers to the operational, legal and reputational risks caused by natural disasters, human factors, technical loopholes and management defects in the application of information technology by commercial banks. Information technology risk management is incorporated into the Bank's comprehensive risk management system and is an important part of comprehensive risk management. With the core concept of "adhering to the bottom line, strengthening awareness, focusing on execution, proactive management and creating value", the Bank is committed to creating an information technology risk culture system covering "all employees, all aspects and full process".

The Bank has established an organizational structure featuring "three lines of defense" consisting of the "one department and three centers"[28] of information technology, Risk Management Department, Compliance Department, Audit Department and other relevant departments. The Bank continued to improve the information technology risk management policy system, strengthened the identification, assessment, measurement, monitoring and control of information technology risk, promoted the safe, sustainable and stable operation of information systems, and continuously improved the application level of information technology, thus enhancing its core competitiveness and sustainability.

During the reporting period, the Bank did not have any major information technology risk event, and the information systems operated well, placing information technology risk under control in the overall sense.

[28] "One department and three centers" of information technology refers to the Information Technology Management Department, Software Development Center, Big Data Center and Technology Operation Center.

2.9.8 Reputational Risk Management

Reputational risk mainly refers to the risk that damages the Bank's brand value, adversely affects its normal operation and even affects market and social stability due to negative opinion of the Bank by stakeholders, the public and the media resulted from the Bank's behaviors, employees' behaviors or external events.

During the reporting period, adhering to the basic principles of "forward-looking, matching, full coverage and effectiveness" in reputational risk management, the Bank attached importance to ex ante assessment, identification of potential risks and source management of reputational risk, regularly inspected reputational risk management and potential risks, properly prepared contingency plans, forestalled and defused risks. In the process of reputational risk disposal, the Bank made quick and coordinated responses, handled reputational events efficiently, actively responded to media and public concerns, and repaired damaged reputation and social image in a timely manner. The Bank continued to strengthen the normalization of reputational risk management, carried out multi-level and differentiated reputational risk training, and strengthened the capabilities of functional departments and branches for prevention and control of reputational risk. The Bank accumulated reputational capital, strengthened brand building, and focused on promoting its brand image of "the more we care, the more you gain".

2.9.9 Country Risk Management

Country risk refers to the risk of losses to the business or assets of the Bank in a country or region or other losses of the Bank caused by the inability or refusal of the debtor in the country or region to repay the Bank's debts due to economic, political and social changes and events in that country or region.

The Bank formulated sound country risk management policies and procedures so as to effectively identify, measure, monitor and control country risk. It identified and measured country risk in cross-border credit extension, investment and off-balance sheet businesses, conducted regular country risk assessment and ratings in countries (regions) where business has been conducted or planned to be conducted, set appropriate country risk limits, and regularly monitored and rationally controlled country risk exposures.

During the reporting period, the Bank revised and improved country risk management rules and processes, pushed forward the improvement of management tools, continuously assessed and monitored country risk, reviewed and adjusted country risk ratings and limits in a timely manner, carried out stress tests on country risk, and controlled country risk at an acceptable level.

2.10 Internal Control

2.10.1 Internal Control System

During the reporting period, the Bank continued to improve internal control management capacity with a focus on key areas. In terms of internal control governance, the Bank established an integrated internal control and compliance governance mechanism, focused on key links in operation management and risks reminded by regulators, and advanced remediation of problems related to compliance and risk. In terms of authorization management, the Bank improved the authorization control mechanism, further refined the rules for exercising authorized rights for the year, and continued to intensify differentiated authorization for businesses such as M&A loans and syndicated loans, making authorization control more scientific and reasonable. Meanwhile, it organized and conducted the annual review of delegation of authority and standardized the management of delegation of authority at branches.

2.10.2 Compliance Management

The Bank attached great importance to operation in accordance with laws and regulations, earnestly performed compliance management and oversight duties, focused on strengthening risk early warning and prevention, and continued to create a strict management atmosphere. **In terms of policy formulation**, the Bank actively implemented regulatory policies, distributed nine issues of *Policy Express* in view of 25 new regulatory policies such as the policy on online loans, and further strengthened transmission and implementation of regulatory requirements. **In terms of compliance review**, the Bank effectively identified, assessed and prevented compliance risks in new products, new businesses and major projects, strengthened compliance review and consulting for cross-border projects, and prevented compliance risks from the source. **In terms of risk screening**, the Bank strictly carried out the requirements of the National Audit Office and the National Financial Regulatory Administration, conducted risk screening with a focus on the quality and efficiency of financial services for the real economy, and enhanced prudent and compliant operation. **In terms of compliance culture**, the Bank launched the subscription account Risk Compliance Culture and guided employees to firmly establish a compliance culture. Meanwhile, it continued to push learning contents such as regulatory penalties, criminal cases and policy interpretations and took steps to see that no systemic risks arise in the Bank.

2.10.3 Anti-money Laundering (AML)

The Bank thoroughly practiced the "risk-based" AML management philosophy, continuously strengthened AML internal control management and money laundering risk management, and comprehensively enhanced AML management in accordance with the *Law of the People's Republic of China on Anti-Money Laundering*, the *Measures for the Administration of Anti-Money Laundering and Counter Terrorist Financing by Banking Financial Institutions*, the *Guidelines for Risk Management Regarding Money Laundering and Terrorist Financing in Corporate Financial Institutions (Trial)* and other laws and regulations regarding AML.

During the reporting period, the Board of Directors, the Board of Supervisors and the senior management earnestly performed the Bank's legal person AML responsibilities, adhered to the guidance of Party building, adopted an appropriate political perspective, made overall plans on AML work, and continued to promote transition to risk-based management. Under the comprehensive risk management system, the Bank set up "three lines of defense" for joint prevention and control, so that the Head Office, branches and sub-branches perform respective duties for AML, jointly advance the rectification of problems at the root and enhance targeted and precise management.

During the reporting period, the Bank revised AML policies to improve their effectiveness, continued to conduct "policy, product and system" reviews, unlocked the value of ex ante review in AML, and assessed money laundering risk at an earlier stage. It improved the AML authorization management mechanism and intensified AML supervision and management of subsidiaries. It continuously improved the mechanism for money laundering risk management of retail customers, raised risk identification accuracy, and further reduced burdens on manual works. It also upgraded and optimized the functions of the AML information system and made it more convenient and intelligent, and worked faster to launch the function of transaction early-warning and intelligent exclusion.

2.11 Internal Audit

The Bank established an independent and vertical internal audit system, with the internal audit function carrying out work under the leadership of the Board of Directors, and being responsible to and reporting to the Board of Directors. The Board of Directors takes ultimate responsibility for the independence and effectiveness of the internal audit, and provides necessary support for the internal audit to be conducted independently and objectively. The Bank's internal audit function, consisting of the Audit Department of the Head Office and eight regional audit centers under its vertical management, performs the duty of audit supervision, and is independent from business operation, risk management and internal control and compliance.

During the reporting period, Bank's internal audit centered on the Bank's development strategy and central task, and followed the guidance of the *Five-Year Plan for the Development of Audit Work (2021-2025)*. The internal audit line of the Bank steadily advanced audits on quality, technology, talent and reform, accelerated digital transformation of its audit function, and actively promoted continuous auditing. It coordinated the efforts to identify problems in auditing and push for remediation. It continued to strengthen the foundation of audit management, stepped up efforts to build a professionally competent audit talent team, conducted research-based audits, and used research findings to guide audit practices. With the efforts, the audit value, quality and efficiency further improved.

During the reporting period, the Bank adhered to the principle of risk orientation and focused on the implementation of national policies and regulatory attention, corporate governance and strategy implementation, and internal control compliance of key links. It conducted audits centering on areas such as services for the real economy, inclusive finance, green finance, real estate financing, government background credit, consumer protection, AML and case prevention, and continuously intensified supervision of key institutions, key areas and key posts. At the same time, it promoted systematic remediation of problems and remediation from the source to promote high-quality and sustainable development of the Bank.

2.12 Material Investments, Material Acquisitions, Material Sales of Assets and Equity

During the reporting period, except for the day-to-day businesses such as transfer of credit assets that are involved in the Bank's normal business operation, the Bank had no other material investments, acquisitions, or sales of assets or equity.

2.13 Information about Structured Entities

For relevant information about structured entities beyond the scope of the Bank's consolidated financial statements, please refer to Note 56 to the financial report of this report.

Chapter 3 Corporate Governance

3.1 Overall Profile of Corporate Governance

During the reporting period, oriented by high-quality development, the Bank earnestly implemented the national decisions and plans as well as the regulatory requirements, effectively improved the modern corporate governance system structure, and accelerated the enhancement of its corporate governance capacity, thereby improving its efficiency in corporate governance comprehensively. It consistently deepened the integration of Party's leadership with corporate governance, kept improving the corporate governance system structure and mechanism featuring "comprehensive leadership by the Party Committee, strategic decisions made by the Board of Directors, lawful supervision by the Board of Supervisors, and implementation by the management". The Board of Directors, the Board of Supervisors and the Senior Management operated in a compliant manner and performed their duties faithfully and diligently, with smooth coordination as well as checks and balances between governance bodies. The channels for directors and supervisors to perform their duties were further broadened, the methods for them to perform their duties were improved, and their capabilities of performing duties were further enhanced. The Bank greatly recognized and actively gave into play the roles of independent directors and external supervisors in supervision and balancing, and fully safeguarded their legal rights such as the right to know.

The Board of Directors continuously strengthened its self-improvement, voluntarily accepted the supervision of the Board of Supervisors and other parties, and leveraged on its strategic leading role to fully support the development of the real economy and reinforce the duty regarding risk prevention. Grounding its efforts in the new development stage, the Bank fully applied the new development philosophy, closely followed the national strategic orientation, and focused on the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance to continuously deepen reform and innovation. It also consistently performed its strategic decision-making responsibilities, and formulated the development plan for 2024-2026 through scientific research, and vigorously facilitated the implementation of strategies. The Bank endeavored to build a "Five Leading" bank, actively advanced the light-capital transformation and development and the comprehensive upgrading of the Bank's financial technology empowerment, thereby accelerating the Bank's high-quality transformation and development. Confronted with the complicated external environment, the Board of Directors further strengthened the concept of prudent operation, kept improving the comprehensive risk management system, and continuously enhanced internal control and compliance standards.

In accordance with the guiding ideology of "fulfilling the functions of the Board of Supervisors", the Board of Supervisors was committed to the principles of "full coverage with a focus on priorities". Pursuant to relevant laws, regulations, regulatory requirements and the provisions in the Bank's Articles of Association, the Board of Supervisors, focusing on the Bank's development strategies and core tasks and based on the Bank's legal position, responsibilities and obligations, focused on supervising key fields such as development strategies, financial management, risk management and internal control, and earnestly carried out supervision work. Paying special attention to the implementation of national economic, financial policies and regulatory requirements by the Board of Directors and senior management, it enhanced duty supervision and evaluation, intensified efforts in the application of duty performance evaluation results, and actively enhanced the quality and effectiveness of supervision. In doing so, it effectively protected the interests of the Bank, its shareholders, employees as well as the society.

The senior management of the Bank carried out operation and management activities strictly in accordance with the Bank's Articles of Association and the authorization of the Board of Directors, earnestly implemented the resolutions adopted by the general meeting of shareholders and the Board of Directors, and actively accepted the supervision of the Board of Supervisors as well. There was no significant difference between the set-up and operation of the Bank's corporate governance bodies and the relevant requirements of the *PRC Company Law*, the NAFR, the CSRC and the SEHK; neither were there major corporate governance issues that the regulatory authorities required to resolve but remained outstanding.

During the reporting period, in accordance with its Articles of Association, the Bank convened 1 extraordinary general meeting, 1 annual general meeting, 2 A shareholders class meetings, 2 H shareholders class meetings, 6 meetings of the Board of Directors and 6 meetings of the Board of Supervisors. The general meetings, the meetings of the Board of Directors and meetings of the Board of Supervisors were all convened in compliance with relevant laws, regulations and the procedures specified in the Articles of Association of the Bank.

3.2 Responsibilities of General Meeting, Board of Directors and Board of Supervisors and Meetings Thereof

3.2.1 General Meeting

Responsibilities of the shareholders general meeting

The shareholders' general meeting is the Bank's organ of power. According to the Articles of Association of the Bank, it is responsible for making decisions on the Bank's business strategies and investment plans; electing and replacing directors as well as shareholder representative supervisors and external supervisors, and deciding on the remunerations of directors and supervisors; deliberating on and approving work reports of the Board of Directors and the Board of Supervisors; deliberating on and approving the Bank's annual financial budget plans, final accounts plans, profit distribution plans and loss remedy plans; deliberating on and approving the change of use of financing proceeds; resolving on the Bank's plan for injection or reduction of registered capital; resolving on the Bank's plans for merger, division, splitting, dissolution, liquidation or change in corporate status of the Bank, resolving on the issue of corporate debt securities or other securities as well as the listing thereof; resolving on the purchase of the Bank's ordinary shares according to laws and regulations; amending the Bank's Articles of Association; engaging and dismissing accounting firms for regular mandatory audit of the Bank's financial reports and deciding on their remunerations or the ways to determine their remunerations; deliberating on proposals put forward by shareholders who individually or collectively hold more than 3% of the voting shares of the Bank; deliberating on matters involving major investments, purchase or disposal of major assets within one year that exceed 10% of the audited net asset value of the Bank for the latest reporting period; deliberating on and approving share incentive plans; deciding on or authorizing the Board of Directors to decide on matters relating to the issued preference shares of the Bank, including but not limited to determining whether to repurchase, convert preference shares or pay dividends; deliberating on related party transactions that shall be reviewed and approved by the general meeting pursuant to relevant laws, administrative regulations, ministerial rules and the securities regulatory rules of the places where the Bank's shares are listed; removal of independent directors from office; deliberating on and approving the rules of procedures of the shareholders' general meeting, Board of Directors and Board of Supervisors; and deliberating on other matters that shall be decided by the shareholders general meeting in accordance with relevant laws, administrative regulations, ministerial rules, requirements of the securities regulators at the places where the Bank's shares are listed and relevant provisions of the Articles of Association of the Bank.

Convening of General Meetings

During the reporting period, the Bank convened 1 extraordinary general meeting, 1 annual general meeting, 2 A shareholders class meetings and 2 H shareholders class meetings, where 23 proposals were adopted after deliberation. These meetings were all convened in compliance with the procedures specified in the Articles of Association of the Bank. Relevant resolutions of the general meetings and class meetings were disclosed by the Bank on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com).

On 11 April 2024, the Bank held the first extraordinary general meeting of 2024, the first A shareholders class meeting of 2024 and the first H shareholders class meeting of 2024 in Beijing. Chairman of the Bank, Mr. Fang Heying presided over the meetings. Other directors, supervisors and the board secretary attended the extraordinary general meeting and A shareholders and H shareholders class meetings, and some senior management members were present at the meetings as non-voting attendees. The extraordinary general meeting reviewed and adopted the proposal regarding the extension of the authorization period to the Board of Directors and its authorized person(s) to deal with relevant matters in relation to the Rights Issue. The proposal was also reviewed and approved at the first A shareholders class meeting of 2024 and the first H shareholders class meeting of 2024.

On 20 June 2024, the Bank held the annual general meeting of 2023, the second A shareholders class meeting of 2024 and the second H shareholders class meeting of 2024 in Beijing. Chairman of the Bank Mr. Fang Heying presided over the meetings. Other directors, supervisors and the board secretary attended the annual general meeting and the A and H shareholders class meetings, and some senior management members were present at the meetings as non-voting attendees. The annual general reviewed and adopted 18 proposals namely the 2023 Annual Report, 2023 financial report, 2023 profit distribution plan, 2024 financial budget plan, shareholder return plan for 2024-2026, report of the use of proceeds from the previous issuance, extension of the effective period of the resolutions in relation to the Rights Issue, engagement of accounting firms and their fees for 2024, special report of related party transactions for 2023, report of the Board of Directors for 2023, report of the Board of Supervisors for 2023, director remuneration policy of the Seventh Session of the Board of Directors, supervisor remuneration policy of the Seventh Session of the Board of Supervisors, appointment of executive directors of the Seventh Session of the Board of Directors, appointment of non-executive directors of the Seventh Session of the Board of Directors, appointment of independent directors of the Seventh Session of the Board of Directors, appointment of external supervisors of the Seventh Session of the Board of Supervisors, appointment of shareholder representative supervisor of the Seventh Session of the Board of Supervisors. Among the proposals, the proposal on extension of the effective period of the resolutions in relation to the Rights Issue was also reviewed and approved at the second A shareholders class meeting of 2024 and the second H shareholders class meeting of 2024.

3.2.2 Board of Directors

Responsibilities of the Board of Directors

The Board of Directors is the decision-making body of the Bank. As per the Articles of Association of the Bank, the principal responsibilities of the Board of Directors include the following: to convene the general meeting and produce work reports to the meeting; to implement the resolutions adopted by the general meeting; to determine the development strategies, business plans and investment proposals of the Bank, and supervise the strategy implementation; to prepare the annual financial budget and final accounts of the Bank; to prepare the profit distribution plans and loss remedy plans of the Bank; to determine the plans for major investment, major assets acquisition, disposal and write-off, asset mortgage, data governance, external donations and other major matters of the Bank in accordance with laws, regulations, supervisory provisions and the Bank's Articles of Association or within the scope of authorization of the general meeting; to prepare proposals for the amendments to the Bank's Articles of Association; to determine the appointment or dismissal of the President of the Bank and the board secretary and to determine matters relating to their remunerations, awards and punishments; considering the nomination by the President, to determine the appointment or dismissal of the Vice Presidents of the Head Office; in accordance with regulatory requirements, to determine the appointment or dismissal of the Business Directors and other senior management members who shall be appointed by the Board, to determine matters relating to their remunerations, awards and punishments, and to supervise the duty performance by the senior management; to review and establish the basic management rules and internal management structure of the Bank, etc. The Board of Directors should listen to the opinions of the Bank's Party Committee prior to making decisions on major issues of the Bank. As at the disclosure date of this report, the Bank's Seventh Session of the Board of Directors comprised 9 members. For details thereof, please refer to "3.3 Overview of Directors, Supervisors and Senior Management Members" of this chapter.

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Work of the Board of Directors

During the reporting period, the Board of Directors convened 6 meetings (including 5 on-site meetings and 1 meeting through circulating of written resolutions). At the meetings, the Board of Directors reviewed and adopted 63 proposals regarding the 2023 Annual Report, 2023 profit distribution plan, 2024 business plan, 2024 financial budget plan, 2023 sustainability report, 2024 audit project plan, report for the first quarter of 2024, engagement of accounting firms and their fees for 2024, re-election and appointment of directors of the Board of Directors, among others. It also listened to 28 presentations regarding the Bank's operation in 2023 and in the first quarter of 2024, report on comprehensive risk management in 2023 and report on comprehensive risk management in the first quarter of 2024, report on internal control, compliance and anti-money laundering in 2023, report on consumer protection in 2023 and work plan for 2024, outsourcing risk assessment report for 2023, report on innovation work in 2023, etc. In accordance with regulatory requirements and the Articles of Association of the Bank, relevant significant events were all submitted to the on-site board meetings for deliberation. Matters requiring voting by written resolutions and eligible for the same as per laws, regulations and the Articles of Association of the Bank were deliberated on and approved at the meetings of Board of Directors for voting by written resolutions.

3.2.3 Board of Supervisors

Responsibilities of the Board of Supervisors

The Board of Supervisors is the supervisory body of the Bank accountable to the general meeting. The principal responsibilities of the Board of Supervisors of the Bank, among others, include the following: to supervise and monitor the development strategies, financial activities, business decision-making, internal control, risk management, compensation management, etc. of the Bank; to guide and supervise the internal auditing of the Bank; and to supervise the duty performance and due diligence of the Board of Directors, the senior management and its members. As at the disclosure date of this report, the Bank's Seventh Session of the Board of Supervisors comprised 7 members. For details thereof, please refer to "3.3 Overview of Directors, Supervisors and Senior Management Members" of this chapter.

Work of the Board of Supervisors

During the reporting period, the Board of Supervisors convened 6 meetings (all on-site meetings) where it strengthened the supervision on financial activities, business decision-making, risk management, internal control and duty performance and due diligence focusing on the work priorities of the Bank, deliberated on and approved 23 proposals, including the Bank's 2023 Annual Report, 2023 profit distribution plan, report on internal control assessment in 2023, 2023 sustainability report, the annual assessment report on the performance of duties by directors, supervisors and senior management members for 2023, work report of the Board of Supervisors for 2023, work plan of the Board of Supervisors for 2024, shareholder return plan for 2024-2026, engagement of accounting firms and their fees for 2024, report for the first quarter of 2024, nomination of candidates for external supervisors and shareholder representative supervisor of the Seventh Session of the Board of Supervisors, composition and the rules of procedures of special committees of the Board of Supervisors, etc., and listened to 43 presentations respectively regarding the Bank's circulars of relevant policies on corporate governance, assessment report on plan implementation in 2021-2023, development plan for 2024-2026, the Bank's operation situations in 2023 and in the first quarter of 2024, report on comprehensive risk management in 2023 and report on comprehensive risk management in the first quarter of 2024, 2024 audit project plan, report on information disclosure in 2023, report on investor relation management in 2023, risk management strategy (2024-2026), report on internal control, compliance and anti-money laundering in 2023, work summary on consumer rights protection in 2023 and work plan for 2024, report on implementation of consolidated management of the Group for 2023, report on equity management of substantial shareholders and major shareholders for 2023, report on implementation of opinions and suggestions of the Board of Supervisors, etc. In this way, the Board of Supervisors got a deep understanding of the operation and management status of the Bank and actively performed its supervisory duties.

The meeting of the Board of Supervisors is the main way for the Board of Supervisors to exert its supervisory function. During the reporting period, based on the comments and suggestions of supervisors, the Board of Supervisors issued 2 *Supervision Work Letters* to relevant business units for research and feedback, and sent them to the Board of Directors and the senior management of the Bank. The Board of Supervisors further improved the whole-process and closed-loop supervision mechanism of meetings of the Board of Supervisors, enhanced the quality and efficiency of the meetings, and strengthened the relationship among various entities of corporate governance. In addition, the Board of Supervisors supervised the decision-making process of the Bank's major matters by participating in general meetings, and attending on-site meetings of the Board of Directors, meetings of special committees of the Board of Directors and senior management meetings as non-voting delegates and reviewing various documents and materials submitted by the senior management.

During the reporting period, the Board of Supervisors improved the *Supervision List of the Board of Supervisors of CITIC Bank* pursuant to the new regulations. In addition to adjustments made pursuant to the new Company Law, it added and specified its supervisory duties in respect of the issuance of corporate bonds and fund raising, money laundering risk management, prevention and control of risks relating to criminal cases and changes in accounting policies, and clarified the responsibilities of the Board of Supervisors in evaluating the duty performance of the Board of Directors, the Senior Management and its members. At the same time, the Board of Supervisors focused on the implementation of the central government's plans and decisions and various regulatory requirements as an important direction of its supervision. Based on the Board of Supervisors' statutory supervisory duties on strategy implementation and management of consumer protection, it conducted surveys in two branches on the three themes of five priorities, implementation of the new three-year development plan and consumer protection. Through scientific planning and selection of survey topics, it continuously optimized the survey mode, strengthened the transformation of survey value, and further improved the effectiveness of survey. It put forward systematic and pertinent opinions and suggestions for reference of the Board of Directors and the senior management, to facilitate the Bank's high- quality development.

3.2.4 Senior Management

The senior management is accountable to the Board of Directors and subject to the supervision of the Board of Supervisors. There is a strict division of duties and separation of power between the Bank's senior management and the Board of Directors. Pursuant to the Articles of Association and as authorized by the Board of Directors, the senior management carries out operation and management activities and actively implements the resolutions of the general meeting and the Board meetings. The Board of Directors evaluates the performance of the senior management members, the results of which shall be used as the basis for determining remunerations and other incentive plans for the senior management members. The senior management should timely, accurately and completely report the Bank's operation and management and provide relevant materials as required by the Board of Directors or the Board of Supervisors. As at the disclosure date of this report, the Bank's senior management comprised 6 members. For details thereof, please refer to "3.3 Overview of Directors, Supervisors and Senior Management Members" of this chapter.

3.3 Overview of Directors, Supervisors and Senior Management Members

3.3.1 List and Information of Directors, Supervisors and Senior Management Members

As at the disclosure date of this report, the Bank's directors, supervisors and senior management members were listed as follows:

3.3.1.1 Directors

Name	Position	Gender	Time of Birth	Term of office	Shareholding at the beginning of the reporting period	Shareholding at the end of the reporting period
Fang Heying	Chairman, Executive Director	Male	Jun. 1966	Sep. 2018-Jun. 2027	915,000	915,000
Cao Guoqiang	Non-executive Director	Male	Dec. 1964	Sep. 2018-Jun. 2027	0	0
Liu Cheng	Executive Director, President	Male	Dec. 1967	Mar. 2022-Jun. 2027	624,000	624,000
Huang Fang	Non-executive Director	Female	May 1973	Nov. 2016-Jun. 2027	0	0
Wang Yankang	Non-executive Director	Male	Mar. 1971	Apr. 2021-Jun. 2027	0	0
Liu Tsz Bun Bennett	Independent Non-executive Director	Male	Dec. 1962	Jun. 2022-Jun. 2027	0	0
Zhou Bowen	Independent Non-executive Director	Male	Oct. 1976	Aug. 2023-Jun. 2027	0	0
Wang Huacheng	Independent Non-executive Director	Male	Jan. 1963	Oct. 2023-Jun. 2027	0	0
Song Fangxiu	Independent Non-executive Director	Female	Apr. 1976	Oct. 2023-Jun. 2027	0	0
Wei Guobin	External Supervisor	Male	Mar. 1959	May 2020-May 2026	0	0
Sun Qixiang	External Supervisor	Female	Sep. 1956	Jun. 2021-Jun. 2027	0	0
Liu Guoling	External Supervisor	Male	Jan. 1960	Jun. 2021-Jun. 2027	0	0
Li Rong	Shareholder Representative Supervisor	Female	Apr. 1968	Jan. 2021-Jun. 2027	364,000	364,000
Cheng Pusheng	Employee Representative Supervisor	Male	Feb. 1968	Mar. 2022-Jun. 2027	354,000	354,000
Zhang Chun	Employee Representative Supervisor	Male	Feb. 1973	Jun. 2024-Jun. 2027	210,000	210,000
Zeng Yufang	Employee Representative Supervisor	Female	Dec. 1970	Sep. 2017-Jun. 2027	188,000	188,000
Hu Gang	Vice President, Chief Risk Officer	Male	Mar. 1967	Since May 2017	1,585,000	1,585,000
Xie Zhibin	Vice President	Male	May 1969	Since Jun. 2019	353,000	353,000
Lü Tiangui	Vice President	Male	Oct. 1972	Since Aug. 2018	550,000	830,000
Lu Jingen	Business Director	Male	Jun. 1969	Since Aug. 2018	553,000	553,000
Zhang Qing	Board Secretary	Female	Aug. 1968	Jul. 2019-Jun. 2027	550,000	550,000
Non-incumbent director, supervisor and senior management member						
Chen Panwu	Employee Representative Supervisor	Male	Jan. 1964	Sep. 2017-Jan. 2024	334,000	334,000
Wang Kang	Vice President, Chief Financial Officer	Male	Jun. 1972	Jan. 2022-Apr. 2024	1,816,800	1,816,800
Liu Honghua	Business Director	Male	May 1964	Aug. 2019-May 2024	540,000	540,000

Notes: (1) The commencement of the terms of office of the re-engaged directors, supervisors and senior management listed above is the time of their respective initial appointment.

(2) Changes in shareholdings of directors, supervisors and senior management members of the Bank during the reporting period listed in the above table were all attributed to share purchase in the secondary market. All of them held the Bank's ordinary H shares, except that Mr. Wang Kang held 16,800 ordinary A shares and 1,800,000 ordinary H shares of the Bank.

(3) As at the end of the reporting period, none of the Bank's incumbent or former directors supervisors or senior management members resigned during the reporting period, held any share options or restrictive shares of the Bank.

3.3.2 Appointment, Resignation and Dismissal of Directors, Supervisors and Senior Management Members

Directors

As the term of office of the Sixth Session of the Board of Directors of the Bank expired in June 2024, the 2023 Annual General Meeting of the Bank appointed members of the Seventh Session of the Board of Directors on 20 June 2024. It appointed Mr. Fang Heying, Mr. Liu Cheng and Mr. Hu Gang as executive directors of the Seventh Session of the Board of Directors, Mr. Cao Guoqiang, Ms. Huang Fang and Mr. Wang Yankang as non-executive directors of the Seventh Session of the Board of Directors, and Mr. Liu Tsz Bun Bennett, Mr. Zhou Bowen, Mr. Wang Huacheng and Ms. Song Fangxiu as independent directors of the Seventh Session of the Board of Directors of the Bank. Among the directors, Mr. Hu Gang was appointed as a new director with term of office commencing from the date on which his qualification was approved by the regulatory authorities, and other directors were re-appointed, with their terms of office commencing from 20 June 2024.

On 20 June 2024, the first meeting of the Seventh Session of the Board of Directors of the Bank reviewed and approved relevant proposals, and appointed Mr. Fang Heying as Chairman of the Seventh Session of the Board of Directors of the Bank, who took office on 20 June 2024.

Supervisors

On 13 January 2024, Mr. Chen Panwu resigned from the positions of employee representative supervisor and member of the Nomination Committee of the Board of Supervisors of the Bank due to retirement. The resignation of Mr. Chen Panwu took effect from 13 January 2024.

Due to the expiration of the term of office of the Sixth Session of the Board of Supervisors in June 2024, the 2nd Joint Meeting of the Second Session of the Employee Representative Meeting of the Bank in 2024 which was held on 29 March 2024 and the 2023 Annual General Meeting which was held on 20 June 2024 appointed members of the Seventh Session of the Board of Supervisors. Mr. Wei Guobin, Ms. Sun Qixiang and Mr. Liu Guoling were appointed as external supervisors of the Seventh Session of the Board of Supervisors; Ms. Li Rong was appointed as shareholder representative supervisor of the Seventh Session of the Board of Supervisors; Mr. Cheng Pusheng, Mr. Zhang Chun and Ms. Zeng Yufang were appointed as employee representative supervisors of the Seventh Session of the Board of Supervisors. Mr. Zhang Chun was a newly appointed supervisor, and others were re-appointed. All of the appointments took effect on 20 June 2024.

Senior management members

On 12 April 2024, Mr. Wang Kang resigned from the positions of Vice President and Chief Financial Officer of the Bank due to work adjustment. The resignation of Mr. Wang Kang became effective from 12 April 2024.

On 23 May 2024, the Board of Directors of the Bank considered and approved relevant proposal, appointing Mr. He Jinsong as Vice President of the Bank. Mr. He would take office on the date when his qualification for Vice President was approved by regulators.

On 31 May 2024, Mr. Liu Honghua resigned from the position of Business Director of the Bank due to retirement. The resignation of Mr. Liu Honghua took effect from 31 May 2024.

On 20 June 2024, the Board of Directors of the Bank considered and approved relevant proposal, re-appointing Mr. Liu Cheng as President of the Bank and Ms. Zhang Qing as Board Secretary of the Bank, both for a term of three years. They can be re-appointed upon expiration of respective term of office.

3.3.3 Changes in Information of Directors, Supervisors and Senior Management Members

Mr. Fang Heying, Chairman and executive director of the Bank, ceased to serve as director of CIFH and CNCBI on since June 2024.

Mr. Liu Cheng, executive director and President of the Bank, ceased to serve as director of CNCB Investment since March 2024.

Mrs. Huang Fang, non-executive director of the Bank, ceased to serve as vice president of Zhejiang Xinhu Group Co., Ltd. since June 2014.

Mr. Liu Tsz Bun Bennett, independent non-executive director of the Bank, began to serve as independent director of China Petroleum & Chemical Corporation since June 2024.

Mr. Zhou Bowen, independent non-executive director of the Bank, began to serve as director and chief scientist of Shanghai Artificial Intelligence Lab since July 2014.

3.3.4 Work Performance of Independent Directors and External Supervisors

The independent non-executive directors of the Bank had no business or financial interests in the Bank or its subsidiaries, and did not hold any other positions in the Bank other than directors. The Bank protected independent non-executive directors' right to know, and provided them with the necessary information in a timely manner and the necessary working conditions for performing duties. During the reporting period, pursuant to regulatory requirements and the Articles of Association of the Bank, the independent non-executive directors of the Bank performed their duties with good faith, independence and diligence, exercised their legal rights such as the right to know and right to make decisions in accordance with laws and regulations. They earnestly participated in the general meetings, meetings of the Board of Directors and its special committees, and special meetings of independent directors. They also actively carried out primary-level research, made independent, professional and objective judgments, and expressed objective, fair and independent opinions, safeguarding the legitimate rights and interests of the Bank, minority shareholders and financial consumers. The independent non-executive directors of the Bank ensured sufficient time and energy to effectively perform their duties, and their entrustment to attend board meetings on proxy complied with regulatory provisions.

The external supervisors of the Bank were free from the influence of substantial shareholders, senior management members, other entities or individuals with a stake in the Bank during their supervision. They paid attention to safeguarding the legitimate rights and interests of minority shareholders and other stakeholders, and were able to perform their supervisory duties independently. The Bank guaranteed the external supervisors' right to know, provided them with necessary information for duty performance in a timely and complete manner, and offered with necessary working conditions for their duty performance. During the reporting period, the external supervisors of the Bank spent sufficient time and energy to perform their duties. They attended the meetings of the Board of Supervisors and general meetings, were present at onsite meetings of the Board of Directors and its specialized committees as non-voting attendees, participated in thematic surveys of the Board of Supervisors, carried out annual duty performance interviews with directors and senior management members, and communicated regularly with external auditors. They proactively got to understand the Bank's operation and management dynamics, studied and analyzed the materials on various agenda items and reports, and exchanged views with the Board of Directors and senior management on concerned matters, made independent, professional and objective judgements, and put forward opinions and comments, so as to effectively enhance the quality and efficiency of the supervision by the Board of Supervisors.

3.4 Profit Distribution

The formulation and implementation of the Bank's cash dividend policy complies with the Articles of Association of the Bank and the requirements of the resolutions of the general meeting, the dividend standard and proportion are clear and definite, and the decision-making process and mechanism are complete. The 2023 profit distribution plan proposed by the Board of Directors of the Bank was approved by the independent non-executive directors, and adopted through resolution by more than 99.997% of A shareholders holding less than 5% of the Bank's shares at the 2023 Annual General Meeting held on 20 June 2024, effectively protecting the rights and interests of minority shareholders.

3.4.1 Profit Distribution Plan for 2023

Upon review and approval by the general meeting, the Bank distributed dividends on ordinary shares for 2023 in cash to the A shareholders on the register as at 9 July 2024 and the H shareholders on the register on 11 July 2024. Cash dividends of RMB3.261 (tax-inclusive) were distributed for every 10 shares, amounting to about RMB17.432 billion in total. The 2023 profit distribution plan of the Bank were explained in detail in the 2023 Annual Report, documents of the 2023 Annual General Meeting, the H-share circular of the 2023 Annual General Meeting, the announcement on the implementation of dividend distribution of A ordinary shares for the year 2023, the announcement on poll results of the annual general meeting of 2023, and the announcement on adjustment to the distribution ratio under the 2023 profit distribution plan. For details, please refer to the relevant announcements published on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com).

3.4.2 Interim Profit Distribution for 2024

The consolidated net profit attributable to ordinary shareholders of the Bank for the first half of 2024 was RMB33.810 billion. The Bank plans to pay interim cash dividends to all ordinary shareholders as shown on the Bank's register on the register date. The cash dividends for A shares and H shares on the register would be RMB1.847 per 10 shares (tax-inclusive) with reference to the total of 53,456,539,588 A shares and H shares on the register as at 30 June 2024 and the total interim cash dividends for ordinary shareholders being RMB9,873,422,861.90 (tax inclusive), accounting for 29.20% of the consolidated net profit attributable to ordinary shareholders of the Bank for the first half of 2024.

As the convertible bonds of the Bank are in conversion period, it is planned that the Bank will maintain the total amount of dividends unchanged and adjust the dividends per share when there is a change in the Bank's total shares before the register date. The Bank will disclose in relevant announcements when there is such change. These dividends shall be denominated and declared in Renminbi, and shall be paid to A shareholders in Renminbi and to H shareholders in Hong Kong dollar. The dividends to be paid in Hong Kong dollar shall be calculated in accordance with the average benchmark exchange rate of Renminbi to Hong Kong dollar as released by the PBOC one week preceding the convening of the extraordinary general meeting (inclusive of the date of the general meeting) that would be held to review the interim profit distribution plan for 2024.

The 2024 interim profit distribution plan of ordinary shares (the "Plan") complies with relevant provisions of the Articles of Association of the Bank and fully protects the legitimate rights and interests of minority investors. After thorough discussion and consideration at the meeting of the Strategic and Sustainable Development Committee under the Board of Directors of the Bank, the Plan was submitted for deliberation at the meetings of the Board of Directors and the Board of Supervisors convened on 28 August 2024, and was subsequently approved. And it shall be submitted to the extraordinary general meeting for approval. It is expected that the Bank will pay the 2024 interim dividends to its ordinary shareholders within two months after adoption of the Plan by the general meeting. Relevant decision-making procedures and mechanisms of the Plan are complete. The Bank proposed to pay the 2024 interim dividends to H shareholders on 15 January 2025. Should there be any change thereof, the Bank will publish a separate announcement for disclosure. The register date and specific method of dividend payment to A shareholders shall be announced separately by the Bank.

The Bank's independent non-executive directors have performed their due responsibilities in the decision-making process of the Plan and expressed their independent opinion on the Plan as follows: The Bank's Interim Profit Distribution Plan for 2024 is in compliance with relevant rules and requirements in laws, regulations and normative documents, consistent with the reality of the Bank, the need to safeguard the long-term healthy development of the Bank and has taken the overall interests of both the Bank and its shareholders, especially minority shareholders into consideration. We hereby endorse the Plan and agree to have the Plan submitted to the general meeting of the Bank.

For details of the 2024 interim profit distribution plan of ordinary shares of the Bank, please refer to relevant announcement published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on the disclosure date of this report.

The Bank did not convert capital reserve into share capital for the first half of 2024.

3.4.3 Tax Information

A Shareholders

For individual investor shareholders, the *Notice on Issues Relating to the Implementation of the Differentiated Individual Income Tax Policy on Dividends Obtained from Listed Companies* (Finance and Taxation [2012] No. 85), and the *Notice on Issues Relating to the Differentiated Individual Income Tax Policy on Dividends Obtained from Listed Companies* (Finance and Taxation [2015] No. 101), both issued jointly by the Ministry of Finance, the State Administration of Taxation and CSRC provide that, for shares of listed companies that an individual investor obtains from public offering and/or the secondary market, if the duration of shareholding is less than 1 month (inclusive), the full amount of his or her dividend income shall be calculated as taxable income; if the duration of shareholding is between 1 month and 1 year (inclusive), 50% of the dividend income shall be calculated as taxable income for the time being; and if the duration of shareholding lasts more than 1 year, the dividend income shall be exempted from individual income tax for the time being. All the above-mentioned dividend income shall be taxed at a uniformly applicable tax rate of 20%.

For securities investment funds that are shareholders of listed companies, the computation and payment of dividend income tax shall be made in accordance with the aforementioned *Notice on Issues Relating to the Differentiated Individual Income Tax Policy on Dividends Obtained from Listed Companies* (Finance and Taxation [2015] No. 101) and *Notice on Issues Relating to the Implementation of the Differentiated Individual Income Tax Policy on Dividends Obtained from Listed Companies* (Finance and Taxation [2012] No. 85).

Resident enterprise shareholders (including institutional investors) shall pay income tax on their cash dividends on their own accord pursuant to relevant taxation requirements of the nation.

For Qualified Foreign Institutional Investors (QFII), listed companies are required to withhold and pay enterprise income tax at the rate of 10% pursuant to the *Notice of the State Administration of Taxation Concerning the Relevant Issues on the Withholding and Payment of Enterprise Income Tax Relating to the Payment of Dividends, Bonuses and Interests by PRC Resident Enterprises to QFIIs* (SAT Letter [2009] No. 47). Where the dividend paid to a QFII is entitled to relevant treatments under a tax agreement (arrangement), the QFII may apply to the competent tax authority for such treatment. The latter shall implement the treatment as stipulated in the tax agreement after verifying the validity of the application. Where a tax refund is involved, the QFII shall promptly submit a tax refund application to the competent tax authority on its own accord after receiving the dividend.

H Shareholders

For overseas residents that are individual shareholders of listed companies, the *Notice of the State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of SAT Document* [1993] No. 045 (SAT Letter [2011] No. 348) provides that, dividends received by such overseas residents for their personal holding of shares issued by domestic non-foreign-invested enterprises in Hong Kong shall be subject to the payment of individual income tax under the "interest, dividend and bonus income" item, and that such individual income tax shall be withheld and paid by the withholding agents according to relevant laws at a tax rate of 10%. Where overseas residents that are individual holders of shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax treaties signed between their countries of residence and China or the tax arrangements made between the Chinese mainland and Hong Kong (Macao) SAR, the tax rate for dividends under the relevant tax treaties and tax arrangements is 10% in general. For the purpose of simplifying tax administration, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, upon payment of dividends, generally withhold individual income tax at the rate of 10%, without the need to file an application. If the tax rate for dividends is not equal to 10%, the following provisions shall apply: (1) for residents of countries that have signed lower than 10% tax rate treaties, the withholding agents may file on their behalf applications for the relevant agreed preferential tax treatments, under which circumstances the over-withheld tax amounts will be refunded upon approval by the competent tax authorities; (2) for residents of countries that have signed higher than 10% but lower than 20% tax rate treaties, the withholding agents shall withhold individual income tax at the agreed tax rate effective at the time of dividend payment, without the need to file an application; and (3) for residents of countries without tax treaties or under other situations, the withholding agents shall withhold individual income tax at 20% upon payment of dividends.

For non-resident enterprises that are shareholders of listed companies, the *Notice of the State Administration of Taxation on the Issues Concerning Withholding Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Shareholders that Are Nonresident Overseas Enterprises* (SAT Letter [2008] No. 897) provides that, a PRC resident enterprise, when paying dividends for 2008 and subsequent years to H shareholders that are non-resident overseas enterprises, shall withhold and pay the enterprise income tax at a uniform rate of 10%.

Tax matters in relation to the Shanghai-Hong Kong Stock Connect shall be handled according to the provisions of the *Notice on Relevant Taxation Policies in Connection with the Pilot Shanghai-Hong Kong Stock Connect Mechanism* (Finance and Taxation [2014] No. 81) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC.

3.5 Information Disclosure

During the reporting period, by strictly following the principles of truthfulness, accuracy, completeness, timeliness and fairness, abiding by laws and regulations, and in light of the information needs of investors, the Bank published 223 periodic reports, interim announcements and other documents at the SSE and the SEHK. Meanwhile, the Bank kept improving the framework and contents of its periodic reports, increased disclosures regarding market concerns, and constantly improved the pertinence and effectiveness of information disclosure, so as to provide investors with timely, sufficient and effective information for the effective protection of investors' right to know.

3.6 Management of Related Party Transactions

During the reporting period, the Bank continued to value the management of related party transactions, improved the management mechanism for related party transactions, optimized its rules and mechanism for such management, enhanced internal control management, review and approval, advanced the IT application and intelligent development for related party transactions, and raised the management quality and efficiency for related party transactions. The Bank also promoted the creation of synergistic value and shareholder value under the premise of compliance, and effectively safeguarded the interests of the Bank and its shareholders.

The Bank upheld its management system that featured decision making by the Board of Directors, supervision by the Board of Supervisors, execution by the senior management, and division of duties among business units. The Bank effectively performed its obligations of reviewing and disclosing the related party transactions, submitted all material related party transactions to the Audit and Related Party Transactions Control Committee for review and to the Board of Directors for deliberation, and then disclosed such transactions and filed them with the NAFR for record, in strict compliance with relevant requirements on the management of related party transactions. The members of Audit and Related Party Transactions Control Committee under the Board of Directors, are all independent non-executive director. It carried out preliminary review of material related party transactions and expressed independent opinions thereabout on behalf of minority shareholders to ensure that such transactions were made pursuant to internal approval procedures and in a fair manner on terms no more favorable than those available to independent third parties and in the overall interests of the Bank and all of its shareholders.

During the reporting period, the Bank strengthened its supervision over policy implementation, constantly reinforced the management of related party transactions, continuously improved the IT application and intelligent development of related party transaction management, and ensured the compliance and orderly conduct of related party transactions. **It reinforced the management of related party transactions on deposit business across the Bank**, and according to the latest regulatory requirements, carried out special training on related party transactions on deposit business, and strengthened the awareness of management requirements for related party transactions on deposit business across the Bank, to ensure that the review, disclosure and reporting procedures for major related party transactions be followed in accordance with requirements. **The Bank supported its subsidiaries to reinforce related party transactions**. It printed and issued the notification on reinforcing related party transactions of subsidiaries, introduced targeted measures centering on related party transaction management systems and mechanisms, processes and regulations, system buildings, and so on, and specified responsible units and specific requirements for each item, so as to help subsidiaries to meet regulatory requirements. **The Bank carried out self-inspection and rectifications on compliance of related party transactions**, with inspections focusing on reporting related party information and related party transaction data, raised the awareness of management regulations across the Bank, and monitored each unit to improve daily management, so as to prevent compliance risks. **It continuously improved the IT application of related party transaction management**, further strengthened proactive identification of related parties, developed and launched the “suspicious related party customers” system, which can automatically match the Bank’s suspicious related parties with customer information, precisely identify targets of due diligence, and improve the efficiency of related party identification.

3.7 Investor Relations Management

Attaching consistent and great importance to investor protection and services, the Bank continued to optimize its multi-dimensional and multi-tier investor communication and service system in response to the communication needs of different types of investors at home and abroad. During the reporting period, the Bank made the annual results release available to the general public in the form of "onsite + live" streaming the event through China CITIC Bank APP and other platforms, which accumulated 10,000 views and received positive feedback from the market. At the results release, the Chairman and the Senior Management elaborated on the objectives of the Bank's new three-year development plan and the meanings of "Five Leading" strategy, and actively responded to the issues of concern to the capital market and the media, including the credit extension, interest spread trend, asset quality, capital management, dividend distribution policy, etc. After the results release, the Bank timely published the video recording of the meeting on its official website, so that investors who failed to attend the meeting could know about the Bank's operation and management in time. After the release of the annual results, the senior management of the Bank led a team to Hong Kong for a results release conference, and held performance road shows in Hong Kong, Beijing and Shanghai, introducing the Bank's operating status and development strategy to the market, which continuously enhanced investors' recognition to the Bank's value. During the reporting period, the Bank held more than 60 investor exchanges by holding road shows, receiving investor surveys and attending strategy meetings of investment banks. The Bank recorded the above-mentioned investor reception and communication activities according to relevant regulatory requirements, and properly kept relevant documents as records. Moreover, for effectively protecting the rights and interests of minority investors, the Bank designated employees to actively communicate with minority investors through interaction on the SSE e-interactive platform and answering questions from investor via hotline and emails, doing a good job in communication with small and medium investors so as to convey the investment value of the Bank to investors who follow the Bank's development. The Bank reviewed and checked the implementation of the Shareholders Communication Policy regarding investor relations management and information disclosure during the reporting period, and deemed that the above work was carried out actively and effectively.

3.8 Implementation of Equity Incentive Scheme, Employee Stock Ownership Plan or Other Employee Incentive Measures during the Reporting Period

The Bank did not have equity incentive scheme, employee stock ownership plan or other employee incentive measures in effect as at the end of the reporting period.

