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**BQD**  **青岛银行**

**Bank of Qingdao Co., Ltd.\***

**青島銀行股份有限公司\***

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

**(H Shares Stock Code: 3866)**

## **Announcement of Interim Results for the Six Months Ended 30 June 2024**

The board of directors of Bank of Qingdao Co., Ltd. (the “**Bank**”) is pleased to announce the unaudited interim results of the Bank and its subsidiaries (the “**Company**”) for the six months ended 30 June 2024. This announcement, containing the full text of the 2024 interim report of the Bank, complies with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) in relation to information to accompany preliminary announcements of interim results.

### **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The Chinese and English versions of this results announcement will be available on the website of the Bank (<http://www.qdccb.com/>) and the HKEXnews website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk/>). If there are any discrepancies in interpretations between the Chinese and English versions, the Chinese version shall prevail. The printed version of the Bank's 2024 interim report will be dispatched to the shareholders of the Bank subsequently upon request and will be available on the website of the Bank (<http://www.qdccb.com/>) and the HKEXnews website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk/>) in due course.

By order of the Board  
**Bank of Qingdao Co., Ltd.\***  
**Jing Zailun**  
*Chairman*

Qingdao, Shandong Province, the PRC  
28 August 2024

*As at the date of this announcement, the board of directors of the Bank comprises Mr. Jing Zailun, Mr. Wu Xianming, Ms. Chen Shuang and Mr. Liu Peng as executive directors; Mr. Zhou Yunjie, Mr. Rosario STRANO, Ms. Tan Lixia, Mr. Giamberto GIRALDO and Mr. Deng Youcheng as non-executive directors; Mr. Xing Lecheng, Mr. Zhang Xu, Mr. Cheung Man Chor, Elton, Mr. Du Ning and Mr. Fan Xuejun as independent non-executive directors.*

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

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## SECTION I IMPORTANT NOTICE

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1. The Board of Directors, Board of Supervisors, Directors, Supervisors and senior management of the Bank assure that the information in this interim report contains no false records, misleading statements or material omissions, and severally and jointly take full responsibility for the authenticity, accuracy and completeness of the information in this interim report.
2. The proposal on the 2024 interim report of Bank of Qingdao Co., Ltd., its summary and results announcement were considered and approved at the second meeting of the ninth session of the Board of Directors of the Bank held on 28 August 2024. There were 14 Directors eligible for attending the meeting, and 14 Directors actually attended the meeting.
3. The Bank's chairman Mr. Jing Zailun, president Mr. Wu Xianming, vice president in charge of finance function Ms. Chen Shuang and general manager of Financial Planning Department Mr. Li Zhenguo assure the authenticity, accuracy and completeness of the financial statements in this interim report.
4. The financial report of the Company for the first half of 2024 prepared in accordance with the PRC Accounting Standards for Business Enterprises and the International Financial Reporting Standards has been reviewed by KPMG Huazhen LLP and KPMG in accordance with the PRC and International Standards on Review Engagements respectively.
5. If conditions allow, the Board of the Bank may propose to distribute interim cash dividends for 2024 based on the Bank's operation conditions, while no distribution of bonus shares and no increase in share capital with provident fund were planned by the Bank in the interim period of 2024.
6. Unless otherwise specified, the currency of the amounts mentioned in this interim report is RMB.
7. This report contains certain forward-looking statements about the financial conditions, operating results and business development of the Company. The report uses the words "will", "may", "strive", "plan", "hope", "endeavor", "expect", "aim" and similar wording to express forward-looking statements. These statements are made based on current plans, estimates and projections, and although the Company believes that the expectations reflected in these forward-looking statements are reasonable, the Company cannot assure that these expectations will be attained or confirmed to be correct and therefore they do not constitute substantive undertakings of the Company. Investors and relevant individuals should cultivate the adequate risk awareness in this regard, understand the differences between plans, forecasts and commitments, and not unduly rely on such statements, and should be aware of investment risks. Please note that these forward-looking statements are related to future events or future financial, business or other performance of the Company, and are subject to certain uncertainties which may cause the actual results to differ substantially.
8. The Company invites investors to read the full text of this interim report carefully. The Company has described in detail the major risks and countermeasures in this report. For details, please refer to the content related to risk management set out in "Section III Management Discussion and Analysis".

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## DEFINITIONS

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Term	Definition
Company	Bank of Qingdao Co., Ltd. and its subsidiaries
Bank or parent company	Bank of Qingdao Co., Ltd.
A Share(s)	shares issued in China, listed on the Shenzhen Stock Exchange and subscribed for and traded in RMB
H Share(s)	shares issued outside China, listed on The Stock Exchange of Hong Kong Limited and subscribed for and traded in foreign currencies
CSRC	China Securities Regulatory Commission
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
SZSE	the Shenzhen Stock Exchange
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Articles of Association	Articles of Association of the Bank of Qingdao Co., Ltd.
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Reporting Period	from 1 January 2024 to 30 June 2024 (both days inclusive)
Latest Practicable Date	being 28 August 2024
RMB	the lawful currency of the PRC
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
Director(s)	director(s) of the Bank
Supervisor(s)	supervisor(s) of the Bank

Board of Directors or Board	the board of Directors of the Bank
Board of Supervisors	the board of Supervisors of the Bank
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Green Credit	the Bank commenced energy saving and environmental protection project and service loans as well as loans that comply with Catalog of Projects Backed by Green Bonds (2015 version) issued by the Green Finance Professional Committee of the China Society for Finance and Banking (中國金融學會綠色金融專業委員會). “Energy saving and environmental protection project and service loans” refers to the Notice on Submitting Statistical Table on Green Credit issued by the China Banking Regulatory Commission (Yin Jian Ban Fa [2013] No. 185).
IFRSs	the International Financial Reporting Standards issued by the International Accounting Standards Board; the International Financial Reporting Standards includes the International Accounting Standards.

## SECTION II CORPORATE INFORMATION AND KEY FINANCIAL HIGHLIGHTS

### I. CORPORATE INFORMATION

<b>Stock abbreviation (A Shares)</b>	BQD	<b>Stock code (A Shares)</b>	002948
<b>Listing stock exchange of A Shares</b>	Shenzhen Stock Exchange		
<b>Stock abbreviation (H Shares)</b>	BQD	<b>Stock code (H Shares)</b>	3866
<b>Listing stock exchange of H Shares</b>	The Stock Exchange of Hong Kong Limited		
<b>Company name in Chinese</b>	青島銀行股份有限公司		
<b>Abbreviation in Chinese</b>	青島銀行		
<b>Company name in English</b>	BANK OF QINGDAO CO., LTD.		
<b>Abbreviation in English</b>	BANK OF QINGDAO		
<b>Legal representative</b>	JING Zailun		
<b>Authorized representatives</b>	JING Zailun, ZHANG Qiaowen		
<b>Joint company secretaries</b>	ZHANG Qiaowen, YU Wing Sze		
<b>Registered address</b>	Building 3, No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC		
<b>Postal code of registered address</b>	266061		
<b>Office address</b>	No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC		
<b>Postal code of office address</b>	266061		
<b>Registered office address in Hong Kong</b>	31st Floor, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong		
<b>Company website</b>	<a href="http://www.qdccb.com/">http://www.qdccb.com/</a>		
<b>Email</b>	ir@qdbankchina.com		

### II. CONTACT PERSONS AND CONTACT INFORMATION

<b>Item</b>	<b>Secretary to the Board</b>	<b>Securities Affairs Representative</b>
<b>Name</b>	ZHANG Qiaowen	WANG Xinyu
<b>Address</b>	No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC	No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC
<b>Tel</b>	+86 40066 96588 ext. 6	+86 40066 96588 ext. 6
<b>Fax</b>	+86 (532) 85783866	+86 (532) 85783866
<b>Email</b>	ir@qdbankchina.com	ir@qdbankchina.com

## SECTION II CORPORATE INFORMATION AND KEY FINANCIAL HIGHLIGHTS

### III. OTHER INFORMATION

#### (I) Contact information of the Bank

The Bank's registered address, office address and corresponding postal code, the Bank's website and email address remained unchanged during the Reporting Period. Please refer to 2023 Annual Report for details.

#### (II) Information disclosure and place of inspection

The website of stock exchange, names and websites of the media designated by the Bank for the disclosure of interim report, and the place of inspection for interim report of the Bank remain unchanged during the Reporting Period. Please refer to 2023 Annual Report for details.

#### (III) Other relevant information

During the Reporting Period, there were no changes in the Bank's other relevant information.

### IV. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

The financial data and indicators contained in this interim report are prepared in accordance with the IFRSs and relevant regulations. Unless otherwise specified, all amounts are disclosure in consolidated financial statements of the Company.

Item	January to June 2024	January to June 2023	Year-on-year change
<b>Business performance (RMB'000)</b>			<b>Change (%)</b>
Net interest income	4,778,993	4,509,411	5.98
Net non-interest income	2,248,354	1,861,400	20.79
Operating income	7,027,347	6,370,811	10.31
Operating expenses	(1,874,469)	(1,774,676)	5.62
Expected credit losses	(1,919,634)	(1,809,832)	6.07
Profit before taxation	3,233,244	2,786,303	16.04
Net profit	2,711,384	2,407,536	12.62
Net profit attributable to shareholders of the Bank	2,640,917	2,335,704	13.07
<b>Per share (RMB/share)</b>			<b>Change (%)</b>
Basic earnings per share <sup>(1)</sup>	0.45	0.40	12.50
Diluted earnings per share <sup>(1)</sup>	0.45	0.40	12.50

## SECTION II CORPORATE INFORMATION AND KEY FINANCIAL HIGHLIGHTS

Item	30 June 2024	31 December 2023	Change from the end of last year
<b>Scale indicators (RMB'000)</b>			<b>Change (%)</b>
Total assets <sup>(2)</sup>	<b>654,024,373</b>	607,985,372	7.57
Loans and advances to customers:			
Total loans to customers <sup>(2)</sup>	<b>324,394,232</b>	300,089,541	8.10
Add: Accrued interest	<b>617,476</b>	758,512	(18.59)
Less: Provision for impairment on loans and advances to customers measured at amortised cost	<b>(8,614,532)</b>	(7,855,127)	9.67
Loans and advances to customers	<b>316,397,176</b>	292,992,926	7.99
Provision for loan impairment	<b>(8,883,502)</b>	(7,997,497)	11.08
Of which: Impairment provision for loans and advances to customers measured at fair value through other comprehensive income	<b>(268,970)</b>	(142,370)	88.92
Total liabilities <sup>(2)</sup>	<b>611,168,636</b>	568,046,129	7.59
Deposits from customers:			
Total deposits from customers <sup>(2)</sup>	<b>411,588,446</b>	386,062,259	6.61
Add: Accrued interest	<b>10,222,200</b>	9,405,100	8.69
Deposits from customers	<b>421,810,646</b>	395,467,359	6.66
Share capital	<b>5,820,355</b>	5,820,355	–
Equity attributable to equity shareholders of the Bank	<b>41,958,423</b>	39,063,939	7.41
Equity attributable to shareholders	<b>42,855,737</b>	39,939,243	7.30
Net capital base	<b>52,854,097</b>	49,247,594	7.32
Of which: Net core tier-one capital	<b>35,684,798</b>	32,404,879	10.12
Other tier-one capital	<b>6,463,207</b>	6,483,769	(0.32)
Tier-two capital	<b>10,706,092</b>	10,358,946	3.35
Total risk-weighted assets	<b>393,309,965</b>	384,977,512	2.16
<b>Per share (RMB/share)</b>			<b>Change (%)</b>
Net assets per share attributable to ordinary shareholders of the Bank <sup>(3)</sup>	<b>6.11</b>	5.61	8.91



## SECTION II CORPORATE INFORMATION AND KEY FINANCIAL HIGHLIGHTS

Item	January to June 2024	January to June 2023	Year-on-year change
<b>Profitability indicators (%)</b>			
Return on average total assets <sup>(4)</sup> (annualized)	<b>0.86</b>	0.88	(0.02)
Weighted average return on net assets <sup>(1)</sup> (annualized)	<b>15.34</b>	15.17	0.17
Net interest spread <sup>(5)</sup> (annualized)	<b>1.82</b>	1.87	(0.05)
Net interest margin <sup>(6)</sup> (annualized)	<b>1.77</b>	1.85	(0.08)
Net fee and commission income to operating income	<b>13.25</b>	14.76	(1.51)
Cost-to-income ratio <sup>(7)</sup>	<b>25.49</b>	26.58	(1.09)

Item	30 June 2024	31 December 2023	Change from the end of last year
<b>Asset quality indicators (%)</b>			
Non-performing loan ratio	<b>1.17</b>	1.18	(0.01)
Provision coverage ratio	<b>234.43</b>	225.96	8.47
Loan provision ratio	<b>2.74</b>	2.67	0.07
<b>Indicators of capital adequacy ratio (%)</b>			
Core tier-one capital adequacy ratio <sup>(8)</sup>	<b>9.07</b>	8.42	0.65
Tier-one capital adequacy ratio <sup>(8)</sup>	<b>10.72</b>	10.10	0.62
Capital adequacy ratio <sup>(8)</sup>	<b>13.44</b>	12.79	0.65
Total equity to total assets ratio	<b>6.55</b>	6.57	(0.02)
<b>Other indicators (%)</b>			
Liquidity coverage ratio	<b>203.40</b>	158.11	45.29
Liquidity ratio	<b>89.54</b>	78.23	11.31

*Notes:*

- Earnings per share and weighted average return on net assets were calculated in accordance with the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 – Computation and Disclosure of Return on Net Assets and Earnings per Share (2010 Revision) (《公開發行證券的公司信息披露編報規則第9號—淨資產收益率和每股收益的計算及披露》(2010年修訂)). The Bank issued offshore preference shares in 2017, which were redeemed in September 2022. The Bank issued perpetual bonds from July to August 2022, which were classified as other equity instruments. In calculating weighted average return on net assets, the effect of the preference shares and perpetual bonds has been deducted from the “weighted average net assets”.
- For details of the structure of total assets, total liabilities, total loans to customers and total deposits from customers, please refer to “V. Analysis of Major Items of the Statement of Financial Position” under “Section III Management Discussion and Analysis” of this interim report.

## SECTION II CORPORATE INFORMATION AND KEY FINANCIAL HIGHLIGHTS

3. Net assets per share attributable to ordinary shareholders of the Bank = (equity attributable to shareholders of the Bank – other equity instruments)/the number of ordinary shares as at the end of the period.
4. Return on average total assets = net profit/average balance of total assets at the beginning and at the end of the period.
5. Net interest spread = average yield of interest-earning assets – average cost rate of interest-bearing liabilities.
6. Net interest margin = net interest income/average balance of interest-earning assets.
7. Cost-to-income ratio = (operating expenses – tax and surcharges)/operating income.
8. The relevant indicators of capital adequacy ratio as of 30 June 2024 were calculated in accordance with the Regulation Governing Capital of Commercial Banks (《商業銀行資本管理辦法》) and other relevant regulatory provisions, and the relevant indicators of capital adequacy ratio as of the end of 2023 were calculated in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》) and other relevant regulatory provisions.

### V. ACCOUNTING DATA DIFFERENCE UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

The net profit attributable to shareholders of the Bank for the Reporting Period and the equity attributable to the equity shareholders of the Bank as at the end of the Reporting Period as disclosed in the financial statements of the Company prepared in accordance with the PRC Accounting Standards for Business Enterprises are consistent with those prepared in accordance with the IFRSs.

### VI. SUPPLEMENTARY INDICATORS

Name of indicators (%)	30 June 2024	31 December 2023	31 December 2022
Single largest customer loan ratio	<b>5.68</b>	5.35	4.78
Ten largest customers loan ratio	<b>38.62</b>	42.06	38.89

Migration rate indicators (%)	30 June 2024	31 December 2023	31 December 2022
Normal loan migration rate	<b>1.23</b>	1.00	1.01
Special mention loan migration rate	<b>74.95</b>	40.19	43.54
Substandard loan migration rate	<b>28.15</b>	32.47	22.43
Doubtful loan migration rate	<b>53.58</b>	23.54	3.19

*Note:* The migration rate indicators were calculated in accordance with the requirements of the Notice of China Banking and Insurance Regulatory Commission on Revising the Definition and Calculation Formula of Basic Indicators of Off-site Supervision of Banking Industry (Yin Jian Fa [2022] No.2).

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## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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### I. THE BANK'S PRINCIPAL BUSINESS DURING THE REPORTING PERIOD

The Bank, the predecessor of which known as Qingdao City Cooperative Bank and Qingdao City Commercial Bank, was established in November 1996 and is headquartered in Qingdao, Shandong Province. Adhering to the steadfast theme of “high-quality development”, the Bank unified “effective improvement of quality” and “reasonable growth of quantity” to build itself as a value-leading bank with “leading quality and efficiency, outstanding features and flexible mechanism”. In December 2015, the Bank’s H Shares were listed on the Hong Kong Stock Exchange; in January 2019, the Bank’s A Shares were listed on the SZSE.

The Bank mainly offers several services and products such as corporate and personal deposits, loans, settlement to its customers, and its development is driven by three major business segments including retail banking, corporate banking, financial market business, which have formed a stronger customer base and shaped new financial business model of distinctive and high-quality development. The Bank’s business is based in Qingdao with a footprint extending to other regions of Shandong Province. As at the end of the Reporting Period, there were 16 branches in major cities of Shandong Province such as Jinan, Yantai and Weihai. The total number of branch offices reached 196. The Bank has two subsidiaries. In February 2017, the Bank initiated the establishment of BQD Financial Leasing Company Limited (“**BQD Financial Leasing**”), which was owned as to 60% by the Bank as of the end of the Reporting Period. In September 2020, the Bank initiated the establishment of BQD Wealth Management Company Limited (“**BQD Wealth Management**”), which was wholly owned by the Bank. As at the end of the Reporting Period, the Company had more than 5,100 employees.

As at the end of the Reporting Period, the Company’s total assets amounted to RMB654.024 billion, total liabilities amounted to RMB611.169 billion, capital adequacy ratio was 13.44%, and the non-performing loan ratio was 1.17%, down by 0.01 percentage point as compared with that at the end of last year. During the Reporting Period, the accumulated net profit was RMB2.711 billion, representing an increase of 12.62% over the same period of last year.

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## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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### II. ANALYSIS OF THE CORE COMPETITIVENESS

Centering on the development vision of “Innovative Finance, Brilliant Banking”, the Bank is firmly committed to the strategic goal of “being a value leading bank with leading quality and efficiency, outstanding features and flexible mechanisms” to continuously consolidate and improve its core competitiveness. The Bank’s core competitiveness is mainly reflected in:

- 1. Strengthening the leadership of the Party and enhance the effectiveness of corporate governance.** The Bank insists on integrating the Party’s leadership into the entire process of corporate governance, which enables the Party to give full play to its leading role in overseeing and coordinating all aspects of the Bank’s business. The equity structure is scientific and effective, forming a benign equity structure that is pluralistic and reasonable with mutual checks and balances, comprising state-owned shareholders, overseas strategic investors, private enterprises and individual shareholders. It adheres to market-oriented operation, operation and management is institutionalized, standardized and transparent. It has made great efforts to establish a standardized and efficient corporate governance mechanism and continue to enhance the standardization and effectiveness of corporate governance, so as to strengthen the foundation for the Bank’s compliant and stable development.
- 2. Solidly promoting strategic planning to lead the high-quality development of the business.** Guided by the strategic themes of “adjusting the structure, strengthening the customer base, optimizing the synergies and improving the capabilities”, the Bank has solidly pushed forward its three-year strategic plan (2023-2025). It adheres to the orientation of high-quality development, focuses on in-depth customer management and improvement of operational efficiency, and promotes the transformation and upgrading of business models in three major segments, namely, retail banking, corporate banking, financial market, so as to constantly consolidate the foundation of long-term sustainable development.
- 3. Outstanding features of “BQD services” constantly upgrading customer experience.** The Bank actively builds the brand of “BQD Service” by upholding the service concept of “doing better in providing warm and reassuring service” to deliver exceptional financial services to customers. “BQD services” adheres to the orientation of customer experience, empowers its services by digitalization, and is committed to creating a dual-driven service management model of “product experience + service experience”. The Bank continuously broadens the connotation and extension of “BQD services” to achieve yearly improvement of customer satisfaction and has been honored with the prestigious “Five-Star Diamond Award” for eight consecutive years, which is the global highest honor in service.

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## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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4. **Coordinated development of diversified licenses of the Group creating an integrated operation advantage.** In recent years, the Bank has successively established two subsidiaries, namely, BQD Financial Leasing and BQD Wealth Management, and has successively obtained a number of high-quality qualifications such as Class B independent lead underwriter, securities and fund custodian license, etc., which has formed a development pattern with banking as the mainstay and multiple business modes co-existing. Relying on the collectivized and synergistic operation and the advantages of its diversified financial licenses, the Bank has continuously strengthened the business linkage in financial market, custodian, investment banking, wealth management, financial leasing, etc., and continues to provide customers with “packaged solutions” with professional and standardized financial services, thus continuously strengthening its comprehensive operation capability.
5. **Strengthening comprehensive risk management capabilities and building risk defenses.** The Bank prioritizes compliance and has firmly established a comprehensive, prudent, solid and effective internal control mechanism. It has comprehensively integrated credit risk, market risk, operational risk and other risks into its management, continuously improves the risk assessment policies and processes covering both the Bank and subsidiaries, and enhances the risk management system to consolidate the comprehensive risk management system. It reinforces comprehensive risk monitoring, strengthens the identification, measurement, assessment, monitoring and control of various types of risks, and actively explores and accelerates the innovative application of digital risk control, continuously improving the level of risk management refinement, and building a risk management and internal control and compliance system that is in line with business development.
6. **Continuously deepening digital transformation to empower high-quality business development.** Taking into account national planning and its own reality, the Bank has formulated a top-down digital transformation strategy, with the transformation objectives of digitalizing business, data servitization and intelligence service, and formulated and implemented a full range of transformation programs involving business processes, product innovations, system platforms, and management modes, so as to solidly push forward the digital transformation of the Bank, and to truly practice digital and intellectual BQD with customer-oriented, cost reduction and efficiency improvement, and high-quality development.

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## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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### III. SUMMARY OF OVERALL OPERATIONS

#### 3.1 Status of Key Operational Indicators Achievements

- (1) Total assets amounted to RMB654.024 billion, representing an increase of RMB46.039 billion or 7.57% as compared with that at the end of last year;
- (2) Total loans to customers amounted to RMB324.394 billion, representing an increase of RMB24.305 billion or 8.10% as compared with that at the end of last year;
- (3) Total deposits from customers amounted to RMB411.588 billion, representing an increase of RMB25.526 billion or 6.61% as compared with that at the end of last year;
- (4) Operating income amounted to RMB7.027 billion, representing a year-on-year increase of RMB657 million or 10.31%; net profit amounted to RMB2.711 billion, representing a year-on-year increase of RMB304 million or 12.62%; net profit attributable to shareholders of the Bank amounted to RMB2.641 billion, representing a year-on-year increase of RMB305 million or 13.07%;
- (5) Non-performing loan ratio was 1.17%, representing a decrease of 0.01 percentage point as compared with that at the end of last year; provision coverage ratio was 234.43%, representing an increase of 8.47 percentage points as compared with that at the end of last year; capital adequacy ratio was 13.44%, and core tier-one capital adequacy ratio was 9.07%, both representing an increase of 0.65 percentage point as compared with that at the end of last year;
- (6) Return on average total assets was 0.86%, representing a slight year-on-year decrease of 0.02 percentage point;
- (7) Basic earnings per share were RMB0.45, representing a year-on-year increase of RMB0.05 or 12.50%; weighted average return on net assets was 15.34%, representing a year-on-year increase of 0.17 percentage point.

### 3.2 Major Tasks of Operational Management

The year 2024 is a pivotal year for achieving the objectives and tasks set out in the “14th Five Year Plan”, as well as a crucial year for the Bank to make progress in the implementation of our new three-year strategic plan. In the first half of the year, the Bank strictly implemented the spirit of the Central Economic and Financial Work Conference, resolutely carried out the strategy arrangements of the Party committee and governments at all levels, and as at the end of the Reporting Period, it solidly pushed forward the operational work in accordance with the requirements of the Party Committee of the Head Office for high-quality development. The Bank realized a better operating performance with our total assets under management exceeding RMB870.0 billion and reaching RMB872.150 billion, representing an increase of 5.08% as compared to the end of the previous year.

- (1) Asset business: the scale of loans grew steadily and the asset structure was effectively improved. Corporate loan structure continued to be optimized; the growth rates of loans to science and technology loans, green loans, and agriculture-related loans all significantly exceeded the average loan growth rate. As at the end of the Reporting Period, the balance of online supply chain financing was RMB11.284 billion, representing an increase of RMB3.193 billion or 39.46% as compared to the end of the previous year. The Bank further improved system of inclusive finance products; the balance of inclusive loans amounted to RMB40.422 billion, representing an increase of RMB6.576 billion or 19.43% as compared to the end of the previous year, which was higher than the growth rate of loans of the Bank. The issuance of “Fast Mortgage Loans” under personal loans amounted to RMB3.650 billion, representing an increase of 38.57% over the same period of last year. The interbank business actively responded to the downward market interest rate environment by allocating high-yield and high-liquidity assets through diversified channels.
- (2) Liability business: the scale of liabilities grew against the trend, and the effect of cost reduction was remarkable. The corporate lines focuses on loan derivation and retain deposits via capital for bond issuance, etc., and makes every effort to boost deposit growth while actively improving the debt costs. As at the end of the Reporting Period, the corporate deposits exceeded RMB200.0 billion, representing an increase of 5.77% as compared with that at the end of last year; during the Reporting Period, the average cost rate of corporate deposits decreased by 0.18 percentage point as compared with the same period of last year. The retail line followed the market closely and maintained the pace, while increasing the marketing of low-cost deposits. As at the end of the Reporting Period, the balance of retail deposits of the Bank amounted to RMB202.684 billion, representing an increase of RMB14.240 billion or 7.56% as compared with that at the end of last year, and the average cost ratio of retail deposits decreased by 0.14 percentage point as compared with the same period of last year, while interbank liabilities were actively expanded to low-cost sources of funds and the cost of liabilities was effectively reduced.

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## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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- (3) Intermediary business: steady progress was made in the capital-light transformation, and the income from intermediary business of corporate business remained stable. During the Reporting Period, corporate business achieved a significant breakthrough in the income from intermediary business and recorded a net income from service fees and commission amounting to RMB372 million, representing a year-on-year growth of 46.40%. The underwriting quota of debt financing instruments for investment banking reached RMB26.929 billion. The settlement volume of the international business increased by 59.16% year-on-year. The retail line withstood the market pressure and realized a net income from service fees and commission amounting to RMB275 million during the Reporting Period. The financial market business realized a net income from service fees and commission of RMB287 million in aggregate. As at the end of the Reporting Period, the scale of custody business amounted to RMB45.878 billion.
- (4) Customer base: customer management has been deepened and refined, and the customer base has been continuously strengthened. The Company adheres to the management strategy of “horizontal classified and vertical layered” of its customer base, and has achieved an increase in the number of customers. During the Reporting Period, more than 20,000 corporate customers were newly developed; the number of customers in entity categories such as green, technology and manufacturing industry realized rapid growth. The retail customer segment continued to promote the layered and segmented management strategy, driving solid growth in financial assets. During the Reporting Period, the Bank held RMB332.645 billion assets of retail customers, representing an increase of RMB15.633 billion as compared with that at the end of the previous year. The interbank credit system continued to be optimized, providing support for interbank asset allocation.
- (5) Subsidiaries: BQD Financial Leasing and BQD Wealth Management operated steadily, and the synergy between the Bank and subsidiaries was highly effective. BQD Financial Leasing formally completed the first round of capital injection, which strengthened the capital base for continuous operation; actively promoted business structure adjustment, and effectively increased the proportion of entity-based business. During the Reporting Period, BQD Financial Leasing realized an operating income of RMB332 million, representing a year-on-year increase of 12.76%. BQD Wealth Management focused on optimizing product pricing strategies, while continuing to deepen channel construction. During the Reporting Period, the operating income of BQD Wealth Management amounted to RMB327 million, representing a year-on-year increase of 4.63%. The number of off-bank consignment increased by 37 as compared with that at the end of last year.



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## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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- (6) Risk management: strictly controlled asset quality and strengthened comprehensive risk management. The Bank strictly controlled credit access and actively improved the efficiency of credit approval to provide strong support for credit allocation; improved and implemented the post-credit management system to take on the post-credit management work; enriched the means of non-performing asset disposal and promoted the liquidation of key areas; and continued to improve the risk management system and consolidate the comprehensive risk management system to do a solid job in management and control on the asset quality.
- (7) Support guarantees: continuously enhance professional competence to effectively empower business development. The Bank took advantage of the construction of digitalization projects to accelerate the Bank's digital transformation, enhance digital marketing capabilities and enrich digital products. Development of first phase of the construction of the new-generation distributed core systems was completed and entered the testing phase. The Bank also initiated the special data governance initiatives led to sound progress in data empowerment business development and data risk prevention and control. The light-weight transformation of our outlets has been upgraded iteratively, and new standards for halls have been implemented. The Bank has effectively integrated supervision resources, established a preliminary "Mass Supervision" system, and promoted all internal control work in an orderly manner.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### IV. ANALYSIS OF MAJOR ITEMS OF THE STATEMENT OF PROFIT OR LOSS

#### 4.1 Financial Performance Summary

During the Reporting Period, the Company's net profit amounted to RMB2.711 billion, representing a year-on-year increase of RMB304 million or 12.62%; net profit attributable to equity shareholders of the Bank amounted to RMB2.641 billion, representing a year-on-year increase of RMB305 million or 13.07%. During the Reporting Period, the Company actively responded to operational challenges, such as the narrowing of net interest margins, by promoting in-depth high-quality development, steadily developing the scale of its business, continuously optimizing its business structure, and comprehensively deepening its efforts to reduce costs and increase efficiency, resulting in faster growth in revenues than expenditures, which drove a steady increase in profits and achieved sound operating income. The following table sets forth the changes in the Company's major profit items during the periods indicated.

Unit: RMB'000

Item	January to June 2024	January to June 2023	Change in amount	Change (%)
Net interest income	4,778,993	4,509,411	269,582	5.98
Net fee and commission income	931,139	940,033	(8,894)	(0.95)
Other net non-interest income	1,317,215	921,367	395,848	42.96
Operating expenses	(1,874,469)	(1,774,676)	(99,793)	5.62
Expected credit losses	(1,919,634)	(1,809,832)	(109,802)	6.07
Profit before taxation	3,233,244	2,786,303	446,941	16.04
Income tax expenses	(521,860)	(378,767)	(143,093)	37.78
<b>Net profit</b>	<b>2,711,384</b>	<b>2,407,536</b>	<b>303,848</b>	<b>12.62</b>
Of which: Net profit attributable to equity shareholders of the Bank	<b>2,640,917</b>	2,335,704	305,213	13.07
Net profit attributable to non-controlling interests	<b>70,467</b>	71,832	(1,365)	(1.90)

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 4.2 Operating Income

During the Reporting Period, the Company's operating income amounted to RMB7.027 billion, representing a year-on-year increase of RMB657 million or 10.31%. During the Reporting Period, the Company expanded its interest-earning assets scale in a steady manner so as to effectively respond to the impact of the narrowing of net interest margin, resulting in the increase in net interest income. Meanwhile, the Company grasped the opportunity of the upturn in the bond market and realized faster growth in investment and valuation gains, which drove the increase in operating income. Among the operating income, net non-interest income accounted for 31.99%, representing a year-on-year increase of 2.77 percentage points. The following table sets forth the principal components of the Company's operating income and the changes during the periods indicated.