3.9 Information on Staff and Affiliates

3.9.1 Number and Mix of Employees, and Affiliates

As at the end of the reporting period, the Group had 63,821 employees, including 63,017 under labor contracts with the Group and 804 dispatched to the Group or hired with letters of engagement by the Group. Male and female employees (senior management included) accounted for 45.15% and 54.85% of the total respectively. The Group bore fees for 3,030 retirees.

The Bank's Affiliates List (subsidiaries not included)

Division of region	Name of the affiliate	Business address/Postal code	Number of outlets	Number of employees (persons)	Total assets (RMB million)
Headquarters	Head Office	Address: 6-30/F and 32-42/F, Building No.1, 10 Guanghua Road, Chaoyang District, Beijing Postal Code: 100020	1	5,966	2,946,914
	Credit Card Center	Address: CITIC Bank Building, No. 121 Fuhua 1st Road, Futian Street, Futian District, Shenzhen, Guangdong Province Postal Code: 518048	1	5,191	491,067
Bohai Rim	Beijing Branch	Address: Building C, 1/F Building D, 1/F Building E and Room A 1/F Building F of Fuhua Building, No. 8 Chaoyangmen North Street, Dongcheng District, Beijing Postal Code: 100027	81	3,501	1,347,359
	Tianjin Branch	Address: A5 No. 162 Zhangzizhong Road, Heping District, Tianjin Postal Code: 300020	38	1,004	100,320
	Shijiazhuang Branch	Address: CITIC Tower, No. 10, Ziqiang Road, Qiaoxi District, Shijiazhuang, Hebei Province Postal Code: 050000	65	1,884	145,242
	Jinan Branch	Address: CITIC Plaza, No. 150, Luoyuan Street, Jinan, Shandong Province Postal Code: 250002	48	1,633	135,563
	Qingdao Branch	Address: No. 22, Hong Kong Middle Road, Qingdao, Shandong Province Postal Code: 266071	53	1,699	143,296
	Dalian Branch	Address: No. 29, Renmin Road, Zhongshan District, Dalian, Liaoning Province Postal Code: 116001	24	762	54,145

Division of region	Name of the affiliate	Business address/Postal code	Number of outlets	Number of employees (persons)	Total assets (RMB million)
Yangtze River Delta	Shanghai Branch	Address: B1, Room 101-1 1/F, 201-2 2/F, 302-4 3/F, 9-15/F, No. 112 & 138 Expo Road, Pudong New Area, Shanghai Postal Code: 200126	60	2,220	552,912
	Nanjing Branch	Address: CITIC Tower, No. 348, Zhongshan Road, Nanjing, Jiangsu Province Postal Code: 210008	86	3,431	540,716
	Suzhou Branch	Address: West Building, Business Center, Financial Harbor, No. 266 East Suzhou Avenue, Suzhou Industrial Park, Suzhou, Jiangsu Province Postal Code: 215028	29	1,264	208,745
	Hangzhou Branch	Address: No. 9 Jiefang East Road, Shangcheng District, Hangzhou, Zhejiang Province Postal Code: 310016	97	4,235	653,788
	Ningbo Branch	Address: CITIC Tower, No. 36, Zhenming Road, Haishu District, Ningbo, Zhejiang Province Postal Code: 315010	29	890	130,948
Pearl River Delta and West Strait	Fuzhou Branch	Address: Hengli Financial Center, No. 6, Guanfengting Street, Gulou District, Fuzhou, Fujian Province Postal Code: 350000	53	1,521	112,182
	Xiamen Branch	Address: 334-101, 201, 301, 401, Hubin South Road, Siming District, Xiamen, Fujian Province Postal Code: 361000	17	463	36,771
	Guangzhou Branch	Address: CITIC Plaza, No. 233, Tianhe North Road, Guangzhou, Guangdong Province Postal Code: 510613	105	3,507	462,398
	Shenzhen Branch	Address: 5-10/F, North Tower, Phase II Time Square, No. 8 Third Central Road, Futian District, Shenzhen, Guangdong Province Postal Code: 518048	55	1,848	385,224
	Haikou Branch	Address: Banshan Garden, No. 1 Jinmao Middle Road, Longhua District, Haikou, Hainan Province Postal Code: 570125	11	346	23,562
Central China	Hefei Branch	Address: No. 396, Huizhou Avenue, Baohe District, Hefei, Anhui Province Postal Code: 230001	41	1,244	144,591
	Zhengzhou Branch	Address: CITIC Bank Building, No. 1 Business Inner Ring Road, Zhengdong New District, Zhengzhou, Henan Province Postal Code: 450000	87	2,386	242,287
	Wuhan Branch	Address: CITIC Tower, No. 747 Jianshe Avenue, Hankou, Wuhan, Hubei Province Postal Code: 430000	50	1,600	207,350
	Changsha Branch	Address: No. 1500 Third Section of Xiangjiang North Road, Kaifu District, Changsha, Hunan Province Postal Code: 410011	41	1,236	127,355
	Nanchang Branch	Address: Building D3, Lvdi Central Plaza, No. 998, Hongguzhong Avenue, Honggutan District, Nanchang, Jiangxi Province Postal Code: 330038	21	730	94,243
	Taiyuan Branch	Address: 1-17/F, Building 31, No. 65 Pingyang Road, Xiaodian District, Taiyuan, Shanxi Province Postal Code: 030006	30	962	67,207

Division of region	Name of the affiliate	Business address/Postal code	Number of outlets	Number of employees (persons)	Total assets (RMB million)
Western China	Chongqing Branch	Address: No. 5 Jiangbeicheng West Avenue, Jiangbei District, Chongqing Postal Code: 400020	33	1,133	136,406
	Nanning Branch	Address: No. 36-1, Shuangyong Road, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region Postal Code: 530021	19	560	55,911
	Guiyang Branch	Address: North Second Tower, BL Zone, Guizhou Financial City, Changling North Road, Guanshanhu District, Guiyang, Guizhou Province Postal Code: 550081	15	440	34,976
	Hohhot Branch	Address: CITIC Tower, Ruyihe Avenue, Ruyi Development Area, Hohhot, Inner Mongolia Autonomous Region Postal Code: 010010	30	839	47,760
	Yinchuan Branch	Address: No. 160 Beijing Middle Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region Postal Code: 750002	8	252	19,070
	Xining Branch	Address: Building 2, Shengshida Financial Center, Wenyuan Road No.1, Chengxi District, Xining, Qinghai Province Postal Code: 810008	9	224	15,949
	Xi'an Branch	Address: No. 1, Middle Section of Zhuque Road, Xi'an, Shaanxi Province Postal Code: 710061	39	1,149	97,392
	Chengdu Branch	Address: La Defense Tower, No. 1480 North Section of Tianfu Avenue, High-Tech Zone, Chengdu, Sichuan Province Postal Code: 610042	44	1,423	191,402
	Urumqi Branch	Address: CITIC Bank Tower, No. 165, Xinhua North Road, Urumqi, Xinjiang Uygur Autonomous Region Postal Code: 830002	12	401	28,569
	Kunming Branch	Address: Fulin Square, Baoshan Street, Wuhua District, Kunming, Yunnan Province Postal Code: 650021	30	847	74,912
	Lanzhou Branch	Address: No. 9 Minzhu West Road, Chengguan District, Lanzhou, Gansu Province Postal Code: 730000	13	337	24,831
	Lhasa Branch	Address: No. 22 Jiangsu Road, Lhasa, Tibet Autonomous Region Postal Code: 850000	2	120	10,907

Division of region	Name of the affiliate	Business address/Postal code	Number of outlets	Number of employees (persons)	Total assets (RMB million)
Northeastern China	Harbin Branch	Address: CITIC Tower, No. 236, Hongqi Avenue, Nangang District, Harbin, Heilongjiang Province Postal Code: 150000	18	506	32,501
	Changchun Branch	Address: No. 718, Jiangong South Road, Chaoyang District, Changchun, Jilin Province Postal Code: 130000	21	498	39,716
	Shenyang Branch	Address: No. 336, Daxi Road, Shenhe District, Shenyang, Liaoning Province Postal Code: 110014	45	1,343	56,993
Overseas	London Branch	5th Floor, 99 Gresham Street, London, EC2V 7NG, UK	1	44	23,573
	Hong Kong Branch	80 FL. International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong	1	1	1,443
	Sydney Representative Office	Level 27, Gateway, 1 Macquarie Place, Sydney, NSW 2000, Australia	1	3	–

Notes: (1) Except employees listed in above table, the Bank seconded 5 employees to JSC Altyn Bank.
(2) The Credit Card Center mentioned in the above table had 77 sub-centers.
(3) The "total assets" in the above table did not deduct the offset balance between affiliates.

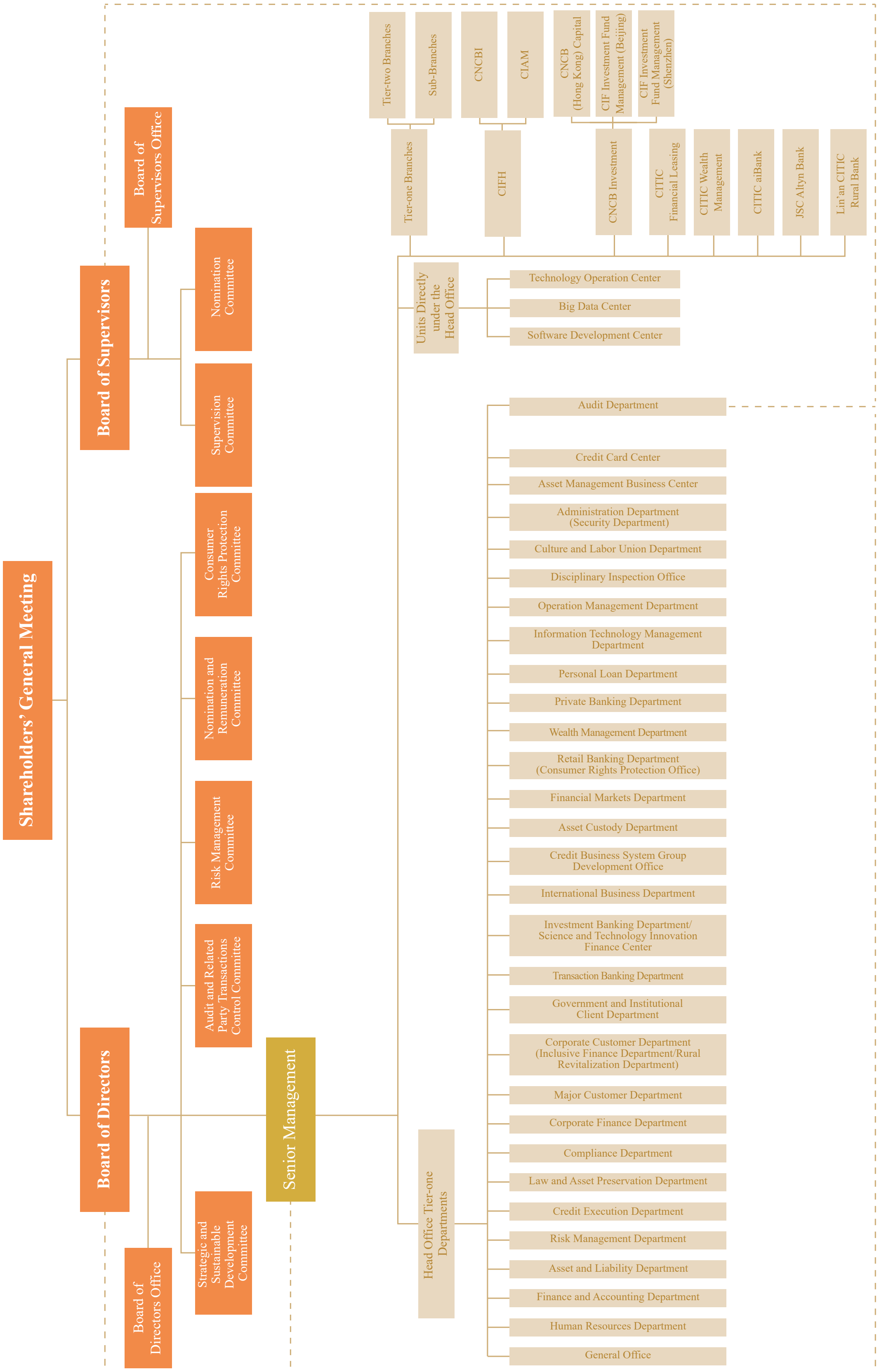
3.9.2 Human Resources Management

The Bank deeply practiced the value-growth human resources concept. It continued to improve the human resources management system conducive to its strategy, development and transformation. During the reporting period, the Bank continuously improve the organizational stricture compatible with the task of development of technology finance, green finance, inclusive finance, pension finance and digital finance, highlighted the customer-centered philosophy, and optimized the organizational structure of branches' financial business and financial market business. It strengthened the allocation of talents for the "Five Leading" strategy and in key areas and key sectors, continued to reinforce selection, cultivation, management and utilization of talents, and emphasized the incentive and constraint mechanism to further advance the science-based allocation of human resources, remuneration resources and training resources and promote the release of their effects, so as to provide firm support for the development of technology finance, green finance, inclusive finance, pension finance and digital finance, and build the Bank into a leading wealth management bank, a leading comprehensive financing bank, a leading trading settlement bank, a leading forex service bank, and a leading digital bank.

The Bank adhered to a remuneration concept featuring position value, performance contribution and competence demonstration. It constantly optimized the remuneration distribution mechanism with value creation at the core, and continuously improved the structure for internal income distribution. Meanwhile, the Bank actively implemented national policies, channeled more remuneration resources to front office and junior-level employees, continued to improve the wage and welfare for its employees, and gave full play to the positive incentive role of remuneration. Employee remuneration of the Bank consists of basic salary and performance-based remuneration, with the former determined by employees' job responsibilities and abilities in duty performance, and the latter linked to the Bank's overall operating results and employees' personal performance and duty performance abilities. The Bank put in place a policy of deferred payment of performance-based remuneration for middle and senior-level officials as well as employees in key positions and a clawback system. The performance-based remuneration paid to relevant persons violating rules or disciplines or persons in charge of business with abnormal risk exposures within their responsibilities shall be returned based on the decisions on accountability.

The Bank constantly upheld the idea of "talents are the primary resource", comprehensively implemented a series of demonstration talent project such as "Sailing a Hundred Ships". In terms of talent cultivation, the Bank, focused on "political integrity, professional competence and comprehensive capability". In the meantime, according to the development plan and the annual key work, the Bank focused on each team's development goals and talents' weakness in capability, and comprehensively adopted a wide range of ways including concentrated training, online learning and on-the-job training, integrating training with practice to cultivate talents in field work.

3.9.3 Organizational Chart



Chapter 4 Environmental, Social and Governance (ESG)

One of the development principles of the Bank is to adhere to prudent operation and sustainable development. The Bank pursues long-termism development, balances development and risks in a coordinated manner, and properly handles the relations between short-term and long-term interests, and between overall and partial perspectives. The Bank adheres to the ESG concept and green development, actively fulfills its social responsibilities, and continuously improves its environmental, social and governance performance.

During the reporting period, the Bank continued to improve the ESG management system and mechanism. It launched the building of the "carbon peaking and carbon neutrality" management system, strove to build the statistical and management capabilities of Scope 3 emissions, continuously strengthened data governance and enhanced the reliability of data. The Bank continuously promoted the integration of the ESG philosophy into daily operation and management, and incorporated ESG-related contents into its employee post qualification certification system for the whole Bank. It carried out the Special Training Course on ESG Capability Improvement of China CITIC Bank for ESG management personnel teams of the Head Office, branches and sub-branches, and organized training sessions on the concept of ESG sustainable development, carbon peaking and carbon neutrality management, climate change and green finance etc. to further enhance the Bank's ESG management.

Under the strategic leadership of the Board of Directors, the Bank actively supported key areas of the real economy, vigorously developed green finance, inclusive finance and elderly-oriented finance, actively served the rural revitalization strategy, and continuously carried out precision assistance and public welfare donations. During the reporting period, the Bank compiled the *2023 Environmental Information Disclosure (TCFD) Report of China CITIC Bank* with reference to the PBOC's *Guidelines for Financial Institutions Environmental Information Disclosure* and the TCFD framework. In July 2024, MSCI, the international authoritative index institution, raised the annual ESG rating of the Bank from BBB to A.

4.1 Environment Information

Closely following the national strategic directions, the Bank worked to practice the philosophy about green development, actively tackled challenges from climate changes, constantly refined the systems and mechanisms related to green finance, vigorously developed green finance businesses like green credit and green bonds, proactively explored green finance product innovation, and continuously improved the integrated services of green finance. The Bank actively pushed forward relevant measures for green operation, always advocated "green office", strengthened "carbon footprint" audit, and facilitated the realization of the goals of "peak carbon emissions" and "carbon neutrality". During the reporting period, there was no administrative punishment imposed to the Bank due to environmental issues.

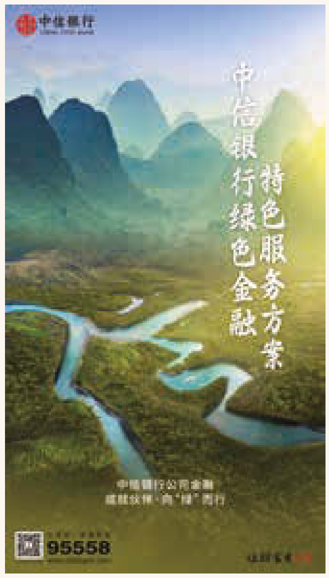
4.1.1 Green Finance

Green Finance **Special Column**

Aiming to become a globally leading green and sustainable bank, the Bank proactively followed the strategic development plan for green finance, thoroughly implemented the guiding principles from the Central Financial Work Conference, raised the awareness of green development on all fronts, strengthened organization and promotion of green finance, increased comprehensive service capability of green finance, deepened green finance and strived for tangible outcomes.

The Bank established an organizational system for the development of green finance, which consists of the levels of strategic decision-making, senior management, and execution. It regularly held meetings of the steering group for green finance to develop strategies and objectives for green finance business, and guide the implementation of green finance work of the whole Bank. The Major Customer Department of the Head Office set up the Green Finance Division to be responsible for promoting the development of green finance business in the whole Bank. During the reporting period, the Bank continued to improve the institutional building for green management, formulated the *Plan for Green Finance Development of China CITIC Bank (2024-2026)*, to comprehensively advance the strategic implementation of green finance business, and also worked out the *Special Action Plan of China CITIC Bank for Deepening Green Finance for Tangible Outcome*, to push forward high-quality development of green finance. In terms of the incentive mechanism, the Bank developed differentiated pricing as well as review and approval policies for green credit, and provided pricing subsidies and economic capital incentives.

The Bank fully leveraged the advantages in intra-Group coordination. In line with customers' needs in the green development scenario and the features of green industry development, it created six product matrices of financing management, capital management, supply chain management, China CITIC Bank subsidiaries, CITIC Group finance-finance cooperation, and CITIC Group industry-finance cooperation, forming a "1+N+N" green finance product and service system featuring "the Bank+the Bank's subsidiaries+the Group's subsidiaries" to contribute to enterprises' lower carbon emission, emission reduction and sustainable development. During the reporting period, the Bank continued to improve the green "toolbox". Besides green financing, it provided enterprise customers with featured green services such as carbon development, carbon trading, carbon consultation and carbon accounts. Among them, the major featured product CITIC Carbon Account kept leading the industry. As at the end of the reporting period, it saw its user number exceeding 14.60 million and emissions reduced cumulatively by more than 78,000 tons. During the reporting period, Employee Carbon Account went live, which was a carbon inclusive service platform customized by the Bank for customers, and the first one of the kind in the steel industry. The product provided 23 low-carbon and emission reduction scenarios of eight major categories in production and daily life for employees, vigorously promoting the adoption of green and low-carbon behaviors into the work and life of employees.



As at the end of the reporting period, the balance of green credit was RMB529.277 billion[29], representing an increase of RMB70.255 billion, or 15.31% compared with the end of the previous year. The number of green credit customers exceeded 5,500, an increase of more than 600 compared with the end of the previous year. The industrial structure continued to improve, and the amount of loans extended to key industries of clean energy like PV and wind power kept increasing. The proportion of clean energy industry in green finance reached a new high, and the quality and efficiency of green development continued to improve.

[29] According to the statistics standard of PBOC.

During the reporting period, CITIC Bank International Limited, a overseas subsidiary of the Bank, constantly innovated and improved green and sustainable financial credit products, increased financial support for industries in the process of green and low-carbon transition, proactively provided green, social and sustainable loans, and guided capital to flow into environment-friendly projects. Meanwhile, leveraging sustainable development-linked loans, the Bank helped energy-intensive industries with high emissions to formulate practical sustainable development goals, so as to effectively leverage the support of sustainable finance for social transition. As at the end of the reporting period, the balance of green and sustainable credit of CITIC Bank International Limited stood at HKD14.627 billion, representing an increase of 61.80% compared with the end of the previous year.

Green bonds

In response to the national major strategic policies and plans, the Bank made unremitting efforts in business innovation, paid continuous attention to carbon neutrality and other ecological environment-themed financial products, increased support to green finance, and endeavored to boost green economic development.

During the reporting period, the Bank strengthened investment in green bonds. It actively carried out bilateral market-making quotations for green bonds, and provided green bond pricing benchmark and liquidity support for the market. As at the end of the reporting period, the balance of investment in RMB green bonds was RMB15.636 billion, covering green asset-backed securities, green financial bonds, green corporate bonds, green short-term financing bonds and green government bonds. In terms of bond underwriting, as the lead underwriter in the market, the Bank underwrote 24 green bonds with a total amount of RMB10.249 billion during the reporting period, and underwrote the first 30-year green medium-term notes in the market and the first green medium-term notes on new infrastructure and new urbanization. The proceed of green medium-term notes on new infrastructure and new urbanization was used on the construction of transmission, storage and peak sharing facilities in clean energy of above-mentioned areas.

During the reporting period, CNBC Investment, an overseas subsidiary of the Bank, participated in the issuance of 26 green bonds cumulatively, accounting for 18% of the total number of green bonds underwritten in the first half of the year. Total proceeds raised reached USD7.588 billion, accounting for 27% of the total underwriting volume in the first half of the year. The green bonds covered sustainability, green, blue, social projects and other ESG-themed products.

Green leasing

CITIC Financial Leasing, engaged in the leasing industry which is the most closely connected with the real economy, followed its strategic positioning as a green leasing company as always. Upholding its mission of serving the real economy, it promoted green, low-carbon and circular development, actively fulfilled its social responsibilities as a financial institution, and vigorously supported financing for green industries including clean energy, energy conservation and environment protection, and green traffic. During the reporting period, it registered RMB7.351 billion in green financial leasing, which were invested mainly in photovoltaic power generation, new energy logistics vehicles and new energy battery manufacturing. As at the end of the reporting period, the balance of the green financial leasing business amounted to RMB29.807 billion, accounting for 58.92% of the total financial leasing business balance, an increase of 1.11 percentage points over the beginning of the year.

Green wealth management

During the reporting period, CITIC Wealth Management issued the first customized green-themed special account wealth management product of the company, raising RMB100 million, which combined wealth management product investment and interactive services with the green finance strategy, and empowered the development of the real economy with green finance.

4.1.2 Green Operation

The Bank upheld the philosophy of green and low-carbon development, practiced national policies and requirements on energy conservation and environmental protection, and sped up the initiatives related to green operation. During the reporting period, the Bank proactively implemented the country's carbon peaking and carbon neutrality strategy in such aspects as official vehicle management, energy management, use of equipment, consumables and furniture, guidance of employee conduct, and energy efficiency in buildings, and took multiple measures to promote green business management internally.

In terms of the use of official vehicles, the Bank strictly followed the regulations on the specification and quantity of official vehicles, and gave priority to new energy vehicles when new vehicles were needed. It continued to strengthen management for the use of official vehicles, and reduced the use of official vehicles through dual management and control including policy regulations and online tools.

In terms of energy management, the Head Office used LED energy-saving lights on all floors, and the lights were turned off at regular intervals during lunchtime and nighttime on weekdays. Energy-saving products with energy efficiency ratings of 1-2 were first considered for office appliances. The power-saving mode of office equipment such as computers and printers were turned on at regular intervals and were powered off after work. The temperature of air conditioning in the office area was set properly, and remained at 23°C in summer to reduce energy consumption. Employees were encouraged to save water, and reminders indicating employees to turn off the faucet after use were posted in restrooms.

In terms of the use of equipment, consumables and furniture, the Bank gave priority to recycled furniture. The three major workplaces of the Head Office used approximately 5,000 pieces of recycled furniture, saving nearly RMB30 million and significantly reducing new purchases. Meanwhile, the Bank continued to strengthen scientific allocation of equipment and assets and controlled demands in a reasonable way, reducing new purchases.

In terms of guidance of employee conducts, environment-friendly reminders were posted in break rooms of the Head Office area to encourage employees to reduce the use of disposable paper cups. The employee canteen provided half-portion dishes and posted the slogan of "Clean Your Plate" campaign in prominent positions to guide the employees to reduce food waste. It proactively promoted the self-developed "online meeting" system, guiding employees to develop a habit of online meetings. Travel management of employees throughout the Bank was strengthened, unified payment for booking flights and accommodations on business travel platforms was conducted to reduce the use of paper documents.

In terms of energy efficiency in buildings, Buildings A and B of the Bank's information technology research and development base, and their underground spaces, as well as the (Hefei) financial back office service center project, all obtained the certificate of three star green building design label. The Hefei project (under construction) comprehensively incorporated energy-saving and environment-friendly measures, adopted energy-saving equipment, and fully utilized renewable energy, which achieved an energy efficiency rate of 65%.

4.1.3 Supplier Management

The Bank is committed to working with suppliers in multiple areas to build open, fair, mutually beneficial, stable and sustainable partnerships.

During the reporting period, the Bank continued to strengthen institutional governance and tighten control over critical links, in a bid to create a sound procurement ecosystem and promote more efficient and compliant procurement based on closer cooperation among all stakeholders. It further advanced the campaign of clear procurement, publicized compliance culture to encourage and guide suppliers to fulfill their environmental and social responsibilities. The Bank implemented major national strategies and plans such as those about carbon peaking and carbon neutrality and green finance, formulated green procurement plans, implemented the list-based management mechanism for green energy-efficient products, and encouraged private enterprises in environmental protection and manufacturing industries to bid for the Bank's procurement projects. Furthermore, the Bank, insisting technology empowerment, further enhanced its capabilities in identifying supplier risk, digital operation of centralized procurement and online operation through technology, and advanced the transition of procurement from an information-based business to a digital and intelligent one.

4.2 Fulfillment of Social Responsibilities

The Bank proactively fulfilled its social responsibilities, and boosted rural revitalization through financial services in response to the national strategic plans for rural revitalization. It tried to protect customers rights and interests, enhanced the popularization and education of financial knowledge, focused on the data and privacy security, and reinforced the control of the security operation. It also pressed ahead with the optimization of its talent management system, and protected employees' rights and interests through multiple channels.

4.2.1 Optimizing Layout of Outlets

The Bank, adhering to the principle of being closer to customers and communities, provided convenient services for customers, and continuously optimized the layout of outlets. During the reporting period, to further enhance the business vitality of existing outlets and expand the coverage of outlet services, the Bank built eight new outlets and relocated 29 outlets.

The Bank continued to expand the coverage of county-level outlets. As at the end of the reporting period, the Bank had a total of 160 county-level outlets, representing 11% of the Bank's total. From the perspective of regional distribution, there were 69 in the Yangtze River Delta (43.13%), 33 in Bohai Rim (20.62%), 33 in central China (20.62%), 17 in the Pearl River Delta and West Strait Region (10.62%), five in the western China (3.13%) and three in the northeast China (1.88%). Leveraging these outlets, the Bank provided services for residents in counties and townships, and contributed to the local country economic development.

In terms of community/micro and small outlets, as at the end of the reporting period, the Bank has a total of 31 such outlets, representing 2.1% of the total. Among them, 26 were community outlets, and five were micro and small ones, which all became effective supplementary to traditional outlets. At the same time, in the construction of outlets, the Bank attached great importance to providing elderly care services and accessible facilities, and accelerated the upgrading and transformation of smart devices to better suit residents' consumption habits, and facilitate business handling for elderly customers and special groups.

4.2.2 Rural Revitalization

During the reporting period, the Bank conscientiously implemented the strategic plans of the CPC Central Committee and the State Council, and strictly observed regulatory policies and requirements. It studied and put into practice the experience of the "Green Rural Revival Program", and continued to improve the financial service capability and level for rural revitalization, to vigorously and efficiently support rural revitalization. **The Bank reinforced support in key areas**. Focusing on agriculture, forestry, animal husbandry and fishery, rural infrastructure, and new-type agricultural operation entities, it increased credit supply. **The Bank strengthened innovation in service modes**. It leveraged the Group's advantages in both financial and non-financial businesses, and released the integrated service solution for the empowering role of "CITIC Synergy" to support rural revitalization. **The Bank beefed up policy and resource support**. It improved credit policies, enhanced performance assessment and guidance, allocated marketing funds and provided corresponding compensation incentives.

As at the end of the reporting period, the Bank had 61.5 thousand accounts of agriculture-related customers, up by 4.8 thousand accounts compared to the beginning of the year. The balance of the Bank's agriculture-related loans stood at RMB608.641 billion, up by RMB57.863 billion or 10.51% compared to the beginning of the year, faster than the growth rate of all loans. Among them, the balance of agriculture-related inclusive loans was RMB44.708 billion, an increase of RMB3.469 billion from the beginning of the year, registering a growth rate of 8.41%; loans granted to key areas such as agriculture, forestry, animal husbandry and fishery, rural infrastructure, food security and new-type agricultural operation entities all recorded good growth.

Precision Assistance with Financial Services

During the reporting period, the Bank proactively fulfilled its responsibilities as a state-owned financial enterprise, maintained supporting policies stable and supporting efforts undiminished, consolidated and expanded achievements made in poverty alleviation, helping to prevent people from slipping back into poverty.

During the reporting period, the Bank increased support for credit granting, strengthened industry-driven credit support, and proactively advanced micro credit for the people shaking off poverty. It scaled up product service support, continued to optimize online service channels such as mobile banking and supply chain finance. It innovated localized credit products, intensified efforts to provide wealth management services with a low threshold for access, and actively improved its comprehensive financial service capability. The Bank enhanced policy and resource support, allocated resources for performance assessment and special subsidies, specified requirements for risk tolerance, and implemented due diligence liability exemption policies.

As at the end of the reporting period, the Bank's balance of loans for precision assistance with financial services stood at RMB37.804 billion, an increase of RMB822 million over the end of last year, and the number of customers with outstanding loans was 1.0564 million. During the reporting period, the risk interest rate of loans newly granted was basically balanced.

4.2.3 Consumer Rights Protection

Upholding the "people-centered" development philosophy, the Bank put customers in the first place when providing financial services, strictly carried out relevant regulatory requirements, constantly improved the quality and efficiency of consumer rights protection, and committed itself to providing caring financial services for consumers.

During the reporting period, the Bank made relentless efforts to mechanism and system development for consumer rights protection included the consumer rights protection as a "major decision-making matter" in the list of "three priorities and one major" items of China CITIC Bank, and relevant work reports were submitted to the Party Committee and the Board of Directors for decision-making. During the reporting period, six meetings were held by the President's Office, the Party Committee, the Board of Directors, the Board of Supervisors, and other related special committees, to strengthen the top-level guidance on consumer rights protection on all fronts. Directors, supervisors and senior management members listened to work reports on consumer rights protection, and made special arrangement for sales appropriateness management, complaint management, institutional building for consumer protection of the corporate finance sector and other key areas. During the reporting period, the Bank continued to improve the consumer rights and interests protection rule system. It revised and issued the *Management Measures for Consumer Protection Assessment of China CITIC Bank (V3.0, 2024), Guidelines for Key Points of Consumer Protection Review of New Products and New Services of China CITIC Bank (V2.0, 2024), Key Words Base and Typical Negative List for Consumer Protection Review of China CITIC Bank*, and other policies.

During the reporting period, the Bank took an active part in the centralized education and publicity campaigns organized by regulators, including the "3.15 Consumer Rights Protection Education and Publicity Week", "Illegal Fundraising Prevention Publicity Month", and "Financial Knowledge Popularization". On a cumulative basis, it carried out 7,606 activities, reaching 250 million consumers. Focusing on key population groups of the elderly, the young and new urban residents, the Bank organized such themed education and publicity campaigns as "The Elderly Happy Learning Program", "Protection for the Future Program", and "Safeguarding Happiness Program". Dedicated zones for education and publicity were set up at all outlets, and "10,000 Consumer Protection Activities in 100 Cities" were organized to help consumers acquire more financial knowledge.

The Bank continued to implement the requirements of regulators and the CPC Party Committee of the Head Office, practiced the philosophy of "finance for the people", improved the compliant management system and the "referral, accepting, handling" mechanism. It ensured that the complaint handling channel was fully accessible, designated dedicated employees to handle complaints at all levels and all business lines, and put into practice the accountability system according to which those who was the first to take an enquiry should be held accountable. The Bank continued to improve the early warning and prevention mechanism for major complaints, the mechanism for real-time monitoring and supervision of complaint handling, and the mechanism for tiered and categorized complaint management. It focused on key areas, and constantly conducted rectifications of problems from the sources. It widened the coverage and improved the quality of offline mediation, and resolved conflicts at the primary level in a timely manner. Furthermore, it kept improving the digital capability of complaint management for consumer protection, and realized such functions as hot topic analysis and abnormality monitoring to ensure rapid responses to and proper handling of consumers' reasonable demands.

During the reporting period, the Bank received a total of 620 regulatory referrals for complaints[30], mainly involving businesses such as credit cards, personal loans and proprietary wealth management with a proportion of 76.28%, 10.58% and 3.41% respectively. In terms of geographical distribution, the complaints were mainly concentrated in Guangdong[31], Jiangsu and Zhejiang Province, accounting for 78.84%, 4.1% and 2.39%, respectively.

4.2.4 Privacy and Data Security

The Bank attached great importance to data security and privacy protection. During the reporting period, the Bank comprehensively protected customer information and data security in terms of information system security, data security protection, access control, customer information and privacy protection, and security training.

In terms of information system security, the Bank strictly implemented the requirements for synchronous planning, construction and application of data security protection and information system development, and specified data security protection measures for the information system at request raising, design, development, testing and release stage through security policy and control process, to ensure data security protection throughout the full process of information system development. It also strengthened the security review of the plan for system development projects and ensured the effective implementation of the data security protection mechanism for information systems.

In terms of data security protection, the Bank established a layered data security policy system and technical protection system in accordance with laws and regulations, regulatory requirements and industrial standards and in consideration of internal needs for security management. Aligned with new regulatory rules, the Bank further improved internal rules for data security management, and specified management requirements for branches and subsidiaries. It developed and promoted tiered data protection strategies by category, conducted security level grading for customer information and data, and made clear the requirements for differentiated data protection. Through data encryption and masking, user authority control, and security auditing, it enhanced the capability to protect the full lifecycle security of customer information and data.

In terms of access control, the Bank restricted users' data access or data storage medium in strict accordance with the principle of "the minimum scope". It standardized user authority approval process and authorized data access according to the principle of "necessary due to work reason". It established the mechanism for account management and recycle to prevent the risk of extended data usage.

In terms of customer information and privacy protection, the Bank formulated and promulgated the *Privacy Policy of the Electronic Banking of China CITIC Bank Corporation Limited*, in strict accordance with which it collected, stored and used customers' personal information and committed to adopt corresponding security measures according to law to protect customers' personal information. The Bank improved the privacy policy based on the update of regulatory requirements and business adjustment, and effectively protected customers' right to personal information.

30 The statistic announced by NFRA for the first quarter of 2024.

31 As the Credit Card Center of the Bank is located in Shenzhen, the complaints of credit card business have been included in Guangdong Province.

In terms of security education and training, to raise personnel's awareness of information security protection, during the reporting period, the Bank organized information security training, publicity and education towards to the public, employees across the Bank and internal technical departments. For the public, it launched publicity activities, to strengthen customers' awareness of cyber frauds prevention and personal information protection. For employees across the Bank, it carried out compliance warning education and training about customer information protection through online courses, drills, etc. to boost the overall awareness of security among employees. For employees at technical departments, it held training about security skills, fostering and improving the professional abilities of the employees in security posts in terms of management and techniques, etc.

4.2.5 Development of Human Capital

Talent Development

Aiming to build a talent highland for joint-stock commercial banks, the Bank followed the *14th Five-Year Plan for Talent Development of China CITIC Bank Corporation Limited*, continued to advance the bank-wide talent demonstration projects including "Sailing a Hundred Ships" and "Staying True to Original Aspirations", and endeavored to build up six talent teams, namely operations management personnel, financial professionals, financial technology personnel, outstanding youths, frontline backbones and Party building personnel. Through multiple measures such as centralized training, online learning and on-the-job training, the Bank continuously improved the political, professional and practical competence of all the six teams. It also formulated differentiated training plans based on the training objectives and team characteristics to continuously improve the accuracy and effectiveness of talent cultivation. Through continuous talent introduction, cultivation and use, a batch of outstanding talents have grown into the backbone in the Bank's business transformation and development, and the talent team has played a more prominent supporting role in the Bank's high-quality development.

Guided by the principle of "putting value first, making good use of increment, activating existing assets, and striking a balance between supply and demands", in line with business development objectives, and centering on the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance, the "Five Leading" strategy and the Bank's key businesses, the Bank firmly implemented the concept of value-growth human capital, continued to improve the staffing mechanism, and allocated human capital in a differentiated and refined way. For key positions such as wealth management, comprehensive financing, transaction banking and FinTech, the Bank strengthened staffing by means of external introduction and internal training, and further increased the number of high-level talents in key fields.

Performance Assessment and Non-remuneration Benefits

The Bank established a standard employee performance assessment system. A Bank-wide performance assessment is conducted for all employees every year, and semi-annual or quarterly assessments can be organized at respective units according to their actual conditions. The Bank attached great importance to process management of performance assessment and the process for performance tutoring and feedback, directed line managers to timely help employees analyze achievements and gaps, guided employees to improve, and maximized the positive role of performance tutoring and feedback.

Following national policies, the Bank offers various types of holidays such as annual leave, sick leave, personal leave, marriage leave, maternity leave, paternity leave, nursing leave, and parental leave to ensure all employees' rights to holidays. It strictly implemented national policies for social insurance and housing provident fund, and contributed to premiums of social insurance and housing provident fund for all employees on time and in full. At the same time, the Bank also established supplementary medical insurance and enterprise annuity for formal employees, fully ensuring that all employees enjoy holidays and welfare benefits.

Talent training

The Bank established a sound training system by level and category, and built training exchange platforms together with over 20 renowned domestic universities such as Tsinghua University and Peking University, to better support training for all employees. **For management staff**, the Bank offered "pre-service and on-the-job" training to improve their political, management and professional abilities in consideration of policy trends and the Bank's strategic focuses. **For technical and operating staff**, the Bank improved the post qualification training system and the digital training system, continued with training about the update of product knowledge, improvement of business skills and enhancement of personal performance, to boost the duty performance ability and professional competency of the staff. During the reporting period, the Bank upgraded the "C.A.N." training system for employees newly recruited from universities covering all graduates. It designed a wide range of courses for them, including general business knowledge, compliant practice, polices and regulations, and other content that they should have a good understanding of, which helped familiarize them with the corporate culture and post responsibilities. Meanwhile, for such graduates who would work at the frontline, the Bank optimized the "Mentor-Apprentice" training mechanism, helping them to have a good command of business knowledge and professional skills and accelerate the improvement of their personal competence.

During the reporting period, centering on the five priorities of technology finance, green finance, inclusive finance, pension finance and digital finance, and in line with the New Three-Year Plan and the 14th Five-Year Plan for Talent Development, the Bank held 1,675 training sessions of various kinds, and trained 272.7 thousand person-times in total.

The Bank also supported employees in taking external vocational qualification tests such as CFP, CFA and CPA, to improve their professional and comprehensive abilities, and reimbursed regular employees for expenses related to the tests.

Protection of employees' rights

Since its launch in June 2022, the Bank's employee problem feedback platform "Speak Out" has attracted 2.56 million visits, received over 20,000 pieces of opinions and suggestions from primary-level employees, and responded timely to common concerns and demands, serving as an effective channel for frontline employees to resolve urgent problems.

The platform fully respects employees' privacy and information security, and allows expression of opinions and suggestions under anonymity, nick name or real name, to make sure frontline employees can, dare and like to speak out. The platform operates on the whole-process opinion response mechanism where every opinion is addressed, the process is visible, the results are available for inquiry, and services are open to comments. Operation teams are set up at all departments at the Head Office, and every link, every opinion handler and every handled opinion are displayed after opinions are raised by users, with the handling results visible to all employees. Meanwhile, the platform gives the right to end the process to the person raising the opinion, and a new process can be started if it is not resolved. After the end of the process, the services are open to comments. The platform also includes a supervision and display mechanism to publicize data like the satisfaction with and operating efficiency of the Head Office departments; operating reports and special reports about hotspot issues are developed regularly and submitted to the Bank's senior management.

4.3 Governance Information

4.3.1 Duty Performance of the Board of Directors

The Bank's sustainable development was comprehensively supervised and guided by the Board of Directors. The Strategic and Sustainable Development Committee of the Board of Directors is responsible for coordinating and promoting the building of the Bank's ESG system, reviewing ESG-related reports, and advancing other ESG-related work pursuant to regulatory requirements. Other committees of the Board of Directors shall jointly advance the ESG-related management according to their respective responsibilities.

Special committee of the Board of Directors	Duty performance
Strategic and Sustainable Development Committee	Deliberated and approved the *2023 Sustainable Development Report* and the *Development Plan for 2024-2026* of the Bank, promoted full integration of the philosophy of sustainable development into the Bank's strategic decisions.
Audit and Related Party Transactions Control Committee	Deliberated and approved the Bank's *2023 Annual Report*, and other matters related to internal control assessment, related party transactions, and engagement of accounting firms, listened to reports on internal control & compliance and anti-money laundering of the Bank in 2023, reports on operating results of the Bank in 2023 and the first quarter of 2024, fully performed the oversight responsibility of the committee, pushed forward compliant operations, protected shareholders' rights, and continued to make corporate governance more standardized.
Risk Management Committee	Deliberated and approved the Bank's *2024 Risk Preference Statement*, included climate-related financial risks into the Bank's risk preference, and gradually pushed forward identification, assessment and management of climate-related financial risks.
Nomination and Remuneration Committee	Deliberated and approved the proposals on nomination of candidates for directors of the Seventh Session of the Board of Directors and members of special committees of the Board of Directors, and add new directors with professional competence in risk management to the Board of Directors and the Risk Management Committee of the Board of Directors, thereby further diversifying the composition of directors, continuously improving the corporate governance capability, and improving the risk management system from the aspect of top-level design.
Consumer Rights Protection Committee	Listened to the Bank's 2023 Consumer Rights Protection Work Summary and the 2024 Work Plan, supervised and guided, among other work, the review and operating mechanisms for consumer rights protection, reducing complaints and continued to improve the quality and efficiency of consumer rights protection.

4.3.2 Duty Performance of the Board of Supervisors

The Bank's Board of Supervisors highly valued ESG-related work. During the reporting period, the Board of Supervisors further sorted out and refined the statutory supervision matters, formed the Supervisory List of the Board of Supervisors of China CITIC Bank (Version 6.0, 2024), and carried out supervision in six areas including strategy, finance and equity, internal control and compliance, risk management, performance evaluation and information disclosure, including data governance, investor relation management, internal control, compliance management, comprehensive risk management, consumer protection, performance supervision and evaluation of directors, supervisors and senior management members, social responsibility and other key ESG issues.

During the reporting period, the Board of Supervisors of the Bank heard China CITIC Bank's Development Plan for 2024-2026, 2023 Consumer Rights Protection Work Summary and 2024 Work Plan, 2023 Work Report on Internal Control and Compliance and Anti-money Laundering, Report on Related Party Transactions in 2023, Report on Innovation Work in 2023, etc., and reviewed the 2023 Annual Report of China CITIC Bank Corporation Limited, 2023 Sustainability Report of China CITIC Bank Corporation Limited, etc., focusing on the performance of duties of the Board of Directors and senior management in green finance, internal control and compliance, anti-money laundering, services for the real economy, consumer rights protection and in other aspects, and put forward targeted opinions and suggestions.

In terms of duty performance evaluation, the Board of Supervisors conducted the 2023 duty performance evaluation on the Board of Directors, Board of Supervisors, senior management and its members, which focused on whether the directors, supervisors and senior management members could follow high-standard code of professional ethics, having good ethics, behaviors, reputation, and compliance records, and whether they could perform their duties independently, promote fair treatment of all shareholders within the Bank, and protect the legal rights and interests of stakeholders, and actively perform social responsibilities, etc.

4.3.3 Senior Management and Subordinate Institutions

The senior management of the Bank is responsible for formulating ESG-related work goals and key tasks and promoting their implementation by relevant departments, domestic and overseas branches and subsidiaries. Committees and working groups are set up to oversee various ESG-related tasks and jointly improving the Bank's sustainable development management capability. The ESG-related committees and working groups established under the senior management of the Bank are as follows:

Organizations under the senior management	Responsibilities/Duty performance
Working Group on ESG and Market Value Management	With the Bank's senior management member as the leader, the working group takes a holistic approach to continuously improve the Bank's ESG management system and mechanism, and coordinates related departments to effectively push forward the implementation of ESG proposals, and to help improve the Bank's ESG ratings.
Internal Control and Compliance Management Committee	With the President as the director, the committee is responsible for the Bank's internal control and compliance management in a holistic way, studying and making decisions on major matters in the process of internal control and compliance management, coordinating and pushing forward relevant matters.
Anti-money Laundering (AML) Work Leading Group	With the President as the leader, the leading group is the daily decision-making and management body for the Bank's AML work, responsible for reviewing and making decisions on matters of AML internal control management and money laundering risk management, planning, coordinating and guiding the Bank's AML work.
Green Finance Leading Group	Led by the Chairman of the Bank, the leading group is responsible for the overall planning for the Bank's green finance development, working out strategies and objectives for green finance development, and guiding the implementation of green finance work.

Organizations under the senior management	Responsibilities/Duty performance
Inclusive Finance & Rural Revitalization Leading Group	Led by the Chairman of the Bank, the leading group is responsible for establishing and improving systems and mechanisms of inclusive finance and rural revitalization, reviewing development plans and major policies, and promoting the development of related business in a holistic manner. Working groups are set up under the leading group, responsible for studying policies, formulating rules and putting them into practice.
Information Technology Committee	With the Bank's senior management member as the director, the committee consists of the General Office, New Technology Application Working Group, Working Group for Coordinating Demands, and Working Group for Internet and Information Security. It is responsible for making plans for the Bank's information technology development, reviewing the Bank's information technology development, coordinating major matters, monitoring information technology investment, etc. During the reporting period, it held seven meetings and reviewed a number of proposals regarding annual technology resource allocation, approval for major projects, and information security management, etc.
Credit Approval Committee of the Head Office	With the Bank's senior management member as the director, the committee is responsible for reviewing risks including environmental and climate risks in all credit and non-credit businesses, takes into full consideration the production techniques, energy consumption, and discharge of pollutants in customers' production and operating process, as well as the influence on eco-environment and biodiversity, and adheres to the "one-vote veto" system for environmental risks.
Consumer Rights Protection Committee	With the President as the director, the committee is mainly responsible for ensuring the strategic goals and policies for consumer rights protection be effectively put into practice. During the reporting period, it held one meeting, discussing and making arrangements for resolving complaints and conflicts, sales suitability management, and other work.

4.3.4 Compliance Culture Fostering

During the reporting period, the Bank defined the targets of training at different levels, planned corresponding contents, faculty and modes of training, and integrated compliance training into the Bank's daily work.

Targeting management officials at various levels: The training was about the theories and practice related to the Bank's compliance management as well as the latest regulatory requirements, to help management officials at all levels learn about the industry's compliance updates and the Bank's compliance management status. Five compliance education sessions were provided for the heads in charge of compliance, compliance department heads, newly appointed sub-branch heads, and potential talents at the division head level of all branches and domestic subsidiaries, continuously enhancing the compliance management awareness and capabilities of relevant personnel.

Targeting three kinds of new employees[32]: The Bank expanded its online training channels, and organized a total of six pre-job training sessions and exams for the three kinds of new employees during the reporting period, with 3,784 person-times participation. This helped to continuously improve the compliance and professional integrity of the three kinds of new employees, create a positive atmosphere of "learning, understanding and abiding by rules", and provide lasting compliance assurance for the healthy development of all businesses.

[32] Including newly recruited employees, newly transferred employees and newly promoted employees.

Targeting employees across the Bank: The Bank carried out regular compliance culture publicity and education through warning education, compliance lectures, and pushing learning materials. During the reporting period, more than 2,000 warning and lecture sessions were conducted, covering all employees of the Bank, strengthening their compliance awareness. More than ten targeted compliance training sessions were conducted for retail, personal loan, risk and office lines and professionals in technology, light capital and internationalization, promoting the integration of compliance culture into various business processes.

Anti-money laundering (AML) training

The Bank released the *2024 Work Plan for Anti-Money Laundering Publicity, Training and Examination*, arranged training materials for the compliance line, business lines and new employees at different levels as scheduled, carried out anti-money laundering training, and cultivated the responsibility awareness of "compliance, observance and compliance" and risk awareness among all employees, to further improve the AML abilities of employees at all levels.

During the reporting period, the Head Office conducted seven special training sessions for more than 1,600 employees of compliance and business lines of branches, covering management and control of due diligence rating, problems identified in post-supervision inspection and analysis of typical cases, further enhancing branch level business line AML duty performance skills. It provided four orientation training sessions for about 500 new employees, and raised the awareness of new employees' AML compliance by explaining basic knowledge such as AML concept and duty performance requirements. At the same time, the compliance line of branches carried out about 244 AML training sessions for respective personnel at different levels such as the senior management, business lines and sub-branches, with the aim to help employees at all levels develop a stronger sense of AML responsibility.

For further information about the Bank's ESG, please refer to the *2023 Sustainable Development Report of China CITIC Bank Corporation Limited* published by the Bank on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the official website of the Bank (www.citicbank.com) on 22 March, 2024 and the *2023 China CITIC Bank Corporation Limited Environmental Information Disclosure (TCFD) Report* and relevant ESG information published on the official website of the Bank (www.citicbank.com). For details of corporate governance, please refer to Chapter 3 Corporate Governance of this report.

Chapter 5 Report of the Board of Directors

5.1 Purchase, Sale or Redemption of Listed Securities of the Bank

During the reporting period, neither the Bank nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Bank (including sale of treasury shares). As at the end of the reporting period, the Bank did not hold any treasury shares.

5.2 Material Contracts and Their Performance

5.2.1 Material Custody, Contracting or Lease

The Bank did not have any material custody, contracting or leasing of assets from other companies that took place during the reporting period or that took place in previous periods but went on to the reporting period; neither did any other company hold custody of, contract or lease material assets of the Bank.

5.2.2 Material Guarantees

Guarantee business is one of the regular off-balance sheet items of the Bank. Except for the financial guarantee business within its approved business scope, during the reporting period, the Bank did not have any other material guarantee that needs to be disclosed.

5.3 Appropriation of Funds by the Controlling Shareholder and Other Related Parties

During the reporting period, there was no appropriation of the Bank's funds by either its controlling shareholder or other related parties.

5.4 Material Related Party Transactions

The Bank identified related parties and conducted related party transactions in accordance with the regulatory rules and guidelines of regulators such as the NFRA, SSE and SEHK as well as accounting standards. When engaging in transactions with related parties during its ordinary and usual course of business, the Bank executed the transactions according to general business principles with terms no more favorable than those available to independent third parties, which served the overall interests of the Bank and its shareholders. For statistical details of the related party transactions, please refer to Note 55 to the financial statements contained in this report, of which the transactions constituting connected transactions as per Chapter 14A of the *Hong Kong Listing Rules* all complied with the disclosure requirements of Chapter 14A of the *Hong Kong Listing Rules*. Except what has been disclosed under this sector, other related party transactions constitute no connected transactions as per Chapter 14A of *Hong Kong Listing Rules*.

According to regulatory rules of the NFRA, the Bank submitted all material related party transactions with related parties to the Audit and Related Party Transactions Control Committee of the Board of Directors for preliminary review, and then presented them to the Board of Directors for further deliberation and made disclosure, and filed them with the NFRA for record. According to regulatory rules of the SSE and the SEHK, the Bank strictly controlled related party transactions and businesses with applied annual caps of related party transactions were conducted within the caps; for the businesses without applied annual caps of related party transactions, the Bank properly managed and monitored and once the review or disclosure requirements were triggered, timely performed review or disclosure procedures according to the regulatory requirements. According to rules of the Ministry of Finance, the Bank accurately disclosed related party transactions information in the notes to the financial statements. On the base of quarterly reporting credit extension and non-credit extension related party transactions to the Audit and Related Party Transactions Control Committee of the Board of Directors, the Bank submitted data to the related party transactions regulation system in accordance with the requirements of the NFRA. During the reporting period, each of the Audit and Related Party Transactions Control Committee and the Board of Directors held four meetings respectively concerning related party transactions, preliminary reviewed and approved 5 proposals regarding material related party transactions[33], and annual report on related party transactions, etc. The Bank simultaneously published 20 interim announcements on related party transactions on the websites of SSE and SEHK, and published 14 announcements related to material related party transactions and 2 announcements on general related party transactions on its official website, which met regulatory requirements.

5.4.1 Related Party Transactions Involving Disposal and Acquisition of Assets or Equity

During the reporting period, the Bank was not engaged in any material related party transactions involving the disposal or acquisition of assets or equity under the rules of the SSE.

5.4.2 Credit Extension Continuing Related Party Transactions

Based on business development needs, upon review at the 35th meeting of the 6th Session of the Board of Directors convened on 8 November 2023 and approval at the 2nd Extraordinary General Meeting of 2023 convened on 28 December 2023, the Bank applied to the SSE for the respective annual caps on credit extension for the years of 2024 to 2026 for related party transactions with CITIC Group and its associates, and with Cinda Securities Co., Ltd. which the Bank's related natural persons worked for. Based on business development needs, upon review at the 35th meeting of the 6th Session of the Board of Directors convened on 8 November 2023, the Bank applied to the SSE for the annual caps on credit extension for the years of 2024 to 2026 for related party transactions with Xinhu Zhongbao and its associates. Subject to the regulatory requirements applicable to the Bank, the 2024 annual caps on credit extension for related party transactions with the aforementioned parties under the SSE regulatory criteria are listed as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2024
CITIC Group and its associates	Credit extension	Credit line	4,000
Xinhu Zhongbao and its associates			150
Cinda Securities Co., Ltd. which the Bank's related natural persons worked for			30

33 During the reporting period, the Board of Directors reviewed and approved nine material related party transactions on 29 April, 23 May and 20 June 2024, respectively, with a total amount of RMB1,034.02 billion. Specifically, six transactions were conducted with CITIC Group and its associates, involving RMB414.02 billion, and three transactions were with China Tobacco and its associates, involving RMB620.0 billion.

In addition, as per relevant NFRA requirements, the balance of the Bank's credit extension to a single related party shall not exceed 10% of the Bank's net capital of the preceding quarter end, the total balance of the Bank's credit extension to its group customer which the single related legal person or non-legal person organization belongs to shall not exceed 15% of the Bank's net capital of the preceding quarter end, and the balances of credit extension to all related parties shall not exceed 50% of the Bank's net capital of the preceding quarter end.

The Bank attached great importance to the day-to-day monitoring and management of related party credit extension transactions and ensured lawfulness and compliance of such transactions by enhancing relevant measures such as more intensive process-based management, strict risk review and enhanced post-lending management of related credit extension. As at the end of the reporting period, the balance of credit that the Bank and its subsidiaries extended to all related enterprises under the SSE regulatory criteria[34] amounted to RMB142.305 billion, including RMB135.497 billion to CITIC Group and its associates, RMB5.608 billion to Xinhu Zhongbao and its associates; and RMB1.2 billion to Cinda Securities Co., Ltd. which the Bank's related natural persons worked for. As at the end of the reporting period, under the regulatory criteria of the NFRA, the total balance of credit that the Bank and its subsidiaries extended to all related enterprises amounted to RMB142.885 billion, including RMB87.778 billion, RMB20.613 billion and RMB162 million to enterprises within CITIC Group, Xinhu Zhongbao and China Tobacco, respectively, and RMB34.332 billion to other related enterprises. Such credit extensions to related enterprises were of good quality in general, with two being special mention loans (RMB1.029 billion), two being substandard loans (RMB522 million), two being suspicious loans (RMB70 million) and three being loss loans (RMB1.180 billion), and all others being performing loans. As such, these credit extension transactions exerted no material impact on the normal operation of the Bank in terms of transaction volume, structure and quality. The credit extension businesses conducted between the Bank and the aforementioned related parties were conducted on normal commercial terms within the caps and were executed with terms no more favorable than those available to independent third parties.

The Bank stringently followed the requirements of the SSE and the NFRA on review and disclosure procedures. As at the end of the reporting period, there was no fund exchange, appropriation or other situations as set forth in the *Regulatory Guidelines for Listed Companies No. 8 – Regulatory Requirements for Fund Transactions* and *External Guarantees of Listed Companies* (CSRC Announcement [2022] No. 26). The related loans that the Bank extended to CITIC Group and its associates, Xinhu Zhongbao and its associates, China Tobacco and its associates, and the related parties which the Bank's related natural persons invested in/worked for have no material adverse impact on the operating results or financial position of the Bank.

5.4.3 Non-Credit Extension Continuing Related Party Transactions

Based on business development needs, upon review at the 35th meeting of the 6th Session of the Board of Directors convened on 8 November 2023 and approval at the 2nd Extraordinary General Meeting of 2023 convened on 28 December 2023, the Bank applied to the SSE and the SEHK for the annual caps on the eight main categories of non-credit extension continuing related party transactions with CITIC Group and its associates for the years of 2024 to 2026, and has entered into relevant continuing related party transactions framework agreements on the same day of the Board of Directors' meeting. Based on business development needs, with approval at the 35th meeting of the 6th Session of the Board of Directors convened on 8 November 2023, the Bank applied to the SSE for the annual caps on the six main categories of non-credit extension continuing related party transactions with Xinhu Zhongbao and its associates for the years of 2024 to 2026. Upon review at the 35th meeting of the 6th Session of the Board of Directors convened on 8 November 2023 and approval at the 2nd Extraordinary General Meeting of 2023 convened on 28 December 2023, the Bank applied to the SSE for the annual caps on the four main categories of non-credit extension continuing related party transactions with Cinda Securities Co., Ltd. which the Bank's related natural persons worked for the years of 2024 to 2026. The non-credit extension transactions between the Bank and the aforementioned related parties followed general commercial principles and were executed with terms no more favorable than those available to independent third parties.

The Bank carried out continuing related party transactions with CITIC Group and its associates according to the applicable provisions of Chapter 14A of the *Hong Kong Listing Rules* and Chapter 6 of the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange*. Particulars of non-credit extension continuing related party transactions during the reporting period are described as follows:

34 China Tobacco is not a related party of the Bank under the regulatory criteria of the SSE.

5.4.3.1 Asset Transfer

Asset transfer transactions between the Bank and its related parties shall be made on terms no more favorable than those available to independent third parties. The transactions are priced based on the following principles: (1) at the price prescribed or set by the state or government (i.e., the price prescribed by the state or government authority in accordance with relevant laws and other normative documents); (2) at market price if there is no such price prescribed or set by the state or government; and (3) at carrying amount of relevant assets with an appropriate discount to reflect appropriate risks for the assets where there is no price prescribed or set by the state or government or market price. The principal terms of the Asset Transfer Framework Agreement are set out as follows: (1) the Bank buys or sells owner-use movable and immovable properties, credit assets or other related assets during day-to-day operations, including but not limited to, buying or selling owner-use movable and immovable properties, transferring in/out corporate, retail credit and non-credit assets and their (usufruct) beneficial rights, accounts receivable and other assets directly or through asset management plan, asset securitization, or through factoring, forfaiting and other forms; buying or selling creditor's rights of interbank assets, or receiving and disposing of repossessed assets; conducting guarantee and discounting of commercial acceptance drafts and bill discounting not involving credit risk of discount applicants; other asset transfer businesses; (2) both parties of the agreement shall provide the services prescribed in the agreement; (3) asset transfer pursuant to the agreement shall be conducted in accordance with general commercial principles on terms no more favorable than similar transactions with independent third parties.

During the reporting period, related party transactions between the Bank and related parties for which caps of related party transactions on asset transfer were applied as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2024	Transaction amount in January – June 2024
CITIC Group and its associates	Asset Transfer	Transaction amount	1,600	86.43
Xinhu Zhongbao and its associates			15	0

As at the end of the reporting period, none of related party transactions on asset transfer between the Bank and the above-mentioned related parties exceeded the corresponding approved annual cap of the Bank.

5.4.3.2 Comprehensive Services

The Bank and related parties shall determine the fees of comprehensive services through fair consultation with reference to the market prices of similar transactions or the fees and rates applicable to transactions conducted by independent third parties. The principal terms of the Comprehensive Service Framework Agreement are set out as follows: (1) comprehensive services conducted include but are not limited to insurance services and medical fund management, merchandise service procurement (including conference hosting services), outsourcing services, value-added services (including points redemption services for bank card customers), advertising services, technology services, call center services, property leasing and property management, project contracting and other comprehensive services; (2) both parties of the agreement shall provide the services prescribed in the agreement; (3) the service provider and its associates are entitled to obtain service fees in accordance with law; and (4) the comprehensive services to be provided under the agreement shall be conducted in accordance with general commercial principles on terms no more favorable than similar transactions with independent third parties.

During the reporting period, related party transactions between the Bank and related parties for which cap of related party transactions on comprehensive services were applied are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2024	Transaction amount in January – June 2024
CITIC Group and its associates	Comprehensive Services	Service fee expense/income	62	24.79

As at the end of the reporting period, none of related party transactions on comprehensive services between the Bank and the above-mentioned related parties exceeded the corresponding approved annual cap of the Bank.

5.4.3.3 Financial Consulting and Asset Management Services

The Bank and related parties shall determine the fees of financial consulting and asset management services between them through fair consultation, with transaction prices or rates no more favorable than those available to any independent third party, or determine the prices and rates for specific services based on the market prices and rates applicable to the same transaction for the independent counterparty. The principal terms of the Financial Consulting Service and Asset Management Service Framework Agreement are set out as follows: (1) services conducted include but are not limited to bond underwriting, financing and financial consulting services, financial products agency sales, asset securitization, entrusted loans services, underwriting of investment and financing projects, consulting services, and management of factoring receivables, collection of receivables, guarantee for bad loans, asset management, and other financial consulting and asset management services; (2) both parties of the agreement shall provide the services prescribed in the agreement; (3) the service provider and its associates shall be entitled to obtain service fees in accordance with law; and (4) the financial consulting and asset management services to be provided under the agreement shall be conducted in accordance with general commercial principles on terms no more favorable than similar transactions with independent third parties.

During the reporting period, related party transactions between the Bank and related parties for which caps of related party transactions on financial consulting and asset management services were applied are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual in 2024	Transaction amount in January – June 2024
CITIC Group and its associates	Financial Consulting and Asset Management Service	Service fee income/ expense	150	15.09
Xinhu Zhongbao and its associates			0.5	0.02

As at the end of the reporting period, none of related party transactions on financial consulting and asset management services between the Bank and the above-mentioned related parties exceeded the corresponding approved annual cap of the Bank.

5.4.3.4 Asset Custody and Account Management Services

Asset custody and account management services between the Bank and related parties shall be delivered on terms no more favorable than those available to independent third parties. Such transactions are priced according to the following principles: (1) the service fees paid by both parties to this agreement are subject to relevant market prices and periodic review; (2) for asset custody services and account management service provided by the service provider related to its financial assets or funds, fees shall be charged based on the type of assets/account under custody at 0%-2% of the assets or funds under management on the premise of following national and regulatory rules. As for account management services and special types of asset custody products such as custody of corporate pension funds, fees no favorable than those available to independent third parties shall be charged; (3) as for third-party supervision services for financing goods of credit enterprise provided by the service provider, the fees shall vary according to the types of goods. Specifically, the supervision service fees for automobiles are charged at the rate of RMB50,000 to RMB100,000 per year per person for a single store. Bulk cargo supervision service fees are charged at the rate of 0.5%-0.8% of the Bank's credit exposure limit; (4) as for the third-party escrow services provided by the service provider to the recipient, the service fees shall be charged based on the aggregate balance of the customer's funds under management at the end of each quarter multiplied by an annual fee rate of 0‰ to 1‰ (converted to daily fee rate). The principal terms of the Asset Custody and Account Management Service Framework Agreement are set out as follows: (1) the services to be provided under the agreement include but are not limited to asset custody services and account management services provided by the service provider in relation to its financial assets or funds, third-party supervision services provided by the service provider for the financing goods of the credit enterprise, and the third-party escrow services provided by the service provider to the recipient;(2) both parties of the agreement shall provide the services prescribed in the agreement; (3) the service provider and its associates shall be entitled to obtain service fees in accordance with law; and (4) the asset custody and account management services to be provided under the agreement shall be conducted in accordance with general commercial principles on terms no more favorable than similar transactions with independent third parties.

During the reporting period, related party transactions between the Bank and related parties for which caps of related party transactions on asset custody and account management services were applied are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2024	Transaction amount in January – June 2024
CITIC Group and its associates	Asset Custody and Account Management Services	Service fee income/expense	20	5.78
Cinda Securities Co., Ltd. which the Bank's related natural persons worked for			0.01	0.0006

As at the end of the reporting period, none of related party transactions on asset custody and account management services between the Bank and the above-mentioned related parties exceeded the corresponding approved annual cap of the Bank.

5.4.3.5 Other Financial Services

The Bank and related parties shall determine the fees of other financial services between them through fair consultation, with transaction prices and rates no more favorable than those available to any independent third party, or determine the prices and rates for specific services based on the market prices and rates applicable to the same transaction for the independent counterparty. The principal terms of the Other Financial Service Framework Agreement are set out as follows: (1) services conducted include but are not limited to agency spot foreign exchange settlement and sales and foreign exchange trading, guarantee and commitment business, e-banking business, bank card business, domestic and international settlement business, entrusted agency business, safe deposit box business, acquiring business and other financial services; (2) both parties of the agreement shall provide the services prescribed in the agreement; (3) the service provider and its associates shall be entitled to obtain service fees in accordance with law; and (4) other financial services to be provided under the agreement shall be conducted in accordance with general commercial principles on terms no more favorable than similar transactions with independent third parties.

During the reporting period, related party transactions between the Bank and related parties for which caps of related party transactions on other financial services were applied are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2024	Transaction amount in January – June 2024
CITIC Group and its associates	Other Financial Services	Service fee income/ expense	12	2.17
Xinhu Zhongbao and its associates			1	0.07

As at the end of the reporting period, none of related party transactions on other financial services between the Bank and the above-mentioned related parties exceeded the corresponding approved annual cap of the Bank.

5.4.3.6 Deposit Business

The Bank absorbed deposits from related parties according to market-based pricing and general commercial principles and based on terms no more favorable than those available for similar transactions with independent third parties. The principal terms of the Deposit Business Framework Agreement are set out as follows: (1) the Bank shall provide deposit services, including but not limited to corporate deposits, i.e. agreement deposit, agreement savings, call deposit, time deposit (including certificate of deposits) and structured deposit; interbank deposits, i.e. interbank time deposits, etc.; (2) both parties to the agreement shall carry out business under the agreement; (3) deposits takers shall pay interest specified on deposits to depositors; and (4) the deposit business to be conducted under the agreement shall follow general commercial principles and be executed with terms no more favorable than those available to independent third parties.

During the reporting period, related party transactions between the Bank and related parties for which caps of related party transactions on deposit business were applied are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2024	Transaction amount in January – June 2024
CITIC Group and its associates	Deposit Business	Amount of interest paid	16	5.04
Xinhu Zhongbao and its associates			3	0.20
Cinda Securities Co., Ltd. which the Bank's related natural persons worked for			0.18	0.03

As at the end of the reporting period, none of related party transactions on deposit business between the Bank and the above-mentioned related parties exceeded the corresponding approved annual cap of the Bank.

5.4.3.7 Financial Market Business

The financial market business conducted between the Bank and related parties shall be determined by both parties through fair consultation with reference to the market prices of similar transactions, and follow the following pricing principles: (1) the pricing of related party transactions shall be similar to market prices and interbank prices, with no obvious deviation from the prices of similar transactions of independent third parties in the market; (2) the pricing standard for agency foreign exchange derivatives in derivatives business shall be determined through fair and equal negotiation between both parties, with prices or rates no more favorable than those available to independent third parties. Meanwhile, the Bank shall comply with relevant provisions of the PBOC and the State Administration of Foreign Exchange, and conduct the business according to the commercial principle of market-oriented pricing. The major terms of the Financial Market Business Framework Agreement are as follows: (1) businesses include but are not limited to interbank lending, bond repurchase, bond lending, precious metal lending, draft repurchase, proprietary foreign exchange (including foreign exchange settlement and sales) spot business, precious metal spot business, derivatives business, bond business, draft buying and selling via re-discounting, interbank borrowing business, bill discounting business (the acceptor is a related party) and other treasury transactions; (2) both parties to the agreement shall carry out business under the agreement; (3) the transactions shall be executed with terms no more favorable than those available to independent third parties.

During the reporting period, related party transactions between the Bank and related parties for which caps of related party transactions on financial market business were applied are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2024	Transaction amount in January – June 2024
CITIC Group and its associates	Financial Market Business	Credit line/transaction principal/transaction profit and loss	35,000	7,493.91
Xinhu Zhongbao and its associates			3	0
Cinda Securities Co., Ltd. which the Bank's related natural persons worked for			260	87.38

As at the end of the reporting period, none of related party transactions on financial market business between the Bank and the above-mentioned related parties exceeded the corresponding approved annual cap of the Bank.

5.4.3.8 Investment Business

The investment business conducted between the Bank and related parties shall be determined by both parties through fair consultation with reference to the market prices of similar transactions. The principal terms of the Investment Business Framework Agreement are set out as follows: (1) businesses include but are not limited to investment in securities, funds (including fund subsidiaries), insurance, trust and other (financial) products issued/established by financial institutions or authorized entities (including but not limited to asset management plans of securities companies, special fund plans, trust plans, trust beneficiary rights, asset-backed securities and asset-backed drafts), entrusted investment, investment of wealth management funds in bonds with related parties as financing entity, non-standard creditor's rights, equity, interbank deposits and other investment transactions; (2) both parties to the agreement shall carry out business under the agreement; (3) the transactions shall be executed with terms no more favorable than those available to independent third parties.

During the reporting period, related party transactions between the Bank and related parties for which caps of related party transactions on investment business were applied are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2024	Transaction amount in January – June 2024
CITIC Group and its associates	Investment Business	Investment amount (balance at any time point)	3,800	1,187.07
Xinhu Zhongbao and its associates			50	0.0006
Cinda Securities Co., Ltd. which the Bank's related natural persons worked for			30.75	6.24

As at the end of the reporting period, none of related party transactions on investment business between the Bank and the above-mentioned related parties exceeded the corresponding approved annual cap of the Bank.

5.4.4 Related Party Transactions in Joint External Investment

During the reporting period, the Bank did not carry out material related party transaction arising from joint external investment with its related parties under the rules of the SSE.

5.4.5 Related Party Debt Transactions and Guarantees

For details of related party debt transactions and guarantees between the Bank and its related parties, please refer to Note 55(b) to the financial statements of this report.

5.4.6 Related Party Transactions with Related Finance Companies

5.4.6.1 Deposit business

During the reporting period, the Bank did not deposit with related finance company, and the changes in deposits of related finance company with the Bank are as follows:

Unit: RMB100 million

Company	Daily Upper Limit for Deposit	Range of Deposit Rate	Opening Balance	Deposited Amount January – June 2024	Withdrawn Amount January – June 2024	Closing Balance
CITIC Finance Company Limited ("CITIC Finance")	None	0-2.8%	47.3	347.75	361.44	33.61

5.4.6.2 Loan business

During the reporting period, both the loans granted by the Bank to its related finance company and the loans granted by the related finance company to the Bank were zero.

5.4.6.3 Credit business

During the reporting period, the Bank granted a total credit line of RMB12.0 billion to CITIC Finance, with a credit balance of RMB153 million as at the end of the reporting period. During the reporting period, CITIC Finance granted a total credit line of RMB25.5 billion to the Bank, with a credit balance of RMB3.361 billion as at the end of the reporting period.

5.4.6.4 Other financial business

During the reporting period, the Bank handled RMB48,758.8 thousand re-discounting of commercial drafts for CITIC Finance, and charged total fees of RMB840.5 thousand on various settlement services provided.

5.4.7 Transaction Balances and Risk Exposures of Related Natural Persons

For details of the transaction balances and risk exposures relating to the transactions between the Bank and its related natural persons, please refer to Note 55(c) to the financial statements of this report.

5.5 Material Litigations and Arbitrations

During the reporting period, the Group was not involved in material litigation or arbitration case. The Group was involved in several litigation and arbitration cases in its ordinary and usual course of business. Most of these litigations and arbitrations were initiated by the Group for loan recovery, and there were also litigations and arbitrations resulting from disputes with customers. As at the end of the reporting period, there were 124 outstanding litigation and arbitration cases (regardless of the disputed amounts) in the Group's ordinary and usual course of business where the Group involved as defendant/respondent with an aggregate disputed amount of RMB1.201 billion. The Group is of the view that the above-mentioned litigations or arbitrations have no significant adverse impacts on either its financial or operating results.

5.6 Undertakings by the Company and Its Relevant Stakeholders

According to relevant CSRC regulations, the Bank proposed remedial measures regarding the dilution of immediate returns that may arise from the non-public offering of preference shares, the public issuance of A-share convertible corporate bonds and their listings, and rights issue to existing shareholders. These measures include: strengthening capital planning and management to ensure capital adequacy and stability; reinforcing asset restructuring to improve capital allocation efficiency; enhancing operational efficiency and reducing operating costs; improving the internal capital adequacy assessment process for better capital management; strengthening capital stress test and improving capital emergency response plans; ensuring the standardized and effective use of proceeds in respect of rights issue to existing shareholders; and enhancing management capability and reasonably controlling costs and expenses. At the same time, the directors and senior management members of the Bank also gave undertakings to effectively execute the remedial measures. During the reporting period, the Bank was not aware of any violation of the above-mentioned undertakings.

On 22 June 2022, CITIC Financial Holdings issued the *Undertaking of CITIC Financial Holdings to Subscribe for All the Offered A Rights Shares to be Issued by China CITIC Bank Corporation Limited*. For details, please refer to the Bank's *Announcement on Undertaking Given by the Controlling Shareholder to Subscribe for All the Offered A Rights Shares* published on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 23 June 2022.

According to the *Report on Acquisition of China CITIC Bank Corporation Limited*, CITIC Financial Holdings made a commitment on continuously maintaining independent operation of the listed company, avoiding horizontal competition and standardizing related party transactions. For details, please refer to the announcements published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 8 November 2022. During the reporting period, the Bank was not aware of any violation of the aforesaid undertakings.

On 28 May 2024, CITIC Group and China CITIC Financial Asset Management Co., Ltd. signed the *Share Transfer Agreement in Relation to China Huarong Financial Leasing Co., Ltd*. and proposed to acquire 60% of the issued shares of China Huarong Financial Leasing Co., Ltd. In order to protect the legitimate rights and interests of the Bank and its minority shareholders and eliminate and avoid horizontal competition with the Bank and its subsidiaries, CITIC Group issued the *Letter of Commitment on Avoiding Horizontal Competition*. Please refer to the *Announcement of China CITIC Bank Corporation Limited on Acquisition of Equity Interest and Issuance of Letter of Commitment on Avoiding Horizontal Competition by De Facto Controller* published by the Bank on 29 May 2024 on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) for details.

During the reporting period, the Bank was not aware of any other undertakings that were performed during the reporting period or overdue undertakings not yet performed as at the end of the reporting period by its de facto controller, shareholders, related parties, acquirers and the Bank itself or other parties that had given undertakings.

5.7 Penalties Imposed on the Company and its Directors, Supervisors, Senior Management Members, Controlling Shareholder and De Facto Controller

To the best of the Bank's knowledge, during the reporting period, the Bank was not investigated for any suspected crimes according to law, and none of its controlling shareholder, de facto controller, directors, supervisors and senior management members was suspected of committing crimes or was subject to compulsory measures according to law; the Bank or its controlling shareholder, de facto controller, directors, supervisors or senior management members were not subject to criminal punishment, investigation by CSRC for suspected violation of laws and regulations or administrative punishment by CSRC, administrative and regulatory measures by CSRC, disciplinary punishment by stock exchange, or material administrative punishment by other competent authorities; none of the Bank's directors, supervisors or senior management members was detained by the discipline inspection and supervision organs for suspected serious disciplinary violations or duty-related crimes, or subject to compulsory measures by other competent authorities for suspected violation of laws and regulations, which affected their duty performance.

5.8 Compliance with the Corporate Governance Code under the Hong Kong Listing Rules

The Bank was in compliance with all code provisions as well as best practices of the *Corporate Governance Code* set out in Appendix C1 (former Appendix 14) of the *Hong Kong Listing Rules* throughout the six months ended 30 June 2024.

5.9 Compliance with the *Model Code for Securities Transactions by Directors of Listed Issuers*

The Bank has adopted the *Model Code for Securities Transactions by Directors of Listed Issuers* (hereinafter referred to as "Model Code") as set out in Appendix C3 (former Appendix 10) of the *Hong Kong Listing Rules* and has complied with Rules 13.67 and 19A.07B of the *Hong Kong Listing Rules* to regulate the securities transactions of its directors and supervisors. All the directors and supervisors were consulted specifically for this matter and all of them confirmed that they had strictly complied with the relevant provisions of the Model Code throughout the reporting period.

5.10 Review of Interim Results

The Audit and Related Party Transactions Control Committee of the Board of Directors of the Bank has reviewed the accounting policies and practices adopted by the Bank together with the senior management, discussed matters on internal control and financial reporting and reviewed the interim results. It is deemed that the accounting policies adopted in the interim financial report of the Group are consistent with those applied to the Group's annual financial statements for the year ended 31 December 2023.

5.11 Integrity of the Company and Its Relevant Stakeholders

During the reporting period, neither the Bank nor its controlling shareholder or its de facto controller failed to execute valid court documents or to repay matured debts of considerable amounts.

5.12 Events Relating to Bankruptcy and/or Restructuring

During the reporting period, the Bank did not incur any event relating to bankruptcy and/or restructuring.

5.13 Other Important Events

5.13.1 Rights Issue to Existing Shareholders

The Bank plans to issue rights shares to its existing shareholders. Please refer to "6.2.1 Equity Financing" of this report for details thereof.

5.13.2 Changes in Convertible Bonds Held by CITIC Financial Holdings and Equity Changes of Controlling Shareholder

On 29 March 2024, CITIC Financial Holdings converted all the RMB26.388 billion worth of CITIC Convertible Bonds (accounting for 65.97% of the total number of convertible bonds issued) it held into 4,325,901,639 ordinary A shares of the Bank through the system of Shanghai Stock Exchange ("SSE"). After the conversion, CITIC Financial Holdings no longer held any CITIC Convertible Bonds.

Before the equity change due to the conversion, CITIC Financial Holdings and its persons acting in concert held a total of 32,284,227,773 shares of the Bank, representing 65.93% of the Bank's total share capital. After the equity change, CITIC Financial Holdings and its persons acting in concert held a total of 36,610,129,412 shares of the Bank, representing 68.70%[35] of the Bank's total share capital. This change in equity is an increase in shareholding. As shares of the Bank held by CITIC Financial Holdings and its persons acting in concert before this change in equity exceeded 50% of the issued share capital of the Bank, this change of equity is exempt from making a takeover offer according to Article 63.1.v of the *Administrative Measures for the Takeover of Listed Companies*. The change in equity did not result in change of the controlling shareholder or de facto controller of the Bank.

For details of changes in conversion of convertible bonds and equity of controlling shareholder, please refer to relevant announcements published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 2 April 2024.

35 The shareholding percentage before the conversion of convertible bonds is calculated based on the total share capital of 48,966,869,717 shares as at 28 March 2024. The shareholding percentage after the conversion is calculated based on the total share capital of 53,292,771,356 shares as at 29 March 2024.

Chapter 6 Changes in Ordinary Shares and Information on Ordinary Shareholders

6.1 Changes in Ordinary Shares

6.1.1 Table on Changes in Shareholdings

Unit: Shares

Category	31 December 2023		Changes during the reporting period (+, –)					30 June 2024	
	Number of shares held	Percentage (%)	New issue	Bonus issue	Capital reserve converted to shares	Convertible bonds converted to shares	Subtotal	Number of shares held	Percentage (%)
Shares subject to restrictions on sale:	–	–	–	–	–	–	–	–	–
1. Shares held by the state	–	–	–	–	–	–	–	–	–
2. Shares held by state-owned legal persons	–	–	–	–	–	–	–	–	–
3. Shares held by other domestic investors	–	–	–	–	–	–	–	–	–
Including: Shares held by domestic non-state-owned legal persons	–	–	–	–	–	–	–	–	–
Shares held by domestic natural persons	–	–	–	–	–	–	–	–	–
4. Foreign-held shares	–	–	–	–	–	–	–	–	–
Including: Shares held by overseas legal persons	–	–	–	–	–	–	–	–	–
Shares held by overseas natural persons	–	–	–	–	–	–	–	–	–
Shares not subject to restrictions on sale:	**48,966,865,954**	**100.00**	–	–	–	**+4,489,673,634**	**+4,489,673,634**	**53,456,539,588**	**100.00**
1. Renminbi denominated ordinary shares	34,084,702,977	69.61	–	–	–	+4,489,673,634	+4,489,673,634	38,574,376,611	72.16
2. Domestically-listed foreign shares	–	–	–	–	–	–	–	–	–
3. Overseas-listed foreign shares	14,882,162,977	30.39	–	–	–	–	–	14,882,162,977	27.84
4. Others	–	–	–	–	–	–	–	–	–
Total shares	**48,966,865,954**	**100.00**	–	–	–	**+4,489,673,634**	**+4,489,673,634**	**53,456,539,588**	**100.00**

6.1.2 Shares Subject to Restrictions on Sale

During the reporting period, none of the Bank's shareholders held shares subject to restrictions on sale.

6.2 Issuance and Listing of Securities

6.2.1 Equity Financing

The Bank planned to issue rights shares to existing shareholders (hereinafter referred to as the "Rights Issue"), and the proceeds raised from the Rights Issue are expected to be not more than RMB40.0 billion (inclusive). All the proceeds raised from the Rights Issue, after deduction of relevant expenses relating to the issuance, will be used for the replenishment of the Bank's core tier-one capital, so as to increase its capital adequacy ratio, support its sustainable and healthy business development in the future, and enhance its capital strength and competitiveness. The Bank obtained the approval from the former CBIRC on the Rights Issue Plan in October 2022, and the Rights Issue application was accepted by the SSE on 3 March 2023. The Rights Issue Plan may only be implemented after obtaining the approval of the SSE, the decision of consent to registration by CSRC and other necessary approvals in relation to the Rights Issue. The Bank held the Annual General Meeting of 2023, the Second A Shareholders Class Meeting of 2024 and the Second H Shareholders Class Meeting of 2024 on 20 June 2024, which reviewed and approved the proposal regarding the extension of the effective period for the resolutions passed in relation to the Rights Issue. Please refer to the relevant announcements dated 28 October 2022, 6 March 2023 and 21 June 2024 published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) for details thereof.

During the reporting period, the Bank did not issue new shares.

6.2.2 Issuance of Bonds

Pursuant to the *Affirmative Decision of Administrative License from the People's Bank of China* (PBOC Decision [2024] No. 6), the Bank was approved for the issuance of financial bonds. The newly increased balance of financial bonds in 2024 shall not exceed RMB80.0 billion, and the balance of financial bonds at the end of 2024 shall not exceed RMB360.0 billion. Pursuant to the *Reply of the National Financial Regulatory Administration on Issuance of Capital Instruments by China CITIC Bank* (NFRA Reply [2023] No. 467), the Bank was approved to issue capital instruments up to RMB120.0 billion.

The 2024 Undated Capital Bonds of China CITIC Bank Corporation Limited (Tranche 1) ("24 CITIC Undated 01") were book-built on 24 April 2024 and its issuance was completed in the national interbank bond market on 26 April 2024. The size of the issuance of the 24 CITIC Undated 01 was RMB30.0 billion. The coupon rate is 2.42% for the first five years, and will be adjusted every five years, with the issuer's conditional redemption right attached to each interest payment date in the fifth year and thereafter. The proceeds from the issuance were used to replenish additional tier-1 capital pursuant to applicable laws and upon approval by regulators.

Please refer to the relevant announcements published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 27 April 2024 for details of the above financial bonds issued during the reporting period.

6.2.3 Issuance of Convertible Bonds

Please refer to Chapter 8 "Convertible Corporate Bonds" of this report for the issuance and the conversion of convertible bonds of the Bank during the reporting period.

6.2.4 Internal Employee Shares

There were no internal employee shares issued by the Bank.

6.3 Information on Ordinary Shareholders

6.3.1 Total Number of Shareholders

As at the end of the reporting period, the Bank had 129,498 accounts of ordinary shareholders in total, including 103,302 accounts of A shareholders and 26,196 accounts of registered H shareholders, and no preference shareholders with restored voting right or shareholders with special voting right.

6.3.2 Information on the Top 10 Shareholders (as at the end of the reporting period)

Unit: Shares

No.	Name of shareholder	Nature of shareholder	Class of shares	Total number of shares held	Shareholding percentage (%)	Number of shares subject to restrictions on sale	Increase or decrease in shareholding during the reporting period	Shares pledged, marked or frozen
1	CITIC Financial Holdings	State-owned legal person	A share, H share	35,732,894,412	66.84	0	+4,325,901,639	0
2	Hong Kong Securities Clearing Company Nominees Limited	Overseas legal person	H share	12,137,825,043	22.71	0	+1,937,487	Unknown
3	China National Tobacco Corporation	State-owned legal person	A share	2,147,469,539	4.02	0	0	0
4	China Securities Finance Corporation Limited	State-owned legal person	A share	1,018,941,677	1.91	0	0	0
5	Hong Kong Securities Clearing Company Limited	Overseas legal person	A share	377,345,082	0.71	0	+197,996,314	0
6	Central Huijin Asset Management Ltd.	State-owned legal person	A share	267,137,050	0.50	0	0	0
7	China Construction Bank Corporation	State-owned legal person	H share	168,599,268	0.32	0	0	0
8	China Merchants Bank Co., Ltd. – SSE Dividend Traded Open-ended Index Securities Investment Fund	Other	A share	60,649,795	0.11	0	+277,271	0
9	Industrial and Commercial Bank of China – Huatai-PineBridge Investments CSI 300 Traded Open-ended Index Securities Investment Fund	Other	A share	36,046,266	0.07	0	+13,308,600	0
10	China Construction Bank Corporation – Huatai-PineBridge Investments CSI Dividend Low Volatility Trading Open-ended Index Securities Investment Fund	Other	A share	32,238,253	0.06	0	+22,693,706	0

Notes: (1) All shares held by the above-mentioned shareholders were shares not subject to restrictions on sale of the Bank.

(2) The shareholdings of A shareholders and H shareholders in the table above were calculated based on the Bank's share registers respectively maintained with China Securities Depository and Clearing Corporation Limited Shanghai Branch and Computershare Hong Kong Investor Services Limited.

(3) Hong Kong Securities Clearing Company Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. The total number of shares held by Hong Kong Securities Clearing Company Nominees Limited is the aggregate number of H shares it held in its capacity as nominee on behalf of all institutional and individual investors registered with the company as at the end of the reporting period. Hong Kong Securities Clearing Company Limited is an institution that is designated by others to hold shares, including the Shanghai Stock Connect shares held by Hong Kong and overseas investors, on behalf of others in its capacity as nominee shareholder.

(4) CITIC Financial Holdings is a wholly-owned subsidiary of CITIC Corporation Limited. CITIC Corporation Limited is a wholly-owned subsidiary of CITIC Limited. As at the end of the reporting period, CITIC Limited and its subsidiaries (including CITIC Corporation Limited and CITIC Financial Holdings) together owned 36,610,129,412 shares of the Bank, accounting for 68.49% of the Bank's total shares, including 33,264,829,933 A shares and 3,345,299,479 H shares. CITIC Financial Holdings directly owned 35,732,894,412 shares of the Bank, accounting for 66.84% of the Bank's total shares, including 33,264,829,933 A shares and 2,468,064,479 H shares.

(5) Summit Idea Limited confirmed that, as at the end of the reporting period, it held via Hong Kong Securities Clearing Company Nominees Limited 2,292,579,000 H shares of the Bank, accounting for 4.29% of the Bank's total shares. Summit Idea Limited is a wholly-owned affiliate of Xinhu Zhongbao Co., Ltd. ("Xinhu Zhongbao"). In addition to the aforementioned stake, Hong Kong Xinhu Investment Co., Ltd., a wholly-owned subsidiary of Xinhu Zhongbao, also owned 153,686,000 H shares of the Bank via Hong Kong Securities Clearing Company Nominees Limited, taking up 0.29% of the Bank's total shares.

(6) Note on related party relations or concerted actions between ordinary shareholders listed in the above table: Hong Kong Securities Clearing Company Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. According to the *Report for the First Quarter of 2024 of China Construction Bank Corporation and the Announcement of China Construction Bank Corporation on the Implementation of Share Acquisition Plan by Huijin*, as at 10 April 2024, Central Huijin Investment Ltd. and its wholly-owned subsidiary Central Huijin Asset Management Ltd. together owned 57.34% equity of China Construction Bank Corporation. Except for these, the Bank was not aware of any related party relations or concerted actions between the shareholders listed in the above table.

(7) None of the top 10 shareholders of the Bank held a special account for repurchase.

(8) As far as the Bank was aware, as at the end of the reporting period, the shareholders listed in the above table neither delegated or abstained from their voting right, nor were delegated with the voting right of any other party.

(9) As far as the Bank was aware, save as Hong Kong Securities Clearing Company Nominees Limited (unknown) and the attached information disclosed, the shareholders listed in the above table did not participate in margin trading and short selling or refinancing.

6.3.3 Share Lending in Refinancing Account of the Top 10 Shareholders

Unit: Shares

Name of shareholder	The number of shares held in common share account and credit account as at the beginning of the reporting period		The number of lent and unreturned shares in refinancing account as at the beginning of the reporting period		The number of shares held in common share account and credit account as at the end of the reporting period		The number of lent and unreturned shares in refinancing account as at the end of the reporting period	
	Number of shares	Percentage (%)	Number of shares	Percentage (%)	Number of shares	Percentage (%)	Number of shares	Percentage (%)
Industrial and Commercial Bank of China – Huatai-PineBridge Investments CSI 300 Traded Open-ended Index Securities Investment Fund	22,737,666	0.05	337,200	0.00	36,046,266	0.07	91,100	0.00
China Construction Bank Corporation–Huatai-Pine Bridge Investments CSI Dividend Low Volatility Trading Open-ended Index Securities Investment Fund	9,544,547	0.02	198,500	0.00	32,238,253	0.06	135,800	0.00

6.4 Interests and Short Positions Held by Substantial Ordinary Shareholders and Other Persons

The table below sets out the interests and short positions in the shares of the Bank held by substantial shareholders and other persons (except the directors, supervisors and chief executives of the Bank as defined according to the Hong Kong Listing Rules) as recorded in the register that the Bank maintained pursuant to Section 336 of the Securities and Futures Ordinance and as far as the Bank was aware as at the end of the reporting period.

Unit: Shares

Name	Class of shares	Identity	Number of shares held	Shareholding percentage of the issued share capital of the same class (%)	Shareholding percentage of the total issued share capital (%)
CITIC Financial Holdings	H share	Beneficiary owner	2,468,064,479(L)	16.58	4.62
	A share		33,264,829,933(L)	86.24	62.23
CITIC Corporation Limited	H share	Beneficiary owner	581,736,000(L)	3.91	1.09
	H share	Interest of controlled corporations	2,478,377,479(L)	16.65	4.64
	A share		33,264,829,933(L)	86.24	62.23
CITIC Limited	H share	Interest of controlled corporations	3,345,299,479(L)	22.48	6.26
	A share		33,264,829,933(L)	86.24	62.23
CITIC Polaris Limited	H share	Interest of controlled corporations	3,345,299,479(L)	22.48	6.26
	A share		33,264,829,933(L)	86.24	62.23
CITIC Glory Limited	H share	Interest of controlled corporations	3,345,299,479(L)	22.48	6.26
	A share		33,264,829,933(L)	86.24	62.23
CITIC Group	H share	Interest of controlled corporations	3,345,299,479(L)	22.48	6.26
	A share		33,264,829,933(L)	86.24	62.23
Summit Idea Limited	H share	Beneficiary owner	2,292,579,000(L)	15.41	4.29
Total Partner Global Limited	H share	Interest of controlled corporations	2,292,579,000(L)	15.41	4.29
Hong Kong Xinhu Investment Co., Ltd.	H share	Beneficiary owner	153,686,000(L)	1.03	0.29
		Interest of controlled corporations	2,292,579,000(L)	15.41	4.29
Xinhu Zhongbao Co., Ltd.	H share	Interest of controlled corporations	2,446,265,000(L)	16.44	4.58
Zhejiang Xinhu Group Corporation Limited	H share	Interest of controlled corporations	2,446,265,000(L)	16.44	4.58
Ningbo Jiayuan Industrial Development Co., Ltd.	H share	Interest of controlled corporations	2,446,265,000(L)	16.44	4.58
Huang Wei	H share	Interest of controlled corporations	2,446,265,000(L)	16.44	4.58
Li Ping	H share	Interest of controlled corporations	2,446,265,000(L)	16.44	4.58
UBS SDIC Fund Management Co., Ltd.	H share	Investment Manager	1,379,630,577(L)	9.27	2.58

Notes: (1) (L) – long position.
(2) The above disclosure is made mainly on the basis of the information released on the HKEXnews (www.hkexnews.hk).
(3) According to Section 336 of the *Securities and Futures Ordinance*, if certain conditions are met, shareholders of the Bank shall submit the interest disclosure form. When there is a change to the number of shares of the Bank held by shareholders, unless certain conditions are met, related shareholders need not to notify the Bank and SEHK. Therefore, the latest number of shares held by shareholders at the Bank may differ from those already submitted to SEHK.

Except for the aforementioned disclosure, as at the end of the reporting period, the Bank didn't know that any person (except the directors, supervisors and chief executives of the Bank defined according to the *Hong Kong Listing Rules*) held any interests and short positions in the shares of the Bank or underlying shares that shall be recorded in the register that the Bank maintained pursuant to Section 336 of the *Securities and Futures Ordinance*.