*Unit: RMB'000*

Item	January to June 2024		January to June 2023		Percentage changes (percentage point)
	Amount	Percentage (%)	Amount	Percentage (%)	
Net interest income	<b>4,778,993</b>	<b>68.01</b>	4,509,411	70.78	(2.77)
Interest income	<b>10,990,839</b>	<b>156.40</b>	10,251,650	160.91	(4.51)
Of which: Interest income from loans and advances to customers	<b>7,209,528</b>	<b>102.59</b>	6,622,040	103.94	(1.35)
Interest income from financial investments	<b>2,669,056</b>	<b>37.98</b>	2,672,836	41.95	(3.97)
Interest income from deposits with banks and other financial institutions	<b>20,573</b>	<b>0.29</b>	20,843	0.33	(0.04)
Interest income from placements with banks and other financial institutions	<b>264,321</b>	<b>3.76</b>	203,454	3.19	0.57
Interest income from financial assets held under resale agreements	<b>94,332</b>	<b>1.34</b>	68,460	1.07	0.27
Interest income from deposits with the central bank	<b>165,560</b>	<b>2.36</b>	151,990	2.39	(0.03)
Interest income from long-term receivables	<b>567,469</b>	<b>8.08</b>	512,027	8.04	0.04
Interest expense	<b>(6,211,846)</b>	<b>(88.39)</b>	(5,742,239)	(90.13)	1.74
Net non-interest income	<b>2,248,354</b>	<b>31.99</b>	1,861,400	29.22	2.77
Of which: Net fee and commission income	<b>931,139</b>	<b>13.25</b>	940,033	14.76	(1.51)
Other net non-interest income	<b>1,317,215</b>	<b>18.74</b>	921,367	14.46	4.28
Operating income	<b>7,027,347</b>	<b>100.00</b>	6,370,811	100.00	-

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 4.3 Net Interest Income

During the Reporting Period, the Company's net interest income amounted to RMB4.779 billion, representing a year-on-year increase of RMB270 million or 5.98%. This was primarily due to the growth in net interest income as an increase in interest income over interest expense due to the Company expanded the scale of interest-earning assets and reduced the cost rate of interest-bearing liabilities. The following table sets forth the average balance of interest-earning assets and interest-bearing liabilities items, interest income/expense and average yield/cost rate of the Company for the periods indicated. The average balances of interest-earning assets and interest-bearing liabilities represent the daily average balances.

Unit: RMB'000

Item	January to June 2024			January to June 2023		
	Average balance	Interest income/expense	Average yield/cost rate	Average balance	Interest income/expense	Average yield/cost rate
<b>Interest-earning assets</b>						
Loans and advances to customers	307,326,916	7,209,528	4.72%	272,667,919	6,622,040	4.90%
Financial investments	166,226,469	2,669,056	3.23%	157,965,031	2,672,836	3.41%
Deposits and placements with banks and assets held under resale agreements <sup>(1)</sup>	28,541,818	379,226	2.67%	23,439,431	292,757	2.52%
Deposits with the central bank	23,527,626	165,560	1.42%	22,180,940	151,990	1.38%
Long-term receivables	17,474,982	567,469	6.53%	15,793,102	512,027	6.54%
<b>Total</b>	<b>543,097,811</b>	<b>10,990,839</b>	<b>4.07%</b>	<b>492,046,423</b>	<b>10,251,650</b>	<b>4.20%</b>
<b>Interest-bearing liabilities</b>						
Deposits from customers	390,301,485	4,137,306	2.13%	350,628,426	3,916,864	2.25%
Deposits and placements from banks and assets sold under repurchase agreements <sup>(2)</sup>	52,818,608	636,259	2.42%	55,705,853	642,793	2.33%
Debt securities issued	90,816,688	1,212,794	2.69%	74,692,444	987,817	2.67%
Others	20,327,003	225,487	2.23%	15,783,122	194,765	2.49%
<b>Total</b>	<b>554,263,784</b>	<b>6,211,846</b>	<b>2.25%</b>	<b>496,809,845</b>	<b>5,742,239</b>	<b>2.33%</b>
<b>Net interest income</b>	/	<b>4,778,993</b>	/	/	<b>4,509,411</b>	/
<b>Net interest spread</b>	/	/	<b>1.82%</b>	/	/	<b>1.87%</b>
<b>Net interest margin</b>	/	/	<b>1.77%</b>	/	/	<b>1.85%</b>

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## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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*Notes:*

1. Deposits and placements with banks and assets held under resale agreements include deposits with banks and other financial institutions, placements with banks and other financial institutions and financial assets held under resale agreements.
2. Deposits and placements from banks and financial assets sold under repurchase agreements include deposits from banks and other financial institutions, placements from banks and other financial institutions and financial assets sold under repurchase agreements.

During the Reporting Period, the Company's average balance of interest-earning assets was RMB543.098 billion, representing a year-on-year increase of RMB51.051 billion or 10.38%; net interest spread was 1.82%, representing a year-on-year decrease of 0.05 percentage point; net interest margin was 1.77%, representing a year-on-year decrease of 0.08 percentage point. Under the backdrop of general downturn in market interest rate and increase in the level of the benefit supported to real economy, on the one hand, the Company continued to increase the proportion of loans in interest-earning assets and reduce the cost rate of interest-bearing liabilities, thereby reducing the impact of the downward return on assets on net interest margin; on the other hand, the Company continued to increase the financial investments measured at fair value through profit or loss. Although it reduced the proportion of financial investments in interest-earning assets and lowered the net interest margin to a certain extent, it coincided with the trend of the downward trend of interest rates in the bond market and upward trend of valuation, and increased the level of non-interest income.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the breakdown of changes in the Company's interest income and interest expense due to volume and rate changes for the periods indicated. The volume changes were measured by changes in average balance; rate changes were measured by changes in average rate, and changes in interest income and expense due to volume and rate changes were included in the amount of impact of changes in interest income and expense due to volume changes.

Unit: RMB'000

Item	January to June 2024 vs. January to June 2023		
	Due to volume	Due to rate	Net increase (decrease)
<b>Interest-earning assets</b>			
Loans and advances to customers	813,146	(225,658)	587,488
Financial investment	130,192	(133,972)	(3,780)
Deposits and placements with banks and assets held under resale agreements	68,172	18,297	86,469
Deposits with the central bank	8,736	4,834	13,570
Long-term receivables	54,805	637	55,442
<b>Interest income changes</b>	<b>1,075,051</b>	<b>(335,862)</b>	<b>739,189</b>
<b>Interest-bearing liabilities</b>			
Deposits from customers	418,803	(198,361)	220,442
Deposits and placements from banks and assets sold under repurchase agreements	(33,252)	26,718	(6,534)
Debt securities issued	214,802	10,175	224,977
Others	50,587	(19,865)	30,722
<b>Interest expense changes</b>	<b>650,940</b>	<b>(181,333)</b>	<b>469,607</b>
<b>Net interest income changes</b>	<b>424,111</b>	<b>(154,529)</b>	<b>269,582</b>

### 4.4 Interest Income

During the Reporting Period, the Company's interest income was RMB10.991 billion, representing a year-on-year increase of RMB739 million or 7.21%, mainly due to the expansion of the Company's interest-earning assets, such as loans, which offset the impact of the downward return on assets and realizing an increase in interest income. The interest income from loans and advances to customers and from financial investments constituted the major components of the interest income of the Company.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### ***Interest income of loans and advances to customers***

During the Reporting Period, the Company's interest income from loans and advances to customers amounted to RMB7.210 billion, representing a year-on-year increase of RMB587 million or 8.87%, mainly due to the Company's in-depth implementation of the policy guidance of financial support for the real economy and continuous expansion in size of loans issued, resulting in a year-on-year increase in the average balance of loans of RMB34.659 billion or 12.71%. Although the rate of return of loans continued to decline due to factors including the decline of market interest rates and the reduction of customer financing costs, the interest income of loans had stable growth in general. The following table sets forth the average balance, interest income and average yield of each component of the Company's loans and advances to customers for the periods indicated.

*Unit: RMB'000*

Item	January to June 2024			January to June 2023		
	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield
Corporate loans	216,561,478	5,190,295	4.82%	181,778,397	4,541,188	5.04%
Personal loans	72,105,829	1,797,705	5.01%	66,536,990	1,839,402	5.57%
Discounted bills	18,659,609	221,528	2.39%	24,352,532	241,450	2.00%
<b>Total</b>	<b>307,326,916</b>	<b>7,209,528</b>	<b>4.72%</b>	<b>272,667,919</b>	<b>6,622,040</b>	<b>4.90%</b>

### ***Interest income from financial investments***

During the Reporting Period, the Company's interest income from financial investments was RMB2.669 billion, representing a year-on-year decrease of RMB4 million or 0.14%, mainly due to lower interest rates in the bond market and the interest yield on financial investments declined year-on-year, while the growth in the scale of financial investments partially offset the downward impact of yields, and the interest income from financial investments remained stable overall.

### ***Interest income from deposits and placements with banks and assets held under resale agreements***

During the Reporting Period, the Company's interest income from deposits and placements with banks and assets held under resale agreements amounted to RMB379 million, representing a year-on-year increase of RMB86 million or 29.54%, mainly due to the Company moderately increased the scale of placements with banks and other financial institutions in response to the situation of the interbank market, which led to the growth in the average balance of such interbank assets and an increase in yields, thus realizing a relatively rapid growth in interest income.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 4.5 Interest Expense

During the Reporting Period, the Company's interest expense amounted to RMB6.212 billion, representing a year-on-year increase of RMB470 million or 8.18%, mainly due to the expansion of the average daily size of the Company's interest-bearing liabilities, such as deposits from customers and bonds issued, and the corresponding increase in interest expenses. The average cost rate of interest-bearing liabilities was 2.25%, representing a year-on-year decrease of 0.08 percentage point, mainly due to the Company's better control of the cost ratio of deposits. Interest expense on deposits from customers and interest expense on debt securities issued were major components of the interest expense of the Company.

#### *Interest expense on deposits from customers*

During the Reporting Period, the Company's interest expense on deposits from customers was RMB4.137 billion, representing a year-on-year increase of RMB220 million or 5.63%, mainly due to a year-on-year increase in average balances of RMB39.673 billion or 11.31% resulting from the expanded scale of deposit business of the Company, which drove an increase in the interest expenses on deposits. The average cost ratio of deposits was 2.13%, representing a year-on-year decrease of 0.12 percentage point, mainly due to the Company's differentiated pricing strategy in response to the situation in the deposit market and strictly control of cost rates while expanding its scale, the cost rates of demand and time deposits, as well as corporate and individual deposits all recorded a year-on-year decrease. The following table sets forth the average balance, interest expense and average cost rate of each component of the Company's deposits from customers for the periods indicated.

Unit: RMB'000

Item	January to June 2024			January to June 2023		
	Average balance	Interest expense	Average cost ratio	Average balance	Interest expense	Average cost ratio
<b>Corporate deposits</b>						
Demand	86,225,280	331,513	0.77%	87,383,276	378,804	0.87%
Time	108,880,281	1,349,434	2.49%	105,071,185	1,445,837	2.77%
Sub-total	195,105,561	1,680,947	1.73%	192,454,461	1,824,641	1.91%
<b>Personal deposits</b>						
Demand	28,534,431	28,841	0.20%	28,669,327	32,070	0.23%
Time	166,661,493	2,427,518	2.93%	129,504,638	2,060,153	3.21%
Sub-total	195,195,924	2,456,359	2.53%	158,173,965	2,092,223	2.67%
<b>Total</b>	<b>390,301,485</b>	<b>4,137,306</b>	<b>2.13%</b>	<b>350,628,426</b>	<b>3,916,864</b>	<b>2.25%</b>



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### ***Interest expense on deposits and placements from banks and other financial institutions and assets sold under repurchase agreements***

During the Reporting Period, the Company's interest expense on deposits and placements from banks and other financial institutions and assets sold under repurchase agreements amounted to RMB636 million, representing a year-on-year decrease of RMB7 million, or a slight decrease of 1.02%, and remained stable in general.

### ***Interest expense on debt securities issued***

During the Reporting Period, the Company's interest expense on debt securities issued amounted to RMB1.213 billion, representing a year-on-year increase of RMB225 million or 22.78%, mainly due to corresponding increase in the interest expense resulting from the increase of the Company's green finance debt securities and certificates of interbank deposit, and the year-on-year increase in average balance of the debt securities issued of RMB16.124 billion, or 21.59%.

### ***Other interest expense***

During the Reporting Period, the Company's other interest expense amounted to RMB225 million, representing a year-on-year increase of RMB31 million or 15.77%, mainly due to a corresponding increase in the interest expense resulting from an increase in the Company's scale of borrowings from the central bank.

## **4.6 Net Non-interest Income**

During the Reporting Period, the Company's net non-interest income was RMB2.248 billion, representing a year-on-year increase of RMB387 million or 20.79%, mainly due to the fact that the Company's net fee and commission income remained stable in general, while the Company's other net non-interest income increased. The following table sets forth the components of the Company's net non-interest income for the periods indicated.

*Unit: RMB'000*

<b>Item</b>	<b>January to June 2024</b>	January to June 2023
Fee and commission income	<b>1,161,572</b>	1,181,856
Less: Fee and commission expense	<b>(230,433)</b>	(241,823)
Net fee and commission income	<b>931,139</b>	940,033
Other net non-interest income	<b>1,317,215</b>	921,367
Net non-interest income	<b>2,248,354</b>	1,861,400

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 4.7 Net Fee and Commission Income

During the Reporting Period, the Company's net fee and commission income amounted to RMB931 million, representing a year-on-year decrease of RMB9 million or 0.95%. This was mainly due to the fact that the Company continuously optimized its business structure and vigorously expanded its intermediary services such as transaction banking, investment banking, which partially offset the decrease in revenue due to changes in insurance policies and other factors, and the overall net fee and commission income remained stable. The following table sets forth the components of the Company's net fee and commission income for the periods indicated.

Unit: RMB'000

Item	January to June 2024	January to June 2023
<b>Fee and commission income</b>	<b>1,161,572</b>	1,181,856
Of which: Wealth management service fees	<b>515,545</b>	503,669
Agency service fees	<b>275,768</b>	345,653
Custody and bank card service fees	<b>171,716</b>	193,156
Settlement fees	<b>84,097</b>	64,456
Others	<b>114,446</b>	74,922
Less: Fee and commission expense	<b>(230,433)</b>	(241,823)
<b>Net fee and commission income</b>	<b>931,139</b>	940,033

During the Reporting Period, wealth management service fees amounted to RMB516 million, representing a year-on-year increase of RMB12 million or 2.36%, a slight increase in overall stability; agency service fees amounted to RMB276 million, representing a year-on-year decrease of RMB70 million or 20.22%, mainly due to the impact of changes in insurance policies and other factors, and the decrease in service fee from agency insurance business was partially offset by the increase in service fee from underwriting of debt financing instruments; custody and bank card service fees amounted to RMB172 million, representing a year-on-year decrease of RMB21 million or 11.10%, mainly due to the decrease in credit card service fees; settlement fees amounted to RMB84 million, representing a year-on-year increase of RMB20 million or 30.47%, mainly due to the increase in settlement-type transaction banking income; others amounted to RMB114 million, representing a year-on-year increase of RMB40 million or 52.75%, mainly due to the increase in service fees from letters of guarantees. Fee and commission expense amounted to RMB230 million, representing a year-on-year decrease of RMB11 million or 4.71%, mainly due to the decrease in service fees expense arising from credit cards business.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 4.8 Other Net Non-interest Income

During the Reporting Period, the Company's other net non-interest income amounted to RMB1.317 billion, representing a year-on-year increase of RMB396 million or 42.96%. Net gains arising from investments constituted the key component of other net non-interest income, reaching RMB1.194 billion during the current period, representing a year-on-year increase of RMB246 million or 25.95%, mainly due to the fact that the Company strengthened its market research and judgment, adjusted the investment structure in the second half year of 2023, increased its investment in public funds in a timely manner, and it grasped the opportunities of the upward valuation of the bond market in the first half of 2024, which resulted in a faster growth in net gains arising from investments. Net trading gains amounted to RMB22 million, representing a year-on-year increase of RMB126 million, mainly due to the Company's timely increase in financial investments held for trading in conjunction with market conditions. The following table sets forth the main components of the Company's other net non-interest income for the periods indicated.

*Unit: RMB'000*

<b>Item</b>	<b>January to June 2024</b>	January to June 2023
Net trading gains/(losses)	<b>21,847</b>	(104,644)
Net gains arising from investments	<b>1,194,281</b>	948,234
Other net operating income	<b>101,087</b>	77,777
<b>Total</b>	<b>1,317,215</b>	921,367

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 4.9 Operating Expenses

During the Reporting Period, the Company's operating expenses amounted to RMB1.874 billion, representing a year-on-year increase of RMB100 million or 5.62%, mainly due to increased investment in the Company's business development, science and technology and staff. Meanwhile, the Company comprehensively deepened the cost reduction and efficiency improvement and strengthened the scientific cost control, resulting in a steady increase in the overall expenses. The following table sets forth the main components of the Company's operating expenses for the periods indicated.

*Unit: RMB'000*

<b>Item</b>	<b>January to June 2024</b>	January to June 2023
Staff costs	<b>907,656</b>	879,509
Property and equipment expenses	<b>407,329</b>	358,814
Tax and surcharges	<b>83,340</b>	81,190
Other general and administrative expenses	<b>476,144</b>	455,163
<b>Operating expenses</b>	<b>1,874,469</b>	1,774,676

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 4.10 Expected Credit losses

During the Reporting Period, the Company's expected credit losses amounted to RMB1.920 billion, representing a year-on-year increase of RMB110 million or 6.07%. Expected credit losses from loans and advances to customers constituted the largest component of the expected credit losses. During the Reporting Period, expected credit losses from loans and advances to customers amounted to RMB1.349 billion, representing a year-on-year increase of RMB229 million or 20.41%, mainly due to the fact that the Company strengthened the identification and measurement of expected credit risk of loans and moderately increased the provision for impairment in conjunction with the economic growth, while increasing the scale of loans. In addition, the total expected credit losses of financial investments amounted to RMB532 million, representing a year-on-year increase of RMB20 million, and remained stable in general. The expected credit loss of credit commitment amounted to RMB-21 million, representing a year-on-year decrease of RMB127 million, mainly due to the decrease in provision for impairment of unused credit card commitments in off-balance sheet and bank acceptances. The following table sets forth the main components of the Company's expected credit losses for the periods indicated.

*Unit: RMB'000*

<b>Item</b>	<b>January to June 2024</b>	January to June 2023
Loans and advances to customers	<b>1,349,149</b>	1,120,494
Financial investments measured at amortised cost	<b>493,318</b>	548,228
Financial investments measured at fair value through other comprehensive income	<b>38,461</b>	(36,566)
Long-term receivables	<b>61,991</b>	63,850
Deposits with banks and other financial institutions	<b>437</b>	(1,738)
Placements with banks and other financial institutions	<b>(3,255)</b>	5,361
Financial assets held under resale agreements	<b>1,522</b>	14,122
Credit commitment	<b>(20,703)</b>	105,950
Others	<b>(1,286)</b>	(9,869)
<b>Expected credit losses</b>	<b>1,919,634</b>	1,809,832

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### V. ANALYSIS OF MAJOR ITEMS OF THE STATEMENT OF FINANCIAL POSITION

#### 5.1 Assets

As at the end of the Reporting Period, the Company's total assets amounted to RMB654.024 billion, representing an increase of RMB46.039 billion or 7.57% as compared with that at the end of the previous year. During the Reporting Period, the Company strengthened the role of finance in serving and guaranteeing the real economy, expanded the scale of assets and continued to increase loan allocation and arrange capital operations in line with changes in funding and market conditions, and therefore, the deposits with the central bank, financial investments, and financial assets held under resale agreements were all increased. The following table sets forth the components of the Company's total assets as of the dates indicated.

Unit: RMB'000

Item	30 June 2024		31 December 2023		Change from the end of last year		31 December 2022	
	Amount	% of total	Amount	% of total	Change in amount (%)	Change in % of total	Amount	% of total
Loans and advances to customers	316,397,176	48.38	292,992,926	48.19	7.99	0.19	262,518,662	49.57
Financial investments measured at fair value through profit or loss	62,638,811	9.58	58,269,523	9.58	7.50	-	47,259,762	8.92
Financial investments measured at fair value through other comprehensive income	107,300,349	16.41	114,985,134	18.91	(6.68)	(2.50)	96,678,701	18.25
Financial investments measured at amortised cost	58,589,026	8.96	52,756,509	8.68	11.06	0.28	58,202,665	10.99
Cash and deposits with the central bank	46,349,223	7.09	31,043,664	5.11	49.30	1.98	27,825,306	5.25
Deposits with banks and other financial institutions	3,192,403	0.49	2,210,368	0.36	44.43	0.13	2,301,037	0.43
Placements with banks and other financial institutions	14,957,551	2.29	14,021,225	2.31	6.68	(0.02)	8,432,022	1.59
Derivative financial assets	57,357	0.01	149,377	0.02	(61.60)	(0.01)	108,376	0.02
Financial assets held under resale agreements	15,992,881	2.45	13,944,652	2.29	14.69	0.16	-	-
Long-term receivables	16,399,765	2.51	16,741,773	2.75	(2.04)	(0.24)	15,280,949	2.89
Property and equipment	3,469,848	0.53	3,540,989	0.58	(2.01)	(0.05)	3,466,386	0.65
Right-of-use assets	794,097	0.12	838,139	0.14	(5.25)	(0.02)	826,958	0.16
Deferred tax assets	3,484,295	0.53	3,793,887	0.63	(8.16)	(0.10)	3,446,343	0.65
Other assets	4,401,591	0.65	2,697,206	0.45	63.19	0.20	3,266,825	0.63
<b>Total assets</b>	<b>654,024,373</b>	<b>100.00</b>	<b>607,985,372</b>	<b>100.00</b>	<b>7.57</b>	<b>-</b>	<b>529,613,992</b>	<b>100.00</b>

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 5.1.1 Loans and Advances to Customers

As at the end of the Reporting Period, the Company's loans and advances to customers amounted to RMB316.397 billion, representing an increase of RMB23.404 billion or 7.99% as compared with that at the end of the previous year; accounted for 48.38% of the total assets, increased by 0.19 percentage point as compared with that at the end of the previous year. Total loans to customers (excluding accrued interest and provision for impairment, the same below) amounted to RMB324.394 billion, representing an increase of RMB24.305 billion or 8.10% as compared with that at the end of the previous year, and accounting for 49.60% of the total assets, up by 0.24 percentage point as compared with that at the end of last year. During the Reporting Period, the Company implemented the national monetary policy guidance, gave full play to the role of local corporate banks, improved the ability to serve the real economy and continued to increase credit allocation in key areas. The following table sets forth the components of the loans and advances to customers of the Company by product type as of the dates indicated.

*Unit: RMB'000*

Item	30 June 2024		31 December 2023		Compared with the end of last year		31 December 2022	
	Amount	% of total	Amount	% of total	Change in amount (%)	Change in % of total	Amount	% of total
Corporate loans	226,192,671	69.73	201,564,473	67.17	12.22	2.56	173,148,215	64.36
Personal loans	77,998,828	24.04	79,083,765	26.35	(1.37)	(2.31)	73,380,030	27.28
Discounted bills	20,202,733	6.23	19,441,303	6.48	3.92	(0.25)	22,501,207	8.36
<b>Total loans to customers</b>	<b>324,394,232</b>	<b>100.00</b>	<b>300,089,541</b>	<b>100.00</b>	<b>8.10</b>	<b>-</b>	<b>269,029,452</b>	<b>100.00</b>
Add: Accrued interest	617,476	/	758,512	/	(18.59)	/	598,681	/
Less: Provision for impairment on loans and advances to customers measured at amortised cost	(8,614,532)	/	(7,855,127)	/	9.67	/	(7,109,471)	/
<b>Loans and advances to customers</b>	<b>316,397,176</b>	<b>/</b>	<b>292,992,926</b>	<b>/</b>	<b>7.99</b>	<b>/</b>	<b>262,518,662</b>	<b>/</b>

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## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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### *Corporate loans*

As at the end of the Reporting Period, the Company's corporate loans amounted to RMB226.193 billion, representing an increase of RMB24.628 billion or 12.22% as compared with that at the end of last year, and accounting for 69.73% of the total loans to customers, representing an increase of 2.56 percentage points as compared with that at the end of last year. During the Reporting Period, the Company strove to develop its green and blue loan business, widely expanded its customer acquisition channels, continued to strengthen its credit support for key areas, such as private sector, manufacturing industry, inclusive business, and science and technology, and achieved rapid growth in the corporate loans.

### *Personal loans*

As at the end of the Reporting Period, the Company's personal loans amounted to RMB77.999 billion, representing a decrease of RMB1.085 billion or 1.37% as compared with that at the end of last year, and accounting for 24.04% of the total loans to customers, representing a decrease of 2.31 percentage points as compared with that at the end of last year. During the Reporting Period, the Company continued to develop its personal inclusive loans business, with an increase of personal business loans. Meanwhile, it succeeded to maintain the fundamentals of housing loans and saw a slight decline in personal housing loans. The Company also proactively adjusted the structure and total amount of internet loans and tightened credit card risk strategies, achieving a decrease in personal consumption loans.

### *Discounted bills*

As at the end of the Reporting Period, the Company's discounted bills amounted to RMB20.203 billion, representing an increase of RMB761 million or 3.92% as compared with that at the end of last year, and accounting for 6.23% of the total loans to customers, representing a decrease of 0.25 percentage point as compared with that at the end of last year. During the Reporting Period, the Company leveraged on the advantages of commercial bill products and actively promoted new customer marketing, so that the scale of discounted bills increased steadily.



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 5.1.2 Financial Investments

As at the end of the Reporting Period, the Company's carrying value of financial investments amounted to RMB228.528 billion, representing an increase of RMB2.517 billion or 1.11% as compared with that at the end of last year. The following table sets forth the components of the Company's financial investment portfolios as of the dates indicated.

*Unit: RMB'000*

Item	30 June 2024		31 December 2023	
	Amount	% of total	Amount	% of total
Financial investments measured at fair value through profit or loss	62,638,811	27.41	58,269,523	25.78
Financial investments measured at fair value through other comprehensive income	107,300,349	46.95	114,985,134	50.88
Financial investments measured at amortised cost	58,589,026	25.64	52,756,509	23.34
<b>Financial investments</b>	<b>228,528,186</b>	<b>100.00</b>	226,011,166	100.00

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### *Financial investments measured at fair value through profit or loss*

As at the end of the Reporting Period, the Company's carrying value of financial investments measured at fair value through profit or loss amounted to RMB62.639 billion, representing an increase of RMB4.369 billion or 7.50% as compared with that at the end of last year, mainly due to the Company's increase of investments in debt securities issued by banks and other financial institutions for trading in due course in accordance with the market conditions and the requirement of liquidity management. The following table sets forth the components of the Company's financial investments measured at fair value through profit or loss as of the dates indicated.

*Unit: RMB'000*

<b>Item</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Debt securities issued by government and the central bank	<b>403,293</b>	226,777
Debt securities issued by banks and other financial institutions	<b>10,846,238</b>	5,811,388
Debt securities issued by corporate entities	<b>892,573</b>	1,091,864
Fund investments	<b>43,617,114</b>	43,799,513
Asset management plans	<b>6,468,837</b>	6,895,445
Trust fund plans	<b>410,756</b>	444,536
<b>Financial investments measured at fair value through profit or loss</b>	<b>62,638,811</b>	58,269,523

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### *Financial investments measured at fair value through other comprehensive income*

As at the end of the Reporting Period, the Company's carrying value of financial investments measured at fair value through other comprehensive income amounted to RMB107.300 billion, representing a decrease of RMB7.685 billion or 6.68% as compared with that at the end of last year, mainly because the Company sold out certain debt securities to gain a spread income in response to the trend of bond market. The following table sets forth the components of the Company's financial investments measured at fair value through other comprehensive income as of the dates indicated.

*Unit: RMB'000*

<b>Item</b>	<b>30 June 2024</b>	31 December 2023
Debt securities issued by government and the central bank	<b>21,873,855</b>	24,874,801
Debt securities issued by policy banks	<b>12,816,065</b>	13,527,638
Debt securities issued by banks and other financial institutions	<b>30,586,209</b>	32,336,039
Debt securities issued by corporate entities	<b>40,750,637</b>	42,386,232
Other equity investments	<b>128,458</b>	23,250
Add: Accrued interest	<b>1,145,125</b>	1,837,174
<b>Financial investments measured at fair value through other comprehensive income</b>	<b>107,300,349</b>	114,985,134

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### *Financial investments measured at amortised cost*

As at the end of the Reporting Period, the Company's carrying value of financial investments measured at amortised cost amounted to RMB58.589 billion, representing an increase of RMB5.833 billion or 11.06% as compared with that at the end of last year, mainly because the Company appropriately increased the scale of investment measured at amortised cost based on the investment strategy. The following table sets forth the components of the Company's financial investments measured at amortised cost as of the dates indicated.

*Unit: RMB'000*

<b>Item</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Debt securities issued by government and the central bank	<b>30,388,742</b>	28,428,968
Debt securities issued by policy banks	<b>10,657,152</b>	10,718,845
Debt securities issued by banks and other financial institutions	<b>7,322,197</b>	5,771,567
Debt securities issued by corporate entities	<b>7,459,395</b>	3,262,782
Asset management plans	<b>1,471,330</b>	1,935,620
Trust fund plans	<b>1,596,703</b>	1,596,703
Other investments	<b>4,003,416</b>	4,758,576
<b>Total financial investments measured at amortised cost</b>	<b>62,898,935</b>	56,473,061
Add: Accrued interest	<b>664,370</b>	764,409
Less: Provision for impairment losses	<b>(4,974,279)</b>	(4,480,961)
<b>Financial investments measured at amortised cost</b>	<b>58,589,026</b>	52,756,509

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 5.2 Liabilities

As at the end of the Reporting Period, the Company's total liabilities amounted to RMB611.169 billion, representing an increase of RMB43.123 billion or 7.59% as compared with that at the end of last year. During the Reporting Period, the Company continued to improve the quality of liabilities, deeply operated the customer base, and vigorously expanded sources of low-cost funding, which brought a continuous growth in deposits from customers, and it appropriately increased deposits from banks and other financial institutions and borrowings from the central bank based on its own requirement of capital allocation. The following table sets forth the components of the Company's total liabilities as of the dates indicated.

*Unit: RMB'000*

Item	30 June 2024		31 December 2023		Compared with the end of last year		31 December 2022	
	Amount	% of total	Amount	% of total	Change in amount (%)	Change in % of total	Amount	% of total
Deposits from customers	421,810,646	69.02	395,467,359	69.62	6.66	(0.60)	348,043,307	70.59
Deposits from banks and other financial institutions	19,336,006	3.16	2,242,331	0.39	762.32	2.77	6,439,660	1.31
Placements from banks and other financial institutions	21,676,002	3.55	21,090,364	3.71	2.78	(0.16)	17,808,095	3.61
Financial liabilities measured at fair value through profit or loss	445,218	0.07	-	-	N/A	0.07	-	-
Derivative financial liabilities	101,296	0.02	71,107	0.01	42.46	0.01	188,147	0.04
Financial assets sold under repurchase agreements	26,776,204	4.38	36,880,567	6.49	(27.40)	(2.11)	25,634,354	5.20
Borrowings from the central bank	24,448,454	4.00	18,235,088	3.21	34.07	0.79	13,256,605	2.69
Income tax payable	398,720	0.07	477,981	0.08	(16.58)	(0.01)	703,876	0.14
Debt securities issued	87,973,555	14.39	89,269,785	15.72	(1.45)	(1.33)	74,866,951	15.19
Lease liabilities	529,653	0.09	555,035	0.10	(4.57)	(0.01)	515,043	0.10
Other liabilities	7,672,882	1.25	3,756,512	0.67	104.26	0.58	5,564,659	1.13
<b>Total liabilities</b>	<b>611,168,636</b>	<b>100.00</b>	<b>568,046,129</b>	<b>100.00</b>	<b>7.59</b>	<b>-</b>	<b>493,020,697</b>	<b>100.00</b>

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 5.2.1 Deposits from Customers

As at the end of the Reporting Period, the Company's deposits from customers amounted to RMB421.811 billion, representing an increase of RMB26.343 billion or 6.66% as compared with that at the end of last year, and accounting for 69.02% of the total liabilities; total deposits from customers (excluding accrued interest, the same below) amounted to RMB411.588 billion, representing an increase of RMB25.526 billion or 6.61% as compared with that at the end of last year. During the Reporting Period, the Company adhered to the strategy of tiered and grouped customer base, focusing on flow, settlement, and product penetration, and increased the lower cost of fundings. The balance of corporate deposits was RMB208.601 billion, representing an increase of RMB11.372 billion or 5.77% as compared with that at the end of last year; the Company continued to promote the strategy of tiered and grouped retail customer base, closely adapted to market, maintained its development momentum, and increased the marketing of low-cost deposits. The balance of personal deposits was RMB202.684 billion, representing an increase of RMB14.240 billion or 7.56% as compared with that at the end of last year. The following table sets forth the components of Company's deposits from customers by product type and customer type as of the dates indicated.

Unit: RMB'000

Item	30 June 2024		31 December 2023		Change from the end of last year		31 December 2022	
	Amount	% of total	Amount	% of total	Change in amount (%)	Change in % of total	Amount	% of total
<b>Corporate deposits</b>	<b>208,600,699</b>	<b>50.68</b>	197,228,438	51.09	5.77	(0.41)	193,629,694	56.73
Demand deposits	95,810,636	23.28	89,927,435	23.30	6.54	(0.02)	91,660,860	26.86
Time deposits	112,790,063	27.40	107,301,003	27.79	5.12	(0.39)	101,968,834	29.87
<b>Personal deposits</b>	<b>202,683,659</b>	<b>49.25</b>	188,443,994	48.81	7.56	0.44	147,328,169	43.16
Demand deposits	30,032,234	7.30	29,854,416	7.73	0.60	(0.43)	29,571,148	8.66
Time deposit	172,651,425	41.95	158,589,578	41.08	8.87	0.87	117,757,021	34.50
<b>Other deposits</b>	<b>304,088</b>	<b>0.07</b>	389,827	0.10	(21.99)	(0.03)	389,313	0.11
<b>Total customer deposits</b>	<b>411,588,446</b>	<b>100.00</b>	386,062,259	100.00	6.61	-	341,347,176	100.00
Add: Accrued interests	10,222,200	/	9,405,100	/	8.69	/	6,696,131	/
<b>Deposits from customers</b>	<b>421,810,646</b>	<b>/</b>	395,467,359	/	6.66	/	348,043,307	/

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## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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As at the end of the Reporting Period, personal deposits accounted for 49.25% of the total customer deposits, representing an increase of 0.44 percentage point as compared with that at the end of last year; corporate deposits accounted for 50.68% of total customer deposits, representing a decrease of 0.41 percentage point as compared with that at the end of last year.

### **5.2.2 Deposits from Banks and Other Financial Institutions**

As at the end of the Reporting Period, the Company's deposits from banks and other financial institutions amounted to RMB19.336 billion, representing an increase of RMB17.094 billion or 762.32% as compared with that at the end of last year, mainly because the Company strengthened its interbank liability management and actively expanded low-cost interbank deposits based on its own fund allocation needs. Deposits from banks and other financial institutions increased.

### **5.2.3 Financial Assets Sold under Repurchase Agreements**

As at the end of the Reporting Period, the Company's financial assets sold under repurchase agreements amounted to RMB26.776 billion, representing a decrease of RMB10.104 billion or 27.40% as compared with that at the end of last year, mainly because the Company strengthened its interbank liability management, maintained the stability of interbank liabilities, and reduced the scale of financial assets sold under repurchase agreements while increasing interbank deposits.

### **5.2.4 Borrowings from the Central Bank**

As at the end of the Reporting Period, the Company's borrowings from the central bank amounted to RMB24.448 billion, representing an increase of RMB6.213 billion or 34.07% as compared with that at the end of last year, mainly due to the increase of the ending balance of relending and rediscount to support the development of micro and small enterprises borrowed from the central bank by the Company.

### **5.2.5 Debt Securities Issued**

As at the end of the Reporting Period, the Company's debt securities issued amounted to RMB87.974 billion, representing a decrease of RMB1.296 billion or 1.45% as compared with that at the end of last year, mainly due to the maturity of certain financial debt securities issued by the Company previously. For details of the debt securities, please refer to "Notes to the Unaudited Interim Financial Report – 33 Debt Securities Issued" of this interim report.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 5.3 Equity Attributable to Shareholders

As at the end of the Reporting Period, the shareholders' equity of the Company amounted to RMB42.856 billion, representing an increase of RMB2.916 billion or 7.30% as compared with that at the end of last year; equity attributable to equity shareholders of the Bank amounted to RMB41.958 billion, representing an increase of RMB2.894 billion or 7.41% as compared with that at the end of last year, mainly due to the increase in retained earnings and other comprehensive income. During the Reporting Period, the Company distributed RMB931 million dividends to ordinary shareholders. The following table sets forth the components of the Company's shareholders' equity as of the dates indicated.

Unit: RMB'000

Item	30 June 2024	31 December 2023
Share capital	5,820,355	5,820,355
Other equity instruments		
Of which: Perpetual bonds	6,395,783	6,395,783
Capital reserve	10,687,091	10,687,634
Other comprehensive income	2,132,578	947,211
Surplus reserve	2,718,114	2,718,114
General reserve	7,508,602	7,483,824
Retained earnings	6,695,900	5,011,018
Total equity attributable to equity shareholders of the Bank	41,958,423	39,063,939
Non-controlling interests	897,314	875,304
<b>Total equity</b>	<b>42,855,737</b>	<b>39,939,243</b>

## VI. ANALYSIS OF THE CASH FLOW STATEMENT

As at the end of the Reporting Period, net cash flows generated from operating activities of the Company was RMB4.871 billion, representing a year-on-year decrease of RMB126 million, which was mainly due to an increase in net cash flows from profit before taxation generated from operating activities of RMB545 million, and a decrease in net cash flows from net changes generated from operating assets and liabilities of RMB671 million.

Net cash flows generated from investing activities was RMB7.871 billion, representing a year-on-year increase of RMB11.744 billion, which was mainly due to the decrease in cash payments of investments of RMB9.815 billion.

Net cash flows generated from financing activities was RMB1.380 billion, representing a year-on-year increase of RMB3.921 billion, which was mainly due to an increase in proceeds from debt securities issued of RMB4.107 billion.



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### VII. SEGMENT ANALYSIS

The following segment operating performance is presented by business segment. The Company's main businesses include corporate banking, retail banking and financial market business and others. The following table shows a summary of the operating performance of each business segment of the Company during the periods presented.

*Unit: RMB'000*

<b>Item</b>	<b>January to June 2024</b>		January to June 2023	
	<b>Segment operating income</b>	<b>Ratio (%)</b>	Segment operating income	Ratio (%)
Corporate banking	<b>3,231,124</b>	<b>45.98</b>	2,941,275	46.17
Retail banking	<b>1,818,986</b>	<b>25.88</b>	1,743,170	27.36
Financial market business	<b>1,647,149</b>	<b>23.44</b>	1,364,862	21.42
Un-allocated items and others	<b>330,088</b>	<b>4.70</b>	321,504	5.05
<b>Total</b>	<b>7,027,347</b>	<b>100.00</b>	6,370,811	100.00

*Unit: RMB'000*

<b>Item</b>	<b>January to June 2024</b>		January to June 2023	
	<b>Segment profit before taxation</b>	<b>Ratio (%)</b>	Segment profit before taxation	Ratio (%)
Corporate banking	<b>1,340,110</b>	<b>41.45</b>	1,280,660	45.96
Retail banking	<b>611,945</b>	<b>18.93</b>	746,227	26.78
Financial market business	<b>1,049,129</b>	<b>32.45</b>	532,797	19.12
Un-allocated items and others	<b>232,060</b>	<b>7.17</b>	226,619	8.14
<b>Total</b>	<b>3,233,244</b>	<b>100.00</b>	2,786,303	100.00

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### VIII. ANALYSIS OF ASSETS AND LIABILITIES

#### 8.1 Major Overseas Assets

Not applicable.

#### 8.2 Assets and Liabilities Measured at Fair Value

Unit: RMB'000

Major item	31 December 2023	Profit or loss from change in fair value during the current period	Cumulative changes in fair value recognised in equity	Impairment provided during the current period	30 June 2024
Derivative financial assets	149,377	(92,020)	N/A	N/A	57,357
Loans and advances to customers measured at fair value through other comprehensive income	20,976,009	N/A	9,360	126,600	24,243,822
Financial investments measured at fair value through profit or loss	58,269,523	530,259	N/A	N/A	62,638,811
Financial investments measured at fair value through other comprehensive income	114,985,134	N/A	2,427,156	38,462	107,300,349
Other assets	–	377,910	N/A	N/A	377,910
<b>Sub-total of assets</b>	<b>194,380,043</b>	<b>816,149</b>	<b>2,436,516</b>	<b>165,062</b>	<b>194,618,249</b>
Financial liabilities measured at fair value through profit or loss	–	(13,250)	N/A	N/A	(445,218)
Derivative financial liabilities	(71,107)	(30,189)	N/A	N/A	(101,296)
Placements from banks and other financial institutions measured at fair value through profit or loss	(959,180)	(366,170)	N/A	N/A	(3,299,280)
<b>Sub-total of liabilities</b>	<b>(1,030,287)</b>	<b>(409,609)</b>	<b>N/A</b>	<b>N/A</b>	<b>(3,845,794)</b>

#### 8.3 Restricted Asset Rights as at the End of the Reporting Period

Please refer to “Notes to the Unaudited Interim Financial Report – 45(6) Pledged Assets” of this interim report.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### IX. ANALYSIS OF QUALITY OF LOANS

During the Reporting Period, the Company continued to strengthen the management and control over the quality of credit assets. While the credit assets grew steadily, the quality of credit assets continued to improve steadily. As at the end of the Reporting Period, the total amount of loans of the Company (excluding accrued interest and provision for impairment) was RMB324.394 billion; total non-performing loans amounted to RMB3.789 billion; and the non-performing loan ratio was 1.17%. For the purpose of discussion and analysis, unless otherwise specified, the amount of loans presented in the analysis below excludes accrued interest.

#### 9.1 Distribution of Loans by Five Categories

*Unit: RMB'000*

Item	30 June 2024		31 December 2023	
	Amount	% of total	Amount	% of total
Normal loans	<b>318,716,953</b>	<b>98.25</b>	294,922,238	98.28
Special mention loans	<b>1,887,927</b>	<b>0.58</b>	1,627,944	0.54
Substandard loans	<b>1,933,802</b>	<b>0.60</b>	1,675,737	0.56
Doubtful loans	<b>706,095</b>	<b>0.22</b>	711,995	0.24
Loss loans	<b>1,149,455</b>	<b>0.35</b>	1,151,627	0.38
<b>Total loans to customers</b>	<b>324,394,232</b>	<b>100.00</b>	300,089,541	100.00
<b>Total non-performing loans</b>	<b>3,789,352</b>	<b>1.17</b>	3,539,359	1.18

Under the five-category classification system for loan, the non-performing loans of the Company included the substandard, doubtful and loss loans. As at the end of the Reporting Period, the proportion of non-performing loans decreased by 0.01 percentage point as compared with that at the end of last year to 1.17%, where substandard loans increased by 0.04 percentage point to 0.60%, doubtful loans decreased by 0.02 percentage point to 0.22% and loss loans decreased by 0.03 percentage point to 0.35% as compared with that at the end of last year, respectively.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 9.2 Distribution of Loans by Product Type

Unit: RMB'000

Item	30 June 2024		31 December 2023	
	Amount of loans	% of total	Amount of loans	% of total
<b>Corporate-related loans</b>	<b>246,395,404</b>	<b>75.96</b>	221,005,776	73.65
Working capital loans	<b>153,373,594</b>	<b>47.28</b>	138,416,609	46.13
Fixed asset loans	<b>67,888,918</b>	<b>20.93</b>	61,201,456	20.39
Import and export bills transactions	<b>889,070</b>	<b>0.27</b>	411,702	0.14
Discounted bills	<b>20,202,733</b>	<b>6.23</b>	19,441,303	6.48
Forfeiting	<b>4,041,089</b>	<b>1.25</b>	1,534,706	0.51
<b>Retail loans</b>	<b>77,998,828</b>	<b>24.04</b>	79,083,765	26.35
Personal residential mortgages	<b>46,751,491</b>	<b>14.41</b>	46,945,476	15.64
Personal consumption loans	<b>20,323,086</b>	<b>6.26</b>	21,842,557	7.28
Personal business loans	<b>10,924,251</b>	<b>3.37</b>	10,295,732	3.43
<b>Total loans to customers</b>	<b>324,394,232</b>	<b>100.00</b>	300,089,541	100.00

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 9.3 Distribution of Loans by Industry

*Unit: RMB'000*

Item	30 June 2024				31 December 2023			
	Amount of loans	% of total	Amount of non-performing loans	Non-performing loan ratio %	Amount of loans	% of total	Amount of non-performing loans	Non-performing loan ratio %
<b>Corporate-related loans</b>	<b>246,395,404</b>	<b>75.96</b>	<b>2,265,256</b>	<b>0.92</b>	221,005,776	73.65	2,398,931	1.09
Wholesale and retail trade	47,941,162	14.78	642,837	1.34	40,112,000	13.37	491,262	1.22
Construction	36,735,206	11.32	115,545	0.31	36,305,398	12.10	117,178	0.32
Leasing and business services	36,545,752	11.27	88	-	29,443,983	9.81	88	-
Manufacturing	34,532,157	10.65	966,427	2.80	27,820,169	9.27	913,358	3.28
Water conservancy, environment and public utility management	24,281,516	7.49	400	-	25,460,916	8.48	44,000	0.17
Real estate	22,707,020	7.00	493,377	2.17	22,645,613	7.55	521,576	2.30
Financial services	9,736,509	3.00	-	-	15,227,141	5.07	-	-
Transportation, storage and postal services	8,479,388	2.61	1,608	0.02	5,858,262	1.95	1,464	0.02
Production and supply of electric and heating power, gas and water	8,298,128	2.56	-	-	5,478,243	1.83	252,782	4.61
Scientific research and technical services	5,311,346	1.64	-	-	3,874,193	1.29	4,750	0.12
Others	11,827,220	3.64	44,974	0.38	8,779,858	2.93	52,473	0.60
<b>Retail loans</b>	<b>77,998,828</b>	<b>24.04</b>	<b>1,524,096</b>	<b>1.95</b>	79,083,765	26.35	1,140,428	1.44
<b>Total loans to customers</b>	<b>324,394,232</b>	<b>100.00</b>	<b>3,789,352</b>	<b>1.17</b>	300,089,541	100.00	3,539,359	1.18

### 9.4 Distribution of Loans by Region

*Unit: RMB'000*

Region	30 June 2024				31 December 2023			
	Amount of loans	% of total	Amount of non-performing loans	Non-performing loan ratio %	Amount of loans	% of total	Amount of non-performing loans	Non-performing loan ratio %
<b>Shandong Province</b>	<b>324,394,232</b>	<b>100.00</b>	<b>3,789,352</b>	<b>1.17</b>	300,089,541	100.00	3,539,359	1.18
Of which: Qingdao City	165,902,176	51.14	2,660,590	1.60	163,101,096	54.35	2,348,611	1.44

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 9.5 Distribution of Loans by Type of Collateral

Unit: RMB'000

Item	30 June 2024		31 December 2023	
	Amount of loans	% of total	Amount of loans	% of total
Unsecured loans	70,427,982	21.71	61,496,406	20.49
Guaranteed loans	71,052,052	21.90	68,562,521	22.85
Mortgage loans	120,242,379	37.07	114,490,600	38.15
Pledged loans	62,671,819	19.32	55,540,014	18.51
<b>Total loans to customers</b>	<b>324,394,232</b>	<b>100.00</b>	<b>300,089,541</b>	<b>100.00</b>

### 9.6 Loans to the Top Ten Single Borrowers

Unit: RMB'000

Top ten borrowers	Industry	Amount of loans as at the end of the Reporting Period	Percentage in total loans %
A	Manufacturing	3,000,000	0.92
B	Manufacturing	2,648,938	0.82
C	Leasing and business services	2,610,000	0.80
D	Leasing and business services	2,011,250	0.62
E	Leasing and business services	2,000,000	0.62
F	Leasing and business services	1,800,000	0.55
G	Construction	1,667,400	0.51
H	Leasing and business services	1,595,000	0.49
I	Leasing and business services	1,588,240	0.49
J	Leasing and business services	1,490,000	0.47
<b>Total</b>		<b>20,410,828</b>	<b>6.29</b>

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 9.7 Distribution of Loans by Overdue Period

*Unit: RMB'000*

<b>Overdue period</b>	<b>30 June 2024</b>		31 December 2023	
	<b>Amount of loans</b>	<b>% of total</b>	Amount of loans	% of total
Not yet overdue	<b>319,391,755</b>	<b>98.46</b>	295,832,377	98.58
Overdue for 3 months (inclusive) or less	<b>1,775,013</b>	<b>0.54</b>	1,633,922	0.54
Overdue for over 3 months to 1 year (inclusive)	<b>1,591,772</b>	<b>0.49</b>	926,109	0.31
Overdue for over 1 year to 3 years (inclusive)	<b>1,422,937</b>	<b>0.44</b>	1,477,666	0.50
Overdue for over 3 years	<b>212,755</b>	<b>0.07</b>	219,467	0.07
<b>Total loans to customers</b>	<b>324,394,232</b>	<b>100.00</b>	300,089,541	100.00

The Company had adopted a prudential classification standard as to overdue loans, according to which loans overdue for more than 60 days were classified as non-performing loans.

### 9.8 Repossessed Assets and Provision for Impairment

As at the end of the Reporting Period, the Bank had total repossessed assets of RMB9.6536 million, provision for impairment of RMB908.4 thousand, thus the net repossessed assets was RMB8.7452 million.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 9.9 Changes in Provision for Impairment of Loans

The Company has performed loan impairment accounting and confirmed loss provision based on expected credit losses. If the credit risk of loan is low as at the end of the Reporting Period or has not increased significantly since initial recognition, the Company measures its loss provision based on expected credit losses for the future 12 months. In other situations, the Company measures their loss provisions based on lifetime expected credit losses.

The Company re-measures expected credit losses at the end of the Reporting Period. In addition, the Company regularly reviews a number of key parameters and assumptions involved in the process of determining impairment provision based on the expected credit loss model, including probability of default, loss rate of default and other parameter estimations, as well as forward-looking adjustment and other adjustment factors. The changes in the Company's provision for impairment of loans are detailed in the following table:

*Unit: RMB'000*

Item	January to June 2024	2023
<b>Balance at the beginning of the period/year</b>	<b>7,997,497</b>	7,137,141
Provision for the period/year	<b>1,349,149</b>	2,047,853
Write-offs for the period/year	<b>(553,693)</b>	(1,243,813)
Transfer out for the period/year	-	-
Recovery of write-offs for the period/year	<b>111,829</b>	86,700
Other changes	<b>(21,280)</b>	(30,384)
<b>Balance at the end of the period/year</b>	<b>8,883,502</b>	7,997,497

The Company maintained a stable and prudent provision policy. As at the end of the Reporting Period, the Company's provision for impairment of loans (including discounted bills) amounted to RMB8.884 billion, representing an increase of RMB886 million or 11.08% as compared with that at the end of last year. The provision coverage ratio reached 234.43%, representing an increase of 8.47 percentage points as compared with that at the end of last year; the provision rate of loans stood at 2.74%, representing an increase of 0.07 percentage point as compared with that at the end of last year, both provision indicators satisfying regulatory requirements.



### 9.10 Countermeasures Taken against Non-performing Assets

The Company took various measures to continuously improve the quality and efficiency of the liquidation and disposal of its existing non-performing assets. Firstly, the Company prevented the risk of deterioration of asset quality and conducted forward-looking research and judgment on risky assets, and improved its front-end control and resolution capabilities to strictly control new non-performing assets. Secondly, it steadily pushed forward the disposal of material non-performing assets, intensify its efforts and speed up the process of disposal. Thirdly, it strengthened the coordination and linkage of non-performing asset disposal with the core of improving quality and efficiency, and comprehensively implemented various measures such as independent collection, judicial disposal, asset write-off and creditor's rights transfer, which improved the efficiency of disposal. Fourthly, it accelerated the technological empowerment of non-performing asset disposal and promoted the construction of asset preservation and management system to improve the intensification and refinement of non-performing asset disposal. The non-performing loan ratio of the Company declined continuously till the end of the Reporting Period, indicating that the Company would continue to improve its asset quality steadily.

### 9.11 Credit Extension to Group Customers and Risk Management

The Company adhered to the principles of “unified credit granting, appropriate limits, classified management, real-time monitoring, and lead bank system” in extending credit to group customers, developed risk management systems for the credit business to group customers and established a management mechanism and management information system adapted to the risk management characteristics of the credit business to group customers, with a complete family tree of the Group constructed, so as to strengthen the consolidation of group risk data, and optimized the risk monitoring system and post-credit granting management system in group dimension. At the same time, the Company constantly improved the system control scheme for extending credit to group customers and continuously enhanced the control of the entire process of credit extension to group customers, so as to continuously enhance the risk management level of credit extension to group customers.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

Firstly, the Company implemented unified management for credit extension to group customers, standardized the unified identification of group customers and related information exchange management by the Bank and its subsidiaries, and centralized risks control of credit extension to group customers. Secondly, it set up a large-amount credit review committee to be responsible for reviewing and approving bank-wide large-amount credit granting services. Thirdly, it established a sound risk monitoring system at group level, focused on risk monitoring of BQD Wealth Management and BQD Financial Leasing, promoted the consolidated management of group risk data, and conducted penetrating and unified monitoring against the risks from group customers. Fourthly, it integrated and analyzed various credit risk information related to group customers based on the core enterprises engaged in the group's principal business. According to the level of risks of group customers and its own risks commitment capacity, it properly determined the credit extension plan to group customers, and prudently determined the general credit limit to group customers and the sub-credit limit to each member unit to prevent the concentration of credit risks. Fifthly, it continued to optimize the mechanism for controlling the concentration of credit extension to group customers, set up relevant concentration monitoring indicators in the system and achieved concentration limit management. Sixthly, it adopted a leading bank system for credit extension to group customers, with the leading bank responsible for the overall credit extension management of group customers, and reporting the material matters on group customers to the head office as required, so as to realize the unified coordination of risk management and control and strictly prevent multi-branch credit. Seventhly, it continuously improved the risk warning mechanism to group customers by setting appropriate risk warning lines at the pre-loan approval process according to the industry and operational capability of group customers and taking such as an important contents of the post-loan inspection. It also established a risk manager team to carried out direct inspections on key group customers and formed risk reports, and conducted closed-loop management of post-loan inspections and on-site monitoring.

### 9.12 Rescheduled Loans

Unit: RMB'000

Item	30 June 2024		31 December 2023	
	Amount of loans	% of total	Amount of loans	% of total
Rescheduled loans	98,046	0.03	103,128	0.03
Total loans and advances to customers	324,394,232	100.00	300,089,541	100.00

The Company implemented strict management and control on rescheduled loans. As at the end of the Reporting Period, the proportion of rescheduled loans of the Company was 0.03%, remaining unchanged as compared with the end of the previous year.

### X. ANALYSIS OF CAPITAL ADEQUACY RATIO AND LEVERAGE RATIO

The Company continuously optimized its business structure, strengthened capital management, continuously aimed to improve capital risk resistance and capital returns, and on this basis, reasonably determined the capital adequacy ratio target, and guided business development comprehensively with performance appraisal, capital allocation and other means, so as to achieve the coordinated development of the overall strategy, business development, and the capital management strategy.

In terms of internal capital management, the Company strengthened the economic capital allocation management function, overall planned for asset development and capital saving, and enhanced the awareness of operating institutions in saving capital. Taking into account each institution's capital consumption and income in the performance assessment plan, the Company gradually optimized the risk adjustment performance assessment plan, and guided branches and management departments to carry out more transactions with capital-saving superiority and high returns on capital, so as to maximize the returns on risk-weighted assets. Meanwhile, the Company established and improved the balance control mechanism between capital and risk-weighted assets, to ensure continuously conforming to the capital adequacy ratio.

#### 10.1 Capital Adequacy Ratio

The capital adequacy ratio of the Company and the Bank as of 30 June 2024 was calculated in accordance with the "Regulation Governing Capital of Commercial Banks" (《商業銀行資本管理辦法》) and other relevant regulatory provisions, and the capital adequacy ratio as of 31 December 2023 was calculated in accordance with the "Regulation Governing Capital of Commercial Banks (Provisional)" (《商業銀行資本管理辦法(試行)》) and other relevant regulatory provisions. The credit risk-weighted assets are calculated with different risk weights while considering the effects of qualified pledge and guarantee. Market risk-weighted assets are calculated with the standard approach, and the operational risk-weighted assets are calculated with the standard approach. During the Reporting Period, the Company's capital adequacy indicators complied with the regulatory requirements.

As at the end of the Reporting Period, the Company's capital adequacy ratio was 13.44%, and the core tier-one capital adequacy ratio stood at 9.07%, both representing an increase of 0.65 percentage point as compared with that at the end of last year. In the first half of the year, the Company strengthened capability of refined management for capital and further enhanced the endogenous capital replenishment by an increase of retained profits. The Company also facilitated the smooth implementation of the new rules for capital, and improved its refined measurement capabilities of risk-weighted assets. By virtue of reinforced performance evaluation and guidance, optimized structures of assets and liabilities and enhanced the efficiency in capital utilization, the capital adequacy ratio at all levels has been improved as compared to the beginning of the year under the premise of aggressive and prudent development of various businesses.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

Relevant information on the Company's capital adequacy ratio as at the dates indicated is listed in the following table.

Unit: RMB'000

The Company	30 June 2024	31 December 2023
<b>Total core tier-one capital</b>	<b>36,068,314</b>	33,328,054
Of which: Share capital	<b>5,820,355</b>	5,820,355
Eligible portion of capital reserve	<b>10,687,091</b>	10,687,634
Other comprehensive income	<b>2,132,578</b>	947,211
Surplus reserve	<b>2,718,114</b>	2,718,114
General reserve	<b>7,508,602</b>	7,483,824
Retained earnings	<b>6,695,900</b>	5,011,018
Eligible portion of non-controlling interests	<b>505,674</b>	659,898
<b>Core tier-one capital deductions</b>	<b>(383,516)</b>	(923,175)
<b>Net core tier-one capital</b>	<b>35,684,798</b>	32,404,879
<b>Other tier-one capital</b>	<b>6,463,207</b>	6,483,769
<b>Net tier-one capital</b>	<b>42,148,005</b>	38,888,648
<b>Tier-two capital</b>	<b>10,706,092</b>	10,358,946
<b>Total net capital</b>	<b>52,854,097</b>	49,247,594
<b>Total risk-weighted assets</b>	<b>393,309,965</b>	384,977,512
Of which: Total credit risk-weighted assets	<b>370,270,953</b>	338,820,835
Total market risk-weighted assets	<b>3,435,723</b>	24,123,989
Total operational risk-weighted assets	<b>19,603,289</b>	22,032,688
<b>Core tier-one capital adequacy ratio (%)</b>	<b>9.07</b>	8.42
<b>Tier-one capital adequacy ratio (%)</b>	<b>10.72</b>	10.10
<b>Capital adequacy ratio (%)</b>	<b>13.44</b>	12.79

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

As at the end of the Reporting Period, the capital adequacy ratio at the parent company level of the Bank was 12.99%, representing an increase of 0.61 percentage point as compared with that at the end of last year; the core tier-one capital adequacy ratio was 8.51%, representing an increase of 0.60 percentage point as compared with that at the end of last year.

Relevant information on the Bank's capital adequacy ratio as at the dates indicated is listed in the following table.

*Unit: RMB'000*

<b>The Bank</b>	<b>30 June 2024</b>	31 December 2023
<b>Total core tier-one capital</b>	<b>34,236,977</b>	31,557,980
Of which: Share capital	<b>5,820,355</b>	5,820,355
Eligible portion of capital reserve	<b>10,687,634</b>	10,687,634
Other comprehensive income	<b>2,132,578</b>	947,211
Surplus reserve	<b>2,718,114</b>	2,718,114
General reserve	<b>7,072,403</b>	7,072,403
Retained earnings	<b>5,805,893</b>	4,312,263
<b>Core tier-one capital deductions</b>	<b>(2,382,807)</b>	(2,584,377)
<b>Net core tier-one capital</b>	<b>31,854,170</b>	28,973,603
<b>Other tier-one capital</b>	<b>6,395,783</b>	6,395,783
<b>Net tier-one capital</b>	<b>38,249,953</b>	35,369,386
<b>Tier-two capital</b>	<b>10,362,230</b>	9,975,688
<b>Total net capital</b>	<b>48,612,183</b>	45,345,074
<b>Total risk-weighted assets</b>	<b>374,296,569</b>	366,416,657
Of which: Total credit risk-weighted assets	<b>353,340,645</b>	322,030,700
Total market risk-weighted assets	<b>3,435,723</b>	24,123,989
Total operational risk-weighted assets	<b>17,520,201</b>	20,261,968
<b>Core tier-one capital adequacy ratio (%)</b>	<b>8.51</b>	7.91
<b>Tier-one capital adequacy ratio (%)</b>	<b>10.22</b>	9.65
<b>Capital adequacy ratio (%)</b>	<b>12.99</b>	12.38

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 10.2 Leverage Ratio

The Company's leverage ratio as of 31 March 2024 and 30 June 2024 were calculated in accordance with the "Regulation Governing Capital of Commercial Banks" (《商業銀行資本管理辦法》) and other relevant regulatory regulations and the leverage ratio as of 30 September 2023 and 31 December 2023 were calculated in accordance with the "Measures for the Administration of the Leverage Ratio of Commercial Banks (Revision)" (《商業銀行槓桿率管理辦法(修訂)》) and other relevant regulatory regulations, all shall not be lower than 4%. As at the end of the Reporting Period, the Company's leverage ratio was 5.96%, representing an increase of 0.13 percentage point as compared with that at the end of last year and higher than regulatory requirements.

The following table sets out the Company's accounting items corresponding to the leverage ratio-related regulatory items and the differences between the regulatory items and the accounting items.