6.5 Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Bank or Associated Corporations Held by Its Directors, Supervisors and Chief Executives

The table below sets out the interests in the shares of the Bank held by directors, supervisors and chief executives of the Bank as at the end of the reporting period as recorded in the register that the Bank should maintain pursuant to Section 352 of the *Securities and Futures Ordinance* and as far as the Bank is aware:

Unit: Shares

Name	Position	Class of shares	Identity	Number of shares held	Shareholding percentage of the issued shares of the same class (%)	Shareholding percentage of the total issued ordinary shares (%)
Fang Heying	Chairman, Executive Director	H share	Beneficiary owner	915,000(L)	0.0061	0.0017
Liu Cheng	Executive Director, President	H share	Beneficiary owner	624,000(L)	0.0042	0.0012
Li Rong	Shareholder Representative Supervisor	H share	Beneficiary owner	364,000(L)	0.0024	0.0007
Cheng Pusheng	Employee Representative Supervisor	H share	Beneficiary owner	354,000(L)	0.0024	0.0007
Zhang Chun	Employee Representative Supervisor	H share	Beneficiary owner	210,000(L)	0.0014	0.0004
Zeng Yufang	Employee Representative Supervisor	H share	Beneficiary owner	188,000(L)	0.0013	0.0004

Notes: (1) (L) – long position.

(2) The above disclosure is made mainly on the basis of the information released on the HKEXnews (www.hkexnews.hk).

The table below sets out the interests in the shares of associated corporations of the Bank held by directors, supervisors and chief executives of the Bank as at the end of the reporting period as recorded in the register that the Bank should maintain pursuant to Section 352 of the *Securities and Futures Ordinance* and as far as the Bank is aware:

Unit: Shares

Name	Associated corporation	Identity	Number of shares held	Shareholding percentage of the total issued shares (%)
Fang Heying	CITIC Limited	Beneficiary owner	38,000(L)	0.00013
Cao Guoqiang	CITIC Limited	Beneficiary owner	39,000(L)	0.00013
Liu Cheng	CITIC Limited	Beneficiary owner	61,000(L)	0.00021

Notes: (1) (L) – long position.

(2) The above disclosure is made mainly on the basis of the information released on the HKEXnews (www.hkexnews.hk).

6.6 Controlling Shareholder and De Facto Controller of the Bank

6.6.1 Information on Controlling Shareholder and De Facto Controller of the Bank

During the reporting period, there was no change in the Bank's controlling shareholder or the Bank's de facto controller. As at the end of the reporting period, CITIC Financial Holdings was the controlling shareholder of the Bank; CITIC Corporation Limited was the single direct controlling shareholder of CITIC Financial Holdings; CITIC Limited was the single direct controlling shareholder of CITIC Corporation Limited; CITIC Group was the controlling shareholder of CITIC Limited and the de facto controller of the Bank.

CITIC Group was founded in 1979 by Mr. Rong Yiren with the advocacy and support of Mr. Deng Xiaoping. Since its incorporation, CITIC Group has been a pilot unit for national economic reform and an important window for China's opening up to the world. With fruitful explorations and innovation in many areas, CITIC Group has built itself a robust image and reputation both domestically and abroad. At present, CITIC Group has developed into a large state-owned multinational conglomerate with both financial and non-financial businesses. Its financial business covers a full range of services including banking, securities, trust, insurance, fund and asset management; and its non-financial business includes real estate, engineering contracting, energy and resources, infrastructure construction, machinery manufacturing and information industry, demonstrating strong competitive advantages and great momentum of growth.

In December 2011, with approval from the State Council, and in alignment with its wholly-owned subsidiary Beijing CITIC Enterprise Management Co., Ltd., CITIC Group contributed the majority of its existing net operating assets to establish CITIC Corporation Limited (named "CITIC Limited" when first established). In particular, CITIC Group held 99.9% equity interest in CITIC Limited, and Beijing CITIC Enterprise Management Co., Ltd. held 0.1%. CITIC Group as a whole was restructured into a wholly state-owned company. To complete the aforementioned capital contribution, CITIC Group transferred its entire equity in the Bank to CITIC Corporation Limited as capital contribution. As a result, CITIC Corporation Limited held 28,938,929,004 shares in the Bank both directly and indirectly, accounting for 61.85% of the Bank's total share capital. The above-mentioned share transfer was approved by the State Council, the Ministry of Finance (MOF), former CBRC, the CSRC and the Hong Kong Monetary Authority. In February 2013, the relevant formalities for the share transfer were officially completed with approvals from the SSE and China Securities Depositary and Clearing Corporation Limited Shanghai Branch. On 26 December 2018, the MOF and the Ministry of Human Resources and Social Security (MOHRSS) decided to transfer MOF's 10% equity in CITIC Group to the National Council for Social Security Fund in a lump sum. According to relevant regulations, the National Council for Social Security Fund, as a financial investor, is entitled to the equity income and other relevant rights and interests corresponding to the state-owned equity transferred, and does not intervene the daily production, operation and management of the enterprise. The transfer does not change the original state-owned asset management mechanism of CITIC Group, and relevant procedures are in progress.

In October 2013, BBVA transferred to CITIC Limited the 2,386,153,679 H shares it held in the Bank, accounting for approximately 5.10% of the total share capital of the Bank, after which CITIC Limited increased its shareholding in the Bank to 66.95%.

In August 2014, CITIC Group injected its main business assets entirely into its Hong Kong listed subsidiary, CITIC Pacific, and renamed it CITIC Limited. The former CITIC Limited was renamed CITIC Corporation Limited. CITIC Limited held 100% equity interest in CITIC Corporation Limited.

In September 2014, CITIC Corporation Limited purchased an additional 81,910,800 H shares of the Bank via agreement transfer, after which, CITIC Corporation Limited held a total of 31,406,992,773 A shares and H shares of the Bank, accounting for approximately 67.13% of the Bank's total share capital.

In January 2016, the Bank completed its private offering of 2,147,469,539 A shares to China Tobacco, upon which time the Bank's total share capital increased to 48,934,796,573 shares and the proportion of shares owned by CITIC Corporation Limited went down to 64.18%.

In January 2016, CITIC Limited notified the Bank that it planned to increase its shareholding in the Bank by 21 January 2017 when appropriate, provided that the accumulative percentage of such incremental equity holding did not exceed 5% of the Bank's total issued share capital. As at 21 January 2017, the implementation of the plan to increase shareholding in the Bank was completed. CITIC Limited and its subsidiaries (including CITIC Corporation Limited) held 32,284,227,773 shares of the Bank in aggregate, of which they held 28,938,928,294 A shares and 3,345,299,479 H shares, representing 65.97% of the total issued shares of the Bank.

In April 2023, the share transfer registration was completed for the transfer for nil consideration of 28,938,928,294 A shares and 2,468,064,479 H shares from CITIC Corporation Limited to CITIC Financial Holdings. Upon the completion of the above-mentioned share transfer registration, CITIC Corporation Limited still holds a total of 581,736,000 H shares of the Bank, representing 1.19% of the total issued shares of the Bank, and CITIC Financial Holdings directly holds a total of 31,406,992,773 shares of the Bank, representing 64.18% of the total issued shares of the Bank. CITIC Financial Holdings replaced CITIC Corporation Limited and became the controlling shareholder of the Bank. CITIC Group remains as the de facto controller of the Bank.

In March 2024, CITIC Financial Holdings converted all the RMB26.388 billion convertible corporate bonds of the Bank it held to 4,325,901,639 A-share ordinary shares of the Bank. After the conversion of the convertible bonds, CITIC Financial Holdings and its persons acting in concert held a total of 36,610,129,412 shares of the Bank, representing 68.70% of the total share capital of the Bank.

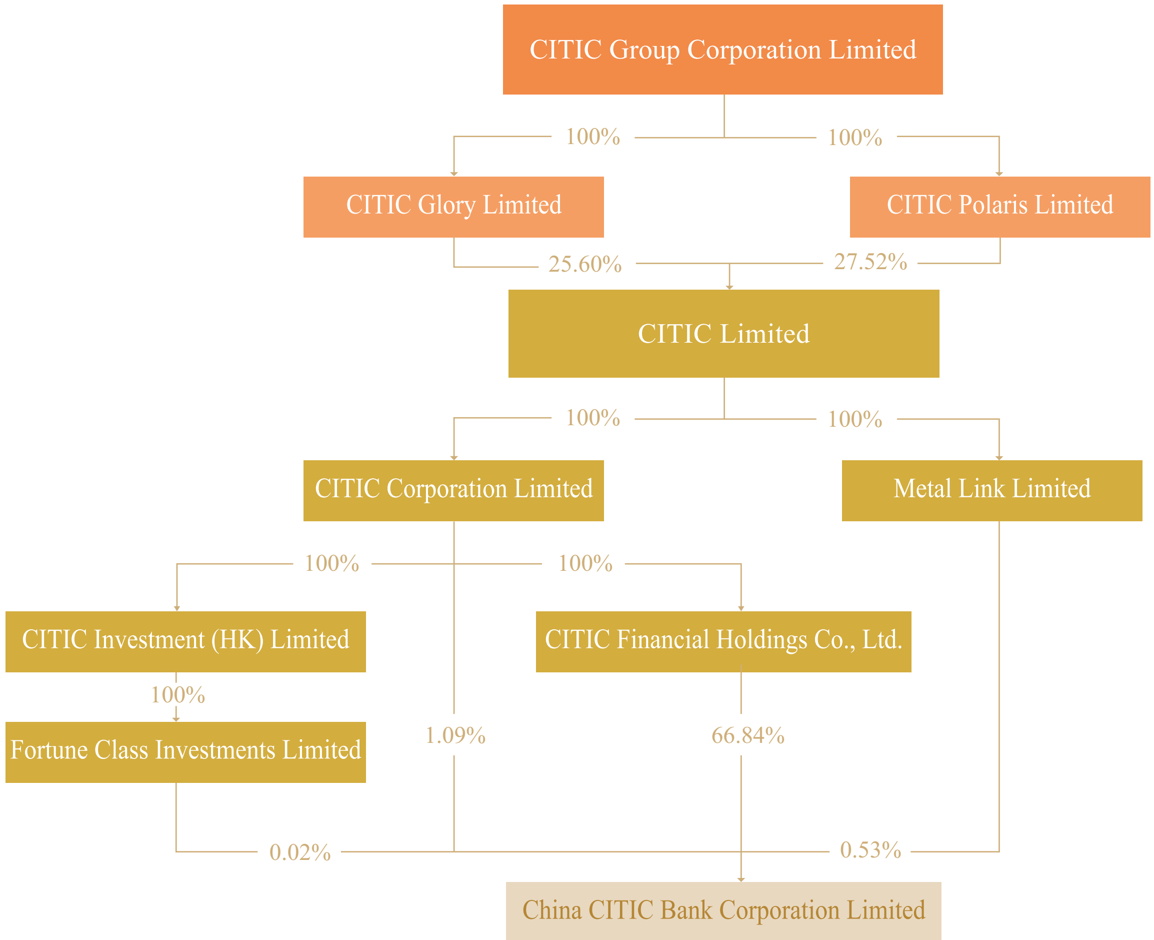
As at the end of the reporting period, CITIC Group had a registered capital of RMB205,311,476,359.03, and its legal representative was Mr. Xi Guohua. Its business scope covered: investment in and management of domestic and overseas financial enterprises and related industries including banking, securities, insurance, trust, asset management, futures, leases, funds and credit cards; investment businesses in energy, transportation infrastructure, mining, forestry resources development and raw materials industry, machinery manufacturing, real estate development, information infrastructure, basic telecommunications and value-added telecom services, environmental protection, pharmaceuticals, biological engineering and new materials, aviation, transportation, warehousing, hotels, tourism, domestic and international trade, commerce, education, publication, media, culture and sports, domestic and overseas engineering design, construction, contracting and sub-contracting, and industrial investment; asset management; capital operation; project tendering, exploration, design, construction, supervision, contracting and subcontracting and consulting services; external allocation of required workers to overseas projects compatible with its strength, scale and business performance; import and export; and information services business (only restricted to internet information services which excludes information search and inquiry service, information community service, instant information interaction service and information protection and processing service). (The market entity shall discretionally choose its business projects and conduct its business activities according to the law; conduct business items that may only be conducted with approval according to the law as per approval of competent authorities; and may not engage in business activities of projects that are prohibited or restricted by the national and municipal industrial policies).

As at the end of the reporting period, CITIC Financial Holdings had a registered capital of RMB33,800,000,000; and Mr. Xi Guohua was its legal representative. Its business scope covered: General projects: management of enterprise headquarters (The market entity shall independently carry out operating activities according to law based on its business license in addition to projects subject to approval according to law); Licensed projects: financial holding company business. (The market entity shall conduct business items that may only be conducted with approval according to law as per approval of competent authorities; it may not engage in business activities of projects that are prohibited or restricted by the national and municipal industrial policies.)

As at the end of the reporting period, CITIC Financial Holdings and its persons acting in concert held 36,610,129,412 shares of the Bank in aggregate, representing 68.49% of the total issued shares of the Bank, including 33,264,829,933 A shares and 3,345,299,479 H shares. CITIC Financial Holdings directly owned 35,732,894,412 shares in the Bank, accounting for 66.84% of the total share capital of the Bank, including 33,264,829,933 A shares and 2,468,064,479 H shares.

6.6.2 Ownership Structure among the Bank, Its Controlling Shareholder and De Facto Controller

As at the end of the reporting period, the ownership structure among the Bank, its controlling shareholder and its de facto controller was as follows[36]:



In accordance with relevant requirements of the *Provisional Measures for Equity Management of Commercial Banks*, as at the end of the reporting period, the controlling shareholder, de facto controller, persons acting in concert and ultimate beneficiary of CITIC Financial Holdings are as follows:

Name of shareholder	Controlling shareholder	De facto controller	Persons acting in concert	Ultimate beneficiary
CITIC Financial Holdings	CITIC Corporation Limited	CITIC Group	CITIC Corporation Limited, Fortune Class Investments Limited, Metal Link Limited	CITIC Group

36 CITIC Glory Limited and CITIC Polaris Limited are both wholly-owned subsidiaries of CITIC Group. CITIC Financial Holdings directly owned 66.84% of the total share capital of the Bank, in addition to which, CITIC Limited also held part of the Bank's equity via its wholly-owned subsidiaries as well as CITIC Corporation Limited and its wholly-owned subsidiaries. Due to rounding, the total shareholding percentage of the Bank held by CITIC Financial Holdings and its persons acting in concert is slightly different from the sum of the shareholding percentages of the Bank directly held by all companies.

6.7 Information on Other Substantial Shareholders

Pursuant to the relevant provisions of the *Provisional Measures for the Management of Equity in Commercial Banks*, in addition to CITIC Financial Holdings, the substantial shareholders of the Bank also include Summit Idea Limited and China Tobacco. As at the end of the reporting period, among members of the Board of Directors of the Bank, one non-executive director was recommended by Summit Idea Limited and one non-executive director was recommended by China Tobacco.

Summit Idea Limited is a company incorporated in British Virgin Islands. As at the end of the reporting period, it held via Hong Kong Securities Clearing Company Nominees Limited 2,292,579,000 H shares of the Bank, accounting for 4.29% of the Bank's total shares, with 1,123,363,710 H shares of the Bank pledged as collateral. Summit Idea Limited is a wholly-owned subsidiary of Xinhu Zhongbao. In addition to the aforementioned stake, Hong Kong Xinhu Investment Co., Ltd., a wholly-owned subsidiary of Xinhu Zhongbao, owned 153,686,000 H shares of the Bank via Hong Kong Securities Clearing Company Nominees Limited, taking up 0.29% of the Bank's total shares. Xinhu Zhongbao (SH.600208) was listed on the Shanghai Stock Exchange in 1999 with its principal business being real estate and investment. As at 31 December 2023, Xinhu Zhongbao recorded a registered capital of RMB8.5 billion, total assets of RMB110.871 billion and net assets of RMB43.688 billion. According to publicly available information, in July 2024, the controlling shareholder of Xinhu Zhongbao was changed to Quzhou Zhibao Enterprise Management Partnership (Limited Partnership), and its de facto controller was changed to Quzhou Industrial Holdings Group Co., Ltd. In August 2024, Xinhu Zhongbao was renamed Quzhou Xin'an Development Co., Ltd.

China Tobacco is a mega state-owned enterprise established with approval from the State Council. As at the end of the reporting period, China Tobacco held 2,147,469,539 A shares of the Bank, accounting for 4.02% of the Bank's total shares, without pledge of the Bank's equity as collateral. China Tobacco is an enterprise owned by the whole people with a registered capital of RMB57.0 billion. Its legal representative is Zhang Jianmin. The main business scope of China Tobacco includes the production, operation and import and export of tobacco monopoly products, as well as management and operation of state-owned assets.

In accordance with relevant requirements of the *Provisional Measures for Equity Management of Commercial Banks*, as at the end of the reporting period, the above substantial shareholders and their controlling shareholders, de facto controllers, persons acting in concert and ultimate beneficiaries are as follows:

Name of shareholder	Controlling shareholder	De facto controller	Person acting in concert	Ultimate beneficiary
Summit Idea Limited	Total Partner Global Limited	Huang Wei	Hong Kong Xinhu Investment Co., Ltd.	Huang Wei
China Tobacco	State Council	State Council	None	State Council

6.8 Other Legal-Person Shareholders Holding 10% or More of the Bank's Shares

As at the end of the reporting period, there were no other legal-person shareholders that held 10% or more of the Bank's shares except CITIC Financial Holdings.

6.9 Share Repurchase

There was no share repurchase during the reporting period.

Chapter 7 Preference Shares

7.1 Issuance and Listing of Preference Shares

After obtaining the *Reply of China Banking Regulatory Commission on Approving China CITIC Bank's Private Offering of Preference Shares and Amendment to the Articles of Association* (CBRC Reply [2015] No. 540) from former CBRC and the *Reply on Approving China CITIC Bank's Private Offering of Preference Shares* (CSRC License [2016] No. 1971) from CSRC, the Bank made the non-public offering of 350 million onshore preference shares at RMB100 par value per share on 21 October 2016. These shares were issued at par at 3.80% initial coupon rate and with no maturity date. These 350 million preference shares, referred to as "CITIC Excellent 1" with the preference share stock code of 360025, had been listed and traded on the SSE's Comprehensive Business Platform on 21 November 2016. Please refer to the relevant announcements published on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 10 November 2016 and 16 November 2016 for detailed information thereof.

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

7.2 Number of Preference Shareholders and Their Shareholdings

As at the end of the reporting period, the Bank recorded 40 accounts of preference shareholders ("CITIC Excellent 1", preference share stock code: 360025). Information on the top 10 preference shareholders at the end of the reporting period is set out in the table below:

Unit: Shares

No.	Name of shareholder (full name)	Nature of shareholder	Changes in shareholding in the reporting period (+, -)	Number of shares held at the end of the period	Shareholding percentage (%)	Class of shares	Number of shares subject to restrictions on sale	Shares pledged or frozen Status	Shares pledged or frozen Quantity
1	China Mobile Communications Group Co., Ltd.	State-owned legal person	–	43,860,000	12.53	Onshore preference shares	–	–	–
2	China Life Insurance Company Limited – Dividend – Individual Dividend – 005L – FH002 Shanghai	Other	–	38,430,000	10.98	Onshore preference shares	–	–	–
3	China Life Insurance Company Limited – Traditional – Ordinary Insurance Products – 005L – CT001 Shanghai	Other	–	38,400,000	10.97	Onshore preference shares	–	–	–
4	Ping An Life Insurance Company of China, Ltd. – Universal – Individual Universal Insurance	Other	–	30,700,000	8.77	Onshore preference shares	–	–	–
5	Ping An Life Insurance Company of China, Ltd. – Dividend – Dividends for Individual Insurance	Other	–	30,700,000	8.77	Onshore preference shares	–	–	–
6	AVIC Trust Co., Ltd. – AVIC Trust · Tianji Win-Win No. 2 Securities Investment Collective Capital Trust Plan	Other	–	21,930,000	6.27	Onshore preference shares	–	–	–
7	Ping An Property & Casualty Insurance Company of China, Ltd. – Traditional – Ordinary Insurance Products	Other	–	19,290,000	5.51	Onshore preference shares	–	–	–
8	China Resources SZITIC Trust Co., Ltd. – CR Trust · Yuanqi No. 80 Collective Capital Trust Plan	Other	–	14,875,000	4.25	Onshore preference shares	–	–	–
9	Hwabao Trust Co., Ltd. – Hwabao Trust – Baofu Investment No. 1 Collective Capital Trust Plan	Other	–	11,650,000	3.33	Onshore preference shares	–	–	–
10	Bosera Funds – ICBC – Bosera – ICBC – Flexible Allocation No. 5 Specific Multi-Client Asset Management Plan	Other	–	10,300,000	2.94	Onshore preference shares	–	–	–

Notes: (1) The shareholdings of the preference shareholders were calculated based on the information contained in the preference-share register of the Bank.

(2) Note on related party relations or concerted actions of the above preference shareholders: Based on publicly available information, the Bank came to the preliminary conclusion that there was related party relation between China Life Insurance Company Limited – Dividend – Individual Dividend – 005L – FH002 Shanghai and China Life Insurance Company Limited – Traditional – Ordinary Insurance Products – 005L – CT001 Shanghai, and among Ping An Life Insurance Company of China, Ltd. – Universal – Individual Universal Insurance, Ping An Life Insurance Company of China, Ltd. – Dividend – Dividends for Individual Insurance and Ping An Property & Casualty Insurance Company of China, Ltd. – Traditional – Ordinary Insurance Products. Except for these, the Bank was not aware of any other related party relation or concerted action between the above-mentioned preference shareholders or between the above-mentioned preference shareholders and the top 10 ordinary shareholders.

(3) "Shareholding percentage" means the percentage of preference shares held by preference shareholders in the total number of issued preference shares.

7.3 Dividend Distribution for Preference Shares

7.3.1 Policy on dividend distribution of preference shares

A nominal dividend rate subject to phase-specific adjustment shall be applied to the Bank's preference shares. Every five years since the payment date of the subscribed shares constitutes an interest- bearing period and the same nominal dividend rate shall be applied to the whole period. The nominal dividend rate for the first interest-bearing period was set at 3.80% by book finding. Cash dividends shall be paid for the above-mentioned preference shares on an annual basis, with the interest-bearing principal calculated as the total par value of the issued ongoing preference shares and the interest bearing date being the payment date of the subscribed shares (i.e., 26 October 2016). Dividends on the above preference shares shall not be cumulative, i.e., the shortage from a full-amount dividend payout in the current year will not be accumulated to the next interest-bearing year. Except for access to the dividends agreed upon in accordance with the issuance plan, the above-mentioned preference shareholders shall not participate in the distribution of residual profits together with the ordinary shareholders.

Since 26 October 2021, with the benchmark interest rate of "CITIC Excellent 1" was 2.78% for the second interest-bearing period and a fixed premium of 1.30%, the nominal dividend rate recorded 4.08%. Please refer to the relevant announcements published on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 27 October 2021 for detailed information thereof.

7.3.2 Payment of dividends on preference shares during the reporting period

During the reporting period, the Bank did not distribute any dividend on preference shares.

7.3.3 Plan on payment of dividends on preference shares

The Bank adopted the 2024 Plan on Payment of Dividends on Preference Shares at the Board meeting convened on 28 August 2024, approving that the preference share dividends accrued between 26 October 2023 and 25 October 2024 would be paid on 28 October 2024. The Bank will pay dividends on the preference shares to all the shareholders of "CITIC Excellent 1" (preference share stock code 360025) registered with China Securities Depository and Clearing Corporation Limited Shanghai Branch at the close of SSE trading on 25 October 2024. The Bank will pay out a preference share dividend of RMB4.08 per share (tax inclusive), which was calculated at a nominal dividend rate of 4.08%, with total dividend payment for preference shares amounting to RMB1.428 billion (tax inclusive).

7.4 Redemption or Conversion of Preference Shares

No preference share of the Bank was redeemed or converted during the reporting period.

7.5 Restoration of Voting Right of Preference Shares

During the reporting period, there was no restoration for the voting right of preference shares.

7.6 Accounting Policies for Preference Shares and the Underlying Reasons

According to the relevant accounting standards promulgated by the Ministry of Finance (MOF), namely, *Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments* and *Accounting Standards for Enterprises No. 37 – Presentation of Financial Instruments*, and pursuant to the principal terms of the preference shares issuance, the above-mentioned preference shares are eligible to be classified as equity instrument. Hence, the preference shares are accounted as equity instrument.

Chapter 8 Convertible Corporate Bonds

8.1 Overview

On 4 March 2019, the Bank completed the issuance of 40 million board lots of A-share convertible corporate bonds (hereinafter referred to as "A-share convertible bonds"), with each issued at the face value of RMB100 at par, raising total proceeds of RMB40.0 billion, which came to net proceeds of RMB39.9156402 billion after the deduction of the issuance costs. These A-share convertible bonds, referred to as "CITIC Convertible Bonds" with the code of 113021, were listed and traded on the SSE on 19 March 2019. All proceeds from the issuance of A-share convertible bonds have been used for operation to support business development, and will be used to replenish the Bank's core tier-one capital after the conversion to shares according to relevant regulations. The maturity of A-share convertible bonds is six years from the date of issuance, i.e., from 4 March 2019 to 3 March 2025, and the interest bearing date is the first day of issuance, i.e., 4 March 2019. The coupon rate is 0.3% for the first year, 0.8% for the second year, 1.5% for the third year, 2.3% for the fourth year, 3.2% for the fifth year and 4.0% for the sixth year.

Please refer to the relevant announcements published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 8 March 2019 and 15 March 2019 respectively for details thereof.

8.2 A-share Convertible Bond Holders and Guarantors during the Reporting Period

Information of the top 10 A-share convertible bond holders as at the end of the reporting period is set out in the table below:

Unit: RMB Yuan

A-share convertible bondholders at the period end (accounts)		7,305
Guarantors of A-share convertible bonds of the Bank		None
Name of top ten A-share convertible bondholders	**Nominal value of bonds held at the end of the period**	**Percentage of bonds held (%)**
China National Tobacco Corporation	2,521,129,000	20.32
Special account for collateralized bond repurchase in the securities depository and clearing system (Industrial and Commercial Bank of China)	1,177,313,000	9.49
Special account for collateralized bond repurchase in the securities depository and clearing system (Bank of China)	932,256,000	7.51
Special account for collateralized bond repurchase in the securities depository and clearing system (China Galaxy Securities Co., Ltd.)	494,994,000	3.99
Special account for collateralized bond repurchase in the securities depository and clearing system (Agricultural Bank of China)	448,977,000	3.62
Special account for collateralized bond repurchase in the securities depository and clearing system (China Merchants Bank Co., Ltd.)	366,780,000	2.96
Special account for collateralized bond repurchase in the securities depository and clearing system (China Construction Bank)	332,419,000	2.68
Special account for collateralized bond repurchase in the securities depository and clearing system (Bank of Communications)	254,598,000	2.05
China Construction Bank Corporation – Zheshang Fengli Enhanced Bond Securities Investment Fund	180,000,000	1.45
China Merchants Bank Co., Ltd. – Bosera CSI Convertible Bonds and Exchangeable Bond Trading Open-ended Index Securities Investment Fund	176,516,000	1.42

8.3 Changes in A-share Convertible Bonds during the Reporting Period

For the A-share convertible bonds issued by the Bank, the conversion period commenced from the first trading day after six months since the completion of the issuance of the convertible bonds to the convertible bond maturity date, i.e., from 11 September 2019 and will expire on 3 March 2025. During the reporting period, the decrease in the number of A-share convertible bonds held by CITIC Financial Holdings due to the conversion of all the convertible bonds it held into A-share ordinary shares of the Bank accounted for 65.97% of the total issuance of CITIC Convertible Bonds, exceeding 10% of the total issuance of CITIC Convertible Bonds. For details, please refer to "5.13.2 Changes in Convertible Bonds Held by CITIC Financial Holdings and Equity Changes of Controlling Shareholder" in this report. As at the end of the reporting period, CITIC Convertible Bonds amounted to a total of RMB27,593,254,000 have been converted to A-share ordinary shares of the Bank, with the total number of converted shares reaching 4,521,743,015 shares, which accounted for 9.2403429% of the total ordinary shares issued by the Bank before the conversion of CITIC Convertible Bonds. During the reporting period, CITIC Convertible Bonds of a total of RMB27,387,015,000 were converted to A-share ordinary shares of the Bank, with the number of converted shares reaching 4,489,673,634 shares.

8.4 Previous Adjustments of Conversion Prices

On 10 July 2024, the Bank distributed cash dividends on ordinary shares (A share) for the year 2023. According to the related articles of the *Prospectus on the Public Issuance of the A Share Convertible Corporate Bonds of China CITIC Bank Corporation Limited* as well as other applicable laws and regulations, after the issuance of A-share convertible bonds of the Bank, the Bank will accordingly adjust the conversion price of the A-share convertible bonds in case of changes to the Bank's shares due to the distribution of stock dividends, transfer of share capital, issuance of new shares, or rights issue (excluding the share capital increase due to the conversion of convertible bonds issued this time) or the distribution of cash dividends of the Bank. Therefore, after this profit distribution, the conversion price of CITIC Convertible Bonds was adjusted from RMB6.10 per share to RMB5.77 per share since 10 July 2024 (the ex-dividend date). Previous adjustments to conversion prices are set out in the table below:

Unit: RMB Yuan/share

Date of adjustment to conversion prices	Conversion price after adjustment	Disclosure date	Media of disclosure	Reasons for adjustment to conversion prices
22 July 2019	7.22	15 July 2019	*China Securities Journal, Shanghai Securities News, Securities Times,* website of SSE, website of the Bank	The implementation of profit distribution for ordinary shares (A share) for 2018
15 July 2020	6.98	8 July 2020	*China Securities Journal, Shanghai Securities News, Securities Times,* website of SSE, website of the Bank	The implementation of profit distribution for ordinary shares (A share) for 2019
29 July 2021	6.73	22 July 2021	*China Securities Journal, Shanghai Securities News, Securities Times,* website of SSE, website of the Bank	The implementation of profit distribution for ordinary shares (A share) for 2020
28 July 2022	6.43	21 July 2022	*China Securities Journal, Shanghai Securities News, Securities Times,* website of SSE, website of the Bank	The implementation of profit distribution for ordinary shares (A share) for 2021
20 July 2023	6.10	13 July 2023	*China Securities Journal, Shanghai Securities News, Securities Times,* website of SSE, website of the Bank	The implementation of profit distribution for ordinary shares (A share) for 2022
10 July 2024	5.77	3 July 2024	*China Securities Journal, Shanghai Securities News, Securities Times,* website of SSE, website of the Bank	The implementation of profit distribution for ordinary shares (A share) for 2023
The latest conversion price as at the disclosure date of this report				5.77

8.5 The Bank's Outstanding Debts, Creditworthiness and Availability of Cash for Repayment of Debts in Future Years

In accordance with the applicable provisions in the *Administrative Measures for the Issuance and Trading of Corporate Bonds* of CSRC and relevant regulations, the Bank entrusted the credit rating agency Dagong Global Credit Rating Co., Ltd. (hereinafter referred to as "Dagong Global") to track the credit standing of the CITIC Convertible Bonds issued by the Bank in March 2019. Dagong Global issued the *Tracking Rating Report on China CITIC Bank Corporation Limited as the Issuer and its Publicly Offered A-share Convertible Corporate Bonds (2024)* which stated the rating results that: maintaining the Bank's long-term credit rating at AAA with a stable outlook and the credit rating of CITIC Convertible Bonds at AAA. The Bank maintained stability in all aspects of operations, as exemplified by its reasonable asset structure, liabilities without obvious changes, and robust credit position. In future years, income from ordinary operations, cash inflows, and realization of current assets will constitute the principal cash sources for the Bank's repayment of debts.

To the Board of Directors of China CITIC Bank Corporation Limited

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

Introduction

We have reviewed the interim financial information set out on pages 146 to 247, which comprises the consolidated interim statement of financial position of China CITIC Bank Corporation Limited (the "Bank") and its subsidiaries (collectively the "Group") as at 30 June 2024 and the consolidated interim statement of profit or loss and other comprehensive income, the consolidated interim statement of changes in equity, and the consolidated interim statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34, Interim Financial Reporting, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial information in accordance with International Accounting Standard 34.

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

Scope of Review

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

Conclusion

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

Certified Public Accountants

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

28 August 2024

Chapter 9 Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

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

		Six months ended 30 June	
	Notes	**2024** **Unaudited**	2023 Unaudited
Interest income		**156,933**	159,237
Interest expense		**(84,325)**	(86,031)
Net interest income	4	**72,608**	73,206
Fee and commission income		**18,712**	20,949
Fee and commission expense		**(2,359)**	(1,886)
Net fee and commission income	5	**16,353**	19,063
Net trading gain	6	**2,930**	3,344
Net gain from investment securities	7	**16,279**	9,783
Net hedging gain		**3**	–
Other operating income		**467**	489
Operating income		**108,640**	105,885
Operating expenses	8	**(30,958)**	(29,247)
Operating profit before impairment		**77,682**	76,638
Credit impairment losses	9	**(34,370)**	(34,464)
Impairment losses on other assets	10	**(43)**	(242)
Revaluation (losses)/gains on investment properties		**(8)**	9
Share of profit of associates and joint ventures		**490**	426
Profit before tax		**43,751**	42,367
Income tax expense	11	**(7,880)**	(5,660)
Profit for the period		**35,871**	36,707
Net profit attributable to:			
Equity holders of the Bank		**35,490**	36,067
Non-controlling interests		**381**	640

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

	Notes	Six months ended 30 June	
		2024 Unaudited	2023 Unaudited
Profit for the period		**35,871**	36,707
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss (net of tax):			
— Fair value changes on financial investments designated at fair value through other comprehensive income		**–**	(159)
Items that may be reclassified subsequently to profit or loss (net of tax):			
— Other comprehensive income transferable to profit or loss under equity method		**10**	14
— Fair value changes on financial assets at fair value through other comprehensive income		**5,666**	3,614
— Impairment allowance on financial assets at fair value through other comprehensive income		**72**	448
— Exchange difference on translation of foreign financial statements		**1,364**	2,453
— Others		**–**	(9)
Other comprehensive income, net of tax	12	**7,112**	6,361
Total comprehensive income for the period		**42,983**	43,068
Total comprehensive income attribute to:			
Equity holders of the Bank		**42,584**	42,510
Non-controlling interests		**399**	558
Earnings per share attributable to the ordinary shareholders of the Bank			
Basic earnings per share (RMB)	13	**0.66**	0.70
Diluted earnings per share (RMB)	13	**0.64**	0.63

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

Chapter 9 Consolidated Interim Statement of Financial Position

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

	Notes	**30 June 2024 Unaudited**	31 December 2023 Audited
Assets			
Cash and balances with central banks	14	**384,906**	416,442
Deposits with banks and non-bank financial institutions	15	**88,859**	81,075
Precious metals		**16,947**	11,674
Placements with and loans to banks and non-bank financial institutions	16	**298,629**	237,742
Derivative financial assets	17	**58,128**	44,675
Financial assets held under resale agreements	18	**68,224**	104,773
Loans and advances to customers	19	**5,475,547**	5,383,750
Financial investments	20		
— at fair value through profit or loss		**631,535**	613,824
— at amortised cost		**1,003,520**	1,085,598
— at fair value through other comprehensive income		**869,940**	888,677
— designated at fair value through other comprehensive income		**4,810**	4,807
Investments in associates and joint ventures	21	**7,315**	6,945
Investment properties	23	**534**	528
Property, plant and equipment	24	**38,748**	38,309
Right-of-use assets	25	**10,590**	10,643
Intangible assets		**4,118**	4,595
Goodwill	26	**949**	926
Deferred tax assets	27	**50,004**	52,480
Other assets	28	**91,320**	65,021
Total assets		**9,104,623**	9,052,484
Liabilities			
Borrowings from central banks		**275,603**	273,226
Deposits from banks and non-bank financial institutions	30	**839,999**	927,887
Placements from banks and non-bank financial institutions	31	**74,307**	86,327
Financial liabilities at fair value through profit or loss		**1,556**	1,588
Derivative financial liabilities	17	**51,274**	41,850
Financial assets sold under repurchase agreements	32	**180,105**	463,018
Deposits from customers	33	**5,592,100**	5,467,657
Accrued staff costs	34	**17,378**	22,420
Taxes payable	35	**6,995**	6,302
Debt securities issued	36	**1,170,880**	965,981
Lease liabilities	25	**10,425**	10,245
Provisions	37	**11,273**	10,846
Deferred tax liabilities	27	**2**	1
Other liabilities	38	**56,975**	40,461
Total liabilities		**8,288,872**	8,317,809

(Continued)

As at 30 June 2024

(Amounts in millions of Renminbi unless otherwise stated)

	Notes	**30 June 2024 Unaudited**	31 December 2023 Audited
Equity			
Share capital	39	**53,457**	48,967
Other equity instruments	40	**145,913**	118,060
Capital reserve	41	**84,440**	59,400
Other comprehensive income	42	**11,151**	4,057
Surplus reserve	43	**60,992**	60,992
General reserve	44	**105,280**	105,127
Retained earnings	45	**336,844**	320,619
Total equity attributable to equity holders of the Bank		**798,077**	717,222
Non-controlling interests	46	**17,674**	17,453
Total equity		**815,751**	734,675
Total liabilities and equity		**9,104,623**	9,052,484

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

Approved and recognized for issue by the board of directors on 28 August 2024.

Fang Heying
Chairman
Executive Director

Liu Cheng
Executive Director
President (in charge of finance and accounting work)

Xue Fengqing
General Manager of the Finance
and Accounting Department

Company stamp

Chapter 9 Consolidated Interim Statement of Changes in Equity

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

	Notes	Equity attributable to equity holders of the Bank							Non-controlling interests		
		Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Ordinary shareholders in subsidiaries	Other equity instruments holders	Total equity
Unaudited											
As at 1 January 2024		48,967	118,060	59,400	4,057	60,992	105,127	320,619	9,763	7,690	734,675
(i) Profit for the period		-	-	-	-	-	-	35,490	208	173	35,871
(ii) Other comprehensive income	12	-	-	-	7,094	-	-	-	18	-	7,112
Total comprehensive income		-	-	-	7,094	-	-	35,490	226	173	42,983
(iii) Investor capital											
— Capital injection by issuing convertible corporate bonds		4,490	(2,147)	25,044	-	-	-	-	-	-	27,387
— Insurance of perpetual bonds		-	30,000	(4)	-	-	-	-	-	-	29,996
(iv) Profit appropriations											
— Appropriations to general reserve	44	-	-	-	-	-	153	(153)	-	-	-
— Dividend distribution to ordinary shareholders of the Bank	45	-	-	-	-	-	-	(17,432)	-	-	(17,432)
— Dividend distribution to non-controlling interests		-	-	-	-	-	-	-	(5)	-	(5)
— Interest paid to holders of perpetual bonds	45/46	-	-	-	-	-	-	(1,680)	-	(173)	(1,853)
As at 30 June 2024		53,457	145,913	84,440	11,151	60,992	105,280	336,844	9,984	7,690	815,751

(Amounts in millions of Renminbi unless otherwise stated)

		Equity attributable to equity holders of the Bank							Non-controlling interests		
	Notes	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Ordinary shareholders in subsidiaries	Other equity instruments holders	Total equity
Unaudited											
As at 1 January 2023		48,935	118,076	59,216	(1,621)	54,727	100,580	285,505	9,220	11,192	685,830
(i) Profit for the period		–	–	–	–	–	–	36,067	343	297	36,707
(ii) Other comprehensive income	12	–	–	–	6,443	–	–	–	(82)	–	6,361
Total comprehensive income		–	–	–	6,443	–	–	36,067	261	297	43,068
(iii) Investor capital											
— Capital injection by issuing convertible corporate bonds		32	(16)	192	–	–	–	–	–	–	208
(iv) Profit appropriations											
— Appropriations to general reserve	44	–	–	–	–	–	116	(116)	–	–	–
— Dividend distribution to ordinary shareholders of the Bank	45	–	–	–	–	–	–	(16,110)	–	–	(16,110)
— Dividend distribution to non-controlling interests		–	–	–	–	–	–	–	(6)	–	(6)
— Interest paid to holders of perpetual bonds	45/46	–	–	–	–	–	–	(1,680)	–	(297)	(1,977)
(v) Transfers within the owners' equity											
— Other comprehensive income transferred to retained earnings		–	–	–	186	–	–	(186)	–	–	–
— Equity transaction with non-controlling shareholders		–	–	(4)	–	–	–	(6)	10	–	–
As at 30 June 2023		48,967	118,060	59,404	5,008	54,727	100,696	303,474	9,485	11,192	711,013

Chapter 9 Consolidated Interim Statement of Changes in Equity

(Continued)

For the six months ended 30 June 2023
(Amounts in millions of Renminbi unless otherwise stated)

		Equity attributable to equity holders of the Bank							Non-controlling interests		
	Notes	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Ordinary shareholders in subsidiaries	Other equity instruments holders	Total equity
As at 1 January 2023		48,935	118,076	59,216	(1,621)	54,727	100,580	285,505	9,220	11,192	685,830
(i) Net profit		–	–	–	–	–	–	67,016	458	588	68,062
(ii) Other comprehensive income	12	–	–	–	5,492	–	–	–	83	–	5,575
Total comprehensive income		–	–	–	5,492	–	–	67,016	541	588	73,637
(iii) Investor capital											
— Conversion of convertible corporate bonds to equity		32	(16)	192	–	–	–	–	–	–	208
— Reduction of capital by other equity instruments holders		–	–	(4)	–	–	–	–	–	(3,502)	(3,506)
— Reduction of capital by Non-controlling interests		–	–	–	–	–	–	–	(2)	–	(2)
(iv) Profit appropriations											
— Appropriations to surplus reserve	43	–	–	–	–	6,265	–	(6,265)	–	–	–
— Appropriations to general reserve	44	–	–	–	–	–	4,547	(4,547)	–	–	–
— Dividend distribution to ordinary shareholders of the Bank		–	–	–	–	–	–	(16,110)	–	–	(16,110)
— Dividend distribution to preference shareholders	40	–	–	–	–	–	–	(1,428)	–	–	(1,428)
— Dividend distribution to non-controlling interests		–	–	–	–	–	–	–	(6)	–	(6)
— Interest paid to holders of perpetual bonds		–	–	–	–	–	–	(3,360)	–	(588)	(3,948)
(v) Transfers within the owners' equity											
— Other comprehensive income transferred to retained earnings		–	–	–	186	–	–	(186)	–	–	–
— Reduction of capital by Non-controlling interests		–	–	(4)	–	–	–	(6)	10	–	–
As at 31 December 2023		48,967	118,060	59,400	4,057	60,992	105,127	320,619	9,763	7,690	734,675

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

Chapter 9 Consolidated Interim Statement of Cash Flows

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

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
Operating activities		
Profit before tax	**43,751**	42,367
Adjustments for:		
— revaluation gains on investments, derivatives and investment properties	**(5,113)**	(2,807)
— investment gains	**(9,112)**	(7,190)
— (gains)/losses on disposal of property, plant and equipment, intangible assets and other assets	**(25)**	12
— unrealised foreign exchange (gains)/losses	**(4,288)**	1,043
— credit impairment losses	**34,370**	34,464
— impairment losses on other assets	**43**	242
— depreciation and amortisation	**2,670**	2,276
— interest expense on debt securities issued	**14,201**	12,287
— dividend income from equity investment	**(145)**	(119)
— depreciation of right-of-use assets and interest expense on lease liabilities	**1,912**	1,843
— income tax paid	**(6,398)**	(10,174)
Subtotal	**71,866**	74,244
Changes in operating assets and liabilities:		
Decrease/(Increase) in balances with central banks	**36,195**	(8,802)
Decrease in deposits with banks and non-bank financial institutions	**9,296**	2,381
(Increase)/Decrease in placements with and loans to banks and non-bank financial institutions	**(65,155)**	17,193
Decrease/(Increase) at fair value through the profit or loss in financial assets	**5,006**	(61,516)
Decrease/(Increase) in financial assets held under resale agreements	**38,488**	(46,313)
Increase in loans and advances to customers	**(113,851)**	(233,886)
Increase in borrowings from central banks	**543**	34,767
Decrease in deposits from banks and non-bank financial institutions	**(87,187)**	(115,433)
(Decrease)/Increase in placements from banks and non-bank financial institutions	**(12,980)**	2,168
(Decrease)/Increase in financial liabilities at fair value through profit or loss	**(61)**	3,755
Decrease in financial assets sold under repurchase agreements	**(283,484)**	(137,640)
Increase in deposits from customers	**106,677**	412,473
Increase in other operating assets	**(41,176)**	(62,017)
Decrease in other operating liabilities	**(6,086)**	(4,392)
Subtotal	**(413,775)**	(197,262)
Net cash flows used in operating activities	**(341,909)**	(123,018)

Chapter 9 Consolidated Interim Statement of Cash Flows (Continued)

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

	Notes	Six months ended 30 June	
		2024 **Unaudited**	2023 Unaudited
Investing activities			
Proceeds from disposal and redemption of investments		**1,716,776**	1,320,829
Proceeds from disposal of property, plant and equipment, land use rights, and other assets		**62**	18
Cash received from equity investment income		**530**	368
Cash received from disposal of associates		**–**	30
Payments on acquisition of investments		**(1,651,773)**	(1,272,807)
Payments on acquisition of property, plant and equipment, land use rights and other assets		**(3,956)**	(4,046)
Net cash flows from investing activities		**61,639**	44,392
Financing activities			
Cash received from issuing other equity instruments		**29,996**	–
Cash received from debt securities issued		**907,898**	519,116
Cash paid for redemption of debt securities issued		**(673,828)**	(521,085)
Interest paid on debt securities issued		**(14,943)**	(11,168)
Dividends paid		**(1,858)**	(1,984)
Principle and interest paid for leasing liabilities		**(1,649)**	(1,717)
Net cash flows from/(used in) financing activities		**245,616**	(16,838)
Net decrease in cash and cash equivalents		**(34,654)**	(95,464)
Cash and cash equivalents as at 1 January		**249,002**	307,871
Effect of exchange rate changes on cash and cash equivalents		**2,432**	5,766
Cash and cash equivalents as at 30 June	47	**216,780**	218,173
Cash flows from operating activities include:			
Interest received		**159,822**	160,473
Interest paid		**(61,108)**	(73,598)

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

1 Corporate information

China CITIC Bank Corporation Limited (the "Bank" or "CNCB") is a joint stock company incorporated in the People's Republic of China (the "PRC" or "Mainland China") on 31 December 2006. Headquartered in Beijing, the Bank's registered office is located at 6-30F and 32-42F No.10 Guanghua Road, Chaoyang District, Beijing, China. The Bank listed its A shares and H shares on the Shanghai Stock Exchange and the Main Board of The Stock Exchange of Hong Kong Limited, respectively on 27 April 2007.

The Bank operates under financial services certificate No. B0006H111000001 issued by the National Administration of Financial Regulation (the former "China Banking and Insurance Regulatory Commission",the "NFRA"), and unified social credit code No. 91110000101690725E issued by the State Administration of Industry and Commerce of the PRC.

The principal activities of the Bank and its subsidiaries (collectively the "Group") are the provision of corporate and personal banking services, conducting treasury business, the provision of asset management, financial leasing, wealth management and other non-banking financial services.

As at 30 June 2024, the Group mainly operates in Mainland China with branches covering 31 provinces, autonomous regions and municipalities, and overseas. In addition, the Bank's subsidiaries have operations in Mainland China, the Hong Kong Special Administrative Region of PRC ("Hong Kong"), the Macau Special Administrative Region of the PRC ("Macau") and other overseas countries and regions.

For the purpose of these consolidated interim financial statements, Mainland China refers to the PRC excluding Hong Kong, Macau and Taiwan. Overseas refers to countries and regions other than Mainland China.

The consolidated interim financial statements were approved by the Board of Directors of the Bank on 28 August 2024.