Unit: RMB'000

No.	Item	30 June 2024	31 December 2023
1	Total consolidated assets	<b>654,024,373</b>	607,985,372
2	Consolidated adjustments	-	-
3	Customer assets adjustments	-	-
4	Derivative instruments adjustments	<b>313,861</b>	1,816,000
5	Securities financing transactions adjustments	-	-
6	Off-balance sheet items adjustments	<b>53,471,196</b>	58,252,231
7	Other adjustments	<b>(383,516)</b>	(923,175)
8	The balance of assets on- and off-balance sheet after adjustments	<b>707,425,914</b>	667,130,428

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the information of the details related to the Company's leverage ratio.

*Unit: RMB'000*

No.	Item	30 June 2024	31 December 2023
1	<b>The balance of assets on the balance sheet after adjustments</b>	<b>637,583,500</b>	592,962,820
2	Replacement cost of various types of derivative instruments (net of qualified margins)	<b>57,357</b>	149,377
3	Potential risk exposure in various types of derivative instruments	<b>313,861</b>	1,816,000
4	The sum of collaterals deducted from the statement of financial position	-	-
5	Assets receivables formed due to qualified margins provided	-	-
6	The balance of derivative instruments assets formed due to transactions with central counterparties for providing clearing service for the customers	-	-
7	Notional principal for sold credit derivative instruments	-	-
8	The balance of sold credit derivative instruments assets which can be deducted	-	-
9	<b>The balance of derivative instruments assets</b>	<b>371,218</b>	1,965,377
10	The balance of accounting assets for securities financing transactions (including securities financing transactions through sales type arrangements)	<b>16,000,000</b>	13,950,000
11	The balance of securities financing transactions assets which can be deducted	-	-
12	Counterparty credit risk exposure to securities financing transactions	-	-
13	The balance of securities financing transactions assets formed due to securities financing transactions by proxy	-	-
14	<b>The balance of securities financing transactions assets</b>	<b>16,000,000</b>	13,950,000
15	<b>The balance of items off balance sheet after adjustments</b>	<b>53,471,196</b>	58,252,231
16	Net tier-one capital	<b>42,148,005</b>	38,888,648
17	<b>The balance of assets on- and off-balance sheet after adjustments</b>	<b>707,425,914</b>	667,130,428
18	Leverage ratio (%)	<b>5.96</b>	5.83

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

Relevant information on the Company's leverage ratio as at the dates indicated is listed in the following table.

*Unit: RMB'000*

<b>Item</b>	<b>30 June 2024</b>	31 March 2024	31 December 2023	30 September 2023
Leverage ratio (%)	<b>5.96</b>	6.07	5.83	6.01
Net tier-one capital	<b>42,148,005</b>	40,823,971	38,888,648	38,306,159
The balance of assets on- and off-balance sheet after adjustments	<b>707,425,914</b>	672,332,057	667,130,428	637,124,318

According to the “Regulation Governing Capital of Commercial Banks” (《商業銀行資本管理辦法》), the third pillar information disclosures concerning risk management, key prudential supervision indicators, risk weighted asset overview, capital composition, leverage ratio of the Company will be further disclosed in the “Investor Relations” on the website of the Bank (<https://www.qdccb.com/>).



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### XI. INVESTMENT ANALYSIS

#### 11.1 Overview

Unit: RMB'000

<b>Investees</b>	<b>30 June 2024</b>	<b>31 December 2023</b>	<b>Percentage of equity in investees (%)</b>	<b>Cash dividend for the current period</b>
China Unionpay Co., Ltd.	118,208	13,000	0.34	–
Shandong City Commercial Bank Alliance Co., Ltd.	10,000	10,000	1.14	–
Service Centre for City Commercial Banks	250	250	0.81	–
<b>Total</b>	<b>128,458</b>	<b>23,250</b>	<b>N/A</b>	<b>–</b>

1. The above investments were included under financial investments measured at fair value through other comprehensive income in the statement of financial position.
2. The original name of Service Centre for City Commercial Banks was Clearing Center for City Commercial Banks.

As at the end of the Reporting Period, for details of other information concerning the Company's investments, please refer to "5.1.2 Financial Investments" and "XIV. Analysis of Main Shares Holding Companies and Joint Stock Companies" under "Section III Management Discussion and Analysis" of this interim report.

#### 11.2 Significant Equity Investments Acquired during the Reporting Period

During the Reporting Period, the Company did not make any significant equity investment.

#### 11.3 Significant Ongoing Non-equity Investments during the Reporting Period

During the Reporting Period, the Company did not have any significant non-equity investment in progress.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 11.4 Investments in Securities

Set out below are the breakdowns of the Company's investment in securities as at the end of the Reporting Period:

*Unit: RMB'000*

<b>Type of Security</b>	<b>Investment amount in securities</b>	<b>% of total investment in securities</b>
Debt securities issued by government and the central bank	52,665,890	30.27
Debt securities issued by policy banks	23,473,217	13.49
Debt securities issued by banks and other financial institutions	48,754,644	28.02
Debt securities issued by corporate entities	49,102,605	28.22
<b>Total</b>	<b>173,996,356</b>	<b>100.00</b>

Set out below are the top ten investments in securities held by the Company which are considered significant in terms of amount as at the end of the Reporting Period:

*Unit: RMB'000*

<b>Name of security</b>	<b>Nominal value</b>	<b>Interest rates (%)</b>	<b>Maturity date</b>	<b>Impairment provision</b>
Bond 1	5,170,000.00	3.39	2050-03	203.93
Bond 2	4,130,000.00	2.52	2028-05	745.55
Bond 3	3,400,000.00	2.35	2034-05	435.88
Bond 4	3,320,000.00	2.87	2028-02	609.60
Bond 5	2,740,000.00	3.18	2026-09	502.97
Bond 6	2,250,000.00	3.55	2040-05	470.78
Bond 7	2,130,000.00	3.12	2026-12	87.91
Bond 8	2,000,000.00	2.76	2024-11	366.66
Bond 9	2,000,000.00	3.23	2030-03	365.94
Bond 10	1,970,000.00	2.69	2027-06	354.03

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 11.5 Derivative Investments

Unit: RMB'000

Item	30 June 2024			31 December 2023		
	Nominal amount	Fair value of assets	Fair value of liabilities	Nominal amount	Fair value of assets	Fair value of liabilities
Interest rate swap and others	72,895,340	57,357	(101,296)	79,125,365	149,377	(71,107)

Notes: 1. Within the risk appetite established by the Board and the risk framework of its own derivatives market, the Company followed the limit requirements and actively carried out various derivatives transactions. As at the end of the Reporting Period, derivative financial instruments held by the Company included interest rate swaps and others.

2. During the Reporting Period, there were no significant changes in the Company's derivatives accounting policies and specific accounting principles as compared with the previous reporting period.

### 11.6 Use of Proceeds Raised

#### 1. General Use of Proceeds Raised

During the Reporting Period, there were no new proceeds raised by the Bank.

#### 2. Commitment of Proceeds Raised

Not applicable.

#### 3. Change of Proceeds Raised

During the Reporting Period, the Bank did not have any change in the proceeds raised.

## XII. MATERIAL DISPOSAL OF ASSETS AND EQUITY INTEREST

During the Reporting Period, there was no material disposal of assets and equity interest of the Company.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### XIII. OTHER FINANCIAL INFORMATION

#### 13.1 Analysis of Off-balance Sheet Items

The Company's off-balance sheet items include credit commitments and capital commitments, etc. Credit commitments are the most important component. As at the end of the Reporting Period, the balance of credit commitments amounted to RMB81.205 billion. For details, please refer to "45. Commitments and Contingencies" under "Notes to the Unaudited Interim Financial Report" of this report.

#### 13.2 Overdue and Outstanding Debts

As at the end of the Reporting Period, the Company had no overdue or outstanding debts.

#### 13.3 Pledge of Assets

As at the end of the Reporting Period, the Company pledged part of its assets as collateral under repurchase agreements, borrowings from the central bank, and securities lending. For details, please refer to "45(6) Pledged Assets" under "Notes to the Unaudited Interim Financial Report" of this interim report.

#### 13.4 Major Statement Items and Financial Indicators with a Change Rate of over 30% and Its Main Reasons

Unit: RMB'000

Item	January to June 2024	January to June 2023	Change (%)	Main Reason
Net trading gains or losses	21,847	(104,644)	120.88	Increase of financial investments held for trading in due course in accordance with the market conditions
Income tax expense	(521,860)	(378,767)	37.78	Increase in profit before taxation, and decrease in non-taxable income
Other comprehensive income, net of tax	1,185,367	717,977	65.10	Increase in change of fair value of financial assets measured at fair value through other comprehensive income

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

*Unit: RMB'000*

Item	30 June 2024	31 December 2023	Changes (%)	Main Reason
Cash and deposits with the central bank	<b>46,349,223</b>	31,043,664	49.30	Increase in surplus reserve deposits with the central bank
Deposits with banks and other financial institutions	<b>3,192,403</b>	2,210,368	44.43	Increase in deposits with banks for settlement
Derivative financial assets	<b>57,357</b>	149,377	(61.60)	Decrease in fair value revaluation of assets for currency derivatives
Other assets	<b>4,401,591</b>	2,697,206	63.19	Increase in settlement payable
Borrowings from the central bank	<b>24,448,454</b>	18,235,088	34.07	Increase in closing balance of the relending and rediscount to support the development of micro and small enterprises borrowed from the central bank
Deposits from banks and other financial institutions	<b>19,336,006</b>	2,242,331	762.32	Strengthening of interbank liability management and actively expanding low-cost interbank deposits based on its own fund allocation needs
Financial liabilities measured at fair value through profit or loss	<b>445,218</b>	–	N/A	Increase in scale of structured bills
Derivative financial liabilities	<b>101,296</b>	71,107	42.46	Increase in fair value revaluation of liabilities for currency derivatives
Other liabilities	<b>7,672,882</b>	3,756,512	104.26	Increase in settlement payable
Other comprehensive income	<b>2,132,578</b>	947,211	125.14	Increase in change of fair value of financial assets measured at fair value through other comprehensive income
Retained earnings	<b>6,695,900</b>	5,011,018	33.62	Increase in retained earnings

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 13.5 Changes in Interest Receivables

As at the end of the Reporting Period, the interest receivables of the Company was RMB28 million, representing a decrease of RMB11 million or 28.26% as compared with that at the end of last year, mainly due to the decrease in interest receivables on loans and advances to customers. The following table sets forth the changes in each item of the Company's interest receivables during the periods indicated.

Unit: RMB'000

Item	31 December 2023	Increase during the period	Recovery during the period	30 June 2024
Loans and advances to customers	38,929	457,942	(468,945)	27,926
Long-term receivables	–	494	(494)	–
<b>Total</b>	38,929	458,436	(469,439)	27,926

Note: In accordance with the requirements of the "Format of the Financial Statements of the Financial Enterprise for 2018" (《2018年度金融企業財務報表格式》) released by the Ministry of Finance of the People's Republic of China, the item "interest receivables" only reflects the interests that has been due and can be collected but not yet received on the balance sheet date. Since the amount is relatively small, it should be included under "other assets". The Company has made impairment provision for interest receivables, and the bad debt write-off procedures and policies have been implemented.

### 13.6 Provision for Bad Debts

As at the end of the Reporting Period, the provision for bad debts was RMB38 million, representing a decrease of RMB1 million as compared with that at the end of last year, basically the same as that at the end of the previous year. The bad debt provision for interest receivables and the bad debt provision for other receivables were in line with the corresponding business risk conditions. The following table sets forth the Company's interest receivables, other receivables and their provision for bad debts as of the dates indicated.

Unit: RMB'000

Item	30 June 2024	31 December 2023	Change
Interest receivables	27,926	38,929	(11,003)
Less: Bad debt provision for interest receivables	(8,264)	(8,401)	137
Book value of interest receivables	19,662	30,528	(10,866)
Other receivables	363,298	239,751	123,547
Less: Bad debt provision for other receivables	(30,048)	(31,241)	1,193
Book value of other receivables	333,250	208,510	124,740

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### XIV. ANALYSIS OF MAIN SHARES HOLDING COMPANIES AND JOINT STOCK COMPANIES

#### 14.1 Major Subsidiaries and Investees Accounting for Over 10% of the Net Profit of the Company

*Unit: RMB in 100 million*

Name of company	Type of company	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
BQD Financial Leasing	Subsidiary	Finance leasing business; transferring in and out assets under a finance lease; fixed income securities investment business; accepting guaranteed deposit of the lessee; absorbing fixed deposits over 3 months (inclusive) from non-bank shareholders; interbank lending and borrowing; obtaining loans from financial institutions; lending loans to offshore borrowers; disposal of and dealing with leased articles; economic consulting, etc.	12.25	179.45	22.43	3.32	2.35	1.76
BQD Wealth Management	Wholly-owned subsidiary	Public offering of wealth management products to the general public, investment and management of properties entrusted by investors; private placement of wealth management products to qualified investors, investment and management of properties entrusted by investors; advisory and consulting service on asset and wealth management; and other business approved by National Financial Regulatory Administration.	10.00	20.78	18.90	3.27	2.52	1.85

*Note:* In May 2024, according to the “Reply of the Qingdao Bureau of the National Financial Regulatory Administration on the Intended Change of Registered Capital and Adjustment of Equity Structure of BQD Financial Leasing Company Limited” (Qing Guo Jin Fu [2024] No. 111) (《國家金融監督管理總局青島監管局關於青島青銀金融租賃有限公司變更註冊資本及調整股權結構的批覆》(青國金覆[2024]111號)), the registered capital of BQD Financial Leasing increased from RMB1.0 billion to RMB1.225 billion upon the completion of the capital increase and the procedures of change of industrial and commercial registration regarding the registered capital. After the completion of the capital increase, the shareholding ratio of the Bank in BQD Financial Leasing increased from 51% to 60%.

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## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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### 14.2 Acquisition and Disposal of Subsidiaries during the Reporting Period

During the Reporting Period, there was no acquisition and disposal of subsidiaries of the Bank.

### 14.3 Particulars of Major Companies Controlled or Invested in by the Company

BQD Financial Leasing was established on 15 February 2017, with a registered capital of RMB1.225 billion. It was registered in Qingdao, and was initiated and established by the Bank. The Bank holds 60% of the share capital of BQD Financial Leasing. As the only approved financial leasing company in Qingdao, BQD Financial Leasing has always improved its political awareness, strengthened its mission and responsibility, and adhered to its strategic focus of “focusing on entities and developing leasing well”, so as to achieve the core goal of “high-quality and steady development” under the operation philosophy of “stable growth, strict risk control, and increased capacities”. Based in Shandong with a footprint across the whole country, BQD Financial Leasing fully leverages its own business advantages and characteristics, focusing on manufacturing enterprises, technology innovation-oriented enterprise, competitive industries in the region, and financing and leasing business for small- and medium-sized enterprises, while actively expanding its business boundaries: provocatively penetrating into key projects in areas such as people’s livelihood guarantee, strategic emerging industries, transportation, and urbanization construction, so as to create a value-leading financial leasing company with the characteristics of “quality and efficiency priority, outstanding features and synergy and complementarity” by orienting in leasing business and taking professional transformation as the main line.

BQD Wealth Management was established on 16 September 2020, with a registered capital of RMB1.0 billion. It was registered in Qingdao, and was wholly initiated and established by the Bank. BQD Wealth Management is the first wealth management subsidiary of a city commercial bank approved in the Northern China and the sixth within the whole country. It is mainly engaged in the public offering of wealth management products to the general public, private placement of wealth management products to qualified investors, investment and management of properties entrusted by investors, and provision of wealth management advisory and consulting services. Guided by new asset management regulations and supporting policies, BQD Wealth Management is committed to focusing on the essence of asset management business and serving the real economy, and building a complete and innovative wealth management product system while adhering to the business philosophy of “establishment with compliance, governance with professionalism, emergence with innovation and enhancement with technology”. Targeting the needs of specific groups of people and relying on strong investment and research capabilities, it creates an innovative wealth management company brand which is “inclusive + distinctive”.



### XV. OVERVIEW OF BUSINESS DEVELOPMENT

#### 15.1 Retail Banking

During the Reporting Period, the Bank achieved steady growth in retail scale, continued to optimize its deposits structure, and continued to consolidate its foundation work by anchoring the overall goal of high-quality development, proactively adapting to changes in the external environment, and focusing on the main direction of “stabilizing growth, adjusting structure, and improving quality and efficiency”. Adhering to the “customer-oriented” development concept, taking the ultimate goal of continuing to create value for customers as its vision for retail business development, and seizing the opportunities of the era of digital transformation, the Bank took myriad measures to continuously deepen the quality and efficiency of the digital operation of the retail customer base and promote the high-quality development of the retail business in all aspects. During the Reporting Period, the retail banking business of the Company realized operating income of RMB1.819 billion, representing a year-on-year increase of 4.35% and accounting for 25.88% of the Company’s operating income.

##### 1. *Retail customers and customer asset management*

With “Happiness • Companionship” as its core philosophy of retail customer management, the Bank focused on the diversified financial needs of customers, and has built a comprehensive and refined operation and service system. On the basis of clarifying the management strategy of retail customer by groups and hierarchies, the Bank focused on customer acquisition and in-depth cultivation of several key channels, such as community, payroll credit, payment, and credit card, to drive the steady growth of financial assets, and continued to improve the quality of its retail customer base through a combination of products, tools and activities. As of the end of the Reporting Period, the number of retail customers reached 8.4633 million, with the year-on-year effective rate of new customers<sup>1</sup> increased by 3.86%; among which, debit card customers reached 5.8361 million, representing an increase of 167.7 thousand or 2.96% as compared with that at the end of the previous year. The Bank held RMB332.645 billion assets of retail customers, representing an increase of RMB15.633 billion or 4.93% as compared with that at the end of the previous year. The Bank effectively increased the scale of payroll credit customer base and built a stable high-quality customer acquisition channel through accurate market segmentation and personalized service strategy. During the Reporting Period, the Bank recorded 9,476 new customer companies for payroll credit business, representing an increase of 8.56% over the same period of last year.

<sup>1</sup> The effective rate of new customers refers to the proportion of customers whose monthly average daily AUM balance exceeds RMB1,000 to the new retail customers during the Reporting Period.

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## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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Based on the deep cultivation of the urban customer base, the Bank strengthened the expansion of the rural customer base. The influence of the financial service brand of party-building community in “Happy Neighbourhood” continued to expand, and the “Party Building + Volunteer Service” innovative financial development model developed rapidly. As at the end of the Reporting Period, 13 outlets in “Happy Neighbourhood” served 56.0 thousand customers in total, representing an increase of 9.6 thousand or 20.69% as compared with that at the end of last year. The Bank created the “Happy Countryside of Bank of Qingdao” service brand and strengthened the construction of system and risk control. As at the end of the Reporting Period, the Bank had opened a total of 1,437 cash terminals for farmers and financial service stations for Happy Countryside, with 276.1 thousand agriculture-benefit customers.

The scale of retail deposits has steadily increased and structural optimization continued to improve. The Bank’s retail deposits continued to maintain steady growth, as at the end of the Reporting Period, the balance of retail deposits of the Bank amounted to RMB202.684 billion, representing an increase of RMB14.240 billion or 7.56% as compared with that at the end of last year. As at the end of the Reporting Period, the Bank’s retail deposits accounted for 49.25% of the total deposits, representing an increase of 0.44 percentage point as compared with that at the end of last year, which accelerated the pace of deposits structure optimization. While expanding the scale, the Bank continued to optimize the structure of retail deposits and comprehensively increase the share of low-cost deposits. During the Reporting Period, the average cost ratio of retail deposits was 2.53%, representing a decline of 0.14 percentage point over the same period of last year, which effectively reduced the overall interest rate paid on retail deposits.

Actively promoting retail digital transformation strategic planning to drive business growth and optimize customers’ experience. During the Reporting Period, taking advantage of big data analysis technology, the Bank deeply explored customers’ consumption behaviors, investment preferences and financial needs, and constructed a closed-loop user experience management with customer-centric, independently developed the “BQD ZhiLing” (青銀智聆), an user experience monitoring platform, and set up the “Cloud Hall User Experience Specialized Class” (雲廳用戶體驗專班) to continuously improve the users’ experience of mobile banking. By differentiating its retail products through innovation and data empowerment, during the Reporting Period, the Bank launched “Cloud Loans Guaranteed by Shandong Province” (魯擔雲貸), the Bank’s first online agricultural guarantee product, and “Online Parking Space Loans” (線上車位貸), the first scenario-based online consumption loans product. The Bank has strengthened risk monitoring and early warning through digital empowerment, structured a risk control and management system for the agriculture-benefit business at the top-level design level, and built eight risk monitoring models to boost the high-quality development of agriculture-benefit business.

### 2. *Retail loans*

The Bank actively promoted innovation in retail credit products and processes, and continued to optimize its loan structure by focusing on the development of inclusive finance and consumption loans while steadily developing personal residential loans. As at the end of the Reporting Period, the balance of the Bank's retail loans (including credit card) was RMB77.999 billion, representing a decrease of RMB1.085 billion or 1.37% as compared with that at the end of last year, accounting for 24.04% of the total balance of various loans. During the Reporting Period, the Bank recorded retail loan interest income of RMB1.798 billion, and the retail loan average yield was 5.01%.

Developing inclusive finance in an innovative manner, and enriching the inclusive product system. During the Reporting Period, the Bank continued to implement the inclusive business principle of "serving small and micro enterprises (SMEs) based on the local economy", and actively promoted the business investment of "Fast Mortgage Loans", "Cloud Loans Guaranteed by Shandong Province", and "Business Start-up Loans" by focusing on the strategy of personal loan products of "one fist + two features". During the Reporting Period, RMB3.650 billion of "Fast Mortgage Loans" were issued, representing a year-on-year increase of 38.57%. The Bank actively promoted the "One County, One Product" business model, continuously explored the development path of characteristic clusters by deepening its efforts in the agricultural market through the "Breeding Loans", "Planting Loans", "Agriculture-benefit Loan", etc. The bank also promoted the development of online channels and further enriched the product functions, launched the "Cloud Loans Guaranteed by Shandong Province", the first personal loan product combining online and offline in the agricultural guarantee category; successively landed intelligent inclusive projects with features such as online payment and automatic generation of survey reports etc., which helped to further improve the efficiency of the inclusive business. As at the end of the Reporting Period, the balance of personal inclusive loans was RMB10.528 billion, representing an increase of RMB748 million, or 7.65% as compared with that at the end of last year. The Bank continuously expanded the promotion of retail agriculture-related loans, with a total of RMB1.011 billion issued during the Reporting Period.

The Bank created an ecosystem of consumer service, carrying out its scenario-based refined operation. During the Reporting Period, the Bank actively carried out the strategic transformation of Internet loans, relying on financial technology and big data risk control means to conduct product innovation, and planning to launch distinctive self-owned Internet consumption loans products in the second half of the year for the segmented areas by combining financial technology with the Bank's traditional credit business experience and the geographic advantages of its offline outlets; launching "Online Parking Space Loans", the first scenario-based online consumption loans product of the Bank, which improved the quality and efficiency of business processing through digitization while realized the system support for the replicability of scenario-based consumption loans. The Bank has proactively restructured and totaled its Internet loans and tightened its credit card risk strategy. As at the end of the Reporting Period, the balance of personal consumption loans of the Bank amounted to RMB20.323 billion, representing a decrease of RMB1.519 billion or 6.96% as compared with that at the end of the previous year. The proportion of Internet loans granted in the province further increased, with the balance of Internet loans amounted to RMB11.959 billion, of which the balance granted in the province accounted for 99.56%, representing an increase of 1.64 percentage points as compared with that at the end of the previous year.

Steady developing the personal housing loans against market pressure. During the Reporting Period, the growth of personal housing loans slowed down compared with previous years due to factors such as insufficient market demand and pressure for early repayment. As at the end of the Reporting Period, the balance of the Bank's personal housing mortgage loans came to RMB46.751 billion, representing a decrease of RMB194 million or 0.41% as compared with that at the end of last year.

### **3. Credit card business**

In terms of the credit card business, the Bank has deepened the concept of compliance management, strengthened the customer-acquiring capacity through its own channels, and continued to deepen its customer base management. As at the end of the Reporting Period, the Bank issued 182.6 thousand new credit cards, and the cumulative number of credit cards issued reached RMB4.2885 million, representing an increase of 4.45% as compared with that at the end of last year. The Bank continued to implement a high-quality development strategy and tighten its pre-loan and in-loan risk strategy. The credit card overdraft amounted to RMB11.747 billion, representing a decrease of RMB704 million or 5.65% as compared with that at the end of last year. During the Reporting Period, the Bank realized the credit card transaction amount of RMB39.243 billion.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

In terms of the credit card business, the Bank has deepened the concept of compliance management and continued to strengthen the customer-acquiring capacity through its own channels. During the Reporting Period, the Bank issued a total of 181.4 thousand cards through its own channels, accounting for 99.34%, representing an increase of 10.50 percentage points as compared with that at the end of last year. As at the end of the Reporting Period, the overall activation rate reached 81.70%, representing an increase of 17.22 percentage points as compared with that at the end of last year, among them, the activation rate of direct sales channel reached 87.63%, representing an increase of 0.95 percentage point as compared with that at the end of last year; the activation rate of clerk channel reached 60.01%, representing an increase of 3.02 percentage points as compared with that at the end of last year. The direct sales team transformed high-quality card issuance and helped to improve the marketing capabilities of branches, resulted in a significant increase in the activation rate, meanwhile, the Bank continued to cooperated with third-party institutions to issue cards so as to further expand the customer acquisition channels.

The Bank built a rich card-use scenario and benefit system, and deepened the means of customer base management. During the Reporting Period, the Bank established the activity system of “Instant discount for every payment + daily 20% discount + 50% off on Saturdays” (筆筆立減+日日8折+週六5折) to form the brand scale effect, optimize the functions and rights of the auto-owners card, expand the scope of customer enjoyment and enhance customers’ experience. The Bank continued to enrich its installment products, rewards mall carried out activities such as RMB10 merchandise installment and instant installment discounts for new customers, and continued to introduce high-quality merchandise to increase customers’ willingness to use the card. The Bank also continuously broaden the installment channels, launched Alipay general ledger installment and Cloud Quick-Pass cash installment to increase customer stickiness and cultivate card usage habits through installment.

#### **4. *Wealth management and private banking business***

The Bank adhered to the “customer-centric, market-oriented” business service philosophy in wealth management and private banking business. In the first half of 2024, in the face of the challenges of reduction of fees and concessionary profits in the consignment business and fluctuations in the capital market, the Bank flexibly adjusted its strategy to focus on “insurance + precious metals” to increase revenue, and strived to promote the transformation of operations and new growth in revenue generation. It has built up new capabilities in investment and research, deeply cultivated the capital allocation system, and formed a wealth product shelf with complete investment strategies to meet customers’ demand for comprehensive asset allocation. The Bank deepened the foundation of customers, and has created a system of exclusive high-end rights and benefits for private banks to realize a new breakthrough in operation with the business philosophy of “one bank serving one customer”. The Bank has also upgraded its “in-depth services, long-term companionship” service system to elevate customers’ experience through companionship management and achieve sustainable growth in customer base and operating income.

As at the end of the Reporting Period, there were 62,556 retail customers with assets under management of over RMB1 million, representing an increase of 3,001 retail customers or 5.04% as compared with that at the end of last year. The assets held by the Bank totally amounted to RMB141.674 billion, representing an increase of RMB7.451 billion or 5.55% as compared with that at the end of the previous year. During the Reporting Period, the Bank realized wealth management service fees and commission income of RMB102 million, among which, under the background of the “consistency between the reported commission rates of insurance companies and their actual commission rates”, the Bank adjusted its strategic layout in a timely manner and realized an income from agency for insurance of RMB60.1157 million during the Reporting Period. During the Reporting Period, the Bank seized the opportunity of the structural rebound of the capital market and strengthened the foundation for the development of funds business, the income from fund agency business came to RMB18.0636 million, representing an increase of 100.41% as compared with the same period of last year.

### **5. Customer service management**

The Bank adopted “problem-oriented, prominent features, and front-loading management” as its solutions, aimed to create the best customer experience in the industry, and carried out a series of tasks for promoted service value with user experience as the breakthrough point. Firstly, the Bank has built intelligent service touchpoints from the customer’s perspective, driving the construction of a full-chain intelligent service system. The Bank deepened its service capabilities of intelligent text robot, enhanced intelligent interaction on the platform, and realized direct self-service processing through multiple channels and diversified business scenarios. Secondly, the Bank has always adhered to the “user-oriented” service management model, which focuses on user preferences to continuously consummate the service experience management system based on user experience data. In the first half of the year, the Bank’s customer satisfaction continued to increase, and its service reputation has always maintained its leading position in the industry. Thirdly, the Bank consolidated the foundation of nurturing service culture and strengthened the intrinsic value of service quality. The bank-wide discussion on “What is good service” was organized to further consolidate the results of the Bank’s service culture construction and promote customer service experience to a higher level.

### 15.2 Corporate Banking

During the Reporting Period, the Bank anchored its triennial strategic plan, responded quickly to the “Spring Sowing” and “Summer Growing” actions, operated at multiple levels on the customer side to create an industry-specific innovation model; it also made concerted efforts on the product side to improve the quality and efficiency of the Company’s financial services; as for the asset side, its structure was optimized to lay the foundation for the Company’s revenue growth. During the Reporting Period, corporate banking realized operating income of RMB3.231 billion, representing a year-on-year increase of 9.85% and accounting for 45.98% of the Company’s operating income.

#### 1. Corporate deposits

The structure of corporate liability continued to be optimized. During the Reporting Period, the Bank continued to strengthen its product empowerment, and its liability scale grew against the negative trend with significant cost reduction. As at the end of the Reporting Period, the balance of corporate deposits (excluding accrued interest) was RMB208.601 billion, representing an increase of RMB11.372 billion or 5.77% as compared with that at the end of last year. Specifically, the corporate demand deposits amounted to RMB95.811 billion, representing an increase of RMB5.883 billion or 6.54% as compared with that at the end of last year; and the corporate time deposits amounted to RMB112.790 billion, representing an increase of RMB5.489 billion or 5.12% as compared with that at the end of last year. The average cost ratio of corporate deposits was 1.73%, down by 0.18 percentage point over the same period of last year. During the Reporting Period, the average daily deposits from corporate customers of the Bank was RMB195.106 billion, representing an increase of RMB1.219 billion or 0.63% as compared with that at the end of last year.

Focusing on standardized marketing for customer groups. Through precise marketing, smart scenarios and product bundling, the Bank has achieved phased results in the growth of its liability business. The Bank provided professional services centering on “customer groups + products” and conducted stratified and segmented precision marketing, which promoted the construction of intelligent scenarios, realized intelligent public utilities and enabled new business scenarios for intelligent clearing completed. Through cross-departmental and multi-channel synergistic operations, the Bank optimized and improved the online functions of the liability products, so as to strengthen the support and guarantee for the development of the liability business.

### 2. *Corporate loans*

Persisting on prioritizing quality and efficiency in structural adjustment. As at the end of the Reporting Period, the balance of corporate loans (including discounted bills and excluding accrued interest) was RMB246.395 billion, representing an increase of RMB25.390 billion or 11.49% as compared with that at the end of last year, and accounting for 75.96% of the total loans (excluding accrued interest); and the corporate loan structure continued to be optimized. The credit allocation of the Bank focused on new quality productivity, with the “Five Aspects” as the general leader, centering on strategic emerging industries such as new technologies, new modes, new industries, new business forms, new fields, new tracks etc., and increased the tilting of credit resources. As at the end of the Reporting Period, the balance of science and technology loans amounted to RMB16.761 billion, representing an increase of RMB3.996 billion or 31.30% as compared with that at the end of last year; and the balance of green loans amounted to RMB31.934 billion, representing an increase of RMB5.799 billion or 22.19% as compared with that at the end of last year. The ability to serve entities significantly improved and corporate asset business developed solidly.

Consistently strengthening inclusive finance aspect. The Bank has added cooperation channels such as Provincial Science and Technology Department and Provincial Association of Gazelles (省瞪羚協會), and carried out comprehensive cooperation with guarantee Groups of Shandong on “Party building and business”. Prioritizing services, the Bank implemented and visited the “three-three working method” (三三工作法), and strengthened visits to promote business implementation. Strengthening publicity, publicized the incentives of inclusive finance through multiple channels, such as the production of product promotion toolkits. Improving quality and efficiency, optimized the processes, reduced burdens and improved efficiency, which improved the ease of obtaining loans for small and micro enterprises. As at the end of the Reporting Period, the balance of inclusive loans amounted to RMB40.422 billion, representing an increase of RMB6.576 billion or 19.43% as compared with that at the end of last year, which was higher than the growth rate of loans of the Bank. The number of inclusive loans customers exceeded 50 thousand, the non-performing ratio and the weighted average interest rate of inclusive loans were 0.78% and 3.89%, and which continued to improve quality and efficiency. The steady development of agriculture-related finance and the in-depth carrying out the “One County, One Product” special campaign around the county’s specialty industries have realized special loan investment in a number of advantageous agriculture-related industries. As at the end of the Reporting Period, the balance of inclusive agriculture-related loans was RMB9.693 billion, representing an increase of RMB2.979 billion or 44.37% as compared with that at the end of last year.



### 3. Corporate customers

The Bank continued to strengthen its customer base through a combination of full-volume enhancement and focused operations. The Bank adhered to the management strategy of “horizontal classified and vertical layered” of its customer base, and constantly enhancing the operation capability of customers and refined management level. As at the end of the Reporting Period, the total number of corporate customers which had opened accounts with the Bank amounted to 261.1 thousand, representing an increase of 15.6 thousand or 6.35% as compared with that at the end of last year. During the Reporting Period, more than 20 thousand new accounts were opened for the Bank’s corporate customers and the provincial market coverage ratio reached 1.82%, representing an increase of 0.09 percentage point as compared with that at the end of last year. There were 91.5 thousand effective customers with daily average deposits of RMB10 thousand per annum, representing an increase of 4.3 thousand or 4.93% as compared with that at the end of last year; 13.2 thousand valuable customers with daily average deposits of RMB500 thousand per annum, representing an increase of 218 or 1.68% as compared with that at the end of last year; 1,063 strategic customers<sup>1</sup>, representing an increase of 117 or 12.37% as compared with that at the end of last year; 2,726 institutional customers; and 4,420 hygiene and health customers, representing an increase of 429 or 10.75% as compared with that at the end of last year.

The customer base management in key areas focused on “Five Aspects” and opened up “Six New Tracks”. The Bank forged the green financial brand of “BQD Green Finance, Exceed Project”, with a net increase of 207 green customers, representing an increase of 41.07% as compared with that at the end of the previous year. The Bank created the exclusive pension credit product “Easy Enterprise Loan for Elderly” (養老企易貸), served the province’s community medical institutions involved in pension services through the product of “Easy Diagnosis Financing” (診易融), and explored and created of a financial service system for elderly care industry, providing financial support of RMB105 million to clients of elderly care organizations. 279 science and technology customers were added, representing an increase of 21.28% as compared with that at the end of last year. The Bank successfully held the ninth roadshow competition, “Investment and Loan Financing” (投貸雙融); elaborated the three-year action plan for the manufacturing industry, and significantly improved the capacity of serving the real economy. The Bank increased its support for the public utility industry and innovated public utility financing products.

<sup>1</sup> strategic customers are customers of the Bank with a deposit size of RMB50 million or above, or assets size of RMB100 million or above, or annualized profit generation of RMB1 million or above.

Transaction banking achieved remarkable customer base expansion, with strong growth in income from intermediary business of international business. As at the end of the Reporting Period, there were 2,827 active customers of international business, representing a year-on-year increase of 582 or 25.92%. The international settlement volume of the Bank amounted to US\$8.787 billion, representing a year-on-year increase of US\$3.266 billion, or 59.16%, the current foreign exchange settlement and sales volume of the Bank amounted to US\$3.208 billion, representing a year-on-year increase of 37.73%. The Bank had 4,716 supply chain finance customer base upstream and downstream, representing an increase of 1,639 or 53.27% as compared with that at the end of last year. The balance of online supply chain financing was RMB11.284 billion, representing an increase of RMB3.193 billion or 39.46% as compared with that at the end of last year. The effective cash management of contracted customer base contained 9,936 customers, representing an increase of 3,172 or 46.90% as compared with that at the end of last year. During the Reporting Period, income from intermediary business of international business reached RMB94.4302 million, representing a year-on-year increase of 105.72%. The total income from intermediary business of transaction banking business reached RMB181 million, representing a year-on-year increase of 54.38%.

#### 4. *Corporate products*

The Bank adhered to strategic goal leadership and segment synergy to empower product innovation. It continuously improved and polished the “6 Jia 1 Bao” (6家1寶) seven-color light company product system, forming seven color systems, 22 sub-categories, and 107 products, so as to build the Company’s financial brand. It adhered to the normalization of the “Sword Forging Operation” (鑄劍行動) of inclusive products, optimizing and polishing the “Park Loan” (園區貸), “Xu Yi Dai” (續易貸), “Financial Credit for Technological Innovation” (科融信貸) and other key inclusive products. The inclusive Sword Forging products of the Bank reached 25, and the digital product “Inclusive e-Financing” (普惠e融), has been launched a number of sub-products, covering a variety of transaction scenarios. It has formed a multi-dimensional and complete inclusive financing product system covering inclusive finance, technology finance, agricultural finance, cross-border business, supply chain finance and online inclusion. Through product empowerment, solidly promoted the Bank’s high-quality transformation and development.

Transaction banking business services have been continuously upgraded. Supply chain finance carried out checklist marketing and actively utilized the business development idea of “Chain Tongbao” (鏈式通寶) to empower the industry chain customer base; international trade financing scenarios has been constantly enriched, and domestic and overseas linkages has increased; the online cross-border financing function of “BQD Trade Loan” (青銀貿貸) continued to be updated, effectively expanding the radius of cross-border financial services.

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The bill business system has been perfected day by day. The Bank was first to create the Guaranty (保票通) business, and the product empowerment to create a customer acquisition tool; the bill supply business achieved leapfrog development, supporting the platform system direct connection, interest payment mode innovation, multi-party credit occupation, and the leading service mode in the industry; in the second quarter, the amount of commercial bill discounting ranked No.2 among the financial institutions in the province, and ranked No.1 among the urban commercial banks. During the Reporting Period, the initial construction of the commercial bills system was completed, and the cumulative amount of commercial bills business incurred was RMB10.008 billion, representing a year-on-year growth of 37.28%.

### 15.3 Financial Markets

During the Reporting Period, the Bank continued to optimize the structure of its assets businesses on- and off-balance sheet, proactively reducing inefficient and ineffective capital consumption and improving the efficiency of capital allocation. The Bank's financial market business cooperated closely with its public business, and through the model of "investment banking + sales + market making", the Bank promoted underwriting through sales and market making, and promoted sales with trading and investment research, and comprehensively opened up the businesses of investment banking, sales, trading, research and custodianship, and provided clients with diversified products covering the primary, intermediate and secondary markets, as well as life-cycle services. With the steady development of various businesses in the financial market, the Bank has formed a professional business line with proprietary investment and interbank business as the core while taking business innovation and risk control as the guarantee, which was equipped with a complete set of qualifications and licenses to occupy national competitiveness. During the Reporting Period, the Company's financial market business achieved operating income of RMB1.647 billion, representing a year-on-year increase of 20.68% and accounting for 23.44% of the Company's operating income.

#### 1. *Proprietary investment*

During the Reporting Period, the Bank carried out financial market business based on the Group's annual operating objectives and the new triennial strategic plan to continuously optimize the investment structure, focusing on "stabilizing scale and reducing volatility" while ensuring matching the liability and asset. Based on the principle of "strengthening strategy, deepening clientele, and optimizing empowerment", the Bank strengthened market research and judgment, made precise timing and flexible position adjustments to enhance the investment efficiency of its assets, and deepened the customer base management to enhance its comparative advantage in the interbank business. In terms of investment and trading, the Bank adhered to the concept of prudent operation, actively studied the economic fundamentals of major domestic and overseas economies and the trend of inflation and the direction of monetary policy, and improved the framework for investment research and analysis. At the same time, the Bank continued to strengthen the construction of its comprehensive market-making capability, and continuously to improve the standard of quotation and trading services.

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## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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The Bank boosted the development of strategic emerging real industries by adhering to the implementation of the national economic strategy orientation, focusing on the national industrial restructuring, and increasing credit bond investment in new dynamics and other corporate clients. As at the end of the Reporting Period, the proprietary investment (including accrued interest) of the Bank amounted to RMB227.566 billion, representing an increase of RMB1.795 billion or 0.80% as compared with that at the end of last year, of which bond investment (including accrued interest) was RMB169.761 billion, representing an increase of RMB3.595 billion or 2.16% as compared with that at the end of last year; investments in public fund products reached RMB43.617 billion, representing a decrease of RMB183 million or 0.42% as compared with that at the end of last year; non-underlying investment assets (including accrued interest) amounted to RMB9.962 billion, representing a decrease of RMB917 million or 8.43% as compared with that at the end of last year; and the value of other debt financing products (including accrued interest) was RMB4.097 billion, representing a decrease of RMB807 million or 16.46% as compared with that at the end of last year.

The Bank has a relatively complete set of interbank market qualification licenses, laying a solid foundation for financial innovation and business development. The Bank is one of the first founding members of China's market interest rate pricing self-regulatory mechanism, the first approved commercial bank in the non-Tenge regional trading territories, and an institution directly connected with Euroclear through the China Foreign Exchange Trade System (CFETS) platform. The Bank is the first comprehensive city commercial bank spot bond market maker in Shandong province, and has the qualifications for "Northbound Bond Connect" and "Southbound Bond Connect" under Bond Connect and the ordinary derivatives trading business. The Bank is a member of the local government bond underwriting syndicate in Shandong Province and Qingdao City. The Bank was re-elected as the "Market Presence Institution of the Year" and "Market Innovative Business Institutions" in the national inter-bank local currency market, and was awarded one of "Top 100 Self-operated Settlement Banks" by China Central Depository & Clearing Co., Ltd.

### **2. Interbank business and asset custody**

During the Reporting Period, the Bank scientifically planned the types and terms of liabilities, actively expanded debt channels, and reasonably controlled debt costs, and effectively ensured the stability of financial circulation. Oriented by customers' needs, the Bank continued to deepen its marketing among interbank customers, with its customer volume and cooperative viscosity increasingly enhanced. Besides, the Bank gradually improved its liability quality with strengthening refined management and established a market-oriented and multi-level system of management over interbank liability to continuously reduce the cost and enhance the efficiency, so as to meet the requirement of assets allocation of the Bank and the management of liquidity regulatory indicators. During the Reporting Period, the balance of interbank certificates deposit issued was RMB71.749 billion, accounting for 57.19% of the Bank's interbank liabilities and 12.03% of the Bank's total liabilities. The balance of RMB interbank deposits was RMB19.731 billion, accounting for 15.73% of the Bank's interbank liabilities and 3.31% of the Bank's total liabilities, among which the balance of interbank time deposits was RMB8.245 billion, accounting for 41.79%, and the balance of interbank demand deposits was RMB11.486 billion, accounting for 58.21%.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Bank adapted to market changes in the asset custody business, seized business opportunities to develop its custody of public securities investment funds, continued to diversify its custody product types and improved the quality and efficiency of custody operations and services. With the complete integration of the development mechanism – “investment-to-custody linkage, sales-to-custody linkage, underwriting-to-custody linkage and international-to-domestic market linkage”, the custody business of the Bank developed well with an expanded scale of custody in a steady manner. As at the end of the Reporting Period, the scale of custody business of the Bank amounted to RMB45.878 billion, representing an increase of RMB33.007 billion or 256.44% as compared with that at the end of last year.

### 3. *Asset management*

During the Reporting Period, confronted with the asset shortage in the market, the subsidiary BQD Wealth Management achieved steady growth in both product scale and commission income by improving its investment and research capabilities, optimizing its product structure, consolidating its channel construction, and accelerating its digital transformation. It also continued to optimize the mechanism for determining the performance comparison benchmarks of wealth management products, focused on promoting products with absolute performance advantages, issued robust products of low volatility, and stabilized investor confidence through relatively high returns and low volatility. As at the end of the Reporting Period, the Bank had 684 wealth management products in existence with a balance of RMB208.520 billion, the scale of the wealth management products up by 0.19% as compared with that at the end of last year. During the Reporting Period, the Company issued 217 wealth management products for raised proceeds of RMB287.619 billion in total. During the Reporting Period, the fee and commission income from wealth management business was RMB516 million, representing a year-on-year increase of RMB12 million or 2.36%. During the Reporting Period, the construction of consignment channels for wealth management products yielded remarkable results, and the Bank successfully expanded new consignment channels such as Zhejiang Rural Credit Cooperative Union, the largest rural cooperative across the country, and Nanyang Commercial Bank, which has cross-border wealth management qualifications. As at the end of the Reporting Period, there were 74 consignment agencies outside the Bank, representing an increase of 37 as compared to the end of the previous year.

As at the end of the Reporting Period, the balance of the Company’s investment assets from wealth management products was RMB218.126 billion. The assets mainly were directly and indirectly invested in fixed income, non-standardized debt, public fund products, and capital market assets. This included RMB189.261 billion of fixed income assets, accounting for 86.77%, RMB17.878 billion of non-standardized debt assets, accounting for 8.20%, RMB6.672 billion of public fund products, accounting for 3.06% and RMB4.315 billion of capital market assets, accounting for 1.97%.

During the Reporting Period, 13 products of BQD Wealth Management, a wholly-owned subsidiary of the Bank, were selected as Golden Bull 5-star products, including “BQD Wealth Management Open Net Worth RMB Personal Wealth Management Plan of Bright Life Achievements Series (Open Half Year 04)” and “BQD Wealth Management Open Net Worth RMB Personal Wealth Management Plan of Bright Life Struggle Series (Open Half Year)” in the evaluation results of net value bank financial products for the first quarter of 2024 released by Golden Bull Asset Management Research Center due to its outstanding performance.

#### **4. Investment banking**

The Bank actively leveraged its advantages in market-oriented bond underwriting business, strengthened integrated innovation and coordinated development, and created a comprehensive business model of “investment bank + commercial bank”. During the Reporting Period, the Bank’s the issuance amount of debt financing instruments was RMB52.684 billion with the underwriting quota being RMB26.929 billion, representing an increase of RMB12.889 billion or 91.80% over the same period of last year, and the underwriting performance reached a new high.

During the Reporting Period, the Bank’s underwriting scale of debt financing instruments won the first place in the province for the first time, ranked No. 1 among enterprises serving Shandong Province issuing debt financing instruments. The Bank underwrote and issued three labeling products of the country’s first interbank order for carbon neutrality, rural revitalization and traditional revolutionary base and the country’s first batch of “Two New” debt financing instruments; and created the first credit-linked note of a financial institution in Shandong Province and the first cross-border underlying debt credit-linked note (CLN) created by a bank in the country. During the Reporting Period, the Bank was awarded the “Best Inter-bank Debt Financing Instrument Underwriter” and the “Bond Underwriting Rapid Progress Award” by Wind Information.

### **15.4 Channel Construction**

#### **1. Offline channels**

The Bank’s business outlets are based in Qingdao, expanding throughout Shandong Province. As at the end of the Reporting Period, the Bank had 196 business outlets, including 16 branches, in 15 cities of Shandong Province, including Qingdao, Jinan, Dongying, Weihai, Zibo, Dezhou, Zaozhuang, Yantai, Binzhou, Weifang, Linyi, Jining, Tai’an, Heze and Rizhao. In Qingdao, the Bank had 1 head office, 1 branch and 112 sub-branches. The Bank’s controlling subsidiary BQD Financial Leasing and wholly-owned subsidiary BQD Wealth Management are headquartered in Qingdao.

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As at the end of the Reporting Period, the Bank had a total 421 self-service machines, including 9 automated teller machines (ATM), 270 self-service cash deposit and teller machines (CTM), 113 self-service terminals and 29 cash teller machines, providing services including withdrawal, deposit, transfer, account inquiry, and payment. During the Reporting Period, the Bank completed 3.1792 million self-service banking transactions for a total amount of RMB10.994 billion.

The Bank continuously optimized the outlet networks to promote the transformation and upgrading of outlets. During the Reporting Period, the Bank continued to deepen the differentiated construction of its outlets, while expanding the coverage of financial services, so as to create a regionally complementary, collaborative and efficient outlet networks in Shandong Province. The Bank strengthened the construction of light-weight and intelligent outlets, deepened the application of emerging RPA technologies, upgraded its self-service equipment at outlets, and optimized the service efficiency of remote counter, which further improved the comprehensive service capabilities of halls. It also forged a risk control system characterized by digital and intelligent operation, which enhanced the security and availability of services.

### **2. Online channels**

The Bank continued to deepen the construction of online channels for corporate customers. Our corporate online banking has made full efforts in liability business, financing loans, international business, bill business, etc. While significantly improving customer experience, it also in turn promoted the transformation of business process through system construction. As of the end of the Reporting Period, the number of customers of corporate online banking amounted to 267.7 thousand, representing an increase of 8.18% as compared with that at the end of last year. During the Reporting Period, the cumulative number of transactions reached 10.2254 million, representing a year-on-year increase of 75.76%; and the cumulative transaction amount was RMB1,231.241 billion, representing a year-on-year increase of 18.98%. Corporate mobile banking has completed the reconstruction and upgrade based on the original system, supplementing business scenarios such as transfers, reconciliations and inclusive finance, expanding the scope of transaction authorization business, introducing “Yunzhengtong” (雲證通) mobile digital certificates to enhance financial transaction security, and realizing the establishment of foundation of the mobile financial service platform for corporate customers.

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## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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Online retail channels accelerated digital transformation. The Bank continued to consolidate the construction of digital and intelligent retail infrastructure. Focusing on the core service concept of “Happiness • Companionship” of our brand, the Bank seized opportunities amid the digital transformation era, actively explored driving force from digitalization while deepening digital empowerment, and firmly built the retail vision with the ultimate goal of “continuously creating value for customers”. During the Reporting Period, the Bank using algorithmic models and accurate portraits to deeply explore customer bases in scenarios and optimizing the experience for business processes such as mobile banking wealth management and precious metals, thereby continuously improving the automation and intelligence level of the retail intelligent marketing system and improving the operating quality and efficiency of retail customer bases. As at the end of the Reporting Period, the Bank recorded 5.2031 million personal mobile bank users in existence, representing an increase of 162.8 thousand or 3.23% as compared with that at the end of last year. The number of monthly active users of personal mobile banking stood at 1.38 million. As at the end of the Reporting Period, the number of personal online banking customers totaled 745.7 thousand. During the Reporting Period, the accumulated amount of transactions in personal online banking amounted to 12.7947 million. During the Reporting Period, the Bank further improved the online service capabilities of its credit card on WeChat mini program, focusing on financial and consumption scenarios and combining digital operation capabilities to meet customers’ multi-level financial and life service needs. As at the end of the Reporting Period, the mini program for BQD credit card had accumulated 2.0387 million registered users. During the Reporting Period, the number of monthly active users peaked at 525.5 thousand.



### 15.5 Information technology

During the Reporting Period, the Bank proactively made good use of “digital finance” aspect and comprehensively consolidated the information technology risk management system. Taking key technology projects as the driving force, the Bank pushed forward the process of digital transformation in depth, and continued to enhance the level of empowerment of technology on financial services, helping the high-quality development of digital finance. During the Reporting Period, the Bank invested RMB194 million in information technology, accounting for 2.76% of the Company’s operating income.

Strengthening top-level design and consolidating the foundation of digital transformation. The Bank independently planned and designed a strategic plan for information technology and clarified the development direction and implementation route of information technology. It has comprehensively launched the construction of product management system, set up a bank-wide product management committee, established a three-tier product management system and decision-making mechanism with committee coordination, line management and departmental responsibility, and formulated the Bank of Qingdao’s Action Plan for Product Management System Construction, which formed the framework for the construction of the Bank’s product system, and clarified the stage-by-stage construction objectives. The Bank has independently promoted the research and construction of the product spectrum platform, and solidly advanced the goal of “grasping implementation, optimizing capabilities, and seeking practical results” so as to build up the Bank’s core competitiveness in the field of digitization.

The Bank accelerated innovation and the pace of digital transformation. During the Reporting Period, 40 key projects and 1,143 orders were put into operation by the Bank, with a change success rate of 99.86%, which better supported the continuous development of the business.

In corporate business area, key projects such as “online corporate business halls Phrase II” were put into operation, realizing the Bank’s integrated services of financial capital management and business and finance. With the help of the DingTalk (釘釘) platform to realize the batch customer acquisition of the intelligent financial capital and inclusive business customer base, the Bank created a new financial digital ecology. In connection with several top third-party organizations, the Bank has innovatively launched online financing products such as “Ticket Chain e-Loan” (票鏈e貸) and “Smart Manufacturing e-Loan” (智造e貸), which greatly enriched the digital service ecosystem and online product line. It has established an online loan rapid connection mechanism, standardized the connection between securities companies and enterprises, and increased the implementation efficiency significantly, which has injected strong impetus into the digital transformation of corporate business.

In retail business area, the Bank published Individual Mobile Bank 8.5 and self-developed the “BQD ZhiLing – Mobile Customer Experience Monitoring System” (青銀智聆 – 移動端客戶體驗監測系統) to continuously optimize and improve users’ experience. The Bank innovatively launched the “Happiness Train” (幸福列車), a fast-moving marketing wealth management app, which significantly improved the service efficiency of digital channels, and brought retail customers a more convenient and intelligent financial service experience.

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## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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In risk management area, “New Capital Regulations Project” was put into operation to improve the level of capital management and risk management. The “Provincial Public Security Department Funds Early Warning and Joint Defense Platform” (省公安廳資金預警聯防平台) and the “Financial Anti-fraud Integration Platform of People’s Bank of China” (人民銀行金融反詐一體化平台) were accessed, and a number of risk monitoring systems were put into operation, such as the “Project of Graded and Classified Management of Accounts” and the “End-to-end Integrated Risk Monitoring and Risk Account Rule Optimization Project”, etc., which significantly improved the intelligent risk control management level and escorted the sound development of the business.

In data management area, the Bank implemented the “Strong Foundation Action” and the special data governance actions to strengthen the application and promotion of data standards, thus data quality significantly improved. The data service system has achieved comprehensive coverage, and the Company successfully built an external data marketplace, further improved the data security risk management system, which provided solid data support and security protection for the Bank’s digital transformation.

Promoting cutting-edge technology research and enhancing core digitalization capabilities. The Bank comprehensively deepened research on cutting-edge technologies and actively explored the application of Artificial Generative Intelligence (AIGC) in various scenarios. It continuously strengthened independent research and development, focused on areas such as mobile channel, scene operation, data empowerment, credit card, marketing empowerment, financing platform, etc., and 12 self-developed projects, including precious metals, were put into production in batches. The Bank also accelerated the construction of the first phase of the new-generation distributed core systems, which has been completely developed and entered the testing phase. It will realize the comprehensive transformation of the traditional architecture to the distributed architecture and provide strong technical support for the continuous growth of the business. The integrated information technology management platform was put into production to explore the digital transformation of technology management by using advanced digital tools and instruments.

Deepening the integration of industry and technology to create a digital transformation engine. The Bank has created a closed-loop process for product construction through the combination of visitors and project operation review mechanism, which significantly improved the iteration speed and delivery quality of product research and development. It created a culture of innovation and stimulated staff’s vigor for innovation through the mechanism of specific mission competition and innovation incentive activities. It continued to consolidate the information technology risk management system, continuously improving its information technology system, and deepening its internal control and compliance inspections on technology. The Bank successfully completed the construction of off-site disaster recovery center in Jinan and implemented the core system of intra-city disaster-related switchover drills, continuously improving the system availability capacity, which provided solid guarantee for the continuous and stable operation of the business.

### **XVI. STRUCTURED ENTITIES CONTROLLED BY THE COMPANY**

The structured entities controlled by the Company include certain asset-backed securities initiated by the Company and certain asset management plans invested by the Company. As the Company has power over such structured entities to enjoy variable returns by participating in relevant activities, and has the ability to use its power over such structured entities to affect the variable returns, the Company has control over such structured entities.

### **XVII. RISK MANAGEMENT**

#### **17.1 Credit Risk Management**

Credit risk refers to the risk arising from the failure by the obligating party or a party concerned to meet its obligations in accordance with agreed upon terms. The Company's credit risks are mainly derived from loan portfolios, investment portfolios, guarantees and commitments, etc.. The management of credit risk is centralised and led by the Comprehensive Risk Management Committee of the head office. Each business unit is required to implement credit policies and procedures, and is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its credit portfolios, including those subject to central approval.

During the Reporting Period, the Company adhered to a prudent and sound risk appetite, and was committed to the establishment of a credit risk management system with comprehensive functions, controlled and balanced risks, a streamlined structure and high efficiency as well as well-delegated authority and duties. By taking the following measures, the Company achieved continuous optimization of various asset quality indicators and continuous improvement of its credit risk management capability, thus ensuring the Bank's high-quality development. The Company has adopted the following key measures to strengthen its credit risk management:

1. Continued to optimize a comprehensive risk monitoring system. Focusing on the construction of the risk monitoring system and monitoring arrangements at group level, the Bank added a number of monitoring areas (including the private sector) on the basis of the original monitoring areas and in accordance with the overall risk situation in the first half of the year, so as to gradually realize effective identification, measurement, monitoring and control of the group's risk situation.

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## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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2. Continued to optimize credit asset quality. The Company actively promoted the steady implementation of three new regulatory regulations such as the new capital regulations, classification regulations and impairment regulations, gradually applied the supporting rules and ancillary systems to comprehensively upgrading the digital capabilities; implemented the refined dynamic management of various asset quality indicators, strengthened pre-assessment and analysis of the trends of risk migrations and changes, and enhanced pre-processing capabilities for risk signals; strengthened the management of maturing loans and overdue loans, strengthened the disposal of non-performing assets. The loans that were overdue more than 60 days continued to be managed as non-performing loans ratio in order to maintain a downward trend and achieved the control target.
3. Continued to strengthen risk management and control in key areas. The Bank continued to consolidate the foundation of the “Triple Loan Inspections”, strictly implemented the “post-credit granting inspection” mechanism, implemented differentiated post-loan management measures, and improved the accuracy and effectiveness of post-loan management. The Bank established a long-term mechanism for risk investigation, strengthened risk monitoring in key areas and key customers, and promptly tracked and implemented rectifications once problems were discovered. Centering on the new triennial strategic plan and focusing on the transformation of the manufacturing industry while optimizing collaboration and strengthening driving force, the adjustment of industry approval structures were vigorously promoted, so as to comprehensively build a manufacturing development system.
4. Continued to strengthen post-credit risk management. According to “Measures for Post-credit Management of Qingdao Bank’s Credit Assets” (the “Post-Credit Measures”), the Bank shall carry out the implementation of post-credit management, including the construction of supporting systems and direct inspection and monitoring. Since the announcement of the Post-Credit Measures, the Bank has conducted training and exchanges at all branches in conjunction with on-site direct inspections, and has achieved full coverage of all branches. During the training, on-site interactive questions were answered and front-line opinions and suggestions were collected to continuously improve business processes. The regular post-credit inspections of each branch were officially included in the assessment, and the 2024 post-credit management assessment plan for the bank-wide was issued. The regular post-credit inspections were assessed and scored on a monthly basis, and the specific scores of the current quarterly assessment were submitted quarterly. Overall, the Bank has continued to optimize its post-credit management mechanism from the perspectives of management system, inspection framework, staffing, and supporting systems, so as to improve the Company’s credit risk management and business compliance standards.

- Continued to improve the digital credit management. In the first half of the year, the Bank launched its internal rating optimization project and established a decision-making system throughout the entire pre-loan, mid-loan and post-loan life cycle of credit business. From a scientific and quantifiable perspective, it solved focus issues such as who can access before loan, how to price in loan, the maximum loan amount of customers, optimal balance between credit plan and income, and the key points and frequency of post-loan inspections, so as to quantify and manifest business risks. The Bank has now entered the project implementation stage and initiated the construction of capital measurement and risk management system and market risk management system projects to gradually improve the Bank's credit management level.

During the Reporting Period, by taking the said measures, the Company further improved the quality of its assets and effectively controlled credit risks.

### 17.2 Liquidity Risk Management

Liquidity risk is the risk that the Company is unable to obtain sufficient funds on a timely basis at a reasonable cost in order to sustain its asset growth or pay debts due or other payment obligations. The Company's liquidity risk management adheres to the principles of comprehensiveness, prudence and forward-looking, which better adapts to the existing development stage of the Company. Currently, the Company's liquidity risk management policies and systems meet regulatory requirements and the Company's own management needs.

The objective of the Company's liquidity risk management is to ensure that the Company has sufficient cash flows to meet payment obligations and fund business operations on a timely basis. Based on its development strategy, the Company continuously improved its level of liquidity risk management and measures, strengthened its capability of identifying, monitoring, measuring and refining the management and control of liquidity risks, and maintained a reasonable balance between liquidity and profitability.

The Company has established a liquidity risk management governance structure according to the principle of the segregation of the formulation, implementation and supervision of its liquidity risk management policies, specifying the roles, responsibilities and reporting lines of the Board, the Board of Supervisors, senior management, special committees and the relevant departments of the Bank in liquidity risk management in order to enhance the effectiveness thereof.

The Company measures, monitors, and identifies liquidity risks from the perspectives of short-term provision and term structure of assets and liabilities, closely monitors every indicator of the quota according to fixed frequency and conducts regular stress tests to evaluate its ability to meet liquidity requirements under extreme conditions. In addition, the Company has enacted a liquidity emergency plan and would conduct tests and evaluations thereon on a regular basis.

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## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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The Company holds a sufficient amount of liquid assets to ensure the satisfaction of its liquidity needs and at the same time has sufficient capital to meet the unexpected payment needs that may arise from daily operation. Furthermore, the Company's internal control system for liquidity risk management is sound and compliant. The Company regularly conducts internal special audits on liquidity risks and prepares and submits an independent audit report to the Board.