2 Basis of preparation

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

3 Principal accounting policies

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

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

(Amounts in millions of Renminbi unless otherwise stated)

3 Principal accounting policies (continued)

(a) Standards and amendments effective in 2024 relevant to and adopted by the Group

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

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

The adoption of these standards and amendments do not have significant impacts on the consolidated financial statements of the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 Net interest income

	Six months ended 30 June	
	2024	2023
Interest income arising from (Note (i)):		
Deposits with central banks	**2,994**	3,220
Deposits with banks and non-bank financial institutions	**828**	890
Placements with and loans to banks and non-bank financial institutions	**5,016**	3,912
Financial assets held under resale agreements	**644**	462
Loans and advances to customers		
— corporate loans	**59,284**	59,686
— personal loans	**57,193**	58,493
— discounted bills	**3,256**	4,034
Financial investments		
— at amortised cost	**15,895**	18,907
— at fair value through other comprehensive income	**11,786**	9,605
Others	**37**	28
Subtotal	**156,933**	159,237
Interest expense arising from:		
Borrowings from central banks	**(3,410)**	(1,904)
Deposits from banks and non-bank financial institutions	**(9,594)**	(11,731)
Placements from banks and non-bank financial institutions	**(1,451)**	(1,070)
Financial assets sold under repurchase agreements	**(2,129)**	(1,373)
Deposits from customers	**(53,283)**	(57,407)
Debt securities issued	**(14,201)**	(12,287)
Lease liabilities	**(226)**	(223)
Others	**(31)**	(36)
Subtotal	**(84,325)**	(86,031)
Net interest income	**72,608**	73,206

Note:

(i) Interest income includes interest income accrued on credit-impaired financial assets of RMB378 million for the six months ended 30 June 2024 (Six months ended 30 June 2023: RMB291 million).

(Amounts in millions of Renminbi unless otherwise stated)

5 Net fee and commission income

	Six months ended 30 June	
	2024	2023
Fee and commission income:		
Bank card fees	**7,950**	8,200
Commission for custodian business and other fiduciary	**4,084**	5,399
Agency fees and commission (Note (i))	**2,605**	3,558
Guarantee and advisory fees	**2,502**	2,479
Settlement and clearance fees	**1,300**	1,213
Others	**271**	100
Total	**18,712**	20,949
Fee and commission expense	**(2,359)**	(1,886)
Net fee and commission income	**16,353**	19,063

Note:

(i) Agency fees and commission represent fees earned from selling bonds, investment funds and insurance products, and provision of entrusted lending activities.

6 Net trading gain

	Six months ended 30 June	
	2024	2023
Debt securities and certificates of interbank deposit	**1,871**	2,339
Foreign currencies	**(1,002)**	(2,113)
Derivatives and related exposures	**2,061**	3,118
Total	**2,930**	3,344

7 Net gain from investment securities

	Six months ended 30 June	
	2024	2023
Financial investments		
— at fair value through profit or loss	**9,560**	7,762
— at amortised cost	**1,680**	871
— at fair value through other comprehensive income	**3,604**	340
— Investments in equity instruments designated at fair value through other comprehensive income	**2**	21
Net gain from bills rediscounting	**764**	256
Proceeds from the resale of forfaiting	**393**	245
Others	**276**	288
Total	**16,279**	9,783

(Amounts in millions of Renminbi unless otherwise stated)

8 Operating expenses

	Six months ended 30 June	
	2024	2023
Staff costs		
— salaries and bonuses	**11,492**	11,919
— welfare expenses	**535**	476
— social insurance	**1,368**	735
— housing fund	**1,017**	930
— labor union expenses and employee education expenses	**438**	404
— post-employment benefits – defined contribution plans	**2,138**	1,543
— other benefits	**172**	172
Subtotal	**17,160**	16,179
Property and equipment related expenses		
— depreciation of right-of-use assets	**1,686**	1,620
— depreciation of property, plant and equipment	**1,560**	1,410
— rent and property management expenses	**462**	435
— maintenance	**237**	242
— amortisation expenses	**1,110**	866
— electronic equipment operating expenses	**150**	151
— others	**175**	189
Subtotal	**5,380**	4,913
Tax and surcharges	**1,125**	1,036
Other general operating and administrative expenses	**7,293**	7,119
Total	**30,958**	29,247

9 Credit impairment losses

	Six months ended 30 June	
	2024	2023
Impairment reversal of deposits with banks and non-bank financial institutions	**(7)**	(17)
Impairment losses/(reversals) of placements with and loans to banks and non-bank financial institutions	**30**	(31)
Impairment (reversals)/losses of financial assets held under resale agreements	**(39)**	59
Impairment losses of loans and advances to customers	**29,974**	27,535
Impairment losses of financial investments		
— at amortised cost	**974**	2,487
— at fair value through other comprehensive income	**412**	782
Impairment losses of other financial assets and accrued interest	**2,846**	3,751
Impairment losses/(reversals) of off-balance sheet items	**180**	(102)
Total	**34,370**	34,464

(Amounts in millions of Renminbi unless otherwise stated)

10 Impairment losses on other assets

	Six months ended 30 June	
	2024	2023
Impairment losses of other assets-repossessed assets	**43**	242

11 Income tax

(a) Recognized in the consolidated interim statement of profit and loss and other comprehensive income

		Six months ended 30 June	
	Note	**2024**	2023
Current tax			
— Mainland China		**7,140**	4,591
— Hong Kong		**50**	131
— Overseas		**47**	73
Deferred tax	27(c)	**643**	865
Income tax		**7,880**	5,660

Mainland China and Hong Kong income tax have been provided at the rate of 25% and 16.5% respectively. Overseas tax has been provided at the rates of taxation prevailing in the regions in which the Group operates respectively.

(b) Reconciliation between income tax expense and accounting profit

	Six months ended 30 June	
	2024	2023
Profit before tax	**43,751**	42,367
Income tax calculated at PRC statutory tax rate	**10,938**	10,592
Effect of different tax rates in other regions	**(110)**	(156)
Tax effect of non-deductible expenses	**2,178**	660
Tax effect of non-taxable income		
— interest income arising from PRC government bonds and local government bonds	**(4,264)**	(3,575)
— dividend income from investment funds	**(600)**	(1,581)
— others	**(262)**	(280)
Income tax	**7,880**	5,660

(Amounts in millions of Renminbi unless otherwise stated)

12 Other comprehensive income, net of tax

	Six months ended 30 June	
	2024	2023
Items that will not be reclassified subsequently to profit or loss		
Fair value changes on financial asset designated at fair value through other comprehensive income, net of tax		
— net changes during the period before tax	–	(136)
— income tax	–	(23)
Subtotal	–	(159)
Items that may be reclassified subsequently to profit or loss		
Other comprehensive income transferable to profit or loss under equity method		
— net changes during the period	**10**	14
Fair value changes on financial assets at fair value through other comprehensive income, net of tax (Note (i))		
— net changes during the period before tax	**10,782**	5,127
— net amount transferred to profit or loss	**(3,297)**	(401)
— Income tax	**(1,819)**	(1,112)
Credit impairment allowance on financial assets at fair value through other comprehensive income (Note (ii))		
— net changes during the period	**71**	584
— Income tax	**1**	(136)
Others		
— Pre-tax amount incurred in the current period	–	(9)
Exchange differences on translation of financial statements	**1,364**	2,453
Subtotal	**7,112**	6,520
Other comprehensive income, net of tax	**7,112**	6,361

Notes:

(i) Fair value changes on financial assets at fair value through other comprehensive income include those of financial investments and loans and advances to customers at fair value through other comprehensive income.

(ii) Credit impairment allowance include financial investments and loans and advances to customers at fair value through other comprehensive income.

13 Earnings per share

Earnings per share information for the six months ended 30 June 2024 and 2023 is computed by dividing the profit for the period attributable to ordinary shareholders of the Bank by the weighted average number of shares in issue during the period.

The Bank issued non-cumulative preference shares in 2016 under the terms and conditions as detailed in Note 40. No cash dividend on preference shares was declared during the six months ended 30 June 2024.

The Bank issued RMB40 billion write-down undated capital bonds (the "Bonds") in 2021, with terms and conditions disclosed in detail in Note 40(ii) under perpetual Bonds. The Bank declared and paid RMB1,680 million in interests on the perpetual bonds in 2024.

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

(Amounts in millions of Renminbi unless otherwise stated)

13 Earnings per share (continued)

The diluted earnings per share are calculated on the assumption that all the Bank's convertible corporate bonds had been converted into ordinary shares at the beginning of the period, by dividing the net profit for the period attributable to ordinary shareholders of the Bank after adjustments for the interest expenses of convertible corporate bonds for the period, by the adjusted weighted average number of outstanding ordinary shares for the period.

	Six months ended 30 June	
	2024	2023
Profit for the period attributable to equity holders of the Bank	**35,490**	36,067
Less: profit for the period attributable to preference shareholders of the Bank	**1,680**	1,680
Profit for the period attributable to ordinary shareholders of the Bank	**33,810**	34,387
Weighted average number of shares (in million shares)	**51,185**	48,940
Basic earnings per share (in RMB)	**0.66**	0.70
Diluted earnings per share (in RMB)	**0.64**	0.63

14 Cash and balances with central banks

	Notes	**30 June 2024**	31 December 2023
Cash		**4,151**	4,467
Balances with central banks			
— statutory deposit reserve funds	(i)	**319,498**	356,042
— surplus deposit reserve funds	(ii)	**57,256**	52,473
— fiscal deposits	(iii)	**203**	356
— foreign exchange reserve	(iv)	**3,654**	2,926
Accrued interest		**144**	178
Total		**384,906**	416,442

Notes:

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

As at 30 June 2024, the statutory deposit reserve funds placed with the PBOC was calculated at 6.5% (31 December 2023: 7%) of eligible Renminbi deposits for domestic branches of the Bank and at 6.5% (31 December 2023: 7%) of eligible Renminbi deposits from overseas financial institutions. The Bank was also required to deposit an amount equivalent to 4% (31 December 2023: 4%) of its foreign currency deposits from domestic branch customers as statutory deposit reserve funds.

The statutory RMB deposit reserve rates applicable to Zhejiang Lin'an CITIC Rural Bank Corporation Limited ("Lin'an Rural Bank"), a subsidiary of the Group, was at 5% (31 December 2023: 5%).

The amounts of statutory deposit reserves funds placed with the central banks of overseas countries are determined by respective jurisdictions. The statutory deposit reserve funds are interest-bearing except for the foreign currency reserve funds deposits placed with the PBOC.

(ii) The surplus deposit reserve funds are maintained with the PBOC for the purposes of clearing.

(iii) Fiscal deposits placed with the PBOC are not available for use in the Group's daily operations, and are non-interest bearing (except for regulations provided by the local People's Bank).

(iv) The foreign exchange reserve is maintained with the PBOC in accordance with the related notice issued by the PBOC. The reserve is provided as of 20% of customer-driven foreign exchange forward transactions volume on a monthly basis. Such foreign exchange reserve is non-interest bearing and will be repayable in 12 months according to the Notice.

(Amounts in millions of Renminbi unless otherwise stated)

15 Deposits with banks and non-bank financial institutions

(a) Analysed by types and locations of counterparties

	Note	**30 June 2024**	31 December 2023
In Mainland China			
— banks		**48,551**	52,508
— non-bank financial institutions		**15,997**	6,946
Subtotal		**64,548**	59,454
Outside Mainland China			
— banks		**22,732**	20,390
— non-bank financial institutions		**1,108**	839
Subtotal		**23,840**	21,229
Accrued interest		**520**	448
Gross balance		**88,908**	81,131
Less: Allowances for impairment losses	29	**(49)**	(56)
Net balance		**88,859**	81,075

(b) Analysed by remaining maturity

	Note	**30 June 2024**	31 December 2023
Demand deposits (Note (i))		**61,301**	42,383
Time deposits with remaining maturity			
— within one month		**2,591**	3,800
— between one month and one year		**24,496**	34,500
Subtotal		**88,388**	80,683
Accrued interest		**520**	448
Gross balance		**88,908**	81,131
Less: Allowances for impairment losses	29	**(49)**	(56)
Net balance		**88,859**	81,075

Note:

(i) As at 30 June 2024, within the demand deposits there were pledged deposits of RMB738 million (as at 31 December 2023: RMB911 million). These deposits were mainly maintenance margins with a regulatory body.

(Amounts in millions of Renminbi unless otherwise stated)

16 Placements with and loans to banks and non-bank financial institutions

(a) Analysed by types and locations of counterparties

	Note	**30 June 2024**	31 December 2023
In Mainland China			
— banks (Note (i))		**39,901**	23,450
— non-bank financial institutions		**207,270**	148,150
Subtotal		**247,171**	171,600
Outside Mainland China			
— banks		**50,292**	64,997
Subtotal		**50,292**	64,997
Accrued interest		**1,340**	1,288
Gross balance		**298,803**	237,885
Less: Allowances for impairment losses	29	**(174)**	(143)
Net balance		**298,629**	237,742

Note:

(i) The leased gold between Banks is included in the Placements with and loans to banks and non-bank financial institutions, measured at fair value through profit or loss. As at 30 June 2024, the carrying amount of leased gold was RMB20,878 million (as at 31 December 2023: RMB7,320 million)

(b) Analysed by remaining maturity

	Note	**30 June 2024**	31 December 2023
Within one month		**60,174**	70,820
Between one month and one year		**213,426**	164,277
Over one year		**23,863**	1,500
Accrued interest		**1,340**	1,288
Gross balance		**298,803**	237,885
Less: Allowances for impairment losses	29	**(174)**	(143)
Net balance		**298,629**	237,742

(Amounts in millions of Renminbi unless otherwise stated)

17 Derivative financial assets/liabilities

Derivatives include forward, swap and option transactions undertaken by the Group in foreign exchange, interest rate, and precious metals derivatives related to trading, asset and liability management and customer-initiated transactions. The Group, through the operations of its branch network, acts as an intermediary for a wide range of customers for structuring deals to offer risk management solutions to match individual customer needs. These positions are actively managed through hedging transactions with external parties to ensure the Group's net exposures are within acceptable risk levels. The Group also uses these derivatives for proprietary trading purposes and to manage its own asset and liability and structural positions. Derivatives are held for trading. Derivatives classified as held for trading are for trading and customer-initiated transactions purpose, and those for risk management purposes do not meet the criteria for hedge accounting.

The contractual/notional amounts of derivatives provide a basis for comparison with fair values of derivatives recognized on the consolidated statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair values of the derivatives and, therefore, do not indicate the Group's exposure to credit or market risks.

	30 June 2024			31 December 2023		
	Nominal amount	**Assets**	**Liabilities**	Nominal amount	Assets	Liabilities
Hedging instruments						
— interest rate derivatives	**5,152**	**72**	**9**	716	23	–
Non-Hedging instruments						
— interest rate derivatives	**3,831,909**	**15,974**	**15,827**	3,632,633	14,633	14,360
— currency derivatives	**4,537,487**	**41,693**	**33,251**	3,071,039	29,872	26,748
— precious metal derivatives	**76,928**	**389**	**2,187**	34,448	147	742
Total	**8,451,476**	**58,128**	**51,274**	6,738,836	44,675	41,850

(a) Nominal amount analysed by remaining maturity

	30 June 2024	31 December 2023
Within three months	**3,081,238**	2,606,918
Between three months and one year	**3,862,619**	2,594,719
Between one year and five years	**1,469,829**	1,500,503
Over five years	**37,790**	36,696
Total	**8,451,476**	6,738,836

(b) Credit risk weighted amounts

The credit risk weighted amount has been computed in accordance with "Regulation Governing Capital of Commercial Banks" promulgated by the National Administration of Financial Regulation in the year of 2023, and depends on the status of the counterparties and the maturity characteristics of the instruments, including those customer-driven back-to-back transactions. As at 30 June 2024, the total amount of credit risk weighted amount for counterparty was RMB22,289 million (31 December 2023: RMB28,225 million).

(Amounts in millions of Renminbi unless otherwise stated)

18 Financial assets held under resale agreements

(a) Analysed by types and locations of counterparties

	Note	30 June 2024	31 December 2023
In Mainland China			
— banks		**46,886**	51,038
— non-bank financial institutions		**16,706**	51,124
Subtotal		**63,592**	102,162
Outside Mainland China			
— banks		**2,958**	2,197
— non-bank financial institutions		**1,702**	478
Subtotal		**4,660**	2,675
Accrued interest		**32**	35
Gross balance		**68,284**	104,872
Less: Allowance for impairment losses	29	**(60)**	(99)
Net balance		**68,224**	104,773

(b) Analysed by types of collateral

	Note	30 June 2024	31 December 2023
Debt securities		**68,252**	103,338
Discounted bills		**–**	1,499
Subtotal		**68,252**	104,837
Accrued interest		**32**	35
Gross balance		**68,284**	104,872
Less: Allowance for impairment losses	29	**(60)**	(99)
Net balance		**68,224**	104,773

(c) Analysed by remaining maturity

	Note	30 June 2024	31 December 2023
Within one month		**67,167**	103,887
Between one month and one year		**1,085**	950
Accrued interest		**32**	35
Gross balance		**68,284**	104,872
Less: Allowance for impairment losses	29	**(60)**	(99)
Net balance		**68,224**	104,773

(Amounts in millions of Renminbi unless otherwise stated)

19 Loans and advances to customers

(a) Analysed by nature

	Note	30 June 2024	31 December 2023
Loans and advances to customers at amortised cost			
Corporate loans and advances			
— loans		**2,791,223**	2,586,610
— discounted bills		**2,346**	1,684
— finance lease receivables		**46,526**	46,819
Subtotal		**2,840,095**	2,635,113
Personal loans and advances			
— residential mortgages		**1,021,958**	1,003,321
— credit cards		**504,705**	521,260
— business loans		**486,790**	459,113
— personal consumption		**311,130**	298,561
— finance lease receivables		**4,124**	1,591
Subtotal		**2,328,707**	2,283,846
Accrued interest		**20,733**	19,948
Gross balance		**5,189,535**	4,938,907
Less: Allowances impairment losses on loans	29		
— principal		**(137,323)**	(133,861)
— interest		**(1,534)**	(681)
Loans and advances to customers at amortised cost, net		**5,050,678**	4,804,365
Loans and advances to customers at fair value through other comprehensive income			
— loans		**70,674**	58,163
— discounted bills		**344,636**	515,664
Carrying amount of loans and advances at fair value through other comprehensive income		**415,310**	573,827
— fair value changes through other comprehensive income		**41**	(98)
Loans and advances to customers at fair value through profit or loss			
— loans		**9,559**	5,558
Total		**5,475,547**	5,383,750
Allowances for impairment losses on loans and advances to customers at fair value through other comprehensive income	29	**(335)**	(656)

(Amounts in millions of Renminbi unless otherwise stated)

19 Loans and advances to customers (continued)

(b) Analysed by assessment method of allowance for impairment losses

	30 June 2024			
	Stage one	**Stage two**	**Stage three (Note (i))**	**Total**
Gross loans and advances to customers at amortised costs	**4,994,477**	**104,883**	**69,442**	**5,168,802**
Accrued interest	**15,792**	**4,000**	**941**	**20,733**
Less: Allowance for impairment losses	**(65,356)**	**(29,473)**	**(44,028)**	**(138,857)**
Carrying amount of loans and advances to customers measured at amortised cost	**4,944,913**	**79,410**	**26,355**	**5,050,678**
Carrying amount of loans and advances to customers at fair value through other comprehensive income	**415,028**	**252**	**30**	**415,310**
Total carrying amount of loans and advances to customers affected by credit risk	**5,359,941**	**79,662**	**26,385**	**5,465,988**
Allowance for impairment losses on loans and advances to customers at fair value through other comprehensive income	**(262)**	**–**	**(73)**	**(335)**

	31 December 2023			
	Stage one	Stage two	Stage three (Note (i))	Total
Gross loans and advances to customers at amortised costs	4,755,900	96,023	67,036	4,918,959
Accrued interest	19,039	411	498	19,948
Less: Allowance for impairment losses	(62,976)	(27,105)	(44,461)	(134,542)
Carrying amount of loans and advances to customers measured at amortised cost	4,711,963	69,329	23,073	4,804,365
Carrying amount of loans and advances to customers at fair value through other comprehensive income	573,370	345	112	573,827
Total carrying amount of loans and advances to customers affected by credit risk	5,285,333	69,674	23,185	5,378,192
Allowance for impairment losses on loans and advances to customers at fair value through other comprehensive income	(586)	–	(70)	(656)

(Amounts in millions of Renminbi unless otherwise stated)

19 Loans and advances to customers (continued)

(b) Analysed by assessment method of allowance for impairment losses (continued)

Note:

(i) Stage 3 loans are loans and advances to customers that have incurred credit impairment.

	30 June 2024	31 December 2023
Secured portion	**36,482**	33,606
Unsecured portion	**32,990**	33,542
Gross balance	**69,472**	67,148
Allowance for impairment losses	**(44,101)**	(44,531)

As at 30 June 2024, the maximum exposure covered by pledge and collateral held on secured portion is RMB36,239 million (as at 31 December 2023: RMB33,438 million).

The fair value of collateral was estimated by management based on the latest revaluation including available external valuation, if any, adjusted by taking into account the current realisation experience as well as market situation.

(c) Overdue loans analysed by overdue period

	30 June 2024				
	Overdue within three months	**Overdue between three months and one year**	**Overdue between one year and three years**	**Overdue over three years**	**Total**
Unsecured loans	**27,067**	**12,318**	**1,661**	**361**	**41,407**
Guaranteed loans	**2,818**	**3,325**	**4,163**	**640**	**10,946**
Loans with pledged assets					
— loans secured by collateral	**15,645**	**14,700**	**10,454**	**1,780**	**42,579**
— pledged loans	**5,809**	**2,434**	**820**	**137**	**9,200**
Total	**51,339**	**32,777**	**17,098**	**2,918**	**104,132**

	31 December 2023				
	Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	Total
Unsecured loans	19,859	11,806	2,089	246	34,000
Guaranteed loans	1,544	4,243	2,600	1,018	9,405
Loans with pledged assets					
— loans secured by collateral	15,564	11,757	10,249	1,054	38,624
— pledged loans	3,789	1,084	2,387	137	7,397
Total	40,756	28,890	17,325	2,455	89,426

Overdue loans represent loans of which the principal or interest are overdue one day or more.

(Amounts in millions of Renminbi unless otherwise stated)

19 Loans and advances to customers (continued)

(d) Finance lease receivables

Finance lease receivables are attributable to the Group's subsidiaries, CITIC Financial Leasing Limited ("CFLL") and CITIC International Finance Holdings Limited ("CIFH"), include net investment in machines and equipment leased to customers under finance lease and hire purchase contracts which have the characteristics of finance leases. The remaining period of these contracts range from 1 to 25 years. The total finance lease receivables under finance lease and hire purchase contracts and their present values are as follows:

	30 June 2024	31 December 2023
Within one year (including one year)	**14,138**	15,008
One year to two years (including two years)	**11,342**	12,638
Two years to three years (including three years)	**7,072**	6,647
Over three years	**18,098**	14,117
Gross balance	**50,650**	48,410
Less: Allowance for impairment losses		
— stage one	**(748)**	(798)
— stage two	**(833)**	(691)
— stage three	**(212)**	(365)
Net balance	**48,857**	46,556

20 Financial investments

(a) Analysed by types

	Note	**30 June 2024**	31 December 2023
Financial assets at fair value through profit or loss			
Investment funds		**419,674**	421,154
Debt securities		**144,615**	106,501
Certificates of deposit and interbank certificates of deposit		**57,413**	75,790
Equity instruments		**6,073**	6,334
Wealth management products		**3,760**	4,045
Net balance		**631,535**	613,824
Financial assets at amortised cost			
Debt securities		**800,854**	870,087
Trust investment plans		**192,529**	204,840
Investment management products managed by securities companies		**22,046**	22,908
Certificates of deposit and interbank certificates of deposit		**–**	1,064
Subtotal		**1,015,429**	1,098,899
Accrued interest		**13,898**	13,004
Less: Allowance for impairment losses	29	**(25,807)**	(26,305)
— principles		**(25,737)**	(26,239)
— accrued interest		**(70)**	(66)
Net balance		**1,003,520**	1,085,598

(Amounts in millions of Renminbi unless otherwise stated)

20 Financial investments (continued)

(a) Analysed by types (continued)

	Note	30 June 2024	31 December 2023
Financial assets at fair value through other comprehensive income (Note (i))			
Debt securities		**852,901**	877,424
Certificates of deposit and interbank certificates of deposit		**10,572**	4,922
Subtotal		**863,473**	882,346
Accrued interest		**6,467**	6,331
Net balance		**869,940**	888,677
Allowances for impairment losses on financial investments at fair value through other comprehensive income	29	**(2,374)**	(1,968)
Financial assets designated at fair value through other comprehensive income (Note (i))		**4,810**	4,807
Total		**2,509,805**	2,592,906

Notes:

(i) Financial investments at fair value through other comprehensive income:

	Note	30 June 2024 Equity instruments	 Debt securities instruments	 Total
Costs/Amortised cost		**5,390**	**856,168**	**861,558**
Accumulated fair value change in other comprehensive income		**(580)**	**7,305**	**6,725**
Fair value		**4,810**	**863,473**	**868,283**
Allowance for impairment losses	29		**(2,374)**	**(2,374)**

	Note	31 December 2023 Equity instruments	 Debt securities instruments	 Total
Costs/Amortised cost		5,421	882,343	887,764
Accumulated fair value change in other comprehensive income		(614)	3	(611)
Fair value		4,807	882,346	887,153
Allowance for impairment losses	29		(1,968)	(1,968)

(Amounts in millions of Renminbi unless otherwise stated)

20 Financial investments (continued)

(b) Analysed by location of counterparties

	Note	**30 June 2024**	31 December 2023
In Chinese Mainland			
— governments		**1,311,204**	1,379,382
— policy banks		**48,025**	52,960
— banks and non-bank financial institutions		**876,815**	906,935
— corporates		**105,760**	90,512
Subtotal		**2,341,804**	2,429,789
Outside Chinese Mainland			
— governments		**56,110**	80,515
— banks and non-bank financial institutions		**62,104**	41,467
— corporates		**49,390**	44,182
— public entities		**5,839**	3,923
Subtotal		**173,443**	170,087
Accrued interest		**20,365**	19,335
Total		**2,535,612**	2,619,211
Less: Impairment allowance for financial assets at amortised cost	29	**(25,807)**	(26,305)
Net balance		**2,509,805**	2,592,906
Listed in Hong Kong		**49,174**	43,247
Listed outside Hong Kong		**2,156,574**	2,210,432
Unlisted		**304,057**	339,227
Total		**2,509,805**	2,592,906

Bonds traded in China's inter-bank bond market are listed outside Hong Kong.

(Amounts in millions of Renminbi unless otherwise stated)

20 Financial investments (continued)

(c) Analysed by assessment method of allowance for impairment losses

	30 June 2024			
	Stage one	**Stage two**	**Stage three**	**Total**
Financial assets at amortised costs	**960,108**	**9,572**	**45,749**	**1,015,429**
Accrued interest	**12,897**	**949**	**52**	**13,898**
Less: Allowance for impairment losses	**(2,154)**	**(1,690)**	**(21,963)**	**(25,807)**
Net balance	**970,851**	**8,831**	**23,838**	**1,003,520**
Financial assets at fair value through other comprehensive income	**861,882**	**193**	**1,398**	**863,473**
Accrued interest	**6,451**	**1**	**15**	**6,467**
Net balance	**868,333**	**194**	**1,413**	**869,940**
Total carrying amount of financial assets affected by credit risk	**1,839,184**	**9,025**	**25,251**	**1,873,460**
Allowance for impairment losses of other debt instruments included in other comprehensive income	**(1,606)**	**(122)**	**(646)**	**(2,374)**

	31 December 2023			
	Stage one	Stage two	Stage three	Total
Financial assets at amortised costs	1,046,006	5,447	47,446	1,098,899
Accrued interest	12,455	488	61	13,004
Less: Allowance for impairment losses	(2,676)	(1,361)	(22,268)	(26,305)
Net balance	1,055,785	4,574	25,239	1,085,598
Financial assets at fair value through other comprehensive income	880,873	503	970	882,346
Accrued interest	6,292	–	39	6,331
Net balance	887,165	503	1,009	888,677
Total carrying amount of financial assets affected by credit risk	1,942,950	5,077	26,248	1,974,275
Allowance for impairment losses of other debt instruments included in other comprehensive income	(1,289)	(219)	(460)	(1,968)

21 Investments in associates and joint ventures

	Note	**30 June 2024**	31 December 2023
Investments in joint ventures	(a)	**6,906**	6,572
Investments in associates	(b)	**409**	373
Total		**7,315**	6,945

(Amounts in millions of Renminbi unless otherwise stated)

21 Investments in associates and joint ventures (continued)

(a) Investment in joint ventures

The details of the joint ventures as at 30 June 2024 were as follows:

Name of company	Form of business structure	Place of incorporation	Effective percentage of shares	Principal activities	Nominal value of issued shares
CITIC aiBank Corporation Limited ("CITIC aiBank") (Note (i))	Corporation	Beijing	65.7%	Financial services	RMB5.634 billion
JSC Altyn Bank (Note (ii))	Corporation	Kazakhstan	50.1%	Financial services	KZT7.05 billion

Notes:

(i) According to the articles of association of CITIC aiBank, major activities of CITIC aiBank must be decided after the unanimous consent of the Bank and Fujian Baidu Borui Network Technology Co., Ltd..

(ii) According to the Articles of Association of JSC Altyn Bank, decisions regarding all major activities of JSC Altyn Bank shall be subject to the joint approval of the Bank and the other shareholder, the JSC Halyk Bank of Kazakhstan.

Financial statements of the joint ventures are as follow:

	As at or for the period ended 30 June 2024				
Name of Company	**Total assets**	**Total liabilities**	**Total net assets**	**Operating income**	**Net gain**
CITIC aiBank	**104,610**	**95,797**	**8,813**	**2,235**	**465**
JSC Altyn Bank	**15,514**	**13,646**	**1,868**	**483**	**326**

	As at or for the year ended 2023				
Name of Company	Total assets	Total liabilities	Total net assets	Operating income	Net gain
CITIC aiBank	112,511	104,177	8,334	4,534	855
JSC Altyn Bank	13,849	12,010	1,839	900	519

Movement of the Group's interests in the joint ventures:

	Six months ended 30 June 2024	Year ended 31 December 2023
Initial investment cost	**5,265**	5,265
As at 1 January	**6,572**	5,811
Dividend received	**(137)**	(110)
Other changes in equity	**9**	40
Share of net gain of the joint ventures for the period/year	**462**	827
Exchange difference	**–**	4
As at 30 June/31 December	**6,906**	6,572

(Amounts in millions of Renminbi unless otherwise stated)

21 Investments in associates and joint ventures (continued)

(b) Investment in associates

The Group holds its investment in associates through subsidiaries and details of the associates as at 30 June 2024 was as follows:

Name of Company	Form of business structure	Place of incorporation	Effective percentage of shares and voting right held by the Group	Principal activities	Nominal value of issued shares
CITIC International Assets Management Limited ("CIAM")	Corporation	Hong Kong	46%	Investment holding and assets management	HKD2,218 million
Tianjin Leasing Asset Trading Center	Corporation	Tianjin	20%	Services and investment	RMB500 million

Financial statements of the associates are as follow:

	As at or for the period ended 30 June 2024				
Name of Company	**Total assets**	**Total liabilities**	**Total net assets**	**Operating income**	**Net gain/ (loss)**
CIAM	**707**	**45**	**662**	**77**	**57**
Tianjin Leasing Asset Trading Center	**572**	**33**	**539**	**–**	**(16)**

	As at or for the year ended 2023				
Name of Company	Total assets	Total liabilities	Total net assets	Operating income	Net (loss)/ gain
CIAM	633	46	587	(68)	(161)
Tianjin Leasing Asset Trading Center	552	34	518	45	(10)

Movement of the Group's interests in associates:

	Six months ended 30 June 2024	Year ended 31 December 2023
Initial investment cost	**1,129**	1,058
As at 1 January	**373**	530
Changes in investment in joint ventures	**–**	(71)
Share of net gain/(loss) of associates for the period/year	**28**	(91)
Other changes in equity	**1**	(1)
Exchange difference	**7**	6
As at 30 June/31 December	**409**	373

(Amounts in millions of Renminbi unless otherwise stated)

22 Investments in subsidiaries

	Notes	**30 June 2024**	31 December 2023
Investment in subsidiaries			
— CIFH	(i)	**16,570**	16,570
— CNCB (Hong Kong) Investment Limited ("CNCB Investment")	(ii)	**1,577**	1,577
— Lin'an Rural Bank	(iii)	**102**	102
— CFLL	(iv)	**4,000**	4,000
— CITIC Wealth Management CO., LTD. ("CITIC Wealth")	(v)	**5,000**	5,000
Total		**27,249**	27,249

Major subsidiaries of the Group as at 30 June 2024 are as follows:

Name of company	Principal place of business	Place of incorporation	Particulars of the issued and paid up capital	Principal activities	% of ownership directly held by the Bank	The Group's effective interest
CIFH (Note (i))	Hong Kong	Hong Kong	HKD7,503 million	Commercial banking and other financial services	100%	100%
CNCB Investment (Note (ii))	Hong Kong	Hong Kong	HKD1,871 million	Investment and lending services	100%	100%
Lin'an Rural Bank (Note (iii))	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	RMB200 million	Commercial banking	51%	51%
CFLL (Note (iv))	Tianjin	Tianjin	RMB4,000 million	Financial lease operations	100%	100%
CITIC Wealth (Note (v))	Shanghai	Shanghai	RMB5,000 million	Wealth management	100%	100%

Notes:

(i) CIFH is an investment holding company registered and headquartered in Hong Kong. Its business scope through its subsidiaries covers commercial banking and other financial services. The Bank holds 100% shareholding in CIFH. CIFH holds 75% shareholding in CITIC Bank International Limited ("CBI").

(ii) CNCB (Hong Kong) Investment Limited (CNCB Investment), founded in Hong Kong in 1984, formerly China Investment and Finance Limited, incorporated and operating in Hong Kong, holds a money lending licence issued by the Hong Kong Monetary Authority; and also the No.1, 4, 6 and 9 licenses from Hong Kong Securities Regulatory Commission through its wholly-owned subsidiary CNCB (Hong Kong) Capital Limited. The business scope of CNCB Investment includes investment banking, capital market investment, lending and other related services. In March 2023, CNCB Investment repurchased and cancelled its 0.95% equity held by CBI. Since the completion date of the transaction, The Bank holds 100% of its shares and voting rights.

(iii) Lin'an Rural Bank was founded in Zhejiang Province of Mainland China in 2011 with a registered capital of RMB200 million. Its principal activities are commercial banking and related businesses. The Bank holds 51% of Lin'an Rural Bank's shares and voting rights.

(iv) The Bank established CFLL in 2015 with a registered capital of RMB4 billion. Its principal business activity is financial leasing. The Bank holds 100% of its shares and voting rights.

(v) CITIC Wealth was established in 2020 with a registered capital of RMB5 billion. Its principal business operation is wealth management. The Bank holds 100% of its shares and voting rights.

(Amounts in millions of Renminbi unless otherwise stated)

23 Investment properties

	Six months ended 30 June 2024	Year ended 31 December 2023
Fair value as at 1 January	**528**	516
Change in fair value	**(8)**	(1)
Exchange difference	**14**	13
Fair value as at 30 June/31 December	**534**	528

Investment properties of the Group are buildings held by subsidiaries and mainly located in Hong Kong and leased to third parties through operating leases. There are active real estate markets where the investment properties are located and the Group is able to obtain market price and related information of similar properties, and therefore makes estimation about the fair value of the investment properties as at 30 June 2024.

All investment properties of the Group were revalued at 30 June 2024 by an independent firm of surveyors on an open market value basis. The fair value is in line with the definition of "IFRS13 – Fair value measurement". The revaluation surplus has been recognized in the profit or loss for the current year.

The investment properties of the Group are categorised into Level 3.

24 Property, plant and equipment

	Buildings	**Construction in progress**	**Computer equipment and others**	**Total**
Cost or deemed cost:				
As at 1 January 2024	**34,036**	**3,147**	**20,505**	**57,688**
Additions	**16**	**95**	**2,107**	**2,218**
Disposals	**(15)**	**–**	**(1,009)**	**(1,024)**
Exchange differences	**13**	**–**	**25**	**38**
As at 30 June 2024	**34,050**	**3,242**	**21,628**	**58,920**
Accumulated depreciation:				
As at 1 January 2024	**(9,398)**	**–**	**(9,981)**	**(19,379)**
Depreciation charges	**(518)**	**–**	**(1,137)**	**(1,655)**
Disposals	**11**	**–**	**876**	**887**
Exchange differences	**(8)**	**–**	**(17)**	**(25)**
As at 30 June 2024	**(9,913)**	**–**	**(10,259)**	**(20,172)**
Net carrying value:				
As at 1 January 2024	**24,638**	**3,147**	**10,524**	**38,309**
As at 30 June 2024 (Note (i))	**24,137**	**3,242**	**11,369**	**38,748**

(Amounts in millions of Renminbi unless otherwise stated)

24 Property, plant and equipment (continued)

	Buildings	Construction in progress	Computer equipment and others	Total
Cost or deemed cost:				
As at 1 January 2023	33,939	2,930	14,512	51,381
Additions	87	217	6,576	6,880
Disposals	(3)	–	(606)	(609)
Exchange differences	13	–	23	36
As at 31 December 2023	34,036	3,147	20,505	57,688
Accumulated depreciation:				
As at 1 January 2023	(8,336)	–	(8,615)	(16,951)
Depreciation charges	(1,056)	–	(1,859)	(2,915)
Disposals	2	–	512	514
Exchange differences	(8)	–	(19)	(27)
As at 31 December 2023	(9,398)	–	(9,981)	(19,379)
Net carrying value:				
As at 1 January 2023	25,603	2,930	5,897	34,430
As at 31 December 2023 (Note (i))	24,638	3,147	10,524	38,309

Note:

(i) As at 30 June 2024, the registration of certain buildings acquired has not been completed, and the net book value of such buildings was approximately RMB10,571 million (as at 31 December 2023: RMB10,735 million). The Group believes the incomplete registration does not affect the rights of the Group as the legal successor to these buildings.

25 Right-of-use assets

	Buildings	**Land use right**	**Equipment**	**Vehicles and others**	**Total**
Cost or deemed cost:					
As at 1 January 2024	**20,132**	**1,221**	**72**	**73**	**21,498**
Additions	**1,631**	**–**	**–**	**1**	**1,632**
Disposals	**(744)**	**–**	**(2)**	**(1)**	**(747)**
Exchange differences	**27**	**–**	**–**	**(1)**	**26**
As at 30 June 2024	**21,046**	**1,221**	**70**	**72**	**22,409**
Accumulated depreciation:					
As at 1 January 2024	**(10,356)**	**(389)**	**(70)**	**(40)**	**(10,855)**
Accrual	**(1,664)**	**(15)**	**(1)**	**(6)**	**(1,686)**
Disposals	**727**	**–**	**2**	**1**	**730**
Exchange differences	**(9)**	**–**	**–**	**1**	**(8)**
As at 30 June 2024	**(11,302)**	**(404)**	**(69)**	**(44)**	**(11,819)**
Net carrying value:					
As at 1 January 2024	**9,776**	**832**	**2**	**33**	**10,643**
As at 30 June 2024	**9,744**	**817**	**1**	**28**	**10,590**

(Amounts in millions of Renminbi unless otherwise stated)

25 Right-of-use assets (continued)

	Buildings	Land use right	Equipment	Vehicles and others	Total
Cost or deemed cost:					
As at 1 January 2023	19,236	1,221	83	58	20,598
Additions	3,088	–	2	21	3,111
Disposals	(2,232)	–	(13)	(6)	(2,251)
Exchange differences	40	–	–	–	40
As at 31 December 2023	20,132	1,221	72	73	21,498
Accumulated depreciation:					
As at 1 January 2023	(9,315)	(359)	(68)	(32)	(9,774)
Accrual	(3,200)	(30)	(13)	(13)	(3,256)
Disposals	2,181	–	11	5	2,197
Exchange differences	(22)	–	–	–	(22)
As at 31 December 2023	(10,356)	(389)	(70)	(40)	(10,855)
Net carrying value:					
As at 1 January 2023	9,921	862	15	26	10,824
As at 31 December 2023	9,776	832	2	33	10,643

As at 30 June 2024, the balance of the Group's lease liabilities amounted to RMB10,425 million (31 December 2023: RMB10,245 million), including RMB2,816 million of lease liabilities that will mature within a year (31 December 2023: RMB2,944 million).

As at 30 June 2024, lease payments relating to lease contracts signed but to be executed amounted to RMB267 million (31 December 2023: RMB27 million).

For the six months ended 30 June 2024, the lease expense of short-term leases with a lease term of no more than 12 months and leases of assets with low values amounted to RMB70 million (for the six months ended 30 June 2023: RMB70 million).

26 Goodwill

	Six months ended 30 June 2024	Year ended 31 December 2023
As at 1 January	**926**	903
Exchange difference	**23**	23
As at 30 June/31 December	**949**	926

(Amounts in millions of Renminbi unless otherwise stated)

27 Deferred tax assets/(liabilities)

	30 June 2024	31 December 2023
Deferred tax assets	**50,004**	52,480
Deferred tax liabilities	**(2)**	(1)
Net	**50,002**	52,479

(a) Analysed by nature and jurisdiction

	30 June 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets				
— allowance for impairment losses	**209,993**	**52,418**	198,150	49,423
— fair value adjustments	**(28,984)**	**(7,313)**	(9,859)	(2,539)
— employee retirement benefits and salaries payable	**13,135**	**3,284**	17,576	4,394
— others	**6,313**	**1,615**	4,665	1,202
Subtotal	**200,457**	**50,004**	210,532	52,480
Deferred tax liabilities				
— fair value adjustments	**(4)**	**(1)**	(5)	(1)
— others	**(6)**	**(1)**	(2)	–
Subtotal	**(10)**	**(2)**	(7)	(1)
Total	**200,447**	**50,002**	210,525	52,479

(b) Offsetting of deferred tax assets and deferred tax liabilities

As at 30 June 2024, the deferred tax assets/liabilities offset by the Group were RMB9,998 million (31 December 2023: RMB5,442 million).

(c) Movement of deferred tax

	Allowance for impairment losses	Fair value adjustments	Employee retirement benefits and accrued staff cost	Others	Total deferred tax
As at 1 January 2024	**49,423**	**(2,540)**	**4,394**	**1,202**	**52,479**
Recognized in profit or loss	**2,992**	**(2,939)**	**(1,110)**	**414**	**(643)**
Recognized in other comprehensive income	**–**	**(1,839)**	**–**	**–**	**(1,839)**
Exchange differences	**3**	**4**	**–**	**(2)**	**5**
As at 30 June 2024	**52,418**	**(7,314)**	**3,284**	**1,614**	**50,002**
As at 1 January 2023	50,766	15	2,924	1,303	55,008
Recognized in profit or loss	(1,350)	(1,010)	1,470	(99)	(989)
Recognized in other comprehensive income	–	(1,551)	–	–	(1,551)
Exchange differences	7	6	–	(2)	11
As at 31 December 2023	49,423	(2,540)	4,394	1,202	52,479

(Amounts in millions of Renminbi unless otherwise stated)

28 Other assets

	Notes	**30 June 2024**	31 December 2023
Advanced payments and settlement accounts		**34,474**	12,794
Fee and commission receivables		**7,397**	6,478
Assets with continuing involvement		**11,810**	11,654
Precious metal leasing		**7,603**	8,525
Interest receivables	(i)	**7,186**	5,899
Repossessed assets	(ii)	**1,214**	1,231
Prepayments for properties and equipment		**4,841**	3,820
Leasehold improvements		**915**	938
Prepaid rent		**10**	19
Others	(iii)	**15,870**	13,663
Total		**91,320**	65,021

Notes:

(i) Interest receivable

Interest receivable represents interest on financial instruments due and receivable but not yet received as at the balance sheet date and is stated net of corresponding impairment allowances. The impairment allowance on the Group's interest receivable is RMB6,242 million (as at 31 December 2023: RMB6,633 million).

(ii) Repossessed assets

	30 June 2024	31 December 2023
Premises	**2,346**	2,367
Others	**2**	2
Gross balance	**2,348**	2,369
Less: Allowance for impairment losses	**(1,134)**	(1,138)
Net balance	**1,214**	1,231

As at 30 June 2024, the Group intended to dispose all the repossessed assets and had no plan to transfer the repossessed assets for own use (as at 31 December 2023: Nil).

(iii) Others

Others include other receivables, prepaid legal costs for lawyers, deferred expense, etc.

(Amounts in millions of Renminbi unless otherwise stated)

29 Movements of allowance for impairment losses

	Notes	Six months ended 30 June 2024 As at 1 January	(Reversal)/ charge for the period	Write-offs/ transfer out	Others Notes (i)	As at 30 June
Allowance for credit impairment losses						
Deposits with bank and non-bank financial institutions	15	**56**	**(7)**	**–**	**–**	**49**
Placements with and loans to banks and non-bank financial institutions	16	**143**	**30**	**–**	**1**	**174**
Financial assets held under resale agreements	18	**99**	**(39)**	**–**	**–**	**60**
Loans and advances to customers	19	**134,517**	**29,974**	**(32,817)**	**5,984**	**137,658**
Financial investments						
— at amortised cost	20	**26,239**	**974**	**(1,532)**	**56**	**25,737**
— at fair value through other comprehensive income	20	**1,968**	**412**	**(15)**	**9**	**2,374**
Other financial assets and accrued interest		**11,069**	**2,846**	**(2,890)**	**509**	**11,534**
Off balance sheet credit assets	37	**10,520**	**180**	**(87)**	**362**	**10,975**
Subtotal		**184,611**	**34,370**	**(37,341)**	**6,921**	**188,561**
Allowance for impairment losses on other assets						
Other assets – repossessed assets		**1,138**	**43**	**(47)**	**–**	**1,134**
Subtotal		**1,138**	**43**	**(47)**	**–**	**1,134**

	Notes	Year ended 31 December 2023 As at 1 January	(Reversal)/ charge for the year	Write-offs/ transfer out	Others Notes (i)	As at 31 December
Allowance for credit impairment losses						
Deposits with bank and non-bank financial institutions	15	98	(43)	–	1	56
Placements with and loans to banks and non-bank financial institutions	16	140	1	–	2	143
Financial assets held under resale agreements	18	–	99	–	–	99
Loans and advances to customers	19	131,202	49,840	(60,054)	13,529	134,517
Financial investments						
— at amortised cost	20	28,528	2,282	(4,620)	49	26,239
— at fair value through other comprehensive income	20	2,717	223	(1,009)	37	1,968
Other financial assets and accrued interest		7,349	7,970	(5,076)	826	11,069
Off balance sheet credit assets	37	8,957	1,554	–	9	10,520
Subtotal		178,991	61,926	(70,759)	14,453	184,611
Allowance for impairment losses on other assets						
Other assets – repossessed assets		1,250	278	(395)	5	1,138
Subtotal		1,250	278	(395)	5	1,138

(Amounts in millions of Renminbi unless otherwise stated)

29 Movements of allowance for impairment losses (continued)

The impairment losses of accrued interest of the financial instruments in this table and its changes are included in "Other financial assets and accrued interest".

Notes:

(i) Others include recovery of loans written off, and effect of exchange differences during the period.