The Company closely monitors changes in liquidity patterns and market expectations, and deploys in advance and dynamically adjusts its liquidity management strategy based on changes in its asset and liability business and the liquidity gap to ensure that its liquidity risk is within a reasonable and controllable range. During the Reporting Period, the Company focused on strengthening its liquidity risk management in the following areas:

1. Consolidated and improved the customer base, took various measures to promote the steady growth of deposits with the stability of liabilities further enhanced;
2. Conducted active management over the liabilities through various channels and comprehensively applied the monetary and credit policy tools provided by the People's Bank of China, such as relending and medium-term lending facilities to expand diversified financing channels and improve financing capacity;
3. Improved the system for liquidity risk management and conducted forward-looking management of liquidity risk indicators, and dynamically adjusted the allocation of term and structure of various assets and liabilities, to ensure that all indicators continuing to meet the regulatory requirements;
4. Conducted daytime position trading management, strengthened market analysis and study, and improved the capital utilization efficiency on the basis of ensuring the safety of liquidity across the Bank;
5. Fully considered various macro and micro factors that may affect the Company's liquidity, and conducted stress tests on a quarterly basis in light of changes in the external operating environment, regulatory requirements, the Company's business characteristics and complexity.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

As at the end of the Reporting Period, the Company's liquidity coverage ratio and net stable funding ratio are presented below.

*Unit: RMB'000*

<b>Item of liquidity coverage ratio</b>	<b>30 June 2024</b>	31 December 2023
Qualified and high-quality current assets	<b>108,843,097</b>	75,270,402
Net cash outflows in next 30 days	<b>53,510,536</b>	47,606,972
Liquidity coverage ratio (%)	<b>203.40</b>	158.11

*Note:* Pursuant to the "Measures for Liquidity Risk Management of Commercial Banks", the liquidity coverage ratio of commercial banks shall not be lower than 100%.

*Unit: RMB'000*

<b>Item of net stable funding ratio</b>	<b>30 June 2024</b>		31 March 2024	
	<b>The Company</b>	<b>The Bank</b>	The Company	The Bank
Available stable funding	<b>399,779,038</b>	<b>394,051,005</b>	381,028,230	374,577,954
Required stable funding	<b>335,593,628</b>	<b>314,065,734</b>	327,682,027	306,217,513
Net stable funding ratio (%)	<b>119.13</b>	<b>125.47</b>	116.28	122.32

*Note:* Pursuant to the "Measures for Liquidity Risk Management of Commercial Banks", the net stable funding ratio of commercial banks shall not be lower than 100%.

For more information on the Company's liquidity risk management, refer to "43(3) Liquidity risk" under "Notes to the Unaudited Interim Financial Report" of this interim report.

### 17.3 Market Risk Management

Market risk refers to the risk of loss in commercial banks' on-balance sheet and off-balance sheet operations due to unfavorable changes in market prices (interest rates, exchange rates, stock prices and commodity prices). Market risks affecting the Company's services are dominated by interest rate risks and exchange rate risks, including the trading books and banking books. The Company has established a complete and reliable market risk management system that is compatible with the nature, scale and complexity of the business. The Company's sound and compliant market risk management internal control system defines the responsibilities of, and reporting requirements on, the Board, senior management and various departments under the market risk governance structure, clarifies the market risk management policy and identification, measurement, monitoring and control procedures, and makes clear market risk reporting, information disclosure, emergency response and market risk capital measurement procedures and requirements. The Company has a well-established management system for market risk indicators limits and conducts special internal market risk audits regularly, reports market risk management to senior management and the Board, and prepares independent reports.

#### 17.3.1 Analysis of interest rate risks

The Company distinguishes banking books and trading books according to the regulations of the regulators and traditional banking management practices and adopts market risk identification, measurement, monitoring and control measures based on the different nature and characteristics of banking books and trading books.

Interest rate risk of the Company's trading books are mainly measured and monitored with methods such as sensitivity analysis, stress tests and scenario simulation. During the Reporting Period, the Company continued to strengthen market risk monitoring and reporting, dynamically adjust the market risk limit management system based on business changes and improve the market risk policy system to ensure that interest rate risks in trading books were controllable.

Compared with trading books, the Bank's other services are recorded in banking books. The Company quantitatively evaluates the impact of interest rate changes on the Company's net interest income and economic value for different currencies and different sources of risks with methods such as repricing gap analysis, net interest income analysis, economic value analysis and stress tests, and prepares reports based on the analysis results to propose management suggestions and the service adjustment strategy. During the Reporting Period, the Company optimized and adjusted its annual market risk limit management system based on its market risk preferences and annual operating objectives, and conducted dynamic monitoring as required. In addition, the Company paid close attention to external policy trends and changes in the interest rate environment, proactively adjusted its business pricing strategy and its allocation strategy of asset-liability structure, and further refined the interest rate risk management of the corporate banking book to ensure that rate risks of the banking book were controllable to realize growth in net interest income.



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 17.3.2 Analysis of interest rate sensitivity

The Company uses sensitivity analysis to measure the potential impact of changes in interest rates on the Company's net interest income and equity. The following table sets forth the sensitivity of the Company's net interest income and equity to possible interest rate changes with other variables remaining constant. The impact on net interest income refers to the impact of certain interest rate changes on the net interest income generated by financial assets and liabilities held at the end of the period that are expected to undergo interest rate repricing within one year. The impact on equity includes the impact of certain interest rate changes on equity attributable to the revaluation of fixed interest rate financial assets at fair value through other comprehensive income held at the end of the period.

*Unit: RMB'000*

<b>Item</b>	<b>30 June 2024 (Decrease)/ Increase</b>	31 December 2023 (Decrease)/ Increase
Change in annualized net interest income		
Interest rate increase by 100 bps	<b>(661,343)</b>	(731,924)
Interest rate decrease by 100 bps	<b>661,343</b>	731,924

*Unit: RMB'000*

<b>Item</b>	<b>30 June 2024 (Decrease)/ Increase</b>	31 December 2023 (Decrease)/ Increase
Change in annualized equity		
Interest rate increase by 100 bps	<b>(2,397,227)</b>	(2,301,467)
Interest rate decrease by 100 bps	<b>2,565,122</b>	2,465,394

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## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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The above sensitivity analysis is based on the fact of assets and liabilities having a static interest rate risk structure. The analysis reflects the impact of repricing of the Company's assets and liabilities on the Company's annualized calculation of net interest income and equity, based on the following assumptions:

1. Regardless of subsequent changes after the date of statement of financial position, the analysis is based on the static gap at the date of statement of financial position;
2. In measuring the effect of changes in interest rates on net interest income, all assets and liabilities that are repriced or matured within three months, after three months but within one year, or already matured are assumed to be repriced or matured at the beginning of the respective periods;
3. Interest rates for deposits with the central bank and demand deposits placed and taken are remain unchanged;
4. There is a parallel shift in the yield curve and in interest rates;
5. There are no other changes to the portfolio and all positions will be retained and rolled over upon maturity;
6. Other variables (including exchange rates) remain unchanged;
7. No consideration of impact on customers' behavior, market price and off-balance sheet business resulting from interest rate changes.

The analysis does not take into account the effect of risk management measures taken by management. The actual changes in the Company's net interest income and equity resulting from changes in interest rates may differ from the results of the sensitivity analysis based on the above assumptions.

### ***17.3.3 Analysis of exchange rate risk***

The Company's exchange rate risks mainly arise from mismatched currencies in non-RMB assets and liabilities. The Company controls the exchange rate risks to be acceptable to the Company by strictly controlling risk exposures. The Company's exchange rate risk measurement and analysis methods mainly include foreign exchange exposure analysis, scenario simulation analysis and stress tests. During the Reporting Period, the Company paid close attention to exchange rate trends, proactively analyzed the impact of exchange rate changes based on the domestic and foreign macroeconomic situation, and proposed an asset-liability optimization plan. Given the prudent foreign exchange risk appetite, as at the end of the Reporting Period, the scale of the Company's foreign exchange risk exposure has no significant change, and the exchange rate risk level was controllable.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 17.3.4 Analysis of exchange rate sensitivity

The Company uses sensitivity analysis to measure the possible impact of exchange rate changes on the Company's net profit and equity. The following table sets forth the results of the analysis of exchange rate sensitivity based on the current assets and liabilities on 30 June 2024 and 31 December 2023.

*Unit: RMB'000*

<b>Item</b>	<b>30 June 2024 Increase (Decrease)/</b>	31 December 2023 Increase (Decrease)/
Change in annualized net profit and equity		
Foreign exchange rate increase by 100 bps	<b>39</b>	4
Foreign exchange rate decrease by 100 bps	<b>(39)</b>	(4)

The above sensitivity analysis is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions. The analysis is based on the following assumptions:

1. the foreign exchange sensitivity is the gain or loss recognised as a result of 100 basis points fluctuation in the foreign currency exchange rates against RMB (central parity rate) at the closing on the reporting date;
2. the fluctuation of exchange rates by 100 basis points at the date of statement of financial position is based on the anticipated exchange rates movement over the next year;
3. the exchange rates against RMB for all foreign currencies change in the same direction simultaneously;
4. since the Company's assets and liabilities in other foreign currencies (excluding in USD) are not significant in proportion to the total assets and total liabilities, the possible impact of other foreign currencies on the Company's net profit and equity is calculated at the amount converted into USD in the above sensitivity analysis;
5. the foreign exchange exposures calculated include both spot foreign exchange exposures, forward foreign exchange exposures and options, and all positions will be retained and rolled over upon maturity;
6. other variables (including interest rates) remain unchanged;
7. no consideration of impact on customers' behavior and market price resulting from exchange rate changes.

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## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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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 Company's gain or loss and equity resulting from changes in foreign exchange rates may differ from the results of this sensitivity analysis.

### 17.4 Operational Risk Management

Operational risk refers to the risk of loss arising from problematic internal procedures, employees, information technology systems, and external events. The Board regards operational risk as one of the major risks faced by the Company and assumes the ultimate responsibility for operational risk management. The senior management assumes the responsibility for the implementation of operational risk management.

During the Reporting Period, the Company actively implemented the internal and external requirements for operational risk management by improving the operational risk management system, effectively identifying, assessing, monitoring, controlling and mitigating operational risks, vigorously promoting the improvement of operational risk management level, and controlling operational risks well. During the Reporting Period, the Company focused on strengthening operational risk management in the following aspects:

1. Improvement of the operational risk management system. In accordance with the implementation requirements stipulated in the new operational risk regulations, the Bank has revised or formulated operational risk management systems such as the "Operational Risk Management Policy of Bank of Qingdao Co., Ltd." to improved the operational risk management system.
2. Completion of retrospective and supplementary reporting of operational risk loss data. In accordance with the requirements stipulated in the new capital regulations, the Bank has fully completed the retrospective and supplementary reporting of operational risk loss data and developed a full-process online loss event collection mechanism to provide strong data support for the Bank's operational risk management.
3. Launch of operation risk management system. The Bank launched the operational risk and internal control compliance management system to comprehensively improve the Bank's digital intelligence level in operational risk management and achieve effective integration of operational risk and internal control compliance management.
4. Continuous efficient performance in case prevention and control. By carrying out investigation against both case risk and illegal fund-raising risk in multiple dimensions and through diversified channels, and strengthening the training and publicity of operational risk, the Bank guarded against the risk of personnel operating in violation of regulations.

### XVIII. DEVELOPMENT PLAN IN THE SECOND HALF OF THE YEAR

#### 18.1 Operating Situation Analysis for the Second Half of the Year

At present, although global economic growth has stabilized, the risk of long-term low growth still exists in many countries. Domestic structural adjustment will continue to be deepened, and the effects of macro-policies will continue to be released; external demand will pick up; new quality productivity will gradually become the new support for the accelerated development of the economy, thus the overall macro-economy will rebound and improve. Economic operation in Shandong Province is generally stable, with synergies between supply and demand, and the province's GDP has increased by 5.8% year-on-year, higher than the national average, presenting a good situation of steady improvement and quality enhancement in progress. The scale of social financing has grown steadily, and the overall financing demand in the market is improving steadily with structural opportunities. Under the backdrop of the downward trend in deposits and loans rates, it will continue the trend of strict and strong regulation of the banking, and continue to guide commercial banks to enhance their support for real enterprises and key areas such as inclusive finance, green and low-carbon.

#### 18.2 Development Guiding Ideology for the Second Half of the Year

In the second half of the year, the Bank will continue to adhere to the operation guiding ideology of "deepening strategies, strengthening features, optimizing mechanisms, and refining management". The Bank will continue to strengthen the implementation of the strategy in accordance with the established strategic direction to ensure the achievement of the strategic objectives; continue to give full play to the advantages of the Group's integrated and comprehensive operation and carry out specialised operation based on the local area; continue to optimize the construction of synergistic mechanism and improve the market-oriented competitive mechanism; continue to refine the financial management, capital management, operation management and risk management, and continue to improve the level of refined management. By focusing on 4 strategic themes, namely "adjusting the structure, strengthening the customer base, optimizing the synergies and improving the capabilities", the Bank will continue to maintain the solid growth momentum in the first half of the year so as to bring the quality of business development to a new level.

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## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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### 18.3 Major Work Measures in the Second Half of the Year

- (1) Asset business: continuing to maintain the pace of allocation, making large-scale and sufficient reserves;
- (2) Liability business: continuing to focus on liabilities expansion, improving the scale and quality at the same pace;
- (3) Intermediary business: continuing to deepen the capital-light transformation, maintaining the stability of the scale of intermediary business income;
- (4) Customer base: continuing to deepen customer base management, building a solid foundation for business development;
- (5) Subsidiaries: continuing to improve the quality and efficiency of operations, deepening the transformation and development of subsidiaries;
- (6) Risk management: continuing to improve the capacity of risk prevention and control, ensuring stable and ever-lasting development;
- (7) Support guarantees: continuing to strengthen support and guarantee, facilitating efficient business development;
- (8) Team building: continuing to strengthen team building, improving work efficiency continuously;
- (9) Comprehensive management: continuing to strengthen Party building empowerment, specializing in comprehensive management.

## SECTION IV CORPORATE GOVERNANCE

The Bank is committed to comprehensively promoting the modernization of corporate governance and continuing to improve corporate governance effectiveness. During the Reporting Period, the Bank strictly complied with relevant laws and regulations, thoroughly implemented central and local decision-making, deployment and regulatory requirements. Guided by achieving high-quality development of the Bank, it further promoted the in-depth integration of party leadership and corporate governance, improved the system with the Articles of Association as the core, deeply explored the governance and construction of the Board of Directors, and continuously optimized the corporate governance organizational structure composed of shareholders' meeting, Board of Directors, Board of Supervisors and Senior Management, to ensure that each governance entity performed its own duties and responsibilities, coordinated operations and was effectively controlled and balanced. The scientificity, robustness and effectiveness of corporate governance have been steadily improved.

### I. CONVENING OF SHAREHOLDERS' GENERAL MEETING, BOARD MEETING AND SUPERVISORY MEETING DURING THE REPORTING PERIOD

#### 1.1 Shareholders' general meeting

Session of meeting	Type of meeting	Participation		Date of convening	Date of disclosure	Resolutions of meeting
		percentage of investors	Date of			
2023 annual general meeting	Annual general meeting	58.521310%	31 May 2024	31 May 2024	The meeting considered and approved 15 resolutions, such as the work report of the Board of Directors of Bank of Qingdao Co., Ltd. for 2023, the work report of the Board of Supervisors of Bank of Qingdao Co., Ltd. for 2023, the report for final financial accounts of Bank of Qingdao Co., Ltd. for 2023, the profit distribution plan of Bank of Qingdao Co., Ltd. for 2023, the resolution on the engagement of external auditors of Bank of Qingdao Co., Ltd. for 2024 and their remuneration, the resolution on the election of Directors of the ninth session of the Board of Directors of Bank of Qingdao Co., Ltd., the resolution on the election of Supervisors of the ninth session of the Board of Supervisors of Bank of Qingdao Co., Ltd., the resolution on the estimated amount of the ordinary related party transactions of Bank of Qingdao Co., Ltd. for 2024, the special report on related party transactions of Bank of Qingdao Co., Ltd. for 2023, the resolution on capital planning and capital adequacy ratio management plan of Bank of Qingdao Co., Ltd. for 2024-2026, the resolution on the amendments to the Articles of Association of Bank of Qingdao Co., Ltd., the resolution on the amendments to the Rules of Procedure of the Shareholders' General Meeting of Bank of Qingdao Co., Ltd., the resolution on the amendments to the Rules of Procedure of the Board of Directors of Bank of Qingdao Co., Ltd., the resolution on the general mandate for the issue of shares by Bank of Qingdao Co., Ltd. and the resolution on the amendments to the plan on authorisation to the Board granted by the general meeting of Bank of Qingdao Co., Ltd.	

## SECTION IV CORPORATE GOVERNANCE

### 1.2 Request for convening of extraordinary general meeting by preference shareholders with recovered voting rights

During the Reporting Period, there was no request for convening of extraordinary general meeting by preference shareholders with recovered voting rights in the Bank.

### 1.3 Board meetings and meetings of the special committees

During the Reporting Period, the Board of Directors convened 7 meetings, including 2 on-site meetings and 5 correspondence voting meetings, at which a total of 83 proposals were considered and 31 reports were heard. The special committees under the Board held 27 meetings, including 3 meetings of the Strategy Committee, 6 meetings of the Risk Management and Consumer Rights Protection Committee, 4 meetings of the Audit Committee, 3 meetings of the Remuneration Committee, 2 meetings of the Nomination Committee, 6 meetings of the Related Party Transactions Control Committee and 3 meetings of the Network Security and Information Technology Committee, at which a total of 70 proposals were considered and 27 reports were heard.

### 1.4 Supervisory meetings and meetings of the special committees

During the Reporting Period, the Board of Supervisors held 4 meetings, including 1 on-site meeting and 3 correspondence voting meetings, at which a total of 15 proposals were considered and 28 reports were heard. The special committees under the Board of Supervisors held 4 meetings, including 3 meetings of the Supervision Committee and 1 meeting of the Nomination and Evaluation Committee, at which a total of 13 proposals were considered and 26 reports were heard.

## II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Directors of the Bank are nominated by the Board of Directors and elected in accordance with the qualifications and election procedures for Directors as set out in the Articles of Association; the shareholder Supervisors and external Supervisors are nominated by the Board of Supervisors and the employee Supervisors are nominated by the labor union and elected in accordance with the election procedures as set out in the Articles of Association. The changes in the Directors, Supervisors and senior management of the Bank are set out in the table below:

Name	Position held	Type of change	Date of change	Reason of change
Marco MUSSITA	Former non-executive Director	Resigned	31 May 2024	Expired term of the eighth session of the Board of Directors
Giamberto GIRALDO	Non-executive Director	Newly elected	15 August 2024	-
FAN Xuejun	Independent non-executive Director	Newly elected	15 August 2024	-
FANG Qiaoling	Former independent non-executive Director	Resigned	15 August 2024	Due to serving as an independent non-executive Director of the Bank for almost 6 consecutive years and according to the provisions of laws and regulations on the term of office of independent non-executive directors
MENG Xianzheng	Former employee Supervisor	Resigned	31 May 2024	Expired term of the eighth session of the Board of Supervisors
LIU Wenjia	Employee Supervisor	Newly elected	31 May 2024	-
YANG Fengjiang	Former employee Supervisor	Resigned	22 August 2024	Retired as he had attained the retirement age

Save as disclosed above, as at the date for disclosure of this report, there were no other changes in the Directors, Supervisors and senior management of the Bank.



## SECTION IV CORPORATE GOVERNANCE

As at the date for disclosure of this report, the Board of the Bank comprises Mr. JING Zailun, Mr. WU Xianming, Ms. CHEN Shuang and Mr. LIU Peng as executive Directors; Mr. ZHOU Yunjie, Mr. Rosario STRANO, Ms. TAN Lixia, Mr. Giamberto GIRALDO and Mr. DENG Youcheng as non-executive Directors; Mr. XING Lecheng, Mr. ZHANG Xu, Mr. CHEUNG Man Chor, Elton, Mr. DU Ning and Mr. FAN Xuejun as independent non-executive Directors.

### III. CHANGES IN INFORMATION ON DIRECTORS AND SUPERVISORS

1. Mr. Rosario STRANO, a non-executive Director, has been the supervisor of Intesa Sanpaolo International Value Services since January 2024, the director of Eurizon Capital S.A. since February 2024, the chief supervisor of CIB Bank and the director of Private Equity International S.A. since April 2024, the director of Intesa Sanpaolo Bank Luxembourg S.A and the chairman of Qingdao Yicai Fund Distribution Co., Ltd. since May 2024.
2. Mr. Giamberto GIRALDO, a non-executive director, has been the director of Eurizon Capital Asia Limited since March 2024.
3. Mr. LIU Peng, an executive Director, has ceased to be the director of BQD Wealth Management Company Limited since July 2024.
4. Mr. XING Lecheng, an independent non-executive Director, has ceased to be the independent director of Shandong Linuo Technical Glass Co., Ltd. since April 2024.
5. Ms. FANG Qiaoling, the former independent non-executive Director, has been the independent director of Function (Qingdao) Marine Technology Co., Ltd. since June 2024 and ceased to be the independent director of Chengdu LandTop Technology Co., Ltd. since June 2024.
6. Mr. WANG Dawei, an employee Supervisor, has ceased to be a director of BQD Wealth Management Company Limited since May 2024.
7. Ms. Liu Wenjia, an employee Supervisor, has been the director of BQD Wealth Management Company Limited since May 2024.
8. Mr. JIANG Xinglu, an external Supervisor, has ceased to be an independent director of Tsingtao Brewery Co., Ltd. (青島啤酒股份有限公司) since June 2024.

As at the date for disclosure of this report, save as disclosed above, there were no other changes in the information on Directors and Supervisors of the Bank.

### IV. PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVES INTO SHARE CAPITAL DURING THE REPORTING PERIOD

If conditions allow, the Board of the Bank may propose to distribute interim cash dividends for 2024 based on the Bank's operation conditions, while the Bank will not issue bonus shares nor convert capital reserves into share capital in the interim period of 2024.

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## SECTION IV CORPORATE GOVERNANCE

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### V. IMPLEMENTATION OF THE EQUITY INCENTIVE PLAN, EMPLOYEE SHAREHOLDING PLAN OR OTHER EMPLOYEE INCENTIVE MEASURE

There was no implementation of the equity incentive plan, employee shareholding plan or other employee incentive measure of the Bank during the Reporting Period.

### VI. RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of the Bank is responsible for ensuring the establishment and implementation of an adequate and effective internal control system and the Bank's prudential operation within the framework set by laws and policies. The Board of Directors is also responsible for explicitly determining the acceptable risk level, ensuring the senior management to adopt necessary risk control measures, and supervising the senior management on their monitoring and assessment of the adequacy and effectiveness of the risk management and internal control systems.

The Board of Directors of the Bank has established the Audit Committee to be responsible for the supervision of the effective implementation of the Bank's internal control and the self-assessment of risk management and internal control, the coordination of audit on internal control and other relevant matters.

The Board of Supervisors of the Bank is responsible for supervising the Board of Directors and senior management in improving the risk management and internal control systems; supervising the performance of risk management and internal control duties by the Board of Directors, senior management and their members.

The senior management of the Bank is responsible for implementing the decisions of the Board of Directors, formulating systematic systems, procedures and methods based on the acceptable risk level as determined by the Board of Directors and adopting the corresponding risk control measures, establishing and improving the internal organizational structure, ensuring the effective implementation of various risk management and internal control functions as well as conducting supervision and assessment of the adequacy and effectiveness of the risk management and internal control systems.

Based on laws and regulations including the Basic Standards for Enterprise Internal Control and its complimentary guidelines and the Guidelines on Internal Control of Commercial Banks, along with relevant requirements of the Hong Kong Stock Exchange, the Bank has formulated the objectives and principles of internal control and established its internal control system. The Bank takes control over the entire process of various operation and management activities, and continuously enhances the completeness, reasonableness and effectiveness of internal control system through practice.

The Bank attaches great importance to the construction of an internal control system and has established an all-round internal control system with comprehensive process control, covering all business activities, risk management activities and support and guarantee activities. In accordance with external laws and regulations, supervisory policies, and internal operation and management needs, the Bank formulated and amended the relevant internal control management system in a timely manner, optimized the business management process and implemented risk control measures, so as to promote the steady operation and sustainable development of the Bank.

The Bank formulated the Information Disclosure Management System of Bank of Qingdao Co., Ltd., which specified the definition of inside information, confidentiality measures, handling and issuance procedures and internal control. During the Reporting Period, no institution or staff of the Bank participated in or was suspected of being involved in any money laundering or terrorism financing activity.

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## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

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### I. MAJOR ENVIRONMENTAL ISSUES

The Bank and its subsidiaries are not key pollutant discharging enterprises as announced by the environmental protection authorities. During the Reporting Period, the Bank and its subsidiaries were not subject to any penalties due to violation of environmental protection laws and regulations. In the monetary and financial service industry, no pollutants specified in the Measures for the Administration of the List of Key Units of Environmental Supervisor are produced by the Bank's principal business. The Bank and its subsidiaries will conscientiously implement the Environmental Protection Law of the PRC and other environmental protection laws and regulations in its future production and operational activities.

### II. SOCIAL RESPONSIBILITY

During the Reporting Period, the Bank actively fulfilled the economic, environmental and social responsibilities as a local bank corporation, in order to facilitate the high-quality development of regional economy with its financial strength.

In order to fulfill the economic responsibilities, the Bank is committed to the mission of consummating the five major aspects and serving the development of real economy. So far this year, the Bank has thoroughly implemented the spirit of the Central Financial Work Conference and the Central Economic Work Conference, serving the economic and social high-quality development with focus on the five major aspects. The Bank constantly improving its franchise mechanism and service model for technology finance to form a financial service system covering the entire life cycle of technology enterprises. The Bank coordinated and promoted the development of green finance by establishing a high-caliber professional team and innovating green products and services. Dedicated to the key fields such as manufacturing enterprises, science and technology startups, exporting enterprises, supply chain enterprises and modern agriculture, the Bank facilitated the development of its inclusive finance services by the means of innovation in mechanisms, channels and products. As at the end of the Reporting Period, its balance of inclusive loans amounted to RMB40.422 billion, representing an increase of 19.43%. The Bank elaborated the layout of development of pension finance ahead of time, which in turn gradually improved the pension finance operating system. The Bank also proactively promoted the development of digital finance, reinforced the construction of digital infrastructure, accelerated the establishment of digital product systems and digital channels, as well as elevated the quality and effectiveness of finance in serving the real economy.

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## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

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To perform the environmental responsibilities, the Bank adhered to the green development orientation and building the “BQD Green Finance” brand. During the Reporting Period, the Bank continued to strengthen its strategic leadership and established an inter-departmental green finance leadership and coordination mechanism to strategically promote the development of green finance. Since this year, the Bank has continued promoting green financial innovations, building the “BQD Green Finance” brand, organizing bank-wide green financial “performance” enhancement training to improve the professionalism of green finance. The Bank stepped up the promotion of dual-carbon tools, a total of 69 carbon-emission reduction policy tools were implemented in the first half of the year, with a total amount of RMB413 million, and one carbon-emission reduction support instrument was implemented, with a total amount of RMB108 million, which leading to an annual carbon emission reduction of 3,857.98 tons of carbon dioxide. As at the end of the Reporting Period, the balance of green loans amounted to RMB31.934 billion, representing an increased allocation of RMB5.799 billion, or 22.19% as compared with that at the end of last year, far exceeding the average growth rate of corporate loans, and providing continuous financial momentum for the green, low-carbon and high-quality development of Shandong Province. At the same time, the Bank has expanded its green operations to accelerate the promotion of online, mobile and intelligent service systems, and successfully upgraded its new mobile banking version, self-developed “BQD ZhiLing – Mobile Customer Experience Monitoring System”, and enriched the business scene of its Online Business Hall for Corporates to continue to optimize users’ experience. The Bank also promoted the construction of “Green Bank”, advocated a green, low-carbon lifestyle and adheres to the direction of green, low-carbon and high-quality development.

To practice the social responsibilities, the Bank adhered to the background of “people’s finance” to improve the quality and efficiency of services to people. During the Reporting Period, the Bank has actively built banks around it. The “Happy Neighbourhood” reached out to the communities, and the Bank organized a total of 344 “Party Building + Volunteering” activities. The volunteer service team of “Happy Neighborhood” was awarded the national “‘Learn from Lei Fung’ activity demonstration site of financial system”. “Happy country” in the lower-tier counties integrated the resources of each party to establish a comprehensive platform of “finance + government affairs + convenience”, and create a new image of agriculture-benefit. The Bank has carried out in-depth special campaign of “One County, One Product” around county-specific industries, and has achieved nearly RMB900 million in special loans in 16 advantageous agricultural-related industries, living up to its mission on finance for the people and supporting rural revitalization.

The Bank has been actively establishing a warm-hearted bank and attached great importance to the protection of consumers’ rights and interests. The Bank has registered the “Qingnuan” (青暖), an investment and education brand of financial knowledge. It has organized more than 500 publicity and education activities since this year and fulfilled its primary responsibility for the protection of financial consumers’ rights and interests. Focusing on the four public welfare directions of “green and low-carbon, helping the poor, donating money for education, and rural revitalization”, the Bank continued to devote itself to public welfare undertakings. In the first half of the year, the Bank donated grants to colleges and universities and supported the construction of playgrounds in rural secondary schools. During the Reporting Period, the Bank and Qingyin Charitable Foundation of Qingdao city had made external donations amounted to RMB2.7820 million.

The Bank actively building a safe bank. Since this year, the Bank has built and upgraded the Eagle Eye 360 Intelligent Risk Monitoring Platform, controlling a total of 1,673 high-risk accounts and helping customers avoid loss of RMB15.5524 million in the first half of the year. Besides, it newly connected to the “Provincial Public Security Department Funds Early Warning and Joint Defense Platform” (省公安廳資金預警聯防平台) and the “Financial Anti-fraud Integration Platform of People’s Bank of China” (人民銀行金融反詐一體化平台). Account inspections were conducted and the Project of Graded and Classified Management of Optimized Accounts was put into operation to comprehensively strengthen risk control and protect people’s wallets.

### III. PROTECTION OF CONSUMER RIGHTS

The Bank has actively practiced the people-centered development philosophy, kept in mind the original aspiration of “finance serving the people”, attached great importance to the protection of consumer rights and earnestly fulfilled its responsibility as the entity protecting the rights and interests of financial consumers. Through incorporating the consumer rights protection into its corporate governance, corporate culture construction and operation and development strategies, the Bank has promoted the construction of a consumer protection working mechanism of “Liang Quan San Tou” (兩全三頭), which integrates consumer protection factors into the entire process and forges a work pattern where all employees assume the tasks for consumer protection to achieve the goal of paying attention to consumer protection from the source and strengthening consumer protection upon the appearance of a symptom while principal leaders taking the lead in implementing consumer protection, so as to comprehensively improve the level of consumer protection work.

During the Reporting Period, the Bank carried out a series of improvement work in consumer protection management based on the mindset of “problem-oriented”, “characteristics-highlighted” and “management-prepositioned”, including continuously improving its consumer protection system and operating mechanism, performing its review functions on consumer protection, carrying out special management of complaints in key areas, improving its emergency response to contingencies, optimizing the service experience for elderly customers, taking multiple measures to build a solid fortress of personal information protection, and creating the investment and education brand named “Qingnuan” (青暖) to accompany consumers in the practice of financial education. In the first half of 2024, the Bank proactively responded to the call of the regulatory authorities and continuously held the activities such as “3•15 Financial Consumer Rights Protection Education and Publicity Activities” (3•15金融消費者權益保護教育宣傳活動), “Financial Knowledge Popularisation Journey for Thousands of Miles” (普及金融知識萬里行), as well as “Five Entries – Financial Knowledge into the Business Field” (五進•金融知識進商圈), and released the brands for youth’s social practice including “The Banker” (小小銀行家) and “Youth Entrepreneurship Innovation” (青創一新) to focus on the needs and expectations of financial consumers to carry out education and publicity activities in a down-to-earth manner, especially the key areas of financial consumer disputes, the weak links in appropriateness management and the establishment of an industry integrity culture, so as to effectively help consumers build up their awareness of risk prevention and improve their risk identification ability.

## SECTION VI SIGNIFICANT EVENTS

### I. UNDERTAKINGS FULFILLED DURING THE REPORTING PERIOD AND NOT FULFILLED AS AT THE END OF THE REPORTING PERIOD BY THE DE FACTO CONTROLLERS, SHAREHOLDERS, RELATED PARTIES, ACQUIRERS, THE BANK AND OTHER PARTIES INVOLVED IN UNDERTAKING

There were no de facto controllers and acquirers of the Bank. The following undertakings have been fulfilled during the Reporting Period:

Reason of undertaking	Party involved in undertaking	Type of undertaking	Details of undertaking	Date of undertaking	Term of undertaking	Particulars on the performance
Undertaking made on initial public offering or refinancing	Qingdao Conson Industrial Co., Ltd.	Undertakings on the intention of shareholding and intention of reduction of shareholding	Prior to the issuance of the A Shares, Qingdao Conson Industrial Co., Ltd., a shareholder holding more than 5% of the total share capital of the Bank, undertook that upon the listing of A Shares of the Bank, if it is necessary to transfer the shares of the Bank held by it, upon the satisfaction of the four conditions on reduction of shareholding, namely expiration of the lockup period as stipulated by laws and regulations and regulatory documents, expiration of lockup period undertaken, there being no circumstance where the share transfer is prohibited as stipulated in laws and regulations and regulatory documents and the announcement on the intention of reduction in shareholding being published 3 trading days before the reduction in shareholding, Qingdao Conson Industrial Co., Ltd. can reduce its shareholding through concentrated bidding system, block trade system of the stock exchange, share transfer by agreement or other methods as permitted by the laws and regulations within six months from the publication of the announcement on the intention of reduction in shareholding. If Qingdao Conson Industrial Co., Ltd. intends to reduce its shareholding within two years after the expiration of the lock-up period, the number of shares reduced each year shall not exceed 25% of the number of the shares held, and the price shall not be lower than the issue price (In case of any ex-rights or ex-dividend activities such as dividend distribution, bonus shares, capital conversion from capital reserve, allotment and share subdivision, the above price shall be adjusted for such ex-rights and ex-dividends activities). If Qingdao Conson Industrial Co., Ltd. fails to fulfill the above undertakings regarding the reduction of shareholding, its gains from the reduction of shares of the Bank shall be forfeited by the Bank. If the gains of the illegal reduction or the illegal transfer are not delivered to the Bank, the Bank shall be entitled to withhold cash dividends payable to it at an amount that is equivalent to the gains of the illegal reduction or the illegal transfer.	16 January 2019	Please see the details of undertaking	It has been fulfilled during the Reporting Period
	The Directors and senior management holding shares of the Bank	Undertakings on the intention of shareholding and intention of reduction of shareholding	The Directors and senior management holding shares of the Bank undertook that if they reduce the shares of the Bank held by them within 2 years from the expiration of the lock-up period, the price shall not be lower than the issue price; if the closing price of the shares of the Bank is lower than the issue price for 20 consecutive trading days during the 6 months after the listing of the Bank, or the closing price of the shares of the Bank at the end of the 6 months after listing is lower than the issue price, the lockup period of shares of the Bank held by them shall be extended for 6 months automatically. The above undertakings on the price of shareholding reduction shall not be terminated due to changes in their posts or dismissal. The above issue price refers to the issue price of the initial public offering of the A Shares of the Bank. If the Bank has any ex-rights and ex-dividend issues due to cash dividend, bonus issue, capital conversion and issue of new shares after its listing, such issues shall be handled in accordance with the relevant provisions of the stock exchange.	16 January 2019	Please see the details of undertaking	It has been fulfilled during the Reporting Period

## SECTION VI SIGNIFICANT EVENTS

*Note:* Qingdao Conson Industrial Co., Ltd. has changed its name to Qingdao Guoxin Industrial and Financial Holdings (Group) Co., Ltd. Since the Securities account name has not changed, the above table is still listed as “Qingdao Conson Industrial Co., Ltd.”.

Save as disclosed above, there were no other undertakings fulfilled during the Reporting Period and not fulfilled as at the end of the Reporting Period by the Bank, shareholders, related parties of the Bank or other parties involved in the undertaking.

### II. APPROPRIATION OF THE LISTED COMPANY’S FUNDS BY THE CONTROLLING SHAREHOLDER AND ITS RELATED PARTIES FOR NON-OPERATING PURPOSES

During the Reporting Period, there was no appropriation of funds of the Bank by the controlling shareholders and other related parties for non-operating purposes. The Bank’s largest shareholder and its related parties were also not involved in the above situation.

### III. NON-COMPLIANCE WITH EXTERNAL GUARANTEES

During the Reporting Period, there was no violation of external guarantees by the Bank.

### IV. ENGAGEMENT OR DISMISSAL OF ACCOUNTING FIRMS

The financial reports in this interim report are unaudited. During the Reporting Period, the Bank did not change the accounting firm.

### V. MATTERS RELATED TO BANKRUPTCY AND REORGANIZATION

There was no matter related to bankruptcy and reorganization of the Bank during the Reporting Period.

### VI. LITIGATION

Overview	Amount involved	Any provision made	Current status	Results of trial and effects thereof	Enforcement of judgments	Disclosure date	Disclosure index
The Bank filed a lawsuit in the High Court of the Hong Kong Special Administrative Region on 1 September 2022 regarding a dispute over the agreement with AMTD GLOBAL MARKETS LIMITED.	All entrusted assets under the USD350 million portfolio.	No. The Bank will conduct accounting treatment in accordance with the progress of the litigation and the provisions of the relevant accounting standards.	Officially accepted by the court, but yet to be heard.	N/A. The litigation will not affect the normal operation of the Bank and it is expected that there will be no substantial impact on the profit of the Bank.	N/A	2 September 2022	The Announcement on Litigation published by the Bank on the CNINFO website (Announcement No. 2022-052)

*Note:* AMTD GLOBAL MARKETS LIMITED has been renamed as orientiert XYZ Securities Limited.

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## **SECTION VI SIGNIFICANT EVENTS**

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The Bank was not involved in any major litigation or arbitration during the Reporting Period. As at the end of the Reporting Period, the Bank as the complainant was involved in several litigations in the course of its daily operation due to, among other things, the settlement of loans; the Bank as the defendant was involved in 16 pending litigation cases amounting to RMB7.0990 million. The Bank anticipates that these litigations will not have a material adverse impact on its financial or operating results, and no provision arose from the litigation.

### **VII. PUNISHMENT AND RECTIFICATION**

During the Reporting Period, the Bank was not suspected of any crime and subject to investigation according to the law. Its Directors, Supervisors and senior management were not suspected of any crime and imposed compulsory measures according to the law. The Bank, its Directors, Supervisors and senior management did not receive any criminal punishment, or were not suspected of breach of law or regulation and subject to investigation by the CSRC or administrative penalties by the CSRC, or imposed significant administrative penalties by other competent authorities. Directors, Supervisors and senior management of the Bank were not detained by the discipline inspection and supervision authority that prevented him/her from discharging duties due to suspected serious breach of discipline or law or duty-related crimes, or imposed coercive measures by other competent authorities that prevented him/her from discharging duties due to suspected breaches of laws or regulations.

### **VIII. CREDIBILITY OF THE BANK, ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS**

The Bank has no controlling shareholders or de facto controllers. During the Reporting Period, none of the largest shareholders of the Bank or its de facto controller failed to perform obligations determined by any effective court judgment or settle any significant debts that have fallen due.

### **IX. RELATED PARTY TRANSACTIONS**

#### **9.1 Related party transactions during the ordinary course of business**

The Bank conducted related party transactions by strictly following the relevant regulations of the regulatory authorities and rules for management of related party transactions formulated by the Bank.

According to the requirements of the National Financial Regulatory Administration, the Bank reviews and approves related party transactions based on commercial principles and on terms no more favorable than similar transactions with non-related parties. The terms of such transactions are fair and reasonable and in the interests of all shareholders and the Bank as a whole, and there is no negative impact on the operating results and financial position of the Bank. Among which, all credit-related related party transactions were conducted in accordance with relevant laws and regulations, credit granting conditions and the review procedures, and the amount of all the loans was recovered normally.

According to the requirements of the National Financial Regulatory Administration, during the Reporting Period, there were 9 proposals on material related party transactions approved by



## SECTION VI SIGNIFICANT EVENTS

the Board, which were transactions with 6 related enterprises of Haier Group, Tsingtao Brewery Co., Ltd., Qingdao Doublestar Co., Ltd. and with BQD Financial Leasing Company Limited. During the Reporting Period, the Bank's deposit-related significant related party transactions amounted to RMB1.5 billion, which represented time deposits of Tsingtao Brewery Co., Ltd. As at the end of the Reporting Period, the Bank's net of credit-related significant related party transactions was RMB2.569 billion, the details of which are as follows:

*Unit: RMB in 100 million*

Name of related party	Type of business	Balance of credit-related significant related party transactions	Net credit after deducting margin	Percentage of the net capital as at the end of the Reporting Period (%)
Qingdao Haiyun Chuangzhi Business Development Co., Ltd. (青島海雲創智商業發展有限公司)	Residential development loan	9.08	9.08	1.87
BQD Financial Leasing Company Limited	Interbank borrowing	5.00	5.00	1.03
Haitian (BVI) International Investment Development Limited	Bond investment	3.56	3.56	0.73
Haier Consumer Finance Co., Ltd. (海爾消費金融有限公司)	Interbank borrowing	3.00	3.00	0.62
Qingdao Haili Living Technology Co., Ltd. (青島海驪居住科技股份有限公司)	Supply chain financing	1.74	1.74	0.36
Qingdao Haishanghai Life Service Group Co., Ltd. (青島海尚海生活服務集團有限公司)	Medium-term working capital loan	0.98	0.98	0.20
Qingdao HBIS New Material Technology Joint-stock Limited Company (青島河鋼新材料科技股份有限公司)	Bank acceptance bills	1.00	0.80	0.16
Haier Financial Factoring (Chongqing) Co., Ltd. (海爾金融保理(重慶)有限公司)	Short-term working capital loan	0.70	0.70	0.14
Qingdao Haichen Real Estate Development Co., Ltd. (青島海宸房地產開發有限公司)	Commercial housing development loan	0.22	0.22	0.05
Qingdao HBIS Composite New Material Technology Co., Ltd. (青島河鋼複合新材料科技有限公司)	Bank acceptance bills	0.13	0.10	0.02
Qingdao No.1 Courtyard Hotel Co., Ltd. (青島壹號院酒店有限公司)	Short-term working capital loan	0.10	0.10	0.02
Qingdao Mindray Ecological Environment Technology Co., Ltd. (青島邁帝瑞生態環境科技有限公司)	Short-term working capital loan	0.10	0.10	0.02
Qingdao Haishanghai Commercial Operation Co., Ltd. (青島海尚海商業運營有限公司)	Short-term working capital loan	0.10	0.10	0.02
Qingdao Tizhiwang IoT Technology Co., Ltd. (青島梯之網物聯科技有限公司)	Short-term working capital loan	0.10	0.10	0.02
Qingdao Haiyu Qingquan Hot Spring Hotel Co., Ltd. (青島海御清泉溫泉酒店有限公司)	Short-term working capital loan	0.10	0.10	0.02
Haier Group Finance Co., Ltd.	Commercial bill financing	0.008	0.008	0.002

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*Note:* According to the relevant requirements of the National Financial Regulatory Administration, the proportion of the balance of credit-related significant related party transactions as set out in the above table to the net capital as at the end of the Reporting Period is calculated on the basis of the net capital of the parent company of the Bank.

According to the provisions of the CSRC and SZSE, the Bank has made a forecast of the ordinary related party transactions in 2024 and published the Announcement on the Estimated Ordinary Related Party Transactions in 2024 (Announcement No.: 2024-008) on CNINFO website dated 28 March 2024. The related party transactions in the Reporting Period have not exceeded the forecast or did not need separate disclosure. The details are as follows:

- (1) Haier Group Corporation (海爾集團公司) and its related parties: The balance of credit-related transactions at the end of the Reporting Period was RMB1,713 million and the balance of deposit transactions at the end of the Reporting Period was RMB209 million;
- (2) Intesa Sanpaolo S.p.A. and its related parties: There was no balance of credit-related transactions at the end of the Reporting Period, the balance of deposit transactions at the end of the Reporting Period was RMB84 million, and the actual amount of other non-credit transactions during the Reporting Period was RMB4 million;
- (3) Qingdao Conson Development (Group) Co., Ltd. and its related parties: The balance of credit-related transactions at the end of the Reporting Period was RMB1,411 million (including the balance of credit-related transactions between BQD Wealth Management and the related parties of Conson Group of RMB855 million), the balance of deposit transactions at the end of the Reporting Period was RMB109 million, and the actual amount of other non-credit transactions during the Reporting Period was RMB4 million;
- (4) BQD Financial Leasing Company Limited: The balance of credit-related transactions at the end of the Reporting Period was RMB500 million, the balance of deposit transactions at the end of the Reporting Period was RMB518 million, and the actual amount of other non-credit transactions during the Reporting Period was RMB403 million;
- (5) BQD Wealth Management Company Limited: There was no balance of credit-related transactions at the end of the Reporting Period, the balance of deposit transactions at the end of the Reporting Period was RMB277 million and the actual amount of other non-credit transactions was RMB301 million;
- (6) Tsingtao Brewery Co., Ltd.: There was no balance of credit-related transactions at the end of the Reporting Period and the balance of deposit transactions at the end of the Reporting Period was RMB3.5 billion;

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- (7) Qingdao Rural Commercial Bank Co., Ltd.: The balance of credit-related transactions at the end of the Reporting Period was RMB203 million and there was no actual amount of other non-credit transactions;
- (8) China International Capital Corporation Limited: There was no balance of credit-related transactions at the end of the Reporting Period and the actual amount of other non-credit transactions other than deposits was RMB1 million;
- (9) Zaozhuang Bank Co., Ltd.: There was no balance of credit-related transactions at the end of the Reporting Period;
- (10) Shandong Laiwu Rural Commercial Bank Co., Ltd.: There was no balance of credit-related transactions at the end of the Reporting Period;
- (11) Liqun Commercial Group Co., Ltd.: The balance of credit-related transactions at the end of the Reporting Period was RMB231 million;
- (12) Mesnac Co., Ltd.: The balance of credit-related transactions at the end of the Reporting Period was RMB0.1 million and the balance of deposit transactions at the end of the Reporting Period was RMB0.1 million;
- (13) Triangle Tyre Co., Ltd.: As at the end of the Reporting Period, Triangle Tyre Co., Ltd. was no longer a related party of the Bank and there was no balance of deposit transactions;
- (14) RemeGen Co., Ltd.: There was no balance of credit-related transactions at the end of the Reporting Period and there was no balance of deposit transactions at the end of the Reporting Period;
- (15) Qingdao Baheal Pharmaceutical Company Limited: There was no balance of credit-related transactions at the end of the Reporting Period;
- (16) Related natural persons: The balance of credit-related transactions at the end of the Reporting Period was RMB280 million, and the risk exposure was RMB280 million. The balance of deposit transactions at the end of the Reporting Period was RMB779 million and there was no actual amount of other non-credit transactions.

During the Reporting Period, the Bank engaged in related party transaction with one related party that the cumulative amount exceeded 5% of the Bank's most recently audited net assets. The transaction included deposit transactions provided to Tsingtao Brewery Co., Ltd. (hereinafter referred to as "Tsingtao Brewery"). The transaction was routine related party transaction expected to occur in 2024. JIANG Xinglu, an external Supervisor of the Bank, has served as an independent director of Tsingtao Brewery in the past twelve months.

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## SECTION VI SIGNIFICANT EVENTS

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The Bank provided deposit transactions to Tsingtao Brewery on commercial principles and under conditions not more favorable than those offered to non-related parties for similar transactions. As at the end of the Reporting Period, the balance of deposits held by Tsingtao Brewery with the Bank was RMB3.5 billion, accounting for 0.85% of the Bank's deposit business. These deposits represented time deposits with quarterly interest payments, with a weighted average interest rate of 3.2%.

### **9.2 Related party transactions in connection with acquisition or sale of assets or equity interest**

There were no related party transactions of the Bank in connection with the acquisition or sale of assets or equity interest during the Reporting Period.

### **9.3 Related party transactions in connection with joint external investment**

There were no related party transactions of the Bank in connection with joint external investment during the Reporting Period.

### **9.4 Related creditors' rights and debts transactions**

There were no non-operating related creditors' rights and debts transactions of the Bank during the Reporting Period.

### **9.5 Transactions with related financial companies**

During the Reporting Period, there were no deposits, loans, credit grants or other financial business between the Bank and the financial companies that were related to the Bank. At the end of the Reporting Period, the balance of deposit transactions of Haier Group Finance Co., Ltd. at the Bank was RMB519.5 thousand. The facilities of RMB200 million granted by the Bank to Haier Group Finance Co., Ltd. was for holders of bank acceptance bills issued by Haier Group Finance Co., Ltd. to pledge and discount bank acceptance bills with the Bank. The Bank has no direct business with Haier Group Finance Co., Ltd.

### **9.6 Transactions with related parties and financial companies controlled by the Bank**

The Bank does not control any financial companies.

### **9.7 Other significant related party transactions**

There were no other significant related party transactions of the Bank during the Reporting Period.

**X. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF****10.1 Custody, contracting and leasing**

There was no matter related to custody, contracting, and leasing of assets of other companies by the Bank, or matter related to custody, contracting, and leasing of assets of the Bank by other companies which occurred during the Reporting Period or in previous periods and carried over into the Reporting Period that resulted in gains or losses to the Bank in excess of 10% of its total profit for the year.

**10.2 Significant guarantees**

The guarantee business is in the ordinary course of the Bank. There was no significant guarantee matter out of the Bank's normal scope of business that needs to be disclosed during the Reporting Period.

**10.3 Entrusted wealth management**

The Bank did not have any entrusted wealth management out of its normal scope of business during the Reporting Period.

**10.4 Other material contracts**

There were no other material contracts of the Bank during the Reporting Period.

**XI. OTHER MATTERS OF SIGNIFICANCE****11.1 Acquisition, merger and disposal of assets during the Reporting Period**

During the Reporting Period, the Bank did not engage in any material acquisition, merger and disposal of assets.

**11.2 Significant commitment and entrusted asset management**

During the Reporting Period, save for commitment and entrusted asset management business within the scope of its normal business, the Bank did not have any other significant commitments and entrusted asset management that need to be disclosed. Please refer to the notes to the financial statement of this interim report for the specifics of guarantee and commitments.

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### 11.3 Publishing of interim report

This interim report prepared in both Chinese and English by the Bank in accordance with the International Accounting Standards and Hong Kong Listing Rules is available at the HKEXnews website of the Hong Kong Stock Exchange and the website of the Bank. In case of any discrepancy in interpretation between the two versions, the Chinese version shall prevail. This interim report has been reviewed by the Audit Committee of the Board of Directors.

The interim report in Chinese prepared by the Bank in accordance with the Accounting Standards for Business Enterprises and the semi-annual report compilation rules is available at the website of SZSE and the website of the Bank.

### 11.4 Representation on compliance with the Hong Kong Listing Rules

The Bank has adopted the required standard set by the Model Code as the code of conduct for securities transactions by its Directors and Supervisors. Having made enquiries to all Directors and Supervisors, the Bank confirmed that they had complied with the above Model Code for transactions in the Bank's securities during the Reporting Period.

During the Reporting Period, the Bank strictly complied with the provisions set out in the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules, and adopted the recommended best practices as set out therein as appropriate.

## XII. MAJOR ISSUES OF THE BANK'S SUBSIDIARIES

During the Reporting Period, the Bank's subsidiaries had no major issues that need to be disclosed.

## SECTION VI SIGNIFICANT EVENTS

### XIII. REGISTRATION FORM FOR RECEPTION OF ACTIVITIES SUCH AS SURVEYS, COMMUNICATIONS AND INTERVIEWS DURING THE REPORTING PERIOD

Date of reception	Site of reception	Way of reception	Type of recipient	Recipient	Major discussion points and information provided	Index of the basic particulars of the survey
11 April 2024	Head office of the Bank	On-site survey and online interaction	Institutions	Ni Jun from GF Securities, Ma Xiangyun from Changjiang Securities, Ma Zhihao from Zhongtai Securities, Dai Tiantian from China Merchants Securities, Zhou Yuan from Zheshang Securities, Ding Huangshi from Kaiyuan Securities, Wang Xinyu from China Securities, Zhao Chenyang from Everbright Securities, Pu Jiayi from Huatai Securities, Lu Jiaoyang from CICC, Ni Anfeng from Guosheng Securities, and other investors who participated in this performance conference through live webcast	Exchanges on the 2023 performance and operating conditions of the Bank and the Bank provided relevant presentations	Please refer to the Investor Relations Activity Record Form and its attachments published by the Bank on CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> ) dated 11 April 2024
7 May 2024	Head office of the Bank	On-site survey	Institutions	Zhang Jiawang, Xu Xionghui, Li Yu and Peng Bo from Dacheng Fund, and Li Runling from Huatai Securities	Exchanges on the interest spread and interest margin, commission income, etc. of the Bank, but the Bank did not provide relevant information	Please refer to the Investor Relations Activity Record Form published by the Bank on CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> ) dated 7 May 2024
9 May 2024	Head office of the Bank	Telephone communication	Institutions	Analysts and institutional investors such as Ma Xiangyun and Zhou Libin from Changjiang Securities	Exchanges on the credit allocation, asset quality, etc. of the Bank, but the Bank did not provide relevant information	Please refer to the Investor Relations Activity Record Form published by the Bank on CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> ) dated 9 May 2024

## SECTION VI SIGNIFICANT EVENTS

Date of reception	Site of reception	Way of reception	Type of recipient	Recipient	Major discussion points and information provided	Index of the basic particulars of the survey
15 May 2024	Head office of the Bank	On-site survey	Institutions	Ma Kunpeng, Li Chen and Wang Xinyu from China Securities, He Wang from China Universal Fund, Liu Shaolin from Harvest Fund, Huang Fan from Perseverance Asset, Jiang Yudong from MaxWealth Fund, Duan Xiaqing from CMS Asset Management, Xiu Jian from Income Partners, Wang Wenhao from Changsheng Fund, and Liu Chao from Huachuang Captive	Exchanges on the agriculture-related credit, revenue outlook, etc. of the Bank, but the Bank did not provide relevant information	Please refer to the Investor Relations Activity Record Form published by the Bank on CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> ) dated 15 May 2024
16 May 2024	Head office of the Bank	On-site survey	Institutions	He Yating from Huatai Securities, Luo Lisi from China Merchants Fund, Yan Yijiang from China Asset Management, An Na from China Life Insurance Pension, and Huang Shanying from China Life AMP Fund	Exchanges on the license advantages, net interest margin, etc. of the Bank, but the Bank did not provide relevant information	Please refer to the Investor Relations Activity Record Form published by the Bank on CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> ) dated 16 May 2024
28 May 2024	Head office of the Bank	On-site survey	Institutions	Wu Xuan from Penghua Fund	Exchanges on the competitive advantages, commission income, etc. of the Bank, but the Bank did not provide relevant information	Please refer to the Investor Relations Activity Record Form published by the Bank on CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> ) dated 28 May 2024
29 May 2024	Head office of the Bank	On-site survey	Institutions	Zhang Xiaohui from Cinda Securities, Zhao Yinming from BOCOM Schroder, Li Xin from Taikang Assets, Jiang Zhongyu from Caitong Fund, Liu Yue from Perseverance Asset, and Wang Xin from Capital Securities	Exchanges on the subsidiary development, dividend distribution, etc. of the Bank, but the Bank did not provide relevant information	Please refer to the Investor Relations Activity Record Form published by the Bank on CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> ) dated 29 May 2024



## SECTION VI SIGNIFICANT EVENTS

Date of reception	Site of reception	Way of reception	Type of recipient	Recipient	Major discussion points and information provided	Index of the basic particulars of the survey
7 June 2024	Head office of the Bank	On-site survey	Institutions	Chen Shaoxing and Cao Xintong from Industrial Securities, Wu Tinghua from Chang Xin Asset Management, and Wu Yingying from Yinhua Fund	Exchanges on the outlet distribution, net interest margin, etc. of the Bank, but the Bank did not provide relevant information	Please refer to the Investor Relations Activity Record Form published by the Bank on CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> ) dated 7 June 2024
14 June 2024	Head office of the Bank	On-site survey	Institutions	Deng Meijun and Ma Zhihao from Zhongtai Securities, and Cao Ye from CICC Wealth Management	Exchanges on the agriculture-related credit, credit allocation, etc. of the Bank, but the Bank did not provide relevant information	Please refer to the Investor Relations Activity Record Form published by the Bank on CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> ) dated 14 June 2024
19 June 2024	Head office of the Bank	On-site survey	Institutions	Ma Xiangyun and Zhou Libin from Changjiang Securities, and He Chuan from China Life Asset Management	Exchanges on the competitive advantages, credit orientation, etc. of the Bank, but the Bank did not provide relevant information	Please refer to the Investor Relations Activity Record Form published by the Bank on CNINFO website ( <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> ) dated 19 June 2024

## SECTION VII CHANGES IN SHAREHOLDINGS AND INFORMATION ON SHAREHOLDERS

### I. CHANGES IN SHAREHOLDINGS

#### 1.1 Changes in Shareholdings

Unit: share

Item	31 December 2023		Increase/decrease (+/-) during the Reporting Period					30 June 2024	
	Number of shares	Percentage %	New issue	Conversion			Sub-total	Number of shares	Percentage %
				Bonus issue	from reserves	Others			
<b>I. Shares with selling restrictions</b>	418,368,772	7.19	-	-	-	120,348	120,348	<b>418,489,120</b>	<b>7.19</b>
1. State-owned shares	-	-	-	-	-	-	-	-	-
2. Shares held by state-owned legal entities	-	-	-	-	-	-	-	-	-
3. Shares held by other domestic investors	418,368,772	7.19	-	-	-	120,348	120,348	<b>418,489,120</b>	<b>7.19</b>
Of which: Shares held by domestic non-state-owned legal entities	415,238,638	7.14	-	-	-	-46,274	-46,274	<b>415,192,364</b>	<b>7.13</b>
Shares held by domestic natural individuals	3,130,134	0.05	-	-	-	166,622	166,622	<b>3,296,756</b>	<b>0.06</b>
4. Shares held by foreign investors	-	-	-	-	-	-	-	-	-
Of which: Shares held by foreign legal entities	-	-	-	-	-	-	-	-	-
Shares held by foreign natural individuals	-	-	-	-	-	-	-	-	-
<b>II. Shares without selling restrictions</b>	5,401,985,952	92.81	-	-	-	-120,348	-120,348	<b>5,401,865,604</b>	<b>92.81</b>
1. RMB ordinary shares	3,110,040,478	53.43	-	-	-	-120,348	-120,348	<b>3,109,920,130</b>	<b>53.43</b>
2. Domestic listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	2,291,945,474	39.38	-	-	-	-	-	<b>2,291,945,474</b>	<b>39.38</b>
4. Others	-	-	-	-	-	-	-	-	-
<b>III. Total number of shares</b>	<b>5,820,354,724</b>	<b>100.00</b>	-	-	-	-	-	<b>5,820,354,724</b>	<b>100.00</b>

Notes:

- During the Reporting Period, the changes in the Bank's shares were mainly due to the lock-up of shares held by the Bank' Supervisors in accordance with the laws and regulations and the completion of shares confirmation and registration by shareholders without affirmed ownership. The above changes in the shares do not involve any regulatory approval or share transfer.
- The Bank did not conduct share repurchase during the Reporting Period.
- During the Reporting Period, there was no change in the total number of shares of the Bank and the changes in shares shown above had no impact on the financial indicators.

## SECTION VII CHANGES IN SHAREHOLDINGS AND INFORMATION ON SHAREHOLDERS

### 1.2 Changes of Shares with Selling Restrictions

During the Reporting Period, the Bank did not release the shares with selling restrictions before the initial issue. The change in the shares with selling restrictions of the Bank was due to the lock-up of shares held by the Bank's Supervisors in accordance with the laws and regulations. The details are as follows:

Name of shareholders	Number of restricted shares at the beginning of the period	Number of restricted shares released during the period	Number of restricted shares increased during the period	Number of restricted shares at the end of the period	Reason for the selling restrictions	Date of releasing the restricted shares
MENG Xianzheng	361,043	-	120,348	481,391	Resignation lock-up	30 November 2024
<b>Total</b>	361,043	-	120,348	481,391	-	-

*Note:* The "Date of releasing the restricted shares" above is calculated on the basis of six months after the Supervisor's resignation and the actual date of releasing the restricted shares shall be subject to the registration and clearing corporate data.

## II. SECURITIES ISSUANCE AND THE LISTING

During the Reporting Period, the Bank did not issue any new ordinary and preference shares, and there were no public offerings of corporate bonds to be listed on stock exchanges.