30 Deposits from banks and non-bank financial institutions

Analysed by types and locations of counterparties

	30 June 2024	31 December 2023
In Mainland China		
— banks	**181,738**	265,621
— non-bank financial institutions	**647,115**	648,556
Subtotal	**828,853**	914,177
Outside Mainland China		
— banks	**8,604**	9,692
— non-bank financial institutions	**424**	260
Subtotal	**9,028**	9,952
Accrued interest	**2,118**	3,758
Total	**839,999**	927,887

31 Placements from banks and non-bank financial institutions

Analysed by types and locations of counterparties

	30 June 2024	31 December 2023
In Mainland China		
— banks	**56,454**	64,848
Subtotal	**56,454**	64,848
Outside Mainland China		
— banks	**17,375**	21,264
— non-bank financial institutions	**270**	50
Subtotal	**17,645**	21,314
Accrued interest	**208**	165
Total	**74,307**	86,327

(Amounts in millions of Renminbi unless otherwise stated)

32 Financial assets sold under repurchase agreements

(a) Analysed by type and location of counterparties

	30 June 2024	31 December 2023
In Mainland China		
— PBOC	**126,381**	391,152
— Banks	**30,119**	51,190
Subtotal	**156,500**	442,342
Outside Mainland China		
— Banks	**23,524**	19,790
— Non-bank financial institutions	**–**	693
Subtotal	**23,524**	20,483
Accrued interest	**81**	193
Total	**180,105**	463,018

(b) Analysed by type of collateral

	30 June 2024	31 December 2023
Debt securities	**86,893**	369,613
Discounted bills	**93,131**	93,212
Accrued interest	**81**	193
Total	**180,105**	463,018

The Group did not derecognize financial assets transferred as collateral in connection with financial assets sold under repurchase agreements. As at 30 June 2024, no legal title of the collateral has been transferred to counterparties. The above information of collateral is included in the Note 49.

33 Deposits from customers

Analysed by nature

	30 June 2024	31 December 2023
Demand deposits		
— corporate customers	**2,082,259**	2,168,251
— personal customers	**444,924**	340,432
Subtotal	**2,527,183**	2,508,683
Time and call deposits		
— corporate customers	**1,781,144**	1,745,094
— personal customers	**1,121,774**	1,125,384
Subtotal	**2,902,918**	2,870,478
Outward remittance and remittance payables	**84,778**	19,022
Accrued interest	**77,221**	69,474
Total	**5,592,100**	5,467,657

(Amounts in millions of Renminbi unless otherwise stated)

33 Deposits from customers (continued)

Guarantee deposits included in above deposits:

	30 June 2024	31 December 2023
Bank acceptances	**352,835**	407,634
Guarantees	**19,849**	21,005
Letters of credit	**30,560**	23,736
Others	**37,757**	38,651
Total	**441,001**	491,026

34 Accrued staff costs

	Notes	**Six months ended 30 June 2024** As at 1 January	Additions during the period	Reductions during the period	As at 30 June
Salaries and bonuses		**21,238**	**11,492**	**(16,652)**	**16,078**
Social insurance		**10**	**1,368**	**(1,368)**	**10**
Welfare expenses		**3**	**535**	**(537)**	**1**
Housing fund		**7**	**1,017**	**(1,017)**	**7**
Labor union expenses and employee education expenses		**952**	**438**	**(290)**	**1,100**
Post-employment benefits — defined contribution plans	(a)	**18**	**2,138**	**(2,138)**	**18**
Post-employment benefits — defined benefit plans	(b)	**17**	**–**	**–**	**17**
Other benefits		**175**	**172**	**(200)**	**147**
Total		**22,420**	**17,160**	**(22,202)**	**17,378**

	Notes	Year ended 31 December 2023 As at 1 January	Additions during the year	Reductions during the year	As at 31 December
Salaries and bonuses		20,643	28,100	(27,505)	21,238
Social insurance		15	1,565	(1,570)	10
Welfare expenses		4	1,318	(1,319)	3
Housing fund		10	1,982	(1,985)	7
Labor union expenses and employee education expenses		988	786	(822)	952
Post-employment benefits — defined contribution plans	(a)	18	3,990	(3,990)	18
Post-employment benefits — defined benefit plans	(b)	18	–	(1)	17
Other benefits		209	342	(376)	175
Total		21,905	38,083	(37,568)	22,420

(Amounts in millions of Renminbi unless otherwise stated)

34 Accrued staff costs (continued)

(a) Post-employment benefits – defined contribution plans

Post-employment benefits defined contribution plans include contributions to statutory retirement plan. Pursuant to the relevant laws and regulations in the PRC governing labor and social security, the Group has joined statutory retirement plan for the employees as set out by city and provincial governments. The Group is required to make contributions based on defined ratios of the salaries, bonuses and certain allowance of the employees to the statutory retirement plan under the administration of the government.

In addition to the above statutory retirement plan, the Bank's qualified employees have joined a defined contribution retirement scheme (the "Scheme") which was established by the Group and managed by CITIC Group. For six months ended 30 June 2024, the Bank has made annuity contributions at 8% (31 December 2023: 7%) of its employees' gross wages. For six months ended 30 June 2024, the Bank made annuity contribution amounted to RMB914 million (year ended 30 June 2023: RMB439 million).

The Group operates a defined contribution provident fund and a Mandatory Provident Fund scheme for Hong Kong staff. Contributions are charged to profit or loss when the contribution fall due.

(b) Post-employment benefits – defined benefit plans

The Group offers supplementary retirement benefits for certain of its qualified employees in Mainland China. Retired employees are eligible to join this supplementary retirement benefit plan. The amount that is recognized as at reporting date presents the discounted value of benefit obligation in the future.

The Group's obligations in respect of the supplementary retirement benefit plan as at the reporting date are based on the projected unit credit actuarial cost method and computed by a qualified professional actuary firm (a member of Society of Actuaries in the United States of America).

Except for the aforementioned contributions, the Group has no other material obligations for payment of retirement benefits.

35 Taxes payable

	30 June 2024	31 December 2023
Income tax	**534**	368
VAT and surcharges	**4,025**	3,448
Others	**2,436**	2,486
Total	**6,995**	6,302

36 Debt securities issued

	Notes	30 June 2024	31 December 2023
Long-term debt securities issued	(a)	**116,523**	138,311
Subordinated bonds issued:			
— by the Bank	(b)	**69,991**	69,995
— by CBI	(c)	**3,625**	7,086
Certificates of deposit issued	(d)	**1,017**	1,418
Certificates of interbank deposit issued	(e)	**964,044**	705,273
Convertible corporate bonds	(f)	**12,407**	39,794
Accrued interest		**3,273**	4,104
Total		**1,170,880**	965,981

(Amounts in millions of Renminbi unless otherwise stated)

36 Debt securities issued (continued)

(a) Long-term debt securities issued by the Group as at 30 June 2024:

Bond Type	Issue Date	Maturity Date	Annual Interest Rate	**30 June 2024 Nominal Value RMB**	31 December 2023 Nominal Value RMB
Fixed rate bond	10 June 2021	10 June 2024	3.190%	**–**	20,000
Fixed rate bond	2 February 2021	2 February 2024	0.875%	**–**	1,418
Fixed rate bond	2 February 2021	2 February 2026	1.250%	**2,543**	2,482
Fixed rate bond	17 November 2021	17 November 2024	1.750%	**3,633**	3,546
Fixed rate bond	28 April 2022	28 April 2025	2.800%	**30,000**	30,000
Fixed rate bond	5 August 2022	5 August 2025	2.500%	**30,000**	30,000
Fixed rate bond	13 April 2023	13 April 2026	2.770%	**30,000**	30,000
Fixed rate bond	27 March 2023	27 March 2026	2.790%	**10,000**	10,000
Fixed rate bond	16 May 2023	16 May 2026	2.680%	**10,000**	10,000
Fixed rate bond	26 April 2023	26 April 2024	3.900%	**–**	1,800
Fixed rate bond	22 April 2024	17 April 2025	3.400%	**1,335**	–
Total nominal value				**117,511**	139,246
Less: Unamortised issuance cost				**(15)**	(20)
Less: offset				**(973)**	(915)
Carrying value				**116,523**	138,311

(b) The carrying value of the Bank's subordinated bonds issued:

	Notes	**30 June 2024**	31 December 2023
Subordinated fixed rate bonds maturing:			
— in August 2030	(i)	**39,995**	39,995
— in December 2033	(ii)	**21,496**	21,500
— in December 2038	(iii)	**8,500**	8,500
Total		**69,991**	69,995

Notes:

(i) The Bank issued fixed-rate subordinated bonds on 14 August 2020 with a coupon rate of 3.87% per annum. The Bank has the option to redeem the bonds on 14 August 2025. If the Bank does not exercise this option, the coupon rate will remain 3.87% per annum for the next five years.

(ii) The Bank issued fixed-rate subordinated bonds on 19 December 2023 with a coupon rate of 3.19% per annum. The Bank has the option to redeem the bonds on 19 December 2028. If the Bank does not exercise this option, the coupon rate will remain 3.19% per annum for the next five years.

(iii) The Bank issued fixed-rate subordinated bonds on 19 December 2023 with a coupon rate of 3.25% per annum. The Bank has the option to redeem the bonds on 19 December 2033. If the Bank does not exercise this option, the coupon rate will remain 3.25% per annum for the next five years.

(Amounts in millions of Renminbi unless otherwise stated)

36 Debt securities issued (continued)

(c) The carrying value of CBI's subordinated bonds issued:

	Notes	**30 June 2024**	31 December 2023
Subordinated fixed rate notes maturing:			
— in February 2029	(i)	–	3,543
— in December 2033	(ii)	**3,625**	3,543
Total		**3,625**	7,086

Notes:

(i) CBI issued USD500 million subordinated notes at a coupon rate of 4.625% per annum on 28 February 2019. CBI redeemed the notes on 28 February 2024.

(ii) CBI issued USD500 million subordinated notes at a coupon rate of 6.00% per annum on 5 December 2023. CBI has an option to redeem these notes on each coupon payment date on and after 5 December 2028. If CBI does not exercise the redemption option, the coupon rate per annum will be the 5-year US treasury bond rate on 5 December 2028, plus 1.65%. The notes are listed on the Hong Kong Stock Exchange.

(d) These certificates of deposit were issued by CBI with interest rate ranging from 5.63% to 5.70% per annum.

(e) As at 30 June 2024, the Bank's outstanding large transferable certificates of interbank deposits amounted to RMB964,044 million (31 December 2023: RMB705,273 million), with reference yields ranging from 1.88% to 2.66% per annum (31 December 2023: 2.16% to 2.75%). Their original expiry terms range from one months to one year.

(f) As approved by the relevant regulatory authorities in China, the Bank made a public offering of RMB40 billion A-shares convertible corporate bonds on 4 March 2019. The convertible corporate bonds have a term of six years from 4 March 2019 to 3 March 2025, at coupon rates of 0.3% for the first year, 0.8% for the second year, 1.5% for the third year, 2.3% for the fourth year, 3.2% for the fifth year and 4.0% for the sixth year. The conversion of these convertible corporate bonds begins on the first trading day (11 September 2019) after six months upon the completion date of the offering, until the maturity date (3 March 2025).

In accordance with formulas set out in the prospectus of the convertible corporate bonds, the initial conversion price of the convertible corporate bonds is RMB7.45 per share, and the price of the convertible corporate bonds will be adjusted to reflect the dilutive impact of cash dividends and increase in paid-in capital under specified circumstances. On 10 July 2024, the conversion price of the convertible corporate bonds has been adjusted to RMB5.77 per share. During the conversion period (from 4 March 2019 to 3 March 2025), if the closing price of the Bank's A shares is lower than 80% of the current conversion price for at least 15 trading days in any 30 consecutive trading days, the Board of Directors of the Bank has the right to propose to lower the conversion price and submit the proposal to the shareholders' meeting for deliberation.

These convertible corporate bonds are subject to conditional redemptions. During their conversion period, if the closing prices of the Bank's A-shares are no less than 130% (inclusive) of the current conversion price for at least 15 trading days in 30 consecutive trading days, the Bank has the right to redeem all or part of the outstanding convertible corporate bonds at their par value plus the current accrued interest, upon approval of the relevant regulatory authorities (if required). In addition, when the total amount of the outstanding convertible corporate bonds is less than RMB30 million, the Bank has the right to redeem all outstanding convertible corporate bonds at their par value plus the current accrued interest.

(Amounts in millions of Renminbi unless otherwise stated)

36 Debt securities issued (continued)

(f) (continued)

As at 30 June 2024, convertible corporate bonds of RMB27,593 million were converted to 4,521,743,015 A shares.

	Liability	**Equity**	**Total**
Issued nominal value of convertible corporate bonds	**36,859**	**3,141**	**40,000**
Direct issuance expenses	**(74)**	**(6)**	**(80)**
Balance at the issuance date	**36,785**	**3,135**	**39,920**
Accumulated amortisation as at 1 January 2024	**3,215**	**–**	**3,215**
Accumulated conversion amount as at 1 January 2024	**(206)**	**(16)**	**(222)**
Balance as at 1 January 2024	**39,794**	**3,119**	**42,913**
Conversion amount during this period	**(27,387)**	**(2,147)**	**(29,534)**
Balance as at 30 June 2024	**12,407**	**972**	**13,379**

37 Provisions

	30 June 2024	31 December 2023
Allowance for impairment losses on off balance sheet items	**10,975**	10,520
Litigation provisions	**298**	326
Total	**11,273**	10,846

The movement of off-balance sheet allowance for impairment losses is included in the Note 29.

Movement of provisions:

	Six months 30 June 2024	Year ended 31 December 2023
As at 1 January	**326**	779
(Reversals)/Accruals	**(28)**	8
Payment	**–**	(461)
As at 30 June/31 December	**298**	326

38 Other liabilities

	30 June 2024	31 December 2023
Dividends payable	**17,432**	–
Settlement and clearing accounts	**12,412**	12,795
Continuing involvement liabilities	**11,810**	11,654
Advances and deferred expenses	**3,939**	3,839
Payment and collection accounts	**2,281**	2,243
Leasing deposits	**580**	514
Accrued expenses	**263**	329
Others	**8,258**	9,087
Total	**56,975**	40,461

(Amounts in millions of Renminbi unless otherwise stated)

39 Share capital

	Number of shares and Nominal Value (millions)	
	30 June 2024	31 December 2023
Ordinary shares		
Registered, issued and fully paid:		
A-Share	**38,575**	34,085
H-Share	**14,882**	14,882
Total	**53,457**	48,967

	Note	**Six months 30 June 2024**	Year ended 31 December 2023
As at 1 January		**48,967**	48,935
Convertible bond settlement	(i)	**4,490**	32
As at 30 June/31 December		**53,457**	48,967

Note:

(i) For the six months ended 30 June 2024, convertible corporate bonds of RMB27,387,015,000 were converted to 4,489,673,634 A-shares (In 2023, convertible corporate bonds of RMB205,904,000 were converted to 32,022,297 A-shares).

40 Other equity instruments

	30 June 2024	31 December 2023
Preference shares (Note (i))	**34,955**	34,955
Perpetual bonds (Note (ii))	**109,986**	79,986
Equity of convertible corporate bonds (Note 36(f))	**972**	3,119
Total	**145,913**	118,060

(i) Preference shares

Financial instruments in issue	Dividend rate	Issued price (RMB)	Issued number of shares (RMB millions)	Issued nominal value (RMB millions)	Maturity Date	Conversions
Preference shares	3.80% per annum for the first five years after issuance, and re-priced every five years	100	350	35,000	No maturity date	No conversion during the period

35,000 million preference shares of RMB100 each were issued in October 2016, to no more than 200 qualified investors, pursuant to the approval by its ordinary shareholders' meeting and relevant regulatory authorities.

40 Other equity instruments (continued)

(i) Preference shares (continued)

The carrying amount of preference shares, net of direct issuance expenses, was RMB34,955 million. All the proceeds received is used to replenish Other Tier-One capital in order to increase the Bank's Tier-One capital adequacy ratio (Note 53). Dividends are non-cumulative and where payable are paid annually with a dividend rate of 3.80% per annum for the first five years from issuance. Dividend rate will be re-priced every five years thereafter with reference to the five-year PRC treasury bonds yield plus a fixed premium of 1.30%. The first five-year dividend period expired on 25 October 2021. During the second dividend period beginning from 26 October 2021, the base rate and fixed premium is 2.78% and 1.30%, respectively, and the coupon rate is 4.08%. The dividend is paid annually.

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

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

Upon occurrence of the triggering events as stipulated in paragraph 2(3) of the Guidance of the China Banking Regulatory Commission on Commercial Banks' Innovation on Capital Instruments (CBRC No.56 [2012]) and subject to regulatory approval, preference shares shall be mandatorily converted into ordinary A shares of the Bank at the conversion price of RMB7.07 per share, partially or entirely. The conversion price of the preference shares will be adjusted where certain events occur including bonus issues, rights issue, capitalisation of reserves and new issuances of ordinary shares below market price, subject to terms and formulae provided for in the offering documents, to maintain the relative interests between preference shareholders and ordinary shareholders.

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

(ii) Perpetual bonds

The Bank issued RMB40 billion write-down undated capital bonds (the "Bonds") in the domestic interbank bond market on 11 December 2019. On 26 April 2021, the Bank issued RMB40 billion write-down undated capital bonds (the "Bonds") in the domestic interbank bond market. On 24 April 2024, the Bank issued RMB30 billion write-down undated capital bonds (the "Bonds") in the domestic interbank bond market. The denomination of these Bonds is RMB100 each, and the annual coupon rate of the Bonds for the first 5 years are 4.20%, 4.20%, 2.42% respectively, resetting every 5 years.

The duration of these Bonds is the same as the continuing operation of the Bank. Subject to the satisfaction of the redemption conditions and having obtained the prior approval of the NFRA, the Bank may redeem the Bonds in whole or in part on each distribution payment date 5 years after the issuance date of the Bonds. Upon the occurrence of a trigger event for write-downs, with the consent of the NFRA and without the consent of the bondholders, the Bank has the right to write down all or part of the above Bonds issued and existing at that time in accordance with the total par value. The claims of the holders of the Bonds will be subordinated to the claims of depositors, general creditors and subordinated creditors; and shall rank in priority to the claims of shareholders and will rank pari passu with the claims under any other additional tier 1 capital instruments of the Bank that rank pari passu with the Bonds.

The Bonds are paid by non-cumulative interest. The Bank shall have the right to cancel distributions on the Bonds in whole or in part and such cancellation shall not constitute a default. The Bank may at its discretion utilize the proceeds from the cancelled distribution to meet other obligations of maturing debts. But the Bank shall not distribute profits to ordinary shareholders until the resumption of full interest payment.

(Amounts in millions of Renminbi unless otherwise stated)

40 Other equity instruments (continued)

(ii) Perpetual bonds (continued)

These perpetual bonds are classified as equity instruments, and presented as equity in the consolidated statement of financial position; and are qualified as Additional Tier-One Capital Instruments in accordance with the NFRA requirements.

Interests attributable to equity instruments' holder:

	30 June 2024	31 December 2023
Total equity attributable to equity holders of the Bank	**798,077**	717,222
Equity attributable to ordinary equity holders of the Bank	**652,164**	599,162
Equity attributable to other equity instruments holders of the Bank	**145,913**	118,060
— Dividend distribution for the period	**1,680**	4,788
Total equity attributable to non-controlling interests	**17,674**	17,453
Equity attribute to non-controlling interests of ordinary shares	**9,984**	9,763
Equity attributable to non-controlling interests of other equity instruments	**7,690**	7,690

During the six months ended 30 June 2024, no dividends payment was paid to the preference shareholders (2023: RMB1,428 million), RMB1,680 million was paid to holders of perpetual bonds (2023: RMB3,360 million).

41 Capital reserves

	30 June 2024	31 December 2023
Share premium	**84,123**	59,083
Other reserves	**317**	317
Total	**84,440**	59,400

42 Other comprehensive income

Other comprehensive income comprises items that will not be reclassified subsequently to profit or loss, such as net changes on the measurement of defined benefit plans (Note 34) and fair value changes on financial investments designated at fair value through other comprehensive income, and items that may be reclassified subsequently to profit or loss, such as fair value changes on financial assets at fair value through other comprehensive income, credit impairment allowance on financial assets at fair value through other comprehensive income and exchange differences on translation.

43 Surplus reserve

	Six months 30 June 2024	Year ended 31 December 2023
As at 1 January	**60,992**	54,727
Appropriations	–	6,265
As at 30 June/31 December	**60,992**	60,992

Under the relevant PRC Laws, the Bank and the Bank's subsidiaries in Mainland China are required to appropriate 10% of its profit for the year, as determined under regulations issued by the regulatory bodies of the PRC, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. After making the appropriation to the statutory surplus reserve, the Bank may also appropriate its profit for the year to the discretionary surplus reserve upon approval by ordinary shareholders at the Annual General Meeting. The Bank makes its appropriation on an annual basis.

Subject to the approval of ordinary shareholders, statutory surplus reserves may be used for replenishing accumulated losses, if any, and may be converted into share capital, provided that the balance of statutory surplus reserve after such capitalisation is not less than 25% of the registered capital before the process.

(Amounts in millions of Renminbi unless otherwise stated)

44 General reserve

	Six months 30 June 2024	Year ended 31 December 2023
As at 1 January	**105,127**	100,580
Appropriations	**153**	4,547
As at 30 June/31 December	**105,280**	105,127

Pursuant to relevant Ministry of Finance ("MOF") notices, the Bank and the Group's banking subsidiaries in Mainland China are required to set aside a general reserve to cover potential losses against their assets. The Bank and the Group make its appropriation on an annual basis.

CITIC Wealth shall draw operational risk reserves on a monthly basis according to the Administrative Measures for Financial Subsidiaries of Commercial Banks. CNCBI Macau shall draw down its regulatory reserves on a monthly basis according to the requirements of the Monetary Authority of Macau, China CITIC Bank International shall draw operational risk reserves according to the requirements of the Administrative Measures for Financial Subsidiaries of General reserve. During the six months ended 30 June 2024, a total of RMB153 million of corresponding risk provisions was drawn.

45 Profit appropriations and retained earnings

(a) The proposal of cash dividend of RMB3.26 per ten ordinary shares related to 2023, amounting to RMB17,432 million in total was approved at the Annual General Meeting held on 20 June 2024. The cash dividends were recognized as dividends payable as at 30 June 2024.

(b) On 26 April 2021, the Bank issued RMB40 billion write-down undated capital bonds in the domestic interbank bond market. The Bank paid RMB1,680 million in interest at a coupon rate of 4.20% to investors of perpetual bonds on 26 April 2024.

(c) As at 30 June 2024, the retained earnings included the statutory surplus reserves of certain subsidiaries of RMB1,167 million (31 December 2023: RMB1,167 million). Such statutory surplus reserves cannot be distributed.

46 Non-controlling interests

As at 30 June 2024, non-controlling interests included ordinary shares held by non-controlling interest in subsidiaries and other equity instrument holders' interests. Other equity instrument holders' interest amounted to RMB7,690 million (31 December 2023: RMB7,690 million) representing other equity instruments issued by CBI on 29 July 2021 and 22 April 2022, an entity ultimately controlled by the Group. Such instruments are perpetual non-cumulative subordinated additional Tier-One capital securities (the "Capital Securities").

Financial instruments in issue	Issue Date	Nominal Value	First Call Date	Coupon Rate	Payment Frequency
Capital Securities	29 July 2021	USD600 million	29 July 2026	3.25% per annum for the first five years after issuance, and re-priced every five years to a rate equivalent to the five-year US Treasury rate plus 2.53% per annum	Semi-annually
Capital Securities	22 April 2022	USD600 million	22 April 2027	4.80% per annum for the first five years after issuance, and re-priced every five years to a rate equivalent to the five-year US Treasury rate plus 2.104% per annum	Semi-annually

CBI may, at its sole discretion, elect to cancel any payment of coupon, in whole or in part, or redeem Capital Securities in whole on the first call date and any subsequent coupon distribution date, where the holders of these Capital Securities have no right to require CBI to redeem. These Capital Securities listed above are classified as other equity instruments.

A distribution of RMB173 million was paid to the holders of the Capital Securities mentioned above during the six months ended 30 June 2024 (During the six months ended 30 June 2023: RMB297 million).

(Amounts in millions of Renminbi unless otherwise stated)

47 Notes to consolidated interim statement of cash flows

Cash and cash equivalents

	Six months ended 30 June	
	2024	2023
Cash	**4,151**	4,061
Cash equivalents		
— Surplus deposit reserve funds	**57,256**	59,401
— Deposits with banks and non-bank financial institutions due within three months when acquired	**58,884**	36,146
— Placements with and loans to banks and non-bank financial institutions due within three months when acquired	**53,819**	40,861
— Investment securities due within three months when acquired	**42,670**	77,704
Subtotal	**212,629**	214,112
Total	**216,780**	218,173

48 Commitments and contingent liabilities

(a) Credit commitments

The Group's credit commitments take the form of loan commitments, credit card commitments, financial guarantees, letters of credit and acceptances.

Loan commitments and credit card commitments represent the undrawn amount of approved loans with signed contracts and credit card limits. Financial guarantees and letters of credit represent guarantees provided by the Group to guarantee the performance of customers to third parties. Bank acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects the majority acceptances to be settled simultaneously with the reimbursement from the customers.

The contractual amounts of credit commitments by categories are set out below. The amounts disclosed in respect of loan commitments and credit card commitments assume that amounts are fully drawn down. The amounts of guarantees, letters of credit and acceptances represent the maximum potential loss that would be recognized at the reporting date if counterparties failed to perform as contracted.

	30 June 2024	31 December 2023
Contractual amount		
Loan commitments		
— with an original maturity within one year	**12,488**	13,995
— with an original maturity of one year or above	**33,829**	32,773
Subtotal	**46,317**	46,768
Bank acceptances	**750,043**	867,523
Credit card commitments	**826,374**	779,947
Letters of guarantee issued	**259,094**	237,359
Letters of credit issued	**280,781**	256,351
Total	**2,162,609**	2,187,948

(Amounts in millions of Renminbi unless otherwise stated)

48 Commitments and contingent liabilities (continued)

(b) Credit commitments analysed by credit risk weighted amount

	30 June 2024	31 December 2023
Credit risk weighted amount of credit commitments	**651,580**	602,231

The credit risk weighted amount refers to the amount as computed in accordance with the rules set out by the NFRA and depends on the status of counterparties and the maturity characteristics. The risk weighting used range from 0% to 150%.

(c) Capital commitments

(i) ***The Group had the following authorised capital commitments in respect of property, plant and equipment at the reporting date:***

	30 June 2024	31 December 2023
For the purchase of property and equipment		
— contracted for	**1,046**	1,521

(d) Outstanding contingencies including litigation and disputes

The Group has assessed and has made provisions for any probable outflow of economic benefits in relation to commitments and contingent liabilities at the reporting date in accordance with its accounting policies including litigation and disputes.

As at 30 June 2024, the Group was involved in certain pending litigation as defendant with gross claims of RMB1,201 million (as at 31 December 2023: RMB1,166 million). Such contingencies, including litigation and disputes, are not expected to have material impact on the financial position and operations of the Bank (Note 37).

(e) Bonds redemption obligations

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

The redemption obligations below represent the nominal value of treasury bonds underwritten and sold by the Group, but not yet matured at the reporting date:

	30 June 2024	31 December 2023
Redemption commitment for PRC treasury bonds	**2,656**	2,735

The original maturities of these bonds vary from one to five years. Management of the Group expects the amount of redemption before maturity dates of these bonds will not be material. The MOF will not provide funding for the early redemption of these bonds on a back-to-back basis, but will settle the principal and interest upon maturity.

(Amounts in millions of Renminbi unless otherwise stated)

48 Commitments and contingent liabilities (continued)

(f) Underwriting obligations

As at 30 June 2024 and 31 December 2023, the Group did not have unfulfilled commitment in respect of securities underwriting business.

49 Collateral

(a) Assets pledged

(i) The carrying amount of financial assets pledged as collateral in the Group's ordinary course of businesses, including repurchase agreements and borrowings from central banks, are disclosed as below:

	30 June 2024	31 December 2023
Debt securities	**441,524**	744,648
Discounted bills	**93,151**	93,454
Total	**534,675**	838,102

As at 30 June 2024 and 31 December 2023, the Group's liabilities related to the above collateral were due within 12 months from the effective dates of these agreements and title of these collateral was not transferred to counterparties.

(ii) In addition, as at 30 June 2024, the Group pledged deposits with banks and other financial institutions with carrying amount totalling RMB738 million (31 December 2023: RMB911 million) as collateral for derivative transactions and guarantee funds to exchanges. Title of these pledged assets was not transferred to counterparties.

(b) Collateral accepted

The Group received debt securities as collateral for financial assets held under resale agreements as set out in Note 18. Under the terms of these agreements, the Group could not resell or re-pledge certain parts of these collateral unless in the event of default by the counterparties. As at 30 June 2024, the Group held no collateral that can be resold or re-pledged (31 December 2023: Nil). During the six months ended 30 June 2024, the Group did not resell or re-pledge any of these collateral (Six months ended 30 June 2023: Nil).

(Amounts in millions of Renminbi unless otherwise stated)

50 Transactions on behalf of customers

(a) Entrusted lending business

The Group provides entrusted lending business services to corporations and individuals, as well as entrusted provident housing fund mortgage business services. All entrusted loans are made under the instruction or at the direction of these corporations, individuals or provident housing fund centre and are funded by entrusted funds from them.

For entrusted assets and liabilities and entrusted provident housing fund mortgage business, the Group does not expose to credit risk in relation to these transactions, but acts as an agent to hold and manage these assets and liabilities at the instruction of the entrusting parties and receives fee income for the services provided.

Entrusted assets are not assets of the Group and are not recognized on the consolidated statement of financial position. Income received and receivable for providing these services is included in the consolidated statement of profit or loss as fee income.

At the reporting date, the entrusted assets and liabilities were as follows:

	30 June 2024	31 December 2023
Entrusted loans	**419,872**	425,026
Entrusted funds	**419,873**	425,028

(b) Wealth management services

As at 30 June 2024, the amount of total assets invested by these non-principal guaranteed wealth management products issued by the Group was disclosed in Note 56(c).

The funds raised by non-principal guaranteed wealth management products from investors are invested in various investments, including debt securities and money market instruments, credit assets and other debt instruments, equity instruments etc. Credit risk, risk and interest rate risk associated with these products are borne by the customers. The Group only earns commission which represents the charges on customers in relation to the provision of custodian, sale and management services. Income is recognized in the interim consolidated statement of profit or loss as commission income. The Group has entered into placements transactions at market interest rates with the wealth management products vehicles (Note 56 (c)).

As at 30 June 2024, the total investment of non-principal guaranteed wealth management products managed by the Group that was not included in the Group's consolidated financial statements was disclosed in Note 56(c).

51 Segment reporting

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

Internal charges and transfer pricing of transactions between segments are determined for management purpose and have been reflected in the performance of each segment. Net interest income and expenses arising from internal charges and transfer pricing adjustments are referred to as "Internal net interest income/expenses". Interest income and expenses earned from third parties are referred to as "External net interest income/expenses".

Segment income, expense, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets and liabilities do not include deferred tax assets and liabilities. Segment income, expenses, assets, and liabilities are determined before intra-group balances, and intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total costs incurred during the year to acquire assets (including both tangible assets and intangible assets) whose estimated useful lives are over one year.

(a) Business segments

The Group has the following main business segments for management purpose:

Corporate banking

This segment represents the provision of a range of financial products and services to corporations, government agencies and non-financial institutions, as well as conducts investment banking businesses and international businesses. The products and services include corporate loans, deposit taking activities, agency services, remittance and settlement services and guarantee services.

Personal banking

This segment represents the provision of a range of financial products and services to individual customers. The products and services comprise loans, deposit services, securities agency services, remittance and settlement services and guarantee services.

Treasury business

This segment conducts capital markets operations, inter-bank operations, which, specifically, includes inter-bank money market transactions, repurchase transactions, and investments and trading in debt instruments. Furthermore, treasury business segment also carries out derivatives and forex trading both for the Group and for customers.

(Amounts in millions of Renminbi unless otherwise stated)

51 Segment reporting (continued)

(a) Business segments (continued)

Others and unallocated

Others comprise components of the Group that are not attributable to any of the above segments, along with certain assets, liabilities, income or expenses of the Head Office that could not be allocated on a reasonable basis. This segment also manages the Group's liquidity position.

	Six months ended 30 June 2024				
	Corporate Banking	Personal Banking	Treasury Business	Others and Unallocated	Total
External net interest income/ (expense)	26,685	41,573	19,818	(15,468)	72,608
Internal net interest income/ (expense)	12,005	(9,967)	(19,193)	17,155	–
Net interest income	38,690	31,606	625	1,687	72,608
Net fee and commission income/ (expense)	5,867	10,203	270	13	16,353
Other net income (Note (i))	2,482	1,655	15,478	64	19,679
Operating income	47,039	43,464	16,373	1,764	108,640
Operating expenses					
— depreciation and amortisation	(1,340)	(1,104)	(1,441)	(471)	(4,356)
— others	(10,544)	(14,136)	(444)	(1,478)	(26,602)
Credit impairment losses	(8,943)	(25,537)	(1,044)	1,154	(34,370)
Impairment losses on other assets	(30)	(13)	–	–	(43)
Revaluation loss on investment properties	–	–	–	(8)	(8)
Share of profits of associates and joint ventures	–	–	–	490	490
Profit before tax	26,182	2,674	13,444	1,451	43,751
Income tax					(7,880)
Profit for the period					35,871
Capital expenditure	231	200	246	206	883

	30 June 2024				
	Corporate Banking	Personal Banking	Treasury Business	Others and Unallocated	Total
Segment assets	3,026,974	2,297,330	3,187,180	535,820	9,047,304
Interest in associates and joint ventures	–	–	–	7,315	7,315
Deferred tax assets					50,004
Total asset					9,104,623
Segment liabilities	3,981,650	1,667,206	1,060,695	1,579,319	8,288,870
Deferred tax liabilities					2
Total liabilities					8,288,872
Off-balance sheet credit commitments	1,324,991	835,714	–	1,904	2,162,609

(Amounts in millions of Renminbi unless otherwise stated)

51 Segment reporting (continued)

(a) Business segments (continued)

Others and unallocated (continued)

	Six months ended 30 June 2023				
	Corporate Banking	Personal Banking	Treasury Business	Others and Unallocated	Total
External net interest income/(expense)	22,457	44,317	19,502	(13,070)	73,206
Internal net interest income/(expense)	16,950	(13,416)	(18,016)	14,482	–
Net interest income	39,407	30,901	1,486	1,412	73,206
Net fee and commission income/(expense)	5,877	12,358	(252)	1,080	19,063
Other net income (Note (i))	739	745	13,406	(1,274)	13,616
Operating income	46,023	44,004	14,640	1,218	105,885
Operating expenses					
— depreciation and amortisation	(1,159)	(957)	(1,278)	(502)	(3,896)
— others	(9,790)	(13,869)	(514)	(1,178)	(25,351)
Credit impairment losses	(14,154)	(17,940)	(2,361)	(9)	(34,464)
Impairment losses on other assets	(242)	–	–	–	(242)
Revaluation loss on investment properties	–	–	–	9	9
Share of profits of associates and joint ventures	–	–	–	426	426
Profit before tax	20,678	11,238	10,487	(36)	42,367
Income tax					(5,660)
Profit for the period					36,707
Capital expenditure	265	210	295	320	1,090

	31 December 2023				
	Corporate Banking	Personal Banking	Treasury Business	Others and Unallocated	Total
Segment assets	2,822,064	2,249,644	3,336,485	584,866	8,993,059
Interest in associates and joint ventures	–	–	–	6,945	6,945
Deferred tax assets					52,480
Total asset					9,052,484
Segment liabilities	3,968,855	1,553,644	1,136,712	1,658,597	8,317,808
Deferred tax liabilities					1
Total liabilities					8,317,809
Off-balance sheet credit commitments	1,407,233	780,715	–	–	2,187,948

Note:

(i) Other net income consists of net trading gain, net gain from investment securities, net hedging gain and other operating income.

51 Segment reporting (continued)

(b) Geographical segments

The Group operates principally in Mainland China with branches located in 31 provinces, autonomous regions and municipalities. The Bank's principal subsidiaries, CNCB Investment and CIFH are registered and operating in Hong Kong. The other subsidiaries, Lin'an Rural Bank, CITIC Wealth and CFLL are registered and operating in Mainland China.

In presenting information by geographical segments, operating income is allocated based on the location of the branches that generated the revenue. Segment assets and capital expenditure are allocated based on the geographical location of the underlying assets.

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

– "Yangtze River Delta" refers to the following areas where Tier-One branches of the Group are located: Shanghai, Nanjing, Suzhou, Hangzhou and Ningbo, as well as Lin'an Rural Bank and CITIC Wealth;

– "Pearl River Delta and West Strait" refers to the following areas where Tier-One branches of the Group are located: Guangzhou, Shenzhen, Fuzhou, Dongguan, Xiamen, and Haikou;

– "Bohai Rim" refers to the following areas where Tier-One branches of the Group are located: Beijing, Tianjin, Dalian, Qingdao, Shijiazhuang, Jinan and CFLL;

– "Central" region refers to the following areas where Tier-One branches of the Group are located: Hefei, Zhengzhou, Wuhan, Changsha, Taiyuan and Nanchang;

– "Western" region refers to the following areas where Tier-One branches of the Group are located: Chengdu, Chongqing, Xi'an, Kunming, Nanning, Hohhot, Urumqi, Guiyang, Lanzhou, Xining, Yinchuan and Lhasa;

– "North-eastern" region refers to the following areas where Tier-One branches of the Group is located: Shenyang, Changchun and Harbin;

– "Head Office" refers to the headquarters of the Bank and the Credit Card Center; and

– "Overseas" includes all the operations of London branch, Hong Kong branch, CNCB Investment, CIFH and its subsidiaries.

(Amounts in millions of Renminbi unless otherwise stated)

51 Segment reporting (continued)

(b) Geographical segments (continued)

	Six months ended 30 June 2024									
	Yangtze River Delta	Pearl River Delta and West Strait	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Elimination	Total
External net interest income	16,528	6,260	605	9,804	8,249	421	26,988	3,753	-	72,608
Internal net interest (expense)/income	(1,483)	596	10,509	(2,453)	(2,819)	377	(4,736)	9	-	-
Net interest income	15,045	6,856	11,114	7,351	5,430	798	22,252	3,762	-	72,608
Net fee and commission income	2,876	718	1,404	655	431	62	9,278	929	-	16,353
Other net income (Note (i))	662	347	696	421	265	31	16,480	777	-	19,679
Operating income	18,583	7,921	13,214	8,427	6,126	891	48,010	5,468	-	108,640
Operating expense										
— depreciation and amortisation	(533)	(397)	(447)	(326)	(351)	(93)	(1,932)	(277)	-	(4,356)
— others	(3,683)	(2,046)	(3,806)	(1,948)	(1,734)	(439)	(11,289)	(1,657)	-	(26,602)
Credit impairment losses	(4,699)	(4,476)	(5,254)	(2,696)	(2,591)	(172)	(12,555)	(1,927)	-	(34,370)
Impairment losses on other assets	-	-	-	(9)	(21)	-	-	(13)	-	(43)
Revaluation loss on investment properties	-	-	-	-	-	-	-	(8)	-	(8)
Share of gains of associates and joint ventures	-	-	-	-	-	-	463	27	-	490
Profit before tax	9,668	1,002	3,707	3,448	1,429	187	22,697	1,613	-	43,751
Income tax										(7,880)
Profit for the period										35,871
Capital expenditure	54	22	91	46	48	66	59	497	-	883

	30 June 2024									
	Yangtze River Delta	Pearl River Delta and West Strait	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Elimination	Total
Segment assets	2,091,279	1,011,804	1,981,456	876,175	730,765	128,028	3,451,904	414,926	(1,639,033)	9,047,304
Interest in associates and joint ventures	-	-	-	-	-	-	6,906	409	-	7,315
Deferred tax assets										50,004
Total assets										9,104,623
Segment liabilities	2,066,786	1,036,501	1,885,860	853,491	725,355	131,827	2,814,145	413,816	(1,638,911)	8,288,870
Deferred tax liabilities										2
Total liabilities										8,288,872
Off-balance sheet credit commitments	376,414	229,267	258,210	268,792	160,577	21,364	815,366	32,619	-	2,162,609

(Amounts in millions of Renminbi unless otherwise stated)

51 Segment reporting (continued)

(b) Geographical segments (continued)

	Six months ended 30 June 2023									
	Yangtze River Delta	Pearl River Delta and West Strait	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Elimination	Total
External net interest income	13,289	4,518	(4,271)	9,253	7,741	635	38,711	3,330	–	73,206
Internal net interest (expense)/income	489	(159)	13,565	(1,262)	(2,298)	212	(10,558)	11	–	–
Net interest income	13,778	4,359	9,294	7,991	5,443	847	28,153	3,341	–	73,206
Net fee and commission income	2,614	942	1,689	785	520	106	11,662	745	–	19,063
Other net income/(expense) (Note (i))	780	251	47	(144)	59	16	12,031	576	–	13,616
Operating income	17,172	5,552	11,030	8,632	6,022	969	51,846	4,662	–	105,885
Operating expense										
— depreciation and amortisation	(516)	(398)	(458)	(322)	(357)	(96)	(1,446)	(303)	–	(3,896)
— others	(2,379)	(2,047)	(2,511)	(1,532)	(1,925)	170	(13,351)	(1,776)	–	(25,351)
Credit impairment losses	(8,276)	(4,769)	(1,694)	(3,065)	(1,073)	(536)	(14,350)	(701)	–	(34,464)
Impairment losses on other assets	(65)	–	(37)	(27)	(111)	(2)	–	–	–	(242)
Revaluation loss on investment properties	–	–	–	–	–	–	–	9	–	9
Share of gains/(loss) of associates and joint ventures	–	–	–	–	–	–	456	(30)	–	426
Profit before tax	5,936	(1,662)	6,330	3,686	2,556	505	23,155	1,861	–	42,367
Income tax										(5,660)
Profit for the period										36,707
Capital expenditure	71	93	68	41	49	11	501	256	–	1,090

	31 December 2023									
	Yangtze River Delta	Pearl River Delta and West Strait	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Elimination	Total
Segment assets	2,009,211	994,510	1,889,859	879,067	732,239	126,449	3,436,157	480,095	(1,554,528)	8,993,059
Interest in associates and joint ventures	–	–	–	–	–	–	6,573	372	–	6,945
Deferred tax assets										52,480
Total assets										9,052,484
Segment liabilities	1,995,433	1,041,109	1,884,262	854,890	733,286	132,996	2,817,827	412,405	(1,554,400)	8,317,808
Deferred tax liabilities										1
Total liabilities										8,317,809
Off-balance sheet credit commitments	395,730	255,105	254,314	281,328	175,195	21,048	770,572	34,656	–	2,187,948

Note:

(i) Other net income consists of net trading gain, net gain from investment securities, net hedging gain and other operating income.

52 Financial risk management

This section presents information about the Group's exposure to and its management and control of risks, in particular the primary risks associated with its use of financial instruments:

- **Credit risk** Credit risk represents the potential loss that may arise from the failure of a customer or counterparty to meet its contractual obligations or commitments to the Group.

- **Market risk** Market risk arises from unfavorable changes in market prices (interest rate, exchange rate, stock price or commodity price) that lead to a loss of on-balance sheet or off-balance sheet business in the Group.

- **Liquidity risk** Liquidity risk arises when the Group, in meeting the demand of liabilities due and other payment obligations as well as the needs of business expansion, is unable to sufficiently, timely or cost-effectively acquire funds.

- **Operational risk** Operational risk refers to the risk of loss arises from problematic internal procedures, personnel, IT systems, or external events, such risk includes legal risk, but excluding strategic risk and reputational risk.

The Group has established policies and procedures to identify and analyse these risks, to set appropriate risk limits and controls, and to constantly monitor the risks and limits by means of reliable and up-to-date management information systems. The Group regularly modifies and enhances its risk management policies and systems to reflect changes in markets, products and best practice risk management processes. Internal auditors also perform regular audits to ensure compliance with relevant policies and procedures.

(a) Credit risk

Credit risk management

Credit risk refers to the risk of loss caused by default of debtor or counterparty. Credit risk also occurs when the Group makes unauthorized or inappropriate loans and advances to customers, financial commitments or investments. The credit risk exposures of the Group mainly arise from the Group's loans and advances to customers, bonds, interbank business, receivables, lease receivables, other debt investments, and other on-balance sheet assets, and also off-balance sheet items, such as credit commitments.

The Group has standardized management on the entire credit business process including loan application and its investigation, approval and granting of loan, and monitoring of non-performing loans. Through strictly standardized credit business process, strengthening the whole process management of pre-lending investigation, credit rating and credit granting, examination and approval, loan review and post-lending monitoring, improving risk mitigating impact of collateral, accelerating the collection and disposal of non-performing loans, and promoting the upgrading and transformation of credit management system, the credit risk management of the Group has been comprehensively improved.

The Group writes off financial asset when it cannot reasonably expect to recover all or part of the asset. Signs indicating that the recoverable amount cannot be reasonably expected to recover include: (1) the enforcement has been terminated, and (2) the Group's recovery method is to confiscate and dispose of the collateral, but the expected value of the collateral cannot cover the entire principal and interest.

In addition to the credit risk caused by credit assets, the Group manages the credit risk for treasury businesses through prudently selecting peers and other financial institutions with comparable credit levels as counterparties, balancing credit risk with returns on investment, comprehensively considering internal and external credit rating information, granting credit hierarchy, and using credit management system to review and adjust credit commitments on a timely basis, etc. In addition, the Group provides off-balance sheet commitment and guarantee businesses to customers, so it is possible for the Group to make payment on behalf of the customer in case of customer's default and bear risks similar to the loan. Therefore, the Group applies similar risk control procedures and policies to such business to reduce the credit risk.

52 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL")

The Group adopts the "expected credit loss model" on its debt instruments which are classified as financial assets measured at amortised cost and at fair value through other comprehensive income and off-balance sheet credit assets in accordance with the provisions of IFRS 9.

For financial assets that are included in the measurement of expected credit losses, the Group evaluates whether the credit risks of related financial assets have increased significantly since the initial recognition. The impairment model is used to measure their allowances for impairment losses respectively to recognize expected credit losses and their movements:

Stage 1: Financial assets with no significant increase in credit risk since initial recognition will be classified as "Stage 1" and the Group continuously monitors their credit risk. The loss allowance of financial assets in Stage 1 is measured based on the expected credit losses in the next 12 months, which represent the proportion of the lifetime expected credit losses that may arise from possible default events in the next 12 months.

Stage 2: If there is a significant increase in credit risk from initial recognition, the Group transfers the related financial assets to Stage 2, but does not consider them as credit-impaired instruments. The expected credit losses of financial assets in Stage 2 are measured based on the lifetime expected credit losses.

Stage 3: If a financial asset has shown signs of credit impairment from initial recognition, it will be moved to Stage 3. The expected credit losses of financial assets in Stage 3 are measured based on the lifetime expected credit losses.

Purchased or originated credit-impaired financial assets refers to financial assets that are credit-impaired at initial recognition. Allowance for impairment losses on these assets are the lifetime expected credit losses.

The Group measures ECLs of financial assets through testing models including the risk parameters model and discounted cash flows model. The risk parameters model method is applicable to the financial assets in Stages 1 and 2. Both the risk parameter model and discounted cash flows model are applicable to the Stage 3 financial assets.

The discounted cash flow model is used to calculate the impairment allowance for an asset based on the regular forecasts of the future cash flows of the asset. At each measurement date, the Group makes forecasts of the future cash inflows of the asset in different periods and in different scenarios, applies probability weightings to obtain the weighted averages of the future cash flows, applies appropriate discount rates to the weighted averages and adds these discounted weighted averages to obtain the present value of the future cash inflows.

The risk parameter model has two main components: 1) the assessment methods under, the Internal Rating-Based (IRB) approach for key parameters, such as probability of default (PD) and loss given default (LGD); and 2) the forward-looking adjustment model for multi-scenario forecasts based on the key parameters. The expected credit losses of financial assets are assessed individually by measuring PDs, LGDs and forward-looking adjustments.

The key judgments involved and assumptions adopted by the Group in assessing expected credit losses are as follows:

(1) Grouping of risks

According to the nature of the businesses, the Group mainly divides its financial assets into three major categories, i. e., corporate assets, personal loans and credit card assets according to the asset categories, and further divides them into risk groups in light of their credit risk characteristics, including the industries in which the customers operate, product type and staging assessments.

52 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(2) Significant increase in credit risk

On each balance sheet date, the Group evaluates whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition. When one or more quantitative or qualitative threshold, or pre-set upper limit are triggered, the credit risk of financial instruments would be considered as having increased significantly.

By setting quantitative and qualitative criteria, the Group determines whether the credit risk of financial instruments has increased significantly since initial recognition. The criteria mainly include days past due, the absolute level and relative level of default probability changes, changes in credit risk classification and other circumstances indicating significant changes in credit risk.

In accordance with the policies of the central government and regulatory authorities and in light of its credit management needs, the Group makes prudential assessments of the repayment ability of borrowers who apply for loan extensions, To eligible borrowers provides a number of relief options, including deferred repayment of interest and adjustment of repayment schedules., and at the same time, the Group makes individual and collective assessments to assess whether there has been a significant increase in the credit risk of these borrowers.

(3) Definition of credit-impaired assets

When credit impairment occurred, the Group defines that the financial asset is in default. In general, a financial asset that is overdue for more than 90 days is considered to be in default.

When one or more events that significant adversely affect the expected future cash flow of a financial asset occurs, the financial asset becomes a credit-impaired financial asset. Evidence of credit-impaired financial assets includes the following observable information:

- The issuer or borrower is in significant financial difficulties;
- The borrower is in breach of financial covenant(s) such as default or overdue in repayment of interests or principal etc.;
- The creditor gives the debtor concession that would not be offered otherwise, considering for economic or contractual reasons relating to the debtor's financial difficulties;
- It is becoming probably that the borrower will enter bankruptcy or other debt restructuring;
- An active market for that financial asset has disappeared because of financial difficulties from issuer or borrower;
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

52 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(4) Inputs for measurement of expected credit losses

The expected credit loss is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred or whether an asset is considered to be credit-impaired. Related definitions are as follows:

- The probability of default ("PD") represents the likelihood of a borrower defaulting on its financial obligations, either over the next 12 months or over the remaining lifetime of the obligation.
- Loss given default ("LGD") represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim, and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default and is calculated on a 12-month or lifetime basis.
- Exposure at default ("EAD") is based on the amounts that the Group expects to be owned at the time of default, over the next 12 months or over the remaining lifetime of the obligation.

The Group regularly monitors and reviews the assumptions related to the calculation of ECL, including the PDs for various maturities and the changes in the values of collateral over time.

The Group classifies exposures with similar risk characteristics into groups and collectively estimates their risk parameters, including PDs, LGDs, and EADs. In the first half of 2023, based on data accumulation, the Group optimized and updated the relevant models and parameters. The Group has obtained sufficient information to ensure its statistical reliability. The Group makes allowances for its expected credit losses based on on-going assessment of and follow-up on changes in its customers and their financial assets on an individual basis.

(5) Forward-looking information

The assessment of significant increases in credit risk and the calculation of expected credit losses both involve forward-looking information. Based on historical analysis, the Group has identified the key economic variables impacting expected credit losses for various risk groups.

These economic variables have different impacts on the probabilities of default and the losses given default of different risk groups. The Group makes, forecasts of these economic indicators at least semi-annually. In this process, the Group also resorts to expert judgment, and applies expert judgment to determine the impact of these economic variables on the probabilities of and the losses given default..

In addition to the neutral economic scenario, the Group determines the possible scenarios and their weightings by a combination of statistical analysis and expert judgment. The Group measures expected credit losses as either a probability weighted 12 months expected credit losses (Stage 1) or a probability weight lifetime expected credit losses (Stage 2 and Stage 3). These probability-weighted expected credit losses are determined by running each scenario through the relevant expected credit losses model and multiplying it by the appropriate scenario weighting.

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(5) Forward-looking information (continued)

Macroeconomic scenario and weighting information

The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL for each portfolio. Based on comprehensive considerations of internal and external dataexpert forecasts, and the best estimate of future, outcomes, the Group makes regular forecasts of the macro indicators in three macro-economic scenarios, i. e., the positive, neutral, and negative scenarios, to determine the coefficients for forward-looking adjustments. Neutral is defined as the most likely to happen in the future, as compared to other scenarios. Positive scenario and negative scenario represent the likely scenario that is better off or worse off as compared to the neutral scenario.

The Group reassessed and updated the key economic indicators affecting ECLs and their estimates during the reporting period based on the latest historical data. The economic indicators currently applied in the neutral scenario, including Total Retail Sales of Consumer Goods, Broad Money Supply and per capita consumption expenditure of urban residents, etc., are basically consistent with the forecasts of research institutions.

Considered different macroeconomic scenarios and the key macroeconomic scenario assumptions uesd in estimating ECL are set out below:

Variables	Range
Total Retail Sales of Consumer Goods	3.35% – 4.98%
Broad Money Supply (M2)	7.21% – 9.30%
Per Capita Consumption Expenditure of Urban Residents	5.32% – 9.11%

Currently, the weighting of neutral scenario is equal to the sum of the weightings of other scenarios. Following this assessment, the Group measures ECL as a weighted average probability of ECL in the next 12-month under the three scenarios for Stage 1 financial instruments; and a weighted average probability of lifetime ECL for Stage 2 and 3 financial instruments.

Considering the portfolios that cannot be modeled by regression, such as those with extremely low default rate or without appropriate internal rating data, the Group mainly adopts the expected loss ratio of similar portfolios with established regression models, in order to expand the coverage of the existing ECL model.

(6) Sensitivity information and management overlay

Changes to the inputs and forward-looking information used in ECL measurement will affect the assessment of significant increase in credit risk and the measurement expected of credit losses.

As at 30 June 2024, assuming a 10% increase in the weighting of the optimistic scenario and a 10% decrease in the weighting of the neutral scenario, the Group's credit impairment losses would be reduced by no more than 5% of the current credit impairment losses; assuming a 10% increase in the weighting of the optimistic scenario and a 10% decrease in the weighting of the neutral scenario, the Group's credit impairment losses would increase by no more than 5% of the current credit impairment losses.

As at 30 June 2024, assuming an overall increase or decrease of 5%in the macroeconomic factors, the change to the impairment loss allowances for the main credit assets of the Group would not exceed 10% of the current impairment loss allowances of the Group.

For risks in specific areas the impacts of deferred principal also considered and applied management overlays to increase the impairment provisions to furtherboostits risk mitigation capacity, and the subsequent increase in the impairment loss allowances didnot exceed 5% of the current impairment loss allowances.

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(i) Maximum credit risk exposure

The maximum exposure to credit risk at the reporting date without taking into consideration of any collateral held or other credit enhancement is represented by the net balance of each type of financial assets in the consolidated interim statement of financial position after deducting any allowance for impairment losses. A summary of the maximum exposure is as follows:

	30 June 2024				
	Stage 1	**Stage 2**	**Stage 3**	**Not applicable**	**Total**
Balances with central banks	**380,755**	**–**	**–**	**–**	**380,755**
Deposits with bank and non-bank financial institutions	**88,859**	**–**	**–**	**–**	**88,859**
Placements with and loans to banks and non-bank financial institutions	**277,751**	**–**	**–**	**20,878**	**298,629**
Derivative financial assets	**–**	**–**	**–**	**58,128**	**58,128**
Financial assets held under resale agreements	**68,224**	**–**	**–**	**–**	**68,224**
Loans and advances to customers	**5,359,941**	**79,662**	**26,385**	**9,559**	**5,475,547**
Financial investments					
— at fair value through profit or loss	**–**	**–**	**–**	**631,535**	**631,535**
— at amortised cost	**970,851**	**8,831**	**23,838**	**–**	**1,003,520**
— at fair value through other comprehensive income	**868,333**	**194**	**1,413**	**–**	**869,940**
— designated at fair value through other comprehensive income	**–**	**–**	**–**	**4,810**	**4,810**
Other financial assets	**25,050**	**11,580**	**2,080**	**–**	**38,710**
Subtotal	**8,039,764**	**100,267**	**53,716**	**724,910**	**8,918,657**
Credit commitments	**2,158,984**	**3,585**	**40**	**–**	**2,162,609**
Maximum credit risk exposure	**10,198,748**	**103,852**	**53,756**	**724,910**	**11,081,266**

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(i) Maximum credit risk exposure (continued)

	31 December 2023				
	Stage 1	Stage 2	Stage 3	Not applicable	Total
Balances with central banks	411,975	–	–	–	411,975
Deposits with bank and non-bank financial institutions	81,075	–	–	–	81,075
Placements with and loans to banks and non-bank financial institutions	230,422	–	–	7,320	237,742
Derivative financial assets	–	–	–	44,675	44,675
Financial assets held under resale agreements	104,773	–	–	–	104,773
Loans and advances to customers	5,285,333	69,674	23,185	5,558	5,383,750
Financial investments					
— at fair value through profit or loss	–	–	–	613,824	613,824
— at amortised cost	1,055,785	4,574	25,239	–	1,085,598
— at fair value through other comprehensive income	887,165	503	1,009	–	888,677
— designated at fair value through other comprehensive income	–	–	–	4,807	4,807
Other financial assets	18,604	9,815	756	–	29,175
Subtotal	8,075,132	84,566	50,189	676,184	8,886,071
Credit commitments	2,186,860	1,032	56	–	2,187,948
Maximum credit risk exposure	10,261,992	85,598	50,245	676,184	11,074,019

According to the quality of assets, the Group classified the credit rating of the financial assets as risk level 1, risk level 2, risk level 3 and default. "Risk level 1" refers to customers who have competitive advantages among local peers with good foundations, outstanding operation results, strong operational and financial strength, and/or good corporate governance structure. "Risk level 2" refers to customers who are in the middle tier among local peers with fair foundations, fair operation results, fair operational and financial strength, and/or fair corporate governance structure. "Risk level 3" refers to customers who are in the lower tier among local peers, with weak foundations, poor operation results, poor operational and financial strength, and/or deficiency in corporate governance structure. The definition of "Default" is same as the definition of credit impaired. The credit rating is used for internal risk management.

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(i) Maximum credit risk exposure (continued)

The following table provides an analysis of loans and advances to customers and financial investments that are included in the ECL assessment according to the credit risk level. The book value of the following financial assets is the Group's maximum exposure to credit risk for these assets.

	30 June 2024						
	Risk level 1	**Risk level 2**	**Risk level 3**	**Default**	**Subtotal**	**Allowance for impairment losses**	**Net balance**
Loans and advances to customers (Note (i))							
Stage 1	**3,568,345**	**1,606,240**	**250,712**	**–**	**5,425,297**	**(65,356)**	**5,359,941**
Stage 2	**3,249**	**14,977**	**90,909**	**–**	**109,135**	**(29,473)**	**79,662**
Stage 3	**–**	**–**	**–**	**70,413**	**70,413**	**(44,028)**	**26,385**
Financial investments at amortised cost							
Stage 1	**957,133**	**15,872**	**–**	**–**	**973,005**	**(2,154)**	**970,851**
Stage 2	**–**	**7,899**	**2,622**	**–**	**10,521**	**(1,690)**	**8,831**
Stage 3 (Note (ii))	**–**	**–**	**–**	**45,801**	**45,801**	**(21,963)**	**23,838**
Financial investments at fair value through other comprehensive income							
Stage 1	**841,471**	**26,181**	**681**	**–**	**868,333**	**(1,606)**	**868,333**
Stage 2	**–**	**83**	**111**	**–**	**194**	**(122)**	**194**
Stage 3	**–**	**–**	**–**	**1,413**	**1,413**	**(646)**	**1,413**
Maximum credit risk exposure	**5,370,198**	**1,671,252**	**345,035**	**117,627**	**7,504,112**	**(167,038)**	**7,339,448**

	31 December 2023						
	Risk level 1	Risk level 2	Risk level 3	Default	Subtotal	Allowance for impairment losses	Net balance
Loans and advances to customers (Note (i))							
Stage 1	3,989,361	1,198,860	160,088	–	5,348,309	(62,976)	5,285,333
Stage 2	2,663	14,094	80,022	–	96,779	(27,105)	69,674
Stage 3	–	–	–	67,646	67,646	(44,461)	23,185
Financial investments at amortised cost							
Stage 1	1,020,411	37,356	694	–	1,058,461	(2,676)	1,055,785
Stage 2	–	–	5,935	–	5,935	(1,361)	4,574
Stage 3 (Note (ii))	–	–	–	47,507	47,507	(22,268)	25,239
Financial investments at fair value through other comprehensive income							
Stage 1	885,937	1,228	–	–	887,165	(1,289)	887,165
Stage 2	–	503	–	–	503	(219)	503
Stage 3	–	–	–	1,009	1,009	(460)	1,009
Maximum credit risk exposure	5,898,372	1,252,041	246,739	116,162	7,513,314	(162,815)	7,352,467

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(i) Maximum credit risk exposure (continued)

Notes:

(i) Loans and advances to customers include loans and advances to customers measured at fair value through other comprehensive income, and its corresponding impairment are not included in the "Allowance for impairment losses" as shown in the table.

(ii) Claims in Stage 3 mainly represent investment management products and trust investment plans (Note 52(a)(6)(viii)).

(ii) Measurement of expected credit losses

The following table shows the movement in carrying value of loans and advances to customers in current reporting period:

	Six months ended 30 June 2024		
	Stage 1	**Stage 2**	**Stage 3**
As at 1 January 2024	**5,348,309**	**96,779**	**67,646**
Movements			
Net transfers out from Stage 1	**(92,629)**	**–**	**–**
Net transfers into Stage 2	**–**	**35,655**	**–**
Net transfers into Stage 3	**–**	**–**	**56,974**
Net transactions incurred during the period (Note (i))	**164,187**	**(23,167)**	**(21,960)**
Write-off	**–**	**–**	**(32,817)**
Others (Note (ii))	**5,430**	**(132)**	**570**
As at 30 June 2024	**5,425,297**	**109,135**	**70,413**

	Year ended 31 December 2023		
	Stage 1	Stage 2	Stage 3
As at 1 January 2023	4,998,804	91,451	75,816
Movements			
Net transfers out from Stage 1	(104,735)	–	–
Net transfers into Stage 2	–	26,544	–
Net transfers into Stage 3	–	–	78,191
Net transactions incurred during the year (Note (i))	443,018	(20,657)	(26,433)
Write-off	–	–	(60,054)
Others (Note (ii))	11,222	(559)	126
As at 31 December 2023	5,348,309	96,779	67,646

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(ii) Measurement of expected credit losses (continued)

The following table shows the movement in carrying value of financial investment in current reporting period:

	Six months ended 30 June 2024		
	Stage 1	**Stage 2**	**Stage 3**
As at 1 January 2024	**1,945,626**	**6,438**	**48,516**
Movements			
Net transfers out from Stage 1	**(3,120)**	**–**	**–**
Net transfers into Stage 2	**–**	**3,120**	**–**
Net transfers into Stage 3	**–**	**–**	**–**
Net transactions incurred during the period (Note (i))	**(105,138)**	**683**	**176**
Write-off	**–**	**–**	**(1,547)**
Others (Note (ii))	**3,970**	**474**	**69**
As at 30 June 2024	**1,841,338**	**10,715**	**47,214**

	Year ended 31 December 2023		
	Stage 1	Stage 2	Stage 3
As at 1 January 2023	1,908,041	5,232	55,440
Movements			
Net transfers out from Stage 1	(5,334)	–	–
Net transfers into Stage 2	–	3,460	–
Net transfers into Stage 3	–	–	1,874
Net transactions incurred during the year (Note (i))	38,725	(2,366)	(3,020)
Write-off	–	–	(5,629)
Others (Note (ii))	4,194	112	(149)
As at 31 December 2023	1,945,626	6,438	48,516

Notes:

(i) Net transactions during the period/year mainly include changes in carrying amount due to purchase, origination, or derecognition (excluding write-offs).

(ii) Others include changes in accrued interest receivables and effect of exchange differences during the period/year.

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(ii) Measurement of expected credit losses (continued)

The following table shows the movement in allowance for impairment of loans and advances to customers in current reporting period:

	Six months ended 30 June 2024		
	Stage 1	**Stage 2**	**Stage 3**
As at 1 January 2024	**63,562**	**27,105**	**44,531**
Movements (Note (i))			
Net transfers out from Stage 1	**(5,230)**	**–**	**–**
Net transfers into Stage 2	**–**	**7,101**	**–**
Net transfers into Stage 3	**–**	**–**	**17,960**
Net transactions incurred during the period (Note (ii))	**7,297**	**(3,989)**	**(14,558)**
Changes in parameters for the year (Note (iii))	**(98)**	**(1,482)**	**22,973**
Write-off	**–**	**–**	**(32,817)**
Others (Note (iv))	**87**	**738**	**6,012**
As at 30 June 2024	**65,618**	**29,473**	**44,101**

	Year ended 31 December 2023		
	Stage 1	Stage 2	Stage 3
As at 1 January 2023	60,727	22,524	48,363
Movements (Note (i))			
Net transfers out from Stage 1	(3,045)	–	–
Net transfers into Stage 2	–	9,082	–
Net transfers into Stage 3	–	–	34,778
Net transactions incurred during the year (Note (ii))	6,982	(3,989)	(6,742)
Changes in parameters for the year (Note (iii))	(1,171)	(149)	14,094
Write-off	–	–	(60,054)
Others (Note (iv))	69	(363)	14,092
As at 31 December 2023	63,562	27,105	44,531

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(ii) Measurement of expected credit losses (continued)

The following table shows the movement in allowance for impairment of financial investment in current reporting period:

	Six months ended 30 June 2024		
	Stage 1	**Stage 2**	**Stage 3**
As at 1 January 2024	**3,965**	**1,580**	**22,728**
Movements (Note (i))			
Net transfers out from Stage 1	**(120)**	**–**	**–**
Net transfers into Stage 2	**–**	**120**	**–**
Net transfers into Stage 3	**–**	**–**	**–**
Net transactions incurred during the period (Note (ii))	**(47)**	**9**	**18**
Changes in parameters for the year (Note (iii))	**(44)**	**98**	**1,407**
Write-off	**–**	**–**	**(1,547)**
Others (Note (iv))	**6**	**5**	**3**
As at 30 June 2024	**3,760**	**1,812**	**22,609**

	Year ended 31 December 2023		
	Stage 1	Stage 2	Stage 3
As at 1 January 2023	3,899	1,485	25,899
Movements (Note (i))			
Net transfers out from Stage 1	(177)	–	–
Net transfers into Stage 2	–	650	–
Net transfers into Stage 3	–	–	893
Net transactions incurred during the year (Note (ii))	232	119	2,373
Changes in parameters for the year (Note (iii))	5	(676)	(810)
Write-off	–	–	(5,629)
Others (Note (iv))	6	2	2
As at 31 December 2023	3,965	1,580	22,728

Notes:

(i) Movements in allowance for impairment during the period/year mainly include the impact of stage changes on the measurement of ECLs.

(ii) Net transactions during the period/year mainly include changes in allowance for impairment due to financial assets purchased newly originated, purchased or derecognized (excluding write-offs).

(iii) Changes in parameters mainly include changes in risk exposures and the impacts on ECLs due to changes in PDs and LGDs following regular updates on modelling parameters rather than stages movements.

(iv) Others include recovery of loans written off, changes of impairment losses of accrued interest, and effect of exchange differences.

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(iii) Loans and advances to customers analysed by industry sector:

	30 June 2024			31 December 2023		
	Gross balance	**%**	**Loans and advances secured by collateral**	Gross balance	%	Loans and advances secured by collateral
Corporate loans						
— rental and business services	**587,368**	**10.4**	**157,482**	531,424	9.6	148,751
— manufacturing	**525,217**	**9.4**	**191,224**	500,002	9.1	177,434
— water, environment and public utility management	**465,341**	**8.3**	**103,246**	434,570	7.9	104,719
— real estate	**277,547**	**4.9**	**189,656**	259,363	4.7	171,880
— wholesale and retail	**229,330**	**4.1**	**103,847**	213,632	3.9	100,650
— transportation, storage and postal services	**147,154**	**2.6**	**63,400**	139,201	2.5	63,159
— construction	**121,534**	**2.2**	**40,888**	116,099	2.1	45,125
— production and supply of electric power, gas and water	**113,626**	**2.0**	**41,271**	96,190	1.7	39,998
— financial industry	**88,586**	**1.6**	**7,115**	78,756	1.4	4,720
— Information transmission, software and information technology services	**62,984**	**1.1**	**20,775**	54,705	1.0	21,882
— others	**299,295**	**5.4**	**85,692**	273,208	5.0	82,093
Subtotal	**2,917,982**	**52.0**	**1,004,596**	2,697,150	48.9	960,411
Personal loans	**2,328,707**	**41.4**	**1,545,294**	2,283,846	41.3	1,510,757
Discounted bills	**346,982**	**6.2**	**–**	517,348	9.4	–
Accrued interest	**20,733**	**0.4**	**–**	19,948	0.4	–
Gross loans and advances to customers	**5,614,404**	**100.0**	**2,549,890**	5,518,292	100.0	2,471,168

(iv) Loans and advances to customers analysed by geographical sector:

	30 June 2024			31 December 2023		
	Gross balance	**%**	**Loans and advances secured by collateral**	Gross balance	%	Loans and advances secured by collateral
Yangtze River Delta	**1,622,347**	**28.7**	**744,837**	1,538,269	27.9	723,947
Bohai Rim (including Head Office)	**1,402,211**	**25.0**	**446,649**	1,423,026	25.8	431,641
Central	**794,966**	**14.2**	**393,587**	790,477	14.3	379,773
Pearl River Delta and West Strait	**791,885**	**14.1**	**478,146**	782,231	14.2	459,753
Western	**676,731**	**12.1**	**339,328**	669,589	12.1	328,307
Northeastern	**87,173**	**1.6**	**48,667**	85,037	1.5	52,682
Outside Mainland China	**218,358**	**3.9**	**98,676**	209,715	3.8	95,065
Accrued interest	**20,733**	**0.4**	**–**	19,948	0.4	–
Total	**5,614,404**	**100.0**	**2,549,890**	5,518,292	100.0	2,471,168

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(v) *Loans and advances to customers analysed by type of security*

	30 June 2024	31 December 2023
Unsecured loans	**1,651,009**	1,546,536
Guaranteed loans	**1,045,790**	963,292
Secured loans	**2,549,890**	2,471,168
— loans secured by collateral	**2,131,284**	2,057,869
— pledged loans	**418,606**	413,299
Subtotal	**5,246,689**	4,980,996
Discounted bills	**346,982**	517,348
Accrued interest	**20,733**	19,948
Gross loans and advances to customers	**5,614,404**	5,518,292

(vi) *Rescheduled loans and advances to customers*

	30 June 2024		31 December 2023	
	Gross balance	**% of total loans and advances**	Gross balance	% of total loans and advances
Rescheduled loans and advances	**22,114**	**0.40%**	17,477	0.32%
— rescheduled loans and advances overdue more than 3 months	**909**	**0.02%**	3,147	0.06%

Rescheduled loans and advances are those loans and advances to customers which have been restructured or renegotiated because of deterioration in the financial position of the borrowers, or of the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms are a concession that the Group would not otherwise consider. As of 30 June 2024, the Group's concession given under renegotiation with borrowers or court rulings as a result of deterioration in financial position of borrowers is not significant.

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(vii) Debt securities analysed by credit rating

The Group adopts a credit rating approach to manage credit risk of its debt instruments portfolio. The ratings are obtained from major rating agencies where the debt instruments are issued. As at 30 June 2024 and 31 December 2023, debt instruments investments analysed by rating as at the end of the reporting period are as follows:

	30 June 2024					
	Unrated (Note (i))	**AAA**	**AA**	**A**	**Below A**	**Total**
Debt securities issued by:						
— governments	**835,359**	**503,548**	**38,020**	**3,520**	**–**	**1,380,447**
— policy banks	**41,662**	**–**	**–**	**6,824**	**–**	**48,486**
— public entities	**–**	**–**	**5,905**	**–**	**–**	**5,905**
— banks and non-bank financial institutions	**50,053**	**195,045**	**14,607**	**38,363**	**7,670**	**305,738**
— corporates	**19,668**	**64,498**	**21,097**	**17,000**	**16,105**	**138,368**
Investment management products managed by securities companies	**18,363**	**–**	**–**	**–**	**–**	**18,363**
Trust investment plans	**178,181**	**–**	**–**	**–**	**–**	**178,181**
Total	**1,143,286**	**763,091**	**79,629**	**65,707**	**23,775**	**2,075,488**

	31 December 2023					
	Unrated (Note (i))	AAA	AA	A	Below A	Total
Debt securities issued by:						
— governments	898,954	512,419	59,173	2,270	–	1,472,816
— policy banks	23,606	24,039	–	5,859	–	53,504
— public entities	–	–	3,987	–	–	3,987
— banks and non-bank financial institutions	7,545	260,681	13,116	20,840	2,189	304,371
— corporates	21,349	64,269	13,208	8,838	5,314	112,978
Investment management products managed by securities companies	19,176	–	–	–	–	19,176
Trust investment plans	189,733	–	–	–	–	189,733
Total	1,160,363	861,408	89,484	37,807	7,503	2,156,565

Note:

(i) Unrated debt securities held by the Group are primarily bonds issued by the Chinese government, policy banks, banks, non-bank financial institutions, investment management products managed by securities companies and trust investment plans.

52 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(viii) Investment management products managed by securities companies and trust investment plans analysed by type of underlying assets

	30 June 2024	31 December 2023
Investment management products managed by securities companies and trust investment plans — credit assets	**214,575**	227,748
Total	**214,575**	227,748

The Group puts investment management products managed by securities companies and trust investment plans into comprehensive credit management system, to manage its credit risk exposure in a holistic manner. The type of security of credit assets includes guarantee, secured by collateral, and pledge.

(b) Market risk

Market risk refers to risks that may cause a loss of on-balance sheet and off-balance sheet businesses for the Group due to the adverse movement of market prices, including interest rates, foreign exchange rates, stock prices and commodity prices. The Group has established a market risk management system that formulates procedures to identify, measure, supervision and control market risks. This system aims to limit market risk to an acceptable level through examining and approving new products and limit management.

Management of the Group is responsible for approving market risk management policies, establishing appropriate organizational structure and information systems to effectively identify, measure, monitor and control market risks, and ensuring adequate resources to reinforce the market risk management. The Risk Management Department is responsible for independently managing and controlling market risks of the Group, including developing market risk management policies and authorization limits, providing independent report of market risk to identify, measure and monitor the Group's market risk. Business departments are responsible for the day-to-day management of market risks, including effectively identifying, measuring, controlling market risk factors associated with the relevant operations, so as to ensure the dynamic balance between business development and risk undertaking.

The Group uses sensitivity analysis, foreign exchange exposure and interest rate re-pricing gap analysis as the primary instruments to monitor market risk.

Interest rate risk and currency risk are the major market risks that the Group is exposed to.

Interest rate risk

The Group's interest rate exposures mainly arise from the mismatching of assets and liabilities' re-pricing dates, as well as the effect of interest rate volatility on trading positions.

The Group primarily uses gap analysis to assess and monitor its re-pricing risk and adjust the ratio of floating and fixed rate exposures, the loan re-pricing cycle, as well as optimization of the term structure of its deposits accordingly.

The Group implements various methods, such as duration analysis, sensitivity analysis, stress testing and scenario simulation, to measure, manage and report the interest rate risk on a regular basis.

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(b) Market risk (continued)

Interest rate risk (continued)

The following tables summarise the average interest rates, and the next re-pricing dates or contractual maturity date whichever is earlier for the assets and liabilities as at the end of each reporting date.

	Average interest rate (Note (i))	30 June 2024 Total	Non-interest bearing	Less than three months	Between three months and one year	Between one and five years	More than five years
Assets							
Cash and balances with central banks	1.65%	384,906	11,077	373,829	–	–	–
Deposits with banks and non-bank financial institutions	2.11%	88,859	520	70,391	17,948	–	–
Placements with and loans to banks and non-bank financial institutions	3.40%	298,629	1,340	112,229	161,563	23,497	–
Financial assets held under resale agreements	1.94%	68,224	32	67,107	1,085	–	–
Loans and advances to customers (Note (ii))	4.35%	5,475,547	19,199	2,453,259	2,659,874	311,683	31,532
Financial investment							
— at fair value through profit or loss		631,535	427,565	41,255	103,488	43,215	16,012
— at amortised cost	3.01%	1,003,520	13,899	72,409	166,227	593,758	157,227
— at fair value through other comprehensive income	2.82%	869,940	6,467	71,306	126,418	453,462	212,287
— designated at fair value through other comprehensive income		4,810	4,810	–	–	–	–
Others		278,653	278,653	–	–	–	–
Total assets		9,104,623	763,562	3,261,785	3,236,603	1,425,615	417,058

	Average interest rate (Note (i))	30 June 2024 Total	Non-interest bearing	Less than three months	Between three months and one year	Between one and five years	More than five years
Liabilities							
Borrowings from central banks	2.50%	275,603	3,860	17,041	254,702	–	–
Deposits from banks and non-bank financial institutions	2.15%	839,999	3,232	713,851	122,916	–	–
Placements from banks and non-bank financial institutions	3.28%	74,307	334	46,143	26,201	1,629	–
Financial liabilities at fair value through profit or loss		1,556	1	–	–	1,257	298
Financial assets sold under repurchase agreements	2.13%	180,105	81	163,854	16,170	–	–
Deposits from customers	1.98%	5,592,100	172,791	3,412,080	943,796	1,063,433	–
Debt securities issued	2.53%	1,170,880	3,273	324,123	687,338	86,155	69,991
Lease liabilities	4.44%	10,425	–	791	2,025	6,311	1,298
Others		143,897	143,897	–	–	–	–
Total liabilities		8,288,872	327,469	4,677,883	2,053,148	1,158,785	71,587
Interest rate gap		815,751	436,093	(1,416,098)	1,183,455	266,830	345,471

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(b) Market risk (continued)

Interest rate risk (continued)

	31 December 2023						
	Average interest rate (Note (i))	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one and five years	More than five years
Assets							
Cash and balances with central banks	1.60%	416,442	10,592	405,850	–	–	–
Deposits with banks and non-bank financial institutions	2.07%	81,075	2,651	53,098	25,326	–	–
Placements with and loans to banks and non-bank financial institutions	3.18%	237,742	1,288	86,813	148,141	1,500	–
Financial assets held under resale agreements	1.61%	104,773	35	104,738	–	–	–
Loans and advances to customers (Note (ii))	4.56%	5,383,750	19,267	3,560,330	1,527,678	261,492	14,983
Financial investment							
— at fair value through profit or loss		613,824	421,787	79,060	87,297	10,806	14,874
— at amortised cost	3.16%	1,085,598	12,920	65,996	184,679	630,192	191,811
— at fair value through other comprehensive income	2.73%	888,677	6,419	130,264	132,711	426,617	192,666
— designated at fair value through other comprehensive income		4,807	4,807	–	–	–	–
Others		235,796	235,796	–	–	–	–
Total assets		9,052,484	715,562	4,486,149	2,105,832	1,330,607	414,334

	31 December 2023						
	Average interest rate (Note (i))	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one and five years	More than five years
Liabilities							
Borrowings from central banks	2.61%	273,226	2,026	53,857	217,243	100	–
Deposits from banks and non-bank financial institutions	2.12%	927,887	4,808	779,154	143,925	–	–
Placements from banks and non-bank financial institutions	3.00%	86,327	165	44,843	40,319	1,000	–
Financial liabilities at fair value through profit or loss		1,588	–	519	–	8	1,061
Financial assets sold under repurchase agreements	2.13%	463,018	193	458,439	4,386	–	–
Deposits from customers	2.12%	5,467,657	99,191	3,600,066	681,129	1,087,271	–
Debt securities issued	2.62%	965,981	4,104	271,275	466,722	153,885	69,995
Lease liabilities	4.46%	10,245	–	832	2,112	5,998	1,303
Others		121,880	121,880	–	–	–	–
Total liabilities		8,317,809	232,367	5,208,985	1,555,836	1,248,262	72,359
Interest rate gap		734,675	483,195	(722,836)	549,996	82,345	341,975

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(b) Market risk (continued)

Interest rate risk (continued)

Notes:

(i) Average interest rate represents the ratio of interest income/expense to average interest bearing assets/liabilities during the year.

(ii) For loans and advances to customers, the "Less than three months" category includes overdue amounts (net of allowance for impairment losses) of RMB38,550 million as at 30 June 2024 (as at 31 December 2023: RMB39,762 million).

The Group uses sensitivity analysis to measure the potential effect of changes in interest rates on the Group's net interest income and other comprehensive income. The following table sets forth the results of the Group's interest rate sensitivity analysis as at 30 June 2024 and 31 December 2023.

	30 June 2024		31 December 2023	
	Net interest Income	**Other comprehensive income**	Net interest Income	Other comprehensive income
+100 basis points	**(5,285)**	**(5,176)**	(3,103)	(7,681)
– 100 basis points	**5,285**	**5,176**	3,103	7,681

This sensitivity analysis is based on a static interest rate risk profile of the Group's non-derivative assets and liabilities and certain assumptions as discussed below. The analysis measures only the impact of changes in interest rates within one year, showing how annualized interest income would have been affected by repricing of the Group's non-derivative assets and liabilities within the one-year period. The analysis is based on the following assumptions: (i) all assets and liabilities that reprice or mature within the three months bracket, and the beyond three months but within one year bracket both are repriced or mature at the beginning of the respective periods, (ii) it does not reflect the potential impact of unparalleled yield curve movements, and (iii) there are no other changes to the portfolio, all positions will be retained and rolled over upon maturity. The analysis does not take into account the effect of risk management measures taken by management. Due to the assumptions adopted, actual changes in the Group's net interest income and other comprehensive income resulted from increases or decreases in interest rates may differ from the results of this sensitivity analysis.

Currency risk

Currency risk arises from the potential change of exchange rates that cause a loss to the on-balance sheet and off-balance sheet business of the Group. The Group measures its currency risk with foreign currency exposures, and manages its currency risk by spot and forward foreign exchange transactions and matching its foreign currency denominated assets with corresponding liabilities in the same currency, as well as using derivative financial instruments, mainly foreign exchange swaps, to manage its exposure.

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(b) Market risk (continued)

Currency risk (continued)

The exposures at the reporting date were as follows:

	30 June 2024				
	RMB	**USD (RMB equivalent)**	**HKD (RMB equivalent)**	**Others (RMB equivalent)**	**Total**
Assets					
Cash and balances with central banks	**370,477**	**13,233**	**935**	**261**	**384,906**
Deposits with banks and non-bank financial institutions	**55,125**	**27,723**	**2,236**	**3,775**	**88,859**
Placements with and loans to banks and non-bank financial institutions	**238,313**	**35,995**	**23,922**	**399**	**298,629**
Financial assets held under resale agreements	**63,708**	**3,385**	**1,131**	**–**	**68,224**
Loans and advances to customers	**5,190,325**	**132,773**	**121,836**	**30,613**	**5,475,547**
Financial investments					
— at fair value through profit or loss	**604,352**	**22,418**	**3,478**	**1,287**	**631,535**
— at amortised cost	**994,405**	**8,759**	**–**	**356**	**1,003,520**
— at fair value through other comprehensive income	**705,183**	**112,908**	**36,655**	**15,194**	**869,940**
— designated at fair value through other comprehensive income	**4,555**	**183**	**72**	**–**	**4,810**
Others	**245,430**	**16,585**	**12,995**	**3,643**	**278,653**
Total assets	**8,471,873**	**373,962**	**203,260**	**55,528**	**9,104,623**
Liabilities					
Borrowings from central banks	**275,603**	**–**	**–**	**–**	**275,603**
Deposits from banks and non-bank financial institutions	**810,691**	**28,520**	**156**	**632**	**839,999**
Placements from banks and non-bank financial institutions	**51,918**	**19,382**	**1,990**	**1,017**	**74,307**
Financial liabilities at fair value through profit or loss	**160**	**217**	**1,179**	**–**	**1,556**
Financial assets sold under repurchase agreements	**158,081**	**15,804**	**1,821**	**4,399**	**180,105**
Deposits from customers	**5,145,638**	**242,080**	**166,656**	**37,726**	**5,592,100**
Debt securities issued	**1,147,065**	**18,865**	**3,976**	**974**	**1,170,880**
Lease liability	**9,465**	**59**	**813**	**88**	**10,425**
Others	**132,248**	**4,932**	**5,891**	**826**	**143,897**
Total liabilities	**7,730,869**	**329,859**	**182,482**	**45,662**	**8,288,872**
Net on-balance sheet position	**741,004**	**44,103**	**20,778**	**9,866**	**815,751**
Credit commitments	**2,054,545**	**91,794**	**5,412**	**10,858**	**2,162,609**
Derivatives (Note (i))	**20,938**	**(44,574)**	**26,452**	**(9,363)**	**(6,547)**

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(b) Market risk (continued)

Currency risk (continued)

	31 December 2023				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Assets					
Cash and balances with central banks	404,812	10,786	587	257	416,442
Deposits with banks and non-bank financial institutions	51,017	23,943	1,737	4,378	81,075
Placements with and loans to banks and non-bank financial institutions	161,314	43,837	32,132	459	237,742
Financial assets held under resale agreements	102,194	2,579	–	–	104,773
Loans and advances to customers	5,102,314	133,675	117,147	30,614	5,383,750
Financial investments					
— at fair value through profit or loss	598,687	10,160	3,716	1,261	613,824
— at amortised cost	1,074,428	10,817	–	353	1,085,598
— at fair value through other comprehensive income	733,213	98,491	42,191	14,782	888,677
— designated at fair value through other comprehensive income	4,565	174	68	–	4,807
Others	202,586	15,316	16,640	1,254	235,796
Total assets	8,435,130	349,778	214,218	53,358	9,052,484
Liabilities					
Borrowings from central banks	273,226	–	–	–	273,226
Deposits from banks and non-bank financial institutions	888,524	37,999	479	885	927,887
Placements from banks and non-bank financial institutions	58,438	22,989	2,595	2,305	86,327
Financial liabilities at fair value through profit or loss	519	8	1,061	–	1,588
Financial assets sold under repurchase agreements	442,491	19,779	–	748	463,018
Deposits from customers	5,050,568	237,047	151,310	28,732	5,467,657
Debt securities issued	940,714	20,962	3,330	975	965,981
Lease liability	9,219	40	888	98	10,245
Others	92,886	12,279	11,619	5,096	121,880
Total liabilities	7,756,585	351,103	171,282	38,839	8,317,809
Net on-balance sheet position	678,545	(1,325)	42,936	14,519	734,675
Credit commitments	2,076,747	92,982	5,101	13,118	2,187,948
Derivatives (Note (i))	17,877	1,176	(164)	(15,443)	3,446

Note:

(i) Derivatives represent the net notional amount of currency derivatives, including undelivered foreign exchange spot, foreign exchange forward, foreign exchange swap and currency option.

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(b) Market risk (continued)

Currency risk (continued)

The Group uses sensitivity analysis to measure the potential effect of changes in foreign currency exchange rates on the Group's profit or loss. The following table sets forth, as at 30 June 2024 and 31 December 2023, the results of the Group's foreign exchange rate sensitivity analysis.

	30 June 2024		31 December 2023	
	Profit before tax	**Other comprehensive income**	Profit before tax	Other comprehensive income
5% appreciation	**2,372**	**(9)**	2,095	(10)
5% depreciation	**(2,372)**	**9**	(2,095)	10

This sensitivity analysis is based on a static foreign exchange exposure profile of assets and liabilities and certain assumptions as follows: (i) the foreign exchange sensitivity is the gain and loss realised as a result of 500 basis point fluctuation in the foreign currency exchange rates against RMB at the reporting date, (ii) the exchange rates against RMB for all foreign currencies change in the same direction simultaneously and does not take into account the correlation effect of changes in different foreign currencies, and (iii) the foreign exchange exposures calculated include both spot foreign exchange exposures, foreign exchange derivative instruments, and; all positions will be retained and rolled over upon maturity. The analysis does not take into account the effect of risk management measures taken by management. Due to the assumptions adopted, actual changes in the Group's profit and other comprehensive income resulting from increases or decreases in foreign exchange rates may differ from the results of this sensitivity analysis.

(c) Liquidity risk

Liquidity risk arises when the Group, in meeting the demand of liabilities due and other payment obligations as well as the needs of business expansion, is unable to sufficiently, timely or cost-effectively acquire funds. The Group's liquidity risk arises mainly from the mismatch of assets to liabilities and customers may concentrate their withdrawals.

The Group has implemented overall liquidity risk management on the entity level. The headquarters has the responsibility for developing the entire Group's liquidity risk policies, strategies, and implements centralised management of liquidity risk on the entity level. The domestic and foreign affiliates develop their own liquidity policies and procedures within the Group's liquidity strategy management framework, based on the requirements of relevant regulatory bodies.

The Group manages liquidity risk by setting various indicators and operational limits according to the overall position of the Group's assets and liabilities, with referencing to market condition. The Group holds assets with high liquidity to meet unexpected and material demand for payments in the ordinary course of business.

The tools that the Group uses to measure and monitor liquidity risk mainly include:

– Liquidity gap analysis;

– Liquidity indicators (including but not limited to regulated and internal managed indicators, such as liquidity coverage ratio, net stable funding ratio, loan-to-deposit ratio, liquidity ratio, liquidity gap rate, excess reserves rate) monitoring;

– Scenario analysis;

– Stress testing.

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(c) Liquidity risk (continued)

On this basis, the Group establishes regular reporting mechanisms for liquidity risk to report the latest situation of liquidity risk to the senior management on a timely basis.

Analysis of the remaining contractual maturity of assets and liabilities

	30 June 2024						
	Repayable on demand	Within three months	Between three months and one year	Between one and five years	More than five years	Undated (Note (i))	Total
Assets							
Cash and balances with central banks	61,512	123	3,654	–	–	319,617	384,906
Deposits with banks and non-bank financial institutions	57,176	13,188	18,145	–	–	350	88,859
Placements with and loans to banks and non-bank financial institutions	–	112,311	162,437	23,881	–	–	298,629
Financial assets held under resale agreements	–	67,127	1,097	–	–	–	68,224
Loans and advances to customers (Note (ii))	18,999	806,991	1,341,703	1,540,017	1,731,003	36,834	5,475,547
Financial investments							
— at fair value through profit or loss	–	42,862	103,485	44,675	15,730	424,783	631,535
— at amortised cost	–	48,423	168,075	602,346	158,897	25,779	1,003,520
— at fair value through other comprehensive income	–	51,408	128,645	475,567	213,513	807	869,940
— designated at fair value through other comprehensive income	–	–	–	–	–	4,810	4,810
Others	71,371	38,509	28,710	62,456	1,890	75,717	278,653
Total assets	209,058	1,180,942	1,955,951	2,748,942	2,121,033	888,697	9,104,623

	30 June 2024						
	Repayable on demand	Within three months	Between three months and one year	Between one and five years	More than five years	Undated (Note (i))	Total
Liabilities							
Borrowings from central banks	–	20,901	254,702	–	–	–	275,603
Deposits from banks and non-bank financial institutions	516,371	200,201	123,427	–	–	–	839,999
Placements from banks and non-bank financial institutions	–	46,403	26,275	1,629	–	–	74,307
Financial liabilities at fair value through profit or loss	–	–	–	1,258	298	–	1,556
Financial assets sold under repurchase agreements	–	163,923	16,182	–	–	–	180,105
Deposits from customers	2,710,255	873,990	944,394	1,063,461	–	–	5,592,100
Debt securities issued	–	324,155	687,705	87,152	71,868	–	1,170,880
Lease liabilities	–	791	2,025	6,311	1,298	–	10,425
Others	37,693	40,318	23,980	26,188	2,117	13,601	143,897
Total liabilities	3,264,319	1,670,682	2,078,690	1,185,999	75,581	13,601	8,288,872
(Short)/Long position	(3,055,261)	(489,740)	(122,739)	1,562,943	2,045,452	875,096	815,751

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(c) Liquidity risk (continued)

	31 December 2023						
	Repayable on demand	Within three months	Between three months and one year	Between one and five years	More than five years	Undated (Note (i))	Total
Assets							
Cash and balances with central banks	57,118	–	2,926	–	–	356,398	416,442
Deposits with banks and non-bank financial institutions	45,927	8,925	26,031	–	–	192	81,075
Placements with and loans to banks and non-bank financial institutions	–	87,489	148,752	1,501	–	–	237,742
Financial assets held under resale agreements	–	104,773	–	–	–	–	104,773
Loans and advances to customers (Note (ii))	14,349	1,121,367	1,095,556	1,367,925	1,749,012	35,541	5,383,750
Financial investments							
— at fair value through profit or loss	–	83,544	87,306	11,725	15,021	416,228	613,824
— at amortised cost	–	47,010	186,182	634,834	191,911	25,661	1,085,598
— at fair value through other comprehensive income	–	118,399	134,949	440,219	194,134	976	888,677
— designated at fair value through other comprehensive income	–	–	–	–	–	4,807	4,807
Others	45,184	37,882	13,658	63,270	1,797	74,005	235,796
Total assets	162,578	1,609,389	1,695,360	2,519,474	2,151,875	913,808	9,052,484

	31 December 2023						
	Repayable on demand	Within three months	Between three months and one year	Between one and five years	More than five years	Undated (Note (i))	Total
Liabilities							
Borrowings from central banks	–	55,883	217,343	–	–	–	273,226
Deposits from banks and non-bank financial institutions	496,771	286,740	144,376	–	–	–	927,887
Placements from banks and non-bank financial institutions	–	43,553	39,739	3,035	–	–	86,327
Financial liabilities at fair value through profit or loss	–	519	–	8	1,061	–	1,588
Financial assets sold under repurchase agreements	–	458,632	4,386	–	–	–	463,018
Deposits from customers	2,638,317	1,060,525	681,532	1,087,283	–	–	5,467,657
Debt securities issued	–	271,299	467,229	156,830	70,623	–	965,981
Lease liabilities	–	832	2,112	5,998	1,303	–	10,245
Others	46,096	21,744	12,983	24,205	4,512	12,340	121,880
Total liabilities	3,181,184	2,199,727	1,569,700	1,277,359	77,499	12,340	8,317,809
(Short)/Long position	(3,018,606)	(590,338)	125,660	1,242,115	2,074,376	901,468	734,675

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(c) Liquidity risk (continued)

The tables below present the cash flows of the Group's financial assets and liabilities. The amounts disclosed in the table are the contractual undiscounted cash flow:

	30 June 2024						
	Repayable on demand	Within three months	Three months and one year	One and five years	More than five years	Undated (Note (i))	Total
Non-derivative cash flow							
Assets							
Cash and balances with central banks	61,512	1,448	7,778	–	–	319,617	390,355
Deposits with banks and non-bank financial institutions	57,176	13,564	18,666	–	–	350	89,756
Placements with and loans to banks and non-bank financial institutions	–	112,452	164,432	24,572	–	–	301,456
Financial assets held under resale agreements	–	67,145	1,107	–	–	–	68,252
Loans and advances to customers (Note (ii))	18,999	854,709	1,463,166	1,874,699	2,152,217	36,834	6,400,624
Financial investments							
— at fair value through profit or loss	–	42,924	105,839	47,592	18,857	424,783	639,995
— at amortised cost	–	50,771	190,271	663,509	169,241	26,760	1,100,552
— at fair value through other comprehensive income	–	52,552	144,385	531,384	241,541	807	970,669
— designated at fair value through other comprehensive income	–	–	–	–	–	4,888	4,888
Others	71,371	38,509	28,710	62,456	1,890	75,717	278,653
Total assets	209,058	1,234,074	2,124,354	3,204,212	2,583,746	889,756	10,245,200

	30 June 2024						
	Repayable on demand	Within three months	Three months and one year	One and five years	More than five years	Undated (Note (i))	Total
Liabilities							
Borrowings from central banks	–	21,079	261,103	–	–	–	282,182
Deposits from banks and non-bank financial institutions	516,371	214,925	130,159	–	–	–	861,455
Placements from banks and non-bank financial institutions	–	46,755	26,786	1,815	–	–	75,356
Financial liabilities at fair value through profit or loss	–	–	–	1,270	356	–	1,626
Financial assets sold under repurchase agreements	–	164,391	16,389	–	–	–	180,780
Deposits from customers	2,710,255	890,067	1,003,847	1,159,702	–	–	5,763,871
Debt securities issued	–	325,928	705,331	100,294	81,155	–	1,212,708
Lease liability	–	795	2,075	6,991	1,570	–	11,431
Others	37,693	40,318	23,980	26,188	2,117	13,601	143,897
Total liabilities	3,264,319	1,704,258	2,169,670	1,296,260	85,198	13,601	8,533,306
(Short)/Long position	(3,055,261)	(470,184)	(45,316)	1,907,952	2,498,548	876,155	1,711,894
Derivative cash flow							
Derivative financial instrument settled on a net basis	–	(29)	143	109	21	–	244
Derivative financial instruments settled on a gross basis	–	(4,519)	976	589	(3)	–	(2,957)
— cash inflow	–	1,920,736	2,304,754	217,981	1,109	–	4,444,580
— cash outflow	–	(1,925,255)	(2,303,778)	(217,392)	(1,112)	–	(4,447,537)

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(c) Liquidity risk (continued)

	31 December 2023						
	Repayable on demand	Within three months	Three months and one year	One and five years	More than five years	Undated (Note (i))	Total
Non-derivative cash flow							
Assets							
Cash and balances with central banks	57,118	1,459	7,565	–	–	356,398	422,540
Deposits with banks and non-bank financial institutions	45,927	9,207	26,809	–	–	192	82,135
Placements with and loans to banks and non-bank financial institutions	–	88,479	151,343	1,550	–	–	241,372
Financial assets held under resale agreements	–	104,806	–	–	–	–	104,806
Loans and advances to customers (Note (ii))	14,349	1,163,696	1,197,943	1,733,077	2,107,869	35,541	6,252,475
Financial investments							
— at fair value through profit or loss	–	83,838	89,353	13,114	17,256	416,228	619,789
— at amortised cost	–	49,169	210,463	702,595	212,508	26,811	1,201,546
— at fair value through other comprehensive income	–	119,405	150,851	494,372	222,304	976	987,908
— designated at fair value through other comprehensive income	–	–	–	–	–	4,807	4,807
Others	45,184	37,882	13,658	63,270	1,797	74,006	235,797
Total assets	162,578	1,657,941	1,847,985	3,007,978	2,561,734	914,959	10,153,175

	31 December 2023						
	Repayable on demand	Within three months	Three months and one year	One and five years	More than five years	Undated (Note (i))	Total
Liabilities							
Borrowings from central banks	–	56,040	222,765	–	–	–	278,805
Deposits from banks and non-bank financial institutions	496,771	292,455	153,100	–	–	–	942,326
Placements from banks and non-bank financial institutions	–	46,081	40,415	3,302	–	–	89,798
Financial liabilities at fair value through profit or loss	–	519	–	17	2,121	–	2,657
Financial assets sold under repurchase agreements	–	459,256	4,490	–	–	–	463,746
Deposits from customers	2,638,318	1,078,870	808,372	1,224,844	–	–	5,750,404
Debt securities issued	–	276,079	486,317	175,649	79,910	–	1,017,955
Lease liability	–	836	2,163	6,745	1,567	–	11,311
Others	46,096	21,744	12,983	24,205	4,512	12,340	121,880
Total liabilities	3,181,185	2,231,880	1,730,605	1,434,762	88,110	12,340	8,678,882
(Short)/Long position	(3,018,607)	(573,939)	117,380	1,573,216	2,473,624	902,619	1,474,293
Derivative cash flow							
Derivative financial instrument settled on a net basis	–	127	(45)	261	25	–	368
Derivative financial instruments settled on a gross basis	–	(1,474)	(1,958)	19	(17)	–	(3,430)
— cash inflow	–	1,604,991	1,251,430	217,411	1,281	–	3,075,113
— cash outflow	–	(1,606,465)	(1,253,388)	(217,392)	(1,298)	–	(3,078,543)

(Amounts in millions of Renminbi unless otherwise stated)

52 Financial risk management (continued)

(c) Liquidity risk (continued)

Credit Commitments include bank acceptances, credit card commitments, guarantees, loan commitments and letters of credit. The tables below summarise the amounts of credit commitments by remaining contractual maturity.

	30 June 2024			
	Less than 1 year	**1 – 5 years**	**Over 5 years**	**Total**
Bank acceptances	**750,043**	**–**	**–**	**750,043**
Credit card commitments	**826,374**	**–**	**–**	**826,374**
Guarantees	**161,645**	**96,246**	**1,203**	**259,094**
Loan commitments	**13,179**	**15,422**	**17,716**	**46,317**
Letters of credit	**279,941**	**840**	**–**	**280,781**
Total	**2,031,182**	**112,508**	**18,919**	**2,162,609**

	31 December 2023			
	Less than 1 year	1 – 5 years	Over 5 years	Total
Bank acceptances	867,523	–	–	867,523
Credit card commitments	779,947	–	–	779,947
Guarantees	154,927	81,806	626	237,359
Loan commitments	4,288	11,889	30,591	46,768
Letters of credit	255,478	873	–	256,351
Total	2,062,163	94,568	31,217	2,187,948

Notes:

(i) For cash and balances with central banks, the undated period amount represented statutory deposit reserve funds and fiscal deposits maintained with the PBOC. For loans and advances to customers and investments, the undated period amount represented the balances being credit-impaired or overdue for more than one month. Equity investments, investment funds were also reported under undated period.

(ii) The balances of loans and advances to customers which were overdue within one month but not impaired are included in repayable on demand.

(d) Operational risk

Operational risk refers to the risk of loss arising from problematic internal procedures, personnel, IT systems, or external events, including legal risk, but excluding strategic risk and reputational risk.

The Group manages operational risk through deeply applying the three major tools of operational risk management by establishing a sound mechanism of operational risk management in order to identify, assess, monitor, measure, control, mitigate and report operational risks. Internal control, as an effective means of operational risk management, mainly includes the following aspects:

– by establishing a matrix authorisation management system of the whole group, carrying out the annual unified authorisation work, and strictly restricting the institutions and personnel at all levels to carry out business activities within the scope of authority granted, the management requirements of prohibiting the overstepping of authority to engage in business activities were further clarified at the institutional level;

52 Financial risk management (continued)

(d) Operational risk (continued)

- through consistent legal responsibility framework, taking strict disciplinary actions against non-compliance in order to ensure accountability;

- promoting the culture establishments throughout the organisation; building a team of operational risk management, strength training and performance appraisal management in raising risk management awareness;

- strengthening cash and account management in accordance with the relevant policies and procedures, intensifying the monitoring of suspicious transactions. Ensure our staff are well-equipped with the necessary knowledge and basic skills on anti-money laundering through continuous training;

- Disaster backup systems and recovery plans covering all the important activities, in order to minimize any unforeseen interruption. Insurance cover is arranged to mitigate potential losses associated with certain disruptive events.

In addition to the above, the Group improves its operational risk management information systems on an ongoing basis to efficiently identify, evaluate, monitor, control and report its level of operational risk. The Group's management information system has the functionalities of recording and capturing lost data and events of operational risk to further support operational risk control and self-assessment, as well as monitoring of key risk indicators.

53 Capital Adequacy Ratio

Capital adequacy ratio reflects the Group's operational and risk management capability and it is the core of capital management. The Group considers its strategic development plans, business expansion plans and risk variables in conducting its scenario analysis, stress testing and other measures to forecast, plan and manage capital adequacy ratio. The Group's capital management objectives are to meet the legal and regulatory requirements, and to prudently determine the capital adequacy ratio under realistic exposures with reference to the capital adequacy ratio levels of leading global banks and the Group's operating situations.

From 1 January 2024, the Group commenced the computation of its capital adequacy ratios in accordance with the Regulation Governing Capital of Commercial Banks and other relevant regulations promulgated by the NFRA in the year of 2023. According to the requirements, for credit risk, the capital requirement was measured using the weighting method. The market and operational risk were measured by adopting the standardised approach. The requirements pursuant to these regulations may have certain differences comparing to those applicable in Hong Kong and other jurisdictions. The Group's management monitors the Group's and the Bank's capital adequacy regularly based on regulations issued by the NFRA. The required information is filed with the NFRA by the Group and the Bank quarterly.

As at 30 June 2024, the core Tier-One capital adequacy ratio, Tier-One capital adequacy ratio, and capital adequacy ratio computed by the Group in accordance with the Regulation Governing Capital of Commercial Banks and other relevant regulations are listed as below.

(Amounts in millions of Renminbi unless otherwise stated)

53 Capital Adequacy Ratio (continued)

The Group's ratios calculated based on the relevant requirements promulgated by the NFRA are listed as below.

	30 June 2024
Core Tier-One capital adequacy ratio	**9.43%**
Tier-One capital adequacy ratio	**11.57%**
Capital adequacy ratio	**13.69%**
Components of capital base	
Core Tier-One capital:	
Share capital	**53,457**
Capital reserve	**84,435**
Other comprehensive income and qualified portion of other equity instruments	**11,182**
Surplus reserve	**60,970**
General reserve	**105,280**
Retained earnings	**336,611**
Qualified portion of non-controlling interests	**8,576**
Total core Tier-One capital	**660,511**
Core Tier-One capital deductions:	
Goodwill (net of related deferred tax liability)	**(1,051)**
Other intangible assets other than land use right (net of related deferred tax liability)	**(4,272)**
Unrealized gains and losses resulting from changes in the fair value of its liabilities due to changes in its own credit risk	**(3)**
Net core Tier-One capital	**655,185**
Other Tier-One capital (Note (i))	**148,775**
Tier-One capital	**803,960**
Tier-Two capital:	
Qualified portion of Tier-Two capital instruments issued and share premium	**69,991**
Surplus allowance for impairment	**74,695**
Qualified portion of non-controlling interests	**2,468**
Net capital base	**951,114**
Total risk-weighted assets	**6,947,036**

(Amounts in millions of Renminbi unless otherwise stated)

53 Capital Adequacy Ratio (continued)

As at 31 December 2023, the core Tier-One capital adequacy ratio, Tier-One capital adequacy ratio, and capital adequacy ratio computed by the Group in accordance with the Regulation Governing Capital of Commercial Banks (Trial) issued by the former China Banking and Insurance Regulatory Commission in 2012 are listed as below.

	31 December 2023
Core Tier-One capital adequacy ratio	8.99%
Tier-One capital adequacy ratio	10.75%
Capital adequacy ratio	12.93%
Components of capital base	
Core Tier-One capital:	
Share capital	48,967
Capital reserve	59,410
Other comprehensive income and qualified portion of other equity instruments	7,224
Surplus reserve	60,992
General reserve	105,127
Retained earnings	320,802
Qualified portion of non-controlling interests	8,287
Total core Tier-One capital	610,809
Core Tier-One capital deductions:	
Goodwill (net of related deferred tax liability)	(926)
Other intangible assets other than land use right (net of related deferred tax liability)	(4,727)
Net core Tier-One capital	605,156
Other Tier-One capital (Note (i))	118,313
Tier-One capital	723,469
Tier-Two capital:	
Qualified portion of Tier-Two capital instruments issued and share premium	69,995
Surplus allowance for impairment	73,674
Qualified portion of non-controlling interests	2,715
Net capital base	869,853
Total risk-weighted assets	6,727,713

Note:

(i) As at 30 June 2024 and 31 December 2023, the Group's other Tier-One capital included preference shares, perpetual bonds issued by the Bank (Note 40) and non-controlling interests (Note 46).

54 Fair value

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. This level includes listed equity instruments and debt instruments on exchanges and exchange-traded derivatives.

Level 2: Inputs other than quoted prices included within Level 1 are observable for assets or liabilities, either directly or indirectly. A majority of the debt securities classified as level 2 are Renminbi bonds. The fair values of these bonds are determined based on the valuation results provided by China Central Depository & Clearing Corporate Limited. This level also includes part of the bills rediscounting and forfeiting in loans and advances, part of the investment management products managed by securities companies and trust investment plans, as well as a majority of over-the-counter derivative contracts. Foreign exchange forward and swaps, interest rate swap, and foreign exchange options use discount cash flow evaluation method and the valuation model of which includes Forward Pricing Model, Swap Model and Option Pricing Model. Bills rediscounting, forfeiting, investment management products managed by securities companies and trust investment plans use discount cash flow evaluation method to estimate fair value. Input parameters are sourced from the open market such as Bloomberg and Reuters.

Level 3: Inputs for assets or liabilities are based on unobservable parameters. This level includes equity instruments and debt instruments with one or more than one significant unobservable parameter. Management determines the fair value through inquiring from counterparties or using the valuation techniques. The model incorporates unobservable parameters such as discount rate and market price volatilities.

The fair value of the Group's financial assets and financial liabilities are determined as follows:

– If traded in active markets, fair values of financial assets and financial liabilities with standard terms and conditions are determined with reference to quoted market bid prices and ask prices, respectively;

– If not traded in active markets, fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models or discounted cash flow analysis using prices from observable current market transactions for similar instruments. If there were no available observable current market transactions prices for similar instruments, quoted prices from counterparty are used for the valuation, and management performs analysis on these prices. Discounted cash flow analysis using the applicable yield curve for the duration of the instruments is used for derivatives other than options, and option pricing models are used for option derivatives.

For the period ended 30 June 2024, there was no significant change in the valuation techniques or inputs used to determine fair value measurements.

(a) Financial assets and financial liabilities not measured at fair value

Financial assets and liabilities not carried at fair value of the Group include cash and balances with central banks, deposits with banks and non-bank financial institutions, placements with and loans to banks and non-bank financial institutions, financial assets held under resale agreements, loans and advances to customers at amortised cost, financial investments at amortised cost, borrowings from central banks, deposits from banks and non-bank financial institutions, placements from banks and non-bank financial institutions, financial assets sold under repurchase agreements, deposits from customers and debt securities issued.

Except for the items shown in the tables below, the maturity dates of aforesaid financial assets and liabilities are within a year or are mainly floating interest rates, as a result, their carrying amounts are approximately equal to their fair value.

(Amounts in millions of Renminbi unless otherwise stated)

54 Fair value (continued)

(a) Financial assets and financial liabilities not measured at fair value (continued)

	Carrying values		Fair values	
	30 June 2024	31 December 2023	**30 June 2024**	31 December 2023
Financial assets:				
Financial investments				
— at amortised cost	**1,003,520**	1,085,598	**1,023,295**	1,093,861
Financial liabilities:				
Debt securities issued				
— certificates of deposit (not for trading purpose) issued	**1,022**	1,430	**1,022**	1,430
— debt securities issued	**117,662**	140,599	**119,056**	141,123
— subordinated bonds issued	**75,508**	77,781	**77,834**	78,722
— certificates of interbank deposit issued	**964,116**	705,316	**967,800**	694,130
— convertible corporate bonds	**12,572**	40,855	**14,822**	44,666

Fair value of financial assets and liabilities above at fair value hierarchy is as follows:

	30 June 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Financial investments				
— at amortised cost	**2,334**	**816,758**	**204,203**	**1,023,295**
Financial liabilities:				
Debt securities issued				
— certificates of deposit (not for trading purpose) issued	**–**	**–**	**1,022**	**1,022**
— debt securities issued	**–**	**114,740**	**4,316**	**119,056**
— subordinated bonds issued	**3,769**	**74,065**	**–**	**77,834**
— certificates of interbank deposit issued	**–**	**967,800**	**–**	**967,800**
— convertible corporate bonds issued	**–**	**–**	**14,822**	**14,822**

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial investments				
— at amortised cost	8,885	871,585	213,391	1,093,861
Financial liabilities:				
Debt securities issued				
— certificates of deposit (not for trading purpose) issued	–	–	1,430	1,430
— debt securities issued	4,671	136,452	–	141,123
— subordinated bonds issued	7,255	71,467	–	78,722
— certificates of interbank deposit issued	–	694,130	–	694,130
— convertible corporate bonds issued	–	–	44,666	44,666

(Amounts in millions of Renminbi unless otherwise stated)

54 Fair value (continued)

(b) Financial assets and financial liabilities measured at fair value

	Level 1	Level 2	Level 3 (Note (i))	Total
As at 30 June 2024				
Recurring fair value measurements				
Assets				
Loans and advances to customers at fair value through other comprehensive income				
— loans	–	70,674	–	70,674
— discounted bills	–	344,636	–	344,636
Loans and advances to customers at fair value through current profit or loss				
— loans	–	–	9,559	9,559
Financial investments at fair value through profit or loss				
— investment funds	112,741	298,789	8,144	419,674
— debt securities	3,184	135,844	5,587	144,615
— certificates of deposit and interbank certificates of deposit	–	57,413	–	57,413
— wealth management	–	2,226	1,534	3,760
— equity instruments	779	–	5,294	6,073
Financial investments at fair value through other comprehensive income				
— debt securities	127,297	724,997	607	852,901
— certificates of deposit and interbank certificates of deposit	1,941	8,631	–	10,572
Financial investments designated at fair value through other comprehensive income				
— equity instruments	182	–	4,628	4,810
Derivative financial assets				
— interest rate derivatives	29	16,017	–	16,046
— currency derivatives	57	41,636	–	41,693
— precious metals derivatives	–	389	–	389
Total financial assets measured at fair value	246,210	1,701,252	35,353	1,982,815
Liabilities				
Financial liabilities at fair value through profit or loss				
— short position in debt securities	217	160	–	377
— structured products	–	–	1,179	1,179
Derivative financial liabilities				
— interest rate derivatives	13	15,823	–	15,836
— currency derivatives	108	33,143	–	33,251
— precious metals derivatives	–	2,187	–	2,187
Total financial liabilities measured at fair value	338	51,313	1,179	52,830

(Amounts in millions of Renminbi unless otherwise stated)

54 Fair value (continued)

(b) Financial assets and financial liabilities measured at fair value (continued)

	Level 1	Level 2	Level 3 (Note (i))	Total
As at 31 December 2023				
Recurring fair value measurements				
Assets				
Loans and advances to customers at fair value through other comprehensive income				
— loans	–	58,163	–	58,163
— discounted bills	–	515,664	–	515,664
Loans and advances to customers at fair value through current profit or loss				
— loans	–	–	5,558	5,558
Financial investments at fair value through profit or loss				
— investment funds	105,538	271,297	44,319	421,154
— debt securities	19,608	81,428	5,465	106,501
— certificates of deposit and interbank certificates of deposit	–	75,790	–	75,790
— wealth management	514	2,098	1,433	4,045
— equity instruments	892	14	5,428	6,334
Financial investments at fair value through other comprehensive income				
— debt securities	139,599	737,350	475	877,424
— certificates of deposit and interbank certificates of deposit	1,117	3,805	–	4,922
Financial investments designated at fair value through other comprehensive income				
— equity instruments	173	–	4,634	4,807
Derivative financial assets				
— interest rate derivatives	15	14,641	–	14,656
— currency derivatives	27	29,845	–	29,872
— precious metals derivatives	–	147	–	147
Total financial assets measured at fair value	267,483	1,790,242	67,312	2,125,037
Liabilities				
Financial liabilities at fair value through profit or loss				
— short position in debt securities	8	519	–	527
— structured products	–	–	1,061	1,061
Derivative financial liabilities				
— interest rate derivatives	18	14,342	–	14,360
— currency derivatives	148	26,600	–	26,748
— precious metals derivatives	–	742	–	742
Total financial liabilities measured at fair value	174	42,203	1,061	43,438

(Amounts in millions of Renminbi unless otherwise stated)

54 Fair value (continued)

(b) Financial assets and financial liabilities measured at fair value (continued)

Notes:

(i) The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in the Level 3 fair value hierarchy:

	Assets					Liabilities	
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets designated at fair value through other comprehensive income	Loans and advances to customers	Total	Financial liabilities at fair value through profit or loss	Total
As at 1 January 2024	**56,645**	**475**	**4,634**	**5,558**	**67,312**	**(1,061)**	**(1,061)**
Total gains or losses							
— in profit or loss	**2,217**	**–**	**–**	**70**	**2,287**	**–**	**–**
— in comprehensive income	**–**	**86**	**(7)**	**–**	**79**	**–**	**–**
Purchases	**688**	**291**	**–**	**3,953**	**4,932**	**(91)**	**(91)**
Settlements	**(3,214)**	**(245)**	**–**	**(137)**	**(3,596)**	**–**	**–**
Transfer out	**(35,949)**	**–**	**–**	**–**	**(35,949)**	**–**	**–**
Exchange effect	**172**	**–**	**1**	**115**	**288**	**(27)**	**(27)**
As at 30 June 2024	**20,559**	**607**	**4,628**	**9,559**	**35,353**	**(1,179)**	**(1,179)**

For unlisted equity investments, fund investments, bond investments, structured products, the Group determines the fair value through counterparties' quotations and valuation techniques, etc. Valuation techniques include discounted cash flow analysis and the market comparison approach, etc. The fair value measurement of these financial instruments may involve important unobservable inputs such as credit spread and liquidity discount, etc. The fair value of the financial instruments classified under level 3 is not significantly influenced by the reasonable changes in these unobservable inputs.

55 Related parties

(a) Relationship of related parties

(i) The Group is controlled by CITIC Financial Holding Co., Ltd (incorporated in Mainland China), which owns 66.84% of the Bank's shares. The ultimate parent of the Group is CITIC Group (incorporated in Mainland China).

(ii) Related parties of the Group include subsidiaries, joint ventures and associates of CITIC Financial Holding Co., Ltd and CITIC Group. The Bank entered into banking transactions with its subsidiaries at arm's length in the ordinary course of business. These transactions are eliminated on consolidation.

China National Tobacco Corporation ("CNTC") and Xinhu Zhongbao Co., Ltd. have a non-executive director on the Board of Directors of the Bank, which can exert significant influence on the Bank and constitute a related party of the Bank.

(Amounts in millions of Renminbi unless otherwise stated)

55 Related parties (continued)

(b) Related party transactions

The Group entered into transactions with related parties in the ordinary course of its banking businesses including lending, assets transfer (i.e., issuance of asset-backed securities in the form of public placement), wealth management, investment, deposit, settlement and clearing, off-balance sheet transactions, and purchase, sale, and leases of property. These banking transactions were conducted under normal commercial terms and conditions and priced at the relevant market rates prevailing at the time of each transaction.

The major related party transaction between the Group and related parties are submitted in turn to the board of directors for deliberation, and the relevant announcements have been posted on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Bank.

In addition, transactions during the relevant year and the corresponding balances outstanding at the reporting dates are as follows:

	Six months ended 30 June 2024		
	Ultimate holding company and affiliates	**Other major equity holders and subsidiaries**	**Associates and joint ventures**
Profit and loss			
Interest income	**1,986**	**526**	**276**
Fee and commission income and other operating income/expense	**177**	**12**	**1**
Interest expense	**(1,046)**	**(1,852)**	**(17)**
Net trading gains	**56**	**39**	**–**
Other service fees	**(1,874)**	**(357)**	**–**

	Six months ended 30 June 2023		
	Ultimate holding company and affiliates	Other major equity holders and subsidiaries	Associates and joint ventures
Profit and loss			
Interest income	3,316	410	697
Fee and commission income and other operating income/expense	101	1	1
Interest expense	(1,016)	(1,331)	(25)
Net trading gains/(losses)	72	(17)	–
Other service fees	(1,169)	(445)	(66)

(Amounts in millions of Renminbi unless otherwise stated)

55 Related parties (continued)

(b) Related party transactions (continued)

	30 June 2024		
	Ultimate holding company and affiliates	**Other major equity holders and subsidiaries**	**Associates and joint ventures**
Assets			
Gross loans and advances to customers	43,471	15,255	–
Less: allowance for impairment losses on loans and advances	(807)	(177)	–
Loans and advances to customers (net)	42,664	15,078	–
Deposits with banks and non-bank financial institutions	92	–	23,502
Placements with and loans to banks and non-bank financial institutions	56,800	–	–
Derivative financial assets	665	–	–
Financial assets held under resale agreement	551	–	–
Investment in financial assets			
— at fair value through profit or loss	3,355	–	–
— at amortised cost	17,988	4,224	–
— at fair value through other comprehensive income	4,124	1,145	–
— designated at fair value through other comprehensive income	450	–	–
Investments in associates and joint ventures	–	–	7,315
Fixed assets	39	1	175
Intangible assets	124	–	241
Right-of-use assets	9	–	–
Other assets	128	–	1
Liabilities			
Deposits from banks and non-bank financial institutions	41,477	850	667
Derivative financial liabilities	728	–	–
Deposits from customers	75,819	212,865	1
Lease liabilities	2	–	–
Other liabilities	11,909	–	–
Off-balance sheet items			
Guarantees and letters of credit	6,227	10,134	–
Acceptances	3,567	–	–
Nominal amount of derivatives financial instruments	198,575	–	–

(Amounts in millions of Renminbi unless otherwise stated)

55 Related parties (continued)

(b) Related party transactions (continued)

	31 December 2023		
	Ultimate holding company and affiliates	Other major equity holders and subsidiaries	Associates and joint ventures
Assets			
Gross loans and advances to customers	45,584	17,512	–
Less: allowance for impairment losses on loans and advances	(989)	(70)	–
Loans and advances to customers (net)	44,595	17,442	–
Deposits with banks and non-bank financial institutions	–	–	29,506
Placements with and loans to banks and non-bank financial institutions	33,850	–	–
Derivative financial assets	546	–	–
Financial assets held under resale agreement	3,000	–	–
Investment in financial assets			
— at fair value through profit or loss	3,255	–	–
— at amortised cost	17,435	2,325	–
— at fair value through other comprehensive income	4,360	1,223	–
— designated at fair value through other comprehensive income	460	–	–
Investments in associates and joint ventures	–	–	6,942
Right-of-use assets	32	–	–
Other assets	709	2	3
Liabilities			
Deposits from banks and non-bank financial institutions	53,424	1,307	125
Derivative financial liabilities	424	–	–
Deposits from customers	75,466	157,974	1
Debt securities issued	–	–	–
Lease liabilities	73	2	–
Other liabilities	93	–	23
Off-balance sheet items			
Guarantees and letters of credit	5,187	8,821	–
Acceptances	1,913	–	–
Nominal amount of derivatives financial instruments	160,188	–	–

Note:

(i) Other major equity holders include CNTC and Xinhu Zhongbao Co., Ltd..

The related party transactions and balances between the Group and CNTC, Xinhu Zhongbao disclosed above fell into the period when related party relationship exists. During the six-month period ended 30 June 2024, the transactions between the Group and the subsidiaries of CNTC were not significant.

55 Related parties (continued)

(c) Key management personnel and their close family members and related companies

Key management personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and executive officers.

The Group entered into banking transactions with key management personnel and their close family members and those companies controlled or jointly controlled by them in the normal course of business. Other than those disclosed below, there was no material transactions and balances between the Group and these individuals, their close family members or those companies controlled or jointly controlled by them.

The aggregate amount of relevant loans outstanding as at 30 June 2024 to directors, supervisors and executive officers amounted to RMB0.39 million (as at 31 December 2023: RMB0.57 million).

The aggregated compensations for directors, supervisors and executive officers of the Bank during the six months ended 30 June 2024 amounted to RMB13.11 million (Six months ended 30 June 2023: RMB13.94 million).

(d) Supplementary defined contribution plan

The Group has established a supplementary defined contribution plan for its qualified employees which is administered by CITIC Group (Note 34(b)).

(e) Transactions with state-owned entities in the PRC

The Group operates in an economic regime currently predominated by entities directly or indirectly owned by the PRC government through its government authorities, agencies, affiliations and other organisations (collectively referred to as "state-owned entities").

Transactions with state-owned entities, including CNTC's indirect subsidiaries, include but are not limited to the following:

- lending and deposit taking;
- taking and placing of inter-bank balances;
- derivative transactions;
- entrusted lending and other custody services;
- insurance and securities agency, and other intermediary services;
- sale, purchase, underwriting and redemption of bonds issued by state-owned entities;
- purchase, sale and leases of property and other assets; and
- rendering and receiving of utilities and other services.

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

(Amounts in millions of Renminbi unless otherwise stated)

56 Structured entities

(a) Consolidated structured entities

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

(b) Unconsolidated structured entities sponsored and managed by third parties

The Group invests in unconsolidated structured entities which are sponsored and managed by other entities for investment return, and records trading gains or losses and interest income therefrom. These unconsolidated structured entities primarily include wealth management products, trust investment plans, investment management products, investment funds and asset-backed securities.

The following table sets out an analysis of the carrying amounts of interests held by the Group as at 30 June 2024 in the structured entities sponsored by third party institutions, as well as an analysis of the line items in the consolidated interim statement of financial position under which relevant assets are recognized:

	30 June 2024				
	Carrying amount				**Maximum loss exposure**
	Investments in financial assets at fair value through profit or loss	**Investments in financial assets at amortised costs**	**Investments in financial assets at fair value through other comprehensive income**	**Total**	
Wealth management product	**3,760**	**–**	**–**	**3,760**	**3,760**
Investment management products managed by securities companies	**–**	**22,046**	**–**	**22,046**	**22,046**
Trust investment plans	**–**	**192,529**	**–**	**192,529**	**192,529**
Asset-backed securities	**704**	**75,799**	**32,372**	**108,875**	**108,875**
Investment funds	**419,674**	**–**	**–**	**419,674**	**419,674**
Total	**424,138**	**290,374**	**32,372**	**746,884**	**746,884**

	31 December 2023				
	Carrying amount				Maximum loss exposure
	Investments in financial assets at fair value through profit or loss	Investments in financial assets at amortised costs	Investments in financial assets at fair value through other comprehensive income	Total	
Wealth management product	4,045	–	–	4,045	4,045
Investment management products managed by securities companies	–	22,908	–	22,908	22,908
Trust investment plans	–	204,840	–	204,840	204,840
Asset-backed securities	912	123,158	19,666	143,736	143,736
Investment funds	421,154	–	–	421,154	421,154
Total	426,111	350,906	19,666	796,683	796,683

56 Structured entities (continued)

(b) Unconsolidated structured entities sponsored and managed by third parties (continued)

The maximum exposures to risk in the above wealth management products, trust investment plans, investment management products, investment funds and asset-backed securities managed by securities companies and trust investment funds are the carrying value of the assets held by the Group at the reporting date. The maximum exposures to risk in the asset-backed securities are the amortised cost or fair value of the assets held by the Group at the reporting date in accordance with the line items under which these assets are presented in the consolidated interim statement of financial position.

(c) Unconsolidated structured entities sponsored and managed by the Group

Unconsolidated structured entities sponsored and managed by the Group mainly include non-principal guaranteed wealth management products. The wealth management products invest in a range of primarily fixed-rate assets, most typically money market instruments, debt securities and loan assets. As the manager of these wealth management products, the Group invests, on behalf of its customers, in assets as described in the investment plan related to each wealth management product and receives fee and commission income.

As at 30 June 2024, the total assets invested by these outstanding non-principal guaranteed wealth management products issued by the Group amounted to RMB1,916,368 million (31 December 2023: RMB1,728,406 million).

During the six months ended 30 June 2024, the Group's interest in these wealth management products included fee and commission income of RMB2,651 million (Six months ended 30 June 2023: RMB3,954 million).

The Group enters into repo transactions at market interest rates with these wealth management products, and the outstanding balance of these transactions was represented the Group's maximum exposure to the wealth management products. During the six months ended 30 June 2024, net interest income which related to repo transactions entered into by the Group with these wealth management products were RMB103 million (Six months ended 30 June 2023: RMB24 million).

In order to achieve a smooth transition and steady development of the wealth management business, In the first half of 2024, in accordance with the requirements of the "Guiding Opinions on Regulating the Asset Management Business of Financial Institutions", the Group continues to promote net-value-based reporting of its asset management products and dispose of existing portfolios.

As at 30 June 2024, assets of these wealth management products amounting to RMB113,139 million (31 December 2023: RMB187,083 million) were invested in investments in which certain subsidiaries and associates of the CITIC Group acted as trustees.

57 Transfers of financial assets

For the six months ended 30 June 2024, the Group entered into transactions which involved securitisation transactions and transfers of non-performing financial assets.

These transactions were entered into in the normal course of business by which recognized financial assets were transferred to third parties or structured entities. Transfers of assets may give rise to full or partial derecognition of the financial assets concerned. On the other hand, where transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognize the transferred assets.

Details of the financial assets sold under repurchase agreements are set forth in Note 32. Details of securitisation transactions and non-performing financial assets transfer transactions conducted by the Group for the six months ended 30 June 2024 totaled RMB10,300 million (Six months ended 30 June 2023: RMB18,748 million) are set forth below.

57 Transfers of financial assets (continued)

Securitisation transactions

During the six months ended 30 June 2024, the Group, through securitisation, transferred financial assets at the original cost of RMB9,113 million, which qualified for full de-recognition (Six months ended 30 June 2023: RMB7,548 million, which qualified for full de-recognition).

Loan and other Financial assets transfers

During the six months ended 30 June 2024, the Group also transferred loan and other financial assets of book value before impairment of RMB1,187 million through other types of transactions (Six months ended 30 June 2023: RMB11,200 million). RMB1,187 million of this balance (Six months ended 30 June 2023: RMB7,990 million) was non-performing loans. RMB0 million of this balance (Six months ended 30 June 2023: RMB2,810 million) was non-performing financial investments. RMB0 million of this balance (Six months ended 30 June 2023: RMB400 million) was Bond financing. The Group carried out assessment based on the transfer of risks and rewards of ownership and concluded that these transferred assets qualified for full de-recognition.

58 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated interim statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

As at 30 June 2024, the amount of the financial assets and financial liabilities subject to enforceable master netting arrangements or similar agreements are not material to the Group.

59 Non-adjusting events after reporting period

As proposed by the Board of Directors of the Bank on 28 August 2024, the Bank intends to distribute an interim cash dividend of RMB1.847 per 10 shares for the first half of the year ended 30 June 2024 to ordinary shareholders of record on the relevant record date, amounting to approximately RMB9,873 million. The proposal will be subject to the approval by the Extraordinary General Meeting of Shareholders.

60 Comparative figures

Certain comparative data has been restated to conform to the presentation of the current year.

(Amounts in millions of Renminbi unless otherwise stated)

61 Interim statements of financial position and changes in equity of the Bank

Statement of financial position

	30 June 2024	31 December 2023
Assets		
Cash and balances with central banks	**380,707**	413,366
Deposits with banks and non-bank financial institutions	**75,872**	67,014
Precious metals	**16,947**	11,674
Placements with and loans to banks and non-bank financial institutions	**261,465**	187,695
Derivative financial assets	**39,577**	25,120
Financial assets held under resale agreements	**58,782**	97,780
Loans and advances to customers	**5,197,163**	5,114,597
Financial investments	**2,372,712**	2,460,003
— at fair value through profit or loss	**625,699**	606,972
— at amortised cost	**1,002,727**	1,086,156
— at fair value through other comprehensive income	**740,186**	762,773
— designated at fair value through other comprehensive income	**4,100**	4,102
Investments in subsidiaries and joint ventures	**34,155**	33,821
Property, plant and equipment	**32,988**	34,316
Right-of-use assets	**9,714**	9,707
Intangible assets	**3,565**	4,071
Deferred tax assets	**48,345**	50,781
Other assets	**75,592**	55,300
Total assets	**8,607,584**	8,565,245
Liabilities		
Borrowings from central banks	**275,489**	273,126
Deposits from banks and non-bank financial institutions	**840,977**	930,090
Placements from banks and non-bank financial institutions	**10,295**	24,216
Financial liabilities at fair value through profit or loss	**160**	519
Derivative financial liabilities	**33,673**	22,436
Financial assets sold under repurchase agreements	**156,395**	442,491
Deposits from customers	**5,278,124**	5,155,140
Accrued staff costs	**16,976**	21,297
Taxes payable	**6,260**	5,812
Debt securities issued	**1,162,214**	952,909
Lease liabilities	**9,441**	9,219
Provisions	**11,183**	10,759
Other liabilities	**45,988**	33,611
Total liabilities	**7,847,175**	7,881,625
Equity		
Share capital	**53,457**	48,967
Other equity instruments	**145,913**	118,060
Capital reserve	**86,830**	61,790
Other comprehensive income	**7,327**	1,867
Surplus reserve	**60,992**	60,992
General reserve	**101,140**	101,140
Retained earnings	**304,750**	290,804
Total equity	**760,409**	683,620
Total liabilities and equity	**8,607,584**	8,565,245

(Amounts in millions of Renminbi unless otherwise stated)

61 Interim statements of financial position and changes in equity of the Bank (continued)

Statement of changes in equity

	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total equity
As at 1 January 2024	**48,967**	**118,060**	**61,790**	**1,867**	**60,992**	**101,140**	**290,804**	**683,620**
(i) Profit for the period	–	–	–	–	–	–	**33,058**	**33,058**
(ii) Other comprehensive income	–	–	–	**5,460**	–	–	–	**5,460**
Total comprehensive income	–	–	–	**5,460**	–	–	**33,058**	**38,518**
(iii) Investor capital								
— Capital injection by issuing convertible corporate bonds	**4,490**	**(2,147)**	**25,044**	–	–	–	–	**27,387**
— Insurance of perpetual bonds	–	**30,000**	**(4)**	–	–	–	–	**29,996**
(iv) Profit appropriations								
— Dividend distribution to ordinary shareholders of the Bank	–	–	–	–	–	–	**(17,432)**	**(17,432)**
— Dividend distributions to holders of other equity instruments	–	–	–	–	–	–	**(1,680)**	**(1,680)**
As at 30 June 2024	**53,457**	**145,913**	**86,830**	**7,327**	**60,992**	**101,140**	**304,750**	**760,409**

	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total equity
As at 1 January 2023	48,935	118,076	61,598	(1,736)	54,727	96,906	259,792	638,298
(i) Profit for the period	–	–	–	–	–	–	33,749	33,749
(ii) Other comprehensive income	–	–	–	3,523	–	–	–	3,523
Total comprehensive income	–	–	–	3,523	–	–	33,749	37,272
(iii) Investor capital								
— Capital injection by issuing convertible corporate bonds	32	(16)	192	–	–	–	–	208
(iv) Profit appropriations								
— Dividend distribution to ordinary shareholders of the Bank	–	–	–	–	–	–	(16,110)	(16,110)
— Dividend distributions to holders of other equity instruments	–	–	–	–	–	–	(1,680)	(1,680)
(v) Transfers within the owners' equity								
— Other comprehensive income transferred to retained earnings	–	–	–	242	–	–	(242)	–
As at 30 June 2023	48,967	118,060	61,790	2,029	54,727	96,906	275,509	657,988

(Amounts in millions of Renminbi unless otherwise stated)

61 Interim statements of financial position and changes in equity of the Bank (continued)

Statement of changes in equity (continued)

	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total equity
As at 1 January 2023	48,935	118,076	61,598	(1,736)	54,727	96,906	259,792	638,298
(i) Profit for the year	–	–	–	–	–	–	62,651	62,651
(ii) Other comprehensive income	–	–	–	3,361	–	–	–	3,361
Total comprehensive income	–	–	–	3,361	–	–	62,651	66,012
(iii) Investor capital								
— Capital injection by issuing convertible corporate bonds	32	(16)	192	–	–	–	–	208
(iv) Profit appropriations								
— Appropriations to surplus reserve	–	–	–	–	6,265	–	(6,265)	–
— Appropriations to general reserve	–	–	–	–	–	4,234	(4,234)	–
— Dividend distribution to ordinary shareholders of the Bank	–	–	–	–	–	–	(16,110)	(16,110)
— Dividend distribution to preference shareholders	–	–	–	–	–	–	(1,428)	(1,428)
— Interest paid to holders of perpetual bonds	–	–	–	–	–	–	(3,360)	(3,360)
(v) Transfers within the owners' equity								
— Other comprehensive income transferred to retained earnings	–	–	–	242	–	–	(242)	–
As at 31 December 2023	48,967	118,060	61,790	1,867	60,992	101,140	290,804	683,620

Chapter 9 Unaudited Supplementary Financial Information

(Expressed in millions of Renminbi unless otherwise stated)

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

1 Difference between the financial report prepared under IFRSs and that prepared in accordance with PRC GAAP

China CITIC Bank Corporation (the "Bank") prepares consolidated interim financial statements, which includes the financial statements of the Bank and its subsidiaries (collectively the "Group"), in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As a financial institution incorporated in the People's Republic of China (the "PRC") and listed in the Shanghai Stock Exchange, the Group also prepares its consolidated interim financial statements for the six months ended 30 June 2024 in accordance with the Accounting Standards for Business Enterprises and other relevant regulations issued by the regulatory bodies of the PRC (collectively "PRC GAAP").

There is no difference in the profit for the six months ended 30 June 2024 or total equity as at 30 June 2023 between the Group's consolidated interim financial statements prepared in accordance with IFRSs and those prepared in accordance with PRC GAAP respectively.

2 Liquidity coverage ratio

	30 June 2024	31 December 2023
Liquidity coverage ratio	**151.58%**	167.48%

The liquidity coverage ratios were also in accordance with the Rules on Liquidity Risk Management of Commercial Banks (Provisional) issued by the NFRA and applicable calculation requirements, and based on the data determined under the PRC GAAP.

3 Currency concentrations

	30 June 2024			
	US Dollars	**HK Dollars**	**Others**	**Total**
Spot assets	**373,962**	**203,260**	**55,528**	**632,750**
Spot liabilities	**(329,859)**	**(182,482)**	**(45,662)**	**(558,003)**
Forward purchases	**2,228,707**	**213,291**	**254,190**	**2,696,188**
Forward sales	**(2,259,822)**	**(187,615)**	**(264,311)**	**(2,711,748)**
Options	**(13,459)**	**776**	**758**	**(11,925)**
Net long position	**(471)**	**47,230**	**503**	**47,262**

	31 December 2023			
	US Dollars	HK Dollars	Others	Total
Spot assets	332,716	206,407	320,609	859,732
Spot liabilities	(332,882)	(166,911)	(255,706)	(755,499)
Forward purchases	1,457,366	153,356	173,380	1,784,102
Forward sales	(1,449,876)	(155,306)	(190,991)	(1,796,173)
Options	(6,077)	937	2,412	(2,728)
Net long position	1,247	38,483	49,704	89,434

(Expressed in millions of Renminbi unless otherwise stated)

4 International claims

International claims are the sum of cross-border claims in all currencies and local claims in foreign currencies. The Group is principally engaged in business operations within Mainland China, and regards all the claims on third parties outside Mainland China as cross border claims.

International claims include balances with central banks, deposits with banks and non-bank financial institutions, placements with and loans to banks and non-bank financial institutions, financial assets held for trading, financial assets designated at fair value through profit or loss, loans and advances to customers, financial assets held under resale agreements, financial investments, etc.

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

	30 June 2024			
	Banks	**Official sector**	**Non-bank private sector**	**Total**
Asia Pacific excluding Mainland China	**75,973**	**4,448**	**96,778**	**177,199**
— of which attributed to Hong Kong	**28,150**	**390**	**67,422**	**95,962**
Europe	**35,966**	**3**	**6,538**	**42,507**
North and South America	**21,491**	**27,281**	**22,369**	**71,141**
Africa	**26**	**4,829**	**345**	**5,200**
Other	**857**	**–**	**–**	**857**
Total	**134,313**	**36,561**	**126,030**	**296,904**

	31 December 2023			
	Banks	Official sector	Non-bank private sector	Total
Asia Pacific excluding Mainland China	65,698	444	79,669	145,811
— of which attributed to Hong Kong	24,182	436	57,908	82,526
Europe	20,904	7,618	18,259	46,781
North and South America	26,907	31,070	19,337	77,314
Africa	34	4,539	336	4,909
Total	113,543	43,671	117,601	274,815

(Expressed in millions of Renminbi unless otherwise stated)

5 Overdue loans and advances to customers by geographical sectors

	30 June 2024		
	Gross loans and advances	**Loans and advances overdue over 3 months**	**Credit-impaired loans**
Yangtze River Delta	**1,634,157**	**6,265**	**8,367**
Bohai Rim (include Head Office)	**1,390,401**	**14,607**	**19,507**
Central	**794,966**	**6,870**	**9,078**
Pearl River Delta and West Strait	**791,885**	**9,923**	**11,528**
Western	**676,731**	**7,400**	**14,308**
Northeastern	**87,173**	**1,299**	**1,618**
Outside Mainland China	**218,358**	**6,429**	**5,066**
Accrued interest	**20,733**	**–**	**–**
Total	**5,614,404**	**52,793**	**69,472**

	31 December 2023		
	Gross loans and advances	Loans and advances overdue over 3 months	Credit-impaired loans
Yangtze River Delta	1,538,269	4,844	6,801
Bohai Rim (include Head Office)	1,423,026	19,984	23,976
Central	790,477	5,767	8,072
Pearl River Delta and West Strait	782,231	7,488	9,551
Western	669,589	5,806	12,473
Northeastern	85,037	851	1,584
Outside Mainland China	209,715	3,930	4,691
Accrued interest	19,948	–	–
Total	5,518,292	48,670	67,148

(Expressed in millions of Renminbi unless otherwise stated)

6 Gross overdue amounts due from banks and other financial institutions and overdue loans and advances to customers

(a) Gross overdue amounts due from banks and other financial institutions

As at 30 June 2024, the Group had no overdue amounts due from banks and other financial institutions (31 December 2023: Nil).

(b) Gross amounts of overdue loans and advances to customers

	30 June 2024	31 December 2023
Gross loans and advances to customers which have been overdue with respect to either principal or interest for periods of:		
— between 3 and 6 months	**19,721**	15,110
— between 6 and 12 months	**13,056**	13,781
— over 12 months	**20,016**	19,779
Total	**52,793**	48,670
As a percentage of total gross loans and advances to customers:		
— between 3 and 6 months	**0.35%**	0.27%
— between 6 and 12 months	**0.23%**	0.25%
— over 12 months	**0.36%**	0.36%
Total	**0.94%**	0.88%

The above analysis represents loans and advances overdue for more than 3 months as required by the Hong Kong Monetary Authority.

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

Loans and advances repayable on demand are classified as overdue when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instructions. If the loans and advances are repayable on demand which are outside the approved limit that was advised to the borrower, they are also considered as overdue.

As at 30 June 2024, the loans and advances to customers of RMB52,793 million of the above overdue loans and advances were credit-impaired (As at 31 December 2023,the loans and advances to customers of RMB48,670 million of the above overdue loans and advances were credit-impaired).

(Expressed in millions of Renminbi unless otherwise stated)

6 Gross overdue amounts due from banks and other financial institutions and overdue loans and advances to customers (continued)

(b) Gross amounts of overdue loans and advances to customers (continued)

Loans and advances to customers overdue for more than 3 months:

	30 June 2024	31 December 2023
Secured portion	**30,325**	26,668
Unsecured portion	**22,468**	22,002
Total	**52,793**	48,670
Allowance for impairment losses	**(32,206)**	(32,825)
Net balance	**20,587**	15,845
Maximum exposure covered by pledge and collateral held	**37,553**	38,588

The fair value of collateral was estimated by management based on the latest revaluation including available external valuation, if any, adjusted by taking into account the current realisation experience as well as market situation.

7 Non-bank Mainland China exposures

The Bank is a commercial bank incorporated in the Mainland China with its banking business primarily conducted in Mainland China. As of 30 June 2024, the majority of the Bank's non-bank exposures arose from businesses with Mainland China entities or individuals. Analyses of various types of exposures by counterparties have been disclosed in the notes to the consolidated interim financial statements.

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