## SECTION VII CHANGES IN SHAREHOLDINGS AND INFORMATION ON SHAREHOLDERS

### III. NUMBER OF SHAREHOLDERS AND THEIR SHAREHOLDINGS IN THE BANK

#### 1.1 The Shareholders of the Bank

Unit: share

Total number of ordinary shareholders at the end of the Reporting Period	58,775	Total number of preference shareholders whose voting rights were resumed at the end of the Reporting Period	-
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#### Shareholdings of ordinary shareholders who hold more than 5% of the shares or shareholdings of the top ten ordinary shareholders

Name of shareholders	Nature of shareholders	Percentage of shareholding	Number of ordinary shares		Number of ordinary shares with selling restrictions held	Number of ordinary shares without selling restrictions held	Share pledged, marked or locked-up	
			held as at the end of the Reporting Period	Increase or decrease during the Reporting Period			Status of shares	Number of shares
Hong Kong Securities Clearing Company Nominees Limited (香港中央結算(代理人)有限公司)	Overseas legal entity	21.87%	1,272,955,994	-250	-	1,272,955,994	Unknown	Unknown
Intesa Sanpaolo S.p.A. (意大利聯合聖保羅銀行)	Overseas legal entity	17.50%	1,018,562,076	-	-	1,018,562,076	-	-
Qingdao Conson Industrial Co., Ltd. (青島國信實業有限公司)	State-owned legal entity	11.25%	654,623,243	-	-	654,623,243	-	-
Qingdao Haier Industrial Development Co., Ltd. (青島海爾產業發展有限公司)	Domestic non-state-owned legal entity	9.15%	532,601,341	-	409,693,339	122,908,002	-	-
Qingdao Haier Air-Conditioner Electronics Co., Ltd. (青島海爾空調電子有限公司)	Domestic non-state-owned legal entity	4.88%	284,299,613	-	-	284,299,613	-	-
Haier Smart Home Co., Ltd. (海爾智家股份有限公司)	Domestic non-state-owned legal entity	3.25%	188,886,626	-	-	188,886,626	-	-
Qingdao Hairen Investment Co., Ltd. (青島海仁投資有限責任公司)	Domestic non-state-owned legal entity	2.99%	174,083,000	-	-	174,083,000	-	-
Qingdao Huatong State-owned Capital Operation (Group) Co., Ltd. (青島華通國有資本投資運營集團有限公司)	State-owned legal entity	2.12%	123,457,855	-	-	123,457,855	-	-
Qingdao Jifa Group Co., Ltd. (青島即發集團股份有限公司)	Domestic non-state-owned legal entity	2.03%	118,217,013	-	-	118,217,013	-	-
Guosen Securities Company Limited (國信證券股份有限公司)	State-owned legal entity	1.19%	69,136,652	543,370	-	69,136,652	-	-
Strategic investors or general legal entities becoming one of the top ten ordinary shareholders of the Bank as a result of placing of new shares		N/A						

## SECTION VII CHANGES IN SHAREHOLDINGS AND INFORMATION ON SHAREHOLDERS

Description of the related relationships or acting in concert among the above shareholders	Qingdao Haier Industrial Development Co., Ltd., Qingdao Haier Air-Conditioner Electronics Co., Ltd. and Haier Smart Home Co., Ltd. are all under Haier Group. Among the abovementioned shareholders, the Bank is not aware of any other related relationships among other shareholders or whether they are parties acting in concert.
Description of the voting rights entrusted by the above shareholders, the voting rights the above shareholders are entrusted with, the voting the above shareholders abstained from	Among the abovementioned shareholders, Qingdao Haier Industrial Development Co., Ltd. and Qingdao Haier Air-Conditioner Electronics Co., Ltd. have entrusted Haier Smart Home Co., Ltd. to exercise the voting rights of the shareholders corresponding to their shares.
Special description of the existence of a specific repurchase account among the top 10 shareholders	N/A

### Shareholdings of the top 10 shareholders without selling restrictions

Name of shareholders	Number of ordinary shares held without selling restrictions as at the end of the		
	Reporting Period	Types of shares	Number
Hong Kong Securities Clearing Company Nominees Limited (香港中央結算(代理人)有限公司)	1,272,955,994	Overseas listed foreign shares	1,272,955,994
Intesa Sanpaolo S.p.A. (意大利聯合聖保羅銀行)	1,018,562,076	Overseas listed foreign shares	1,018,562,076
Qingdao Conson Industrial Co., Ltd. (青島國信實業有限公司)	654,623,243	RMB ordinary shares	654,623,243
Qingdao Haier Air-Conditioner Electronics Co., Ltd. (青島海爾空調電子有限公司)	284,299,613	RMB ordinary shares	284,299,613
Haier Smart Home Co., Ltd. (海爾智家股份有限公司)	188,886,626	RMB ordinary shares	188,886,626
Qingdao Hairen Investment Co., Ltd. (青島海仁投資有限責任公司)	174,083,000	RMB ordinary shares	174,083,000
Qingdao Huatong State-owned Capital Operation (Group) Co., Ltd. (青島華通國有資本投資運營集團有限公司)	123,457,855	RMB ordinary shares	123,457,855
Qingdao Haier Industrial Development Co., Ltd. (青島海爾產業發展有限公司)	122,908,002	RMB ordinary shares	122,908,002
Qingdao Jifa Group Co., Ltd. (青島即發集團股份有限公司)	118,217,013	RMB ordinary shares	118,217,013
Guosen Securities Company Limited (國信證券股份有限公司)	69,136,652	RMB ordinary shares	69,136,652

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## SECTION VII CHANGES IN SHAREHOLDINGS AND INFORMATION ON SHAREHOLDERS

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Explanation on the related relationships or acting in concert among the top ten ordinary shareholders without selling restrictions and that between the top ten ordinary shareholders without selling restrictions and the top ten ordinary shareholders	Qingdao Haier Industrial Development Co., Ltd., Qingdao Haier Air-Conditioner Electronics Co., Ltd. and Haier Smart Home Co., Ltd. are all under Haier Group, and Qingdao Haier Industrial Development Co., Ltd. and Qingdao Haier Air-Conditioner Electronics Co., Ltd. have entrusted Haier Smart Home Co., Ltd. to exercise the voting rights of the shareholders corresponding to their shares. The Bank is not aware of any related relationships or acting in concert among the remaining top ten ordinary shareholders without selling restrictions and that between the remaining top ten ordinary shareholders without selling restrictions and the top ten ordinary shareholders.
Explanation on the margin trading and securities lending by top ten ordinary shareholders	The Bank is not aware of margin trading and securities lending business and refinancing business by holder of shares in which Hong Kong Securities Clearing Company Nominees Limited acts as an agent; as at the end of the Reporting Period, the remaining shareholders among the top ten ordinary shareholders did not participate in margin trading and securities lending business and refinancing business.
Notes	<ol style="list-style-type: none"><li>1. Among the total number of ordinary shareholders as at the end of the Reporting Period, there are 58,627 A Share shareholders and 148 H Share registered shareholders;</li><li>2. The shares held by Hong Kong Securities Clearing Company Nominees Limited are the total number of shares in the Bank's H shareholders accounts traded on the trading platform of Hong Kong Securities Clearing Company Nominees Limited by it as an agent;</li><li>3. As at the end of the Reporting Period, Intesa Sanpaolo S.p.A., as a H Share registered shareholder of the Bank, held 1,015,380,976 H Shares, and the remaining 3,181,100 H Shares were agented to and under the name of Hong Kong Securities Clearing Company Nominees Limited. In this table, the agent shares have been deducted from the number of shares held by Hong Kong Securities Clearing Company Nominees Limited;</li><li>4. The top 10 ordinary shareholders and the top 10 ordinary shareholders without selling restrictions of the Bank did not conduct transactions on agreed repurchases during the Reporting Period;</li><li>5. As at the end of the Reporting Period, Qingdao Conson Industrial Co., Ltd. has changed its name to Qingdao Guoxin Industrial and Financial Holdings (Group) Co., Ltd. Since the Securities account name has not changed, the above table is still listed as "Qingdao Conson Industrial Co., Ltd."</li></ol>

## SECTION VII CHANGES IN SHAREHOLDINGS AND INFORMATION ON SHAREHOLDERS

### 1.2 Participation in Shares Lent Through Securities Lending and Refinancing by Shareholders Who Hold More Than 5% of the Shares, the Top 10 Shareholders and the Top 10 Shareholders Without Selling Restrictions

The Bank is not aware of the participation in shares lent through securities lending and refinancing by holders of shares represented by Hong Kong Securities Clearing Company Nominees Limited. Other shareholders of the Bank, including shareholders who hold more than 5% shares, the top 10 shareholders and the top 10 shareholders without selling restrictions did not participate in shares lent through securities lending and refinancing at the beginning and end of the Reporting Period.

### 1.3 The Changes Resulting from Shares Lent/Returned Through Securities Lending and Refinancing by the Top 10 Shareholders and the Top 10 Shareholders Without Selling Restrictions as Compared to the Previous Period

Compared with the end of the first quarter of 2024, the changes in the Bank's top 10 shareholders and the top 10 shareholders without selling restrictions as of the end of the first half of 2024 are not relevant to shareholders' participation in the securities lending and refinancing business.

## IV. CHANGES IN SHAREHOLDING OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

There were no changes in the shareholdings of the Bank's Directors, Supervisors and senior management during the Reporting Period. For details, please refer to the 2023 Annual Report of the Bank.

So far as the Directors, Supervisors and chief executives of the Bank are aware, as at the end of the Reporting Period, the Directors, Supervisors and chief executives who had interests and short positions in the issued share capital, debentures or equity derivatives of the Bank which are required to be recorded in the register referred to in section 352 of the SFO, or interests and short positions which are required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code, are as follows:

Name of Director/ Supervisor/chief executive	Type of shares	Capacity	Number of shares held	Percentage of the total number of ordinary shares <sup>Note</sup>	Percentage of the total number of A Shares <sup>Note</sup>	Long position/ Short position
YANG Fengjiang	A Shares	Beneficial owner	650,000	0.01%	0.02%	Long position
CHEN Shuang	A Shares	Beneficial owner	455,000	0.01%	0.01%	Long position

*Note:* The aforementioned percentages are calculated according to the total number of shares of 5,820,354,724 shares and the total number of A Shares of 3,528,409,250 shares of the Bank at the end of the Reporting Period.

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## SECTION VII CHANGES IN SHAREHOLDINGS AND INFORMATION ON SHAREHOLDERS

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Save as disclosed above, so far as the Directors, Supervisors and chief executives of the Bank are aware, as of the date of publication of this report, there was no other person who had any interests and short positions in the shares, debentures and equity derivatives of the Bank which are required to be recorded in the register referred to in section 352 of the SFO, or interests and short positions which are required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code.

### V. CHANGES IN CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

As at the end of the Reporting Period, the Bank did not have any controlling shareholder or de facto controller.

### VI. PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE BANK

During the Reporting Period, the Company had not purchased, sold and redeemed any listed securities of the Bank (including sale of shares as ascribed under Hong Kong Listing Rules). As of the end of the Reporting Period, the Bank did not hold any such treasury shares.

### VII. SUBSTANTIAL SHAREHOLDERS OF THE BANK

#### 7.1 Shareholders holding more than 5% of the shares at ultimate controlling level

##### 1. *Haier Group Corporation*

Haier Group Corporation was established on 24 March 1980 with its legal representative of ZHOU Yunjie and a registered capital of RMB311.18 million. It is mainly engaged in technology development, technology consultancy, technology transfer, technology services, including industrial internet, etc.; data processing; engaged in digital technology, intelligent technology, software technology; research and development, sales and after-sales services of robots and automation equipment products; logistics information services; the research and development and sales of intelligent household equipment and solution system software technology; the production of household appliances, electronic products, communication equipment, electronic computers and accessories, general machinery, kitchen appliances and robots for industrial purpose; domestic commercial (excluding national restricted, licensed and controlled commodities) wholesale and retail; export and import business (refer to foreign enterprise confirmation certificate for details); economic technology consultancy; and research, development and transfer of technological achievements; lease of self-owned properties.

Haier Group is the world's leading provider of better life and digital transformation solutions. It is committed to "More creation, More possibilities", creating infinite possibilities for a better life with users, and creating infinite possibilities for industrial development with ecological partners. As a representative of the real economy, Haier continues to focus on industry, always be user-centered, adhere to the original technology, and layout three major sectors: smart housing, health care and industrial Internet.



## SECTION VII CHANGES IN SHAREHOLDINGS AND INFORMATION ON SHAREHOLDERS

As at the end of the Reporting Period, Haier Group Corporation held a total of 1,055,878,943 A Shares of the Bank via eight companies within the group, which accounted for 18.14% of the total ordinary share capital. The above shares were not pledged or frozen. These eight companies were persons acting in concert. The ultimate beneficiary of Haier Group Corporation is itself. Haier Group Corporation has declared to the Bank related parties in accordance with regulatory requirements. As at the end of the Reporting Period, the balance of the Bank's credit-related significant related party transactions<sup>1</sup> with Haier Group was RMB1,713 million. No deposit-related or other non-credit-related significant related party transactions occurred as at the end of the Reporting Period.

### 2. *Intesa Sanpaolo S.p.A.*

Intesa Sanpaolo S.p.A. was established on 5 January 2007 (through merger of Banca Intesa S.p.A. (意大利聯合銀行) and Sanpaolo IMI S.p.A. (意大利聖保羅意米銀行)) with its legal representative of Gian Maria GROS-PIETRO and a registered capital of EUR10,369 million. Intesa Sanpaolo S.p.A. is a multi-national bank headquartered in Turin, Italy. It is one of the most prominent players of the Eurozone's banking industry as well as the industry-leader of Italy's retail banking, corporate banking business and wealth management businesses. Intesa Sanpaolo S.p.A. has a total of approximately 3,300 branches in Italy, providing approximately 13.60 million customers with high-quality service. Intesa Sanpaolo S.p.A. has established a strategic international layout, including approximately 900 branches serving 7.30 million customers, commercial banking in 12 countries and an international and professional service network for corporate customers in 25 countries.

As at the end of the Reporting Period, Intesa Sanpaolo S.p.A. held 1,018,562,076 H Shares of the Bank, which accounted for 17.50% of the total ordinary share capital. The above shares were not pledged or frozen. Intesa Sanpaolo S.p.A. has no controlling shareholders, no de facto controllers, no persons acting in concert, and its ultimate beneficiary is itself. Intesa Sanpaolo S.p.A. has declared to the Bank related parties in accordance with regulatory requirements. During the Reporting Period, there was no significant related party transaction between the Bank and Intesa Sanpaolo S.p.A.

<sup>1</sup>Note: the related party transaction data mentioned in this part is calculated according to the caliber stipulated by the National Financial Regulatory Administration.

**3. Qingdao Conson Development (Group) Co., Ltd. (青島國信發展(集團)有限責任公司)**

Qingdao Conson Development (Group) Co., Ltd. (hereinafter referred to as the “Conson Group”) was established on 17 July 2008 with its legal representative of LIU Luqiang and a registered capital of RMB3 billion. It is mainly engaged in the investment, construction and operation of major urban and rural infrastructure projects, and major public welfare projects of the government; business services such as real estate, tourism and land development, as well as non-banking financial services.

In the past 30 years, Conson Group has closely followed the urban development strategy, served the overall situation of urban development, gradually searched for one road for the development of market-oriented reform of the state-owned investment company and formed the primary business sectors of the modern ocean, integrated financial services, urban functionality development, urban operation and services, and has ten core tier-1 subsidiaries and one listed company, together with nearly 60 important participating enterprises. The Group has a domestic main credit rating of AAA and an international credit rating of BBB+ (Fitch) and has been assessed as an A-class enterprise by Municipal State-owned Assets Supervision and Administration Commission for many consecutive years. In the past ten years, all of the average compound annual growth rate for Conson Group’s total assets, net assets, revenue, and total profits has remained above 20%.

As at the end of the Reporting Period, Conson Group held a total of 872,471,173 shares of the Bank via three subsidiaries, including 654,623,893 A Shares and 217,847,280 H Shares, which together accounted for 14.99% of the total ordinary share capital. The above shares were not pledged or frozen. The controlling shareholder and the de facto controller of Qingdao Conson Development (Group) Co., Ltd. is the State-owned Assets Supervision and Administration Committee of the Qingdao Municipal People’s Government. It has no persons acting in concert, and its ultimate beneficiary is itself. Qingdao Conson Development (Group) Co., Ltd. has declared to the Bank related parties in accordance with regulatory requirements. As at the end of the Reporting Period, the balance of significant related transactions between the Bank and Qingdao Conson Group amounted to RMB356 million.

## SECTION VII CHANGES IN SHAREHOLDINGS AND INFORMATION ON SHAREHOLDERS

### 7.2 Other substantial shareholders under the regulatory caliber

Qingdao East Steel Tower Stock Co., Ltd. was established on 1 August 1996 with its legal representative of HAN Fangru and a registered capital of RMB1.244 billion. It is a company listed on the SZSE (stock code: 002545). It underwent restructuring in 2016 and was transformed into a listed company with dual main businesses in steel structure and potash fertilizer industry.

As at the end of the Reporting Period, Qingdao East Steel Tower Stock Co., Ltd. held 174,083,000 A Shares of the Bank via its subsidiary, Qingdao Hairen Investment Co., Ltd., accounting for 2.99% of the total ordinary share capital. The above shares were not pledged or frozen. Qingdao East Steel Tower Co., Ltd. accredited a supervisor to the Bank. Pursuant to the provisions of the NAFR, it is a substantial shareholder of the Bank. The controlling shareholder and de facto controller of Qingdao East Steel Tower Stock Co., Ltd. is HAN Huiru. It has no persons acting in concert, and its ultimate beneficiary is itself. Qingdao East Steel Tower Stock Co., Ltd. has declared to the Bank related parties in accordance with regulatory requirements. During the Reporting Period, there were no significant related party transactions between the Bank and Qingdao East Steel Tower Stock Co., Ltd.

## VIII. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As of the end of the Reporting Period, the Bank was informed by the following persons in relation to their interests and short positions in the issued shares and underlying shares of the Bank as recorded in the register required to be kept under section 336 of the SFO are as follows:

Name of shareholders	Notes	Type of		Number of shares held	Approximate	Approximate	Approximate	Long/short position
		shares	Capacity		percentage of the total share capital <sup>(B)</sup>	percentage of the total number of A Shares <sup>(B)</sup>	percentage of the total number of H Shares <sup>(B)</sup>	
Haier Group Corporation (海爾集團公司)	1	A Shares	Interest of controlled corporation	1,055,878,943	18.14	29.93	-	Long
Haier Kaaosi Co., Ltd. (海爾卡奧斯股份有限公司)	2	A Shares	Interest of controlled corporation	532,601,341	9.15	15.09	-	Long
Qingdao Haier Industrial Development Co., Ltd. (青島海爾產業發展有限公司)	2	A Shares	Beneficial owner	532,601,341	9.15	15.09	-	Long
Haier Smart Home Co., Ltd. (海爾智家股份有限公司)	-	A Shares	Beneficial owner	188,886,626	3.25	5.35	-	Long
			Interest of controlled corporation	318,085,033	5.46	9.01	-	Long
Qingdao Haier Air-Conditioner Electronics Co., Ltd. (青島海爾空調電子有限公司)	-	A Shares	Beneficial owner	284,299,613	4.88	8.06	-	Long
Qingdao Conson Development (Group) Co., Ltd. (青島國信發展(集團)有限公司)	3	A Shares	Interest of controlled corporation	654,623,893	11.25	18.55	-	Long

## SECTION VII CHANGES IN SHAREHOLDINGS AND INFORMATION ON SHAREHOLDERS

Name of shareholders	Notes	Type of shares	Capacity	Number of shares held	Approximate percentage of the total share capital <sup>(6)</sup>	Approximate percentage of the total number of A Shares <sup>(6)</sup>	Approximate percentage of the total number of H Shares <sup>(6)</sup>	Long/short position
Qingdao Conson Industrial Co., Ltd. (青島國信實業有限公司)	3	A Shares	Beneficial owner	654,623,893	11.25	18.55	-	Long
Intesa Sanpaolo S.p.A.	-	H Shares	Beneficial owner	1,018,562,076	17.50	-	44.44	Long
AMTD Group Company Limited	4	H Shares	Interest of controlled corporation	225,033,531	3.87	-	9.82	Long
AMTD Strategic Investment Limited	4	H Shares	Beneficial owner	196,882,000	3.38	-	8.59	Long
AMTD Investment Solutions Group Limited	4	H Shares	Beneficial owner	28,151,531	0.48	-	1.23	Long
Jinan Binhe New District Constructive Investment Group Co., Ltd. (濟南濱河新區建設投資集團有限公司)	-	H Shares	Beneficial owner	200,000,000	3.44	-	8.73	Long
Qingdao Conson Development (Group) Co., Ltd. (青島國信發展(集團)有限責任公司)	5	H Shares	Interest of controlled corporation	217,847,280	3.74	-	9.50	Long
Qingdao Conson Financial Holdings Co., Ltd. (青島國信金融控股有限公司)	5	H Shares	Beneficial owner	217,847,280	3.74	-	9.50	Long
Guosen Securities Company Limited (國信證券股份有限公司) on behalf of Guosen Securities QDII Huisheng No.6 Single Asset Management Scheme	-	H Shares	Investment manager	231,618,500	3.98	-	10.11	Long
Ji'nan Pioneer Investment Group Co., Ltd. (濟南先行投資集團有限責任公司)	-	H Shares	Beneficial owner	231,618,500	3.98	-	10.11	Long

## SECTION VII CHANGES IN SHAREHOLDINGS AND INFORMATION ON SHAREHOLDERS

### Notes:

- (1) 1,055,878,943 shares of the Bank are held by Haier Group Corporation via its directly or indirectly controlled companies.
- (2) 532,601,341 shares of the Bank are directly held by Qingdao Haier Industrial Development Co., Ltd., which is 100% owned by Haier Kaaosi Co., Ltd. Therefore, Haier Kaaosi Co., Ltd. is deemed to be interested in all the shares of the Bank held by Qingdao Haier Industrial Development Co., Ltd.
- (3) Qingdao Conson Industrial Co., Ltd. is 100% owned by Qingdao Conson Development (Group) Co., Ltd. Therefore, Qingdao Conson Development (Group) Co., Ltd. is deemed to be interested in all the shares of the Bank held by Qingdao Conson Industrial Co., Ltd.
- (4) AMTD Strategic Investment Limited and AMTD Investment Solutions Group Limited hold 196,882,000 shares and 28,151,531 shares of the Bank respectively. AMTD Strategic Investment Limited and AMTD Investment Solutions Group Limited are controlled by AMTD Group Company Limited. Therefore, AMTD Group Company Limited is deemed to be interested in all the shares of the Bank held by AMTD Strategic Investment Limited and AMTD Investment Solutions Group Limited.

According to the disclosure of interests notices submitted by L.R. Capital Financial Holdings Limited, L.R. Capital MNP Limited and L.R. Capital Management Company (Cayman) Limited in relation to the relevant event on 26 June 2020, L.R. Capital Financial Holdings Limited holds 61.57% interest in AMTD Group Company Limited, and L.R. Capital MNP Limited and L.R. Capital Management Company (Cayman) Limited indirectly holds interest in AMTD Group Company Limited through a controlled corporation. Therefore, L.R. Capital Financial Holdings Limited, L.R. Capital MNP Limited and L.R. Capital Management Company (Cayman) Limited are deemed to be interested in all the shares of the Bank held by AMTD Strategic Investment Limited and AMTD Investment Solutions Group Limited.

According to the disclosure of interests notices submitted by CM International Capital Limited, CM International Capital Limited (中民國際資本有限公司) and China Minsheng Investment Co., Ltd. (中國民生投資股份有限公司) in relation to the relevant event on 18 September 2017, CM International Capital Limited holds 34.10% interest in L.R. Capital Financial Holdings Limited, CM International Capital Limited is 100% owned by CM International Capital Limited (中民國際資本有限公司), and CM International Capital Limited (中民國際資本有限公司) is 100% owned by China Minsheng Investment Co., Ltd. (中國民生投資股份有限公司). Therefore, CM International Capital Limited, CM International Capital Limited (中民國際資本有限公司) and China Minsheng Investment Co., Ltd. (中國民生投資股份有限公司) are deemed to be interested in all the shares of the Bank held by AMTD Strategic Investment Limited and AMTD Investment Solutions Group Limited (i.e. 401,800,000 H Shares (long position) in the capacity of controlled corporation) at that time.

- (5) Qingdao Conson Financial Holdings Co., Ltd. directly holds 217,847,280 H Shares of the Bank. To the best of the Bank's knowledge, Qingdao Conson Development (Group) Co., Ltd. holds 84.84% interest in Qingdao Conson Financial Holdings Co., Ltd. Therefore, Qingdao Conson Development (Group) Co., Ltd. is deemed to be interested in all the shares of the Bank held by Qingdao Conson Financial Holdings Co., Ltd. (in the capacity of interest of controlled corporation).

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## SECTION VII CHANGES IN SHAREHOLDINGS AND INFORMATION ON SHAREHOLDERS

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- (6) Save as disclosed in the above table, according to the disclosure of interests notices submitted by Ariana Capital Investment Limited in relation to the relevant event on 26 June 2020, Ariana Capital Investment Limited was interested in 176,766,469 H Shares of the Bank directly held by it. As at the latest practicable date for disclosure of this report, no other disclosure of interests notices have been submitted by them.
- (7) Under the SFO, disclosure of interests notices shall be submitted by shareholders of the Bank upon satisfaction of certain conditions. Changes of shareholders' shareholdings in the Bank are not required to inform the Bank and the Hong Kong Stock Exchange, except for the satisfaction of certain conditions. Therefore, there could be difference between shareholders' latest shareholdings in the Bank and the shareholdings submitted to the Hong Kong Stock Exchange.
- (8) As of the end of the Reporting Period, the number of the Bank's total issued ordinary shares, A Shares and H Shares are 5,820,354,724 shares, 3,528,409,250 shares and 2,291,945,474 shares, respectively.

As of the end of the Reporting Period, save as disclosed above, in so far as the Directors, Supervisors and chief executives of the Bank are aware, there is no person who had an interest and short position in the shares, underlying shares or equity derivatives of the Bank which is required to be recorded in the register to be kept under section 336 of the SFO.

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## SECTION VIII PREFERENCE SHARES

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As at the end of the Reporting Period, the Bank had no outstanding preference shares.

## SECTION IX EMPLOYEES AND INSTITUTIONS

### I. EMPLOYEES AND HUMAN RESOURCES MANAGEMENT

#### 1.1 Details of Employees

Number of employees on the payroll of the parent company (persons)	4,965
Number of employees on the payroll of the major subsidiaries (persons)	172
Total number of employees on the payroll (persons)	5,137
Total number of employees receiving remuneration in the current period (persons)	5,137
Number of retired employees for whom the parent company and major subsidiaries need to bear expenses (persons)	–

#### Composition by profession

Composition by profession category	Number of composition by profession (persons)
Management personnel	394
Business personnel	3,773
General administrative personnel	970
Total	5,137

#### Education background

Education background category	Number (persons)
Master's degree or above	1,201
Bachelor's degree	3,468
College graduates or below	468
Total	5,137

#### 1.2 Policy on Employee Remuneration

Currently, the Bank has established a market-oriented remuneration system that is based on a position-specific salary regime, under which employee remuneration is linked to the responsibilities, requirements and importance of the position and the results of performance appraisal. Under this remuneration system, remuneration is limited to the position and the performance of the employee. The Bank's employee remuneration is composed of fixed remuneration, performance remuneration and welfare remuneration. Fixed remuneration refers to the basic salary, which is determined according to the level corresponding to the employee's sequence. Performance remuneration is the performance-linked compensation paid by the Bank, which represents the incentive rewards paid on the basis of performance appraisal. During the Reporting Period, the Bank did not implement medium- and long-term incentives of equity and other forms of equity, and employees' remuneration was paid in cash.

The Bank has formulated scientific evaluation measures, and utilized such measures as a guideline to optimize resources allocation, continuously mobilized employees' initiatives, so as to enhance the Bank's overall efficiency. Employees' performance-based remuneration of the Bank is decided based on the performance evaluation results of the whole Bank, the institutions or departments they work in and their own.



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## SECTION IX EMPLOYEES AND INSTITUTIONS

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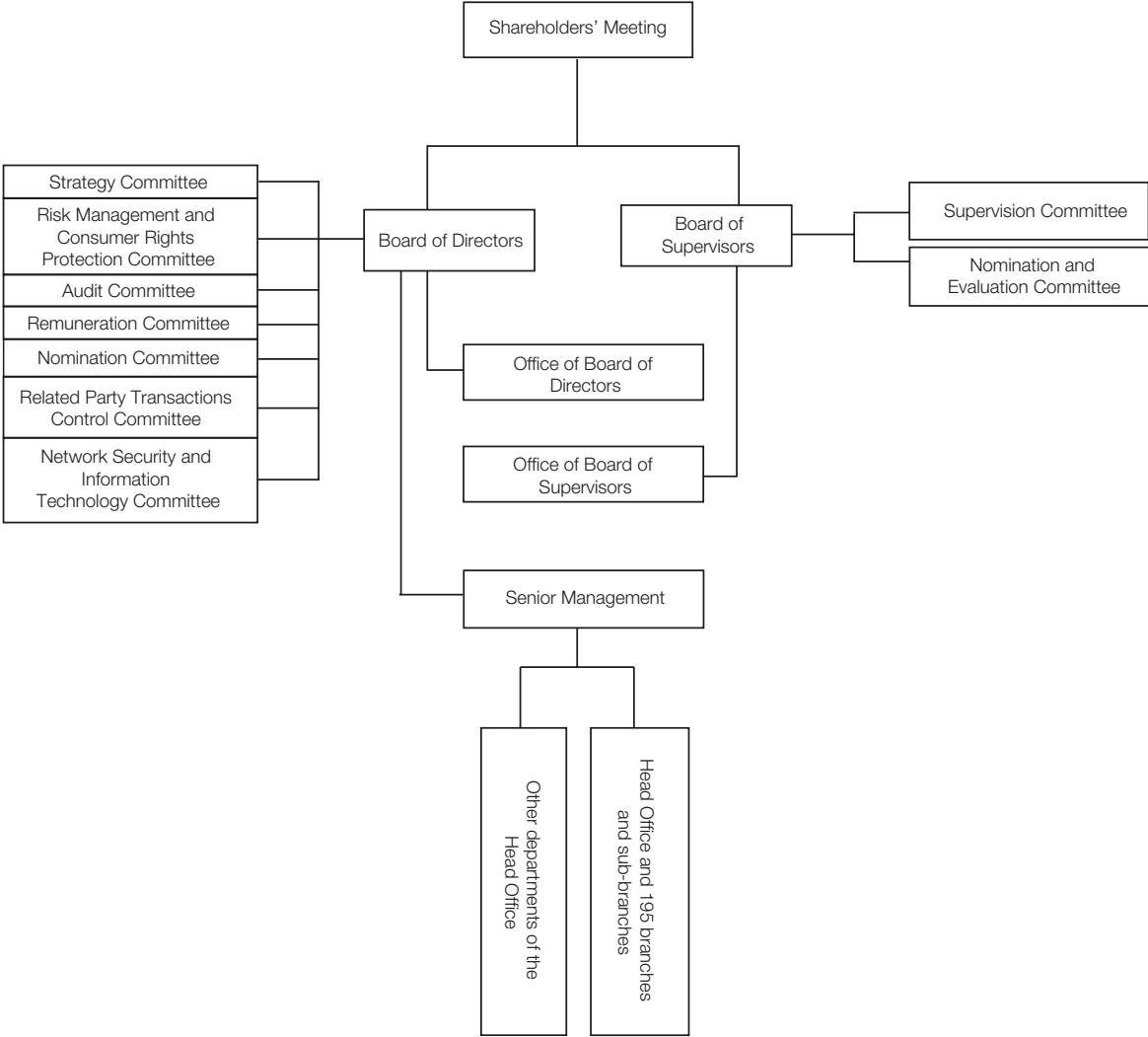
The Bank strictly implements the relevant requirements for the supervision of remuneration payment, and has established a mechanism related to performance-based remuneration deferred payment, recourse and deduction and implements the system of deferred payment, recourse and deduction for middle and senior management staff and other personnel in positions that have a significant impact on risk. The formulation and implementation of the annual remuneration scheme of the Bank are determined in strict accordance with the annual salary budget approved by the Board of Directors.

### 1.3 Training for Employees

Focusing on the development strategy, the Bank combined the enterprise life cycle theory and the six-force model of the training system, with the goal of cultivating a team with high-quality staff that can in charge of important task of high-quality development of the Bank. The Bank further integrated the training resources, combining training with party spirit and integrity education, the cultivation of talents and growth, and the key points of business development, and deeply promoted the Four Step-by-Step Training Plan comprising, “Sailing (起航)”, “Replenishment (續航)”, “Pioneers (引航)” and “Voyage (遠航)”. In the first half of the year, the Bank held various training activities, such as Training Class of Grass-roots Party Organisation Secretaries and Seminar of Junior Cadres on Their Ability to Perform Their Duties, Training Class of Employees from Social Recruitment, Training Class of Lobby Manager Redeployment, Online Training Class of Management Trainees, it also launched the “Going to Campus – Management Ability Enhancement” training in rotation program for middle-level deputy positions, and carried out two training courses, “Going to Zhejiang University” and “Going to Shangai University of Finance and Economics”. In addition, the Bank continued to deepen the construction of the training system, strengthen teaching management, and optimize quality assessment to continuously improve the quality and effectiveness of staff training, and helped to build a high-quality staff team with “excellent politics, professional, work style and integrity”.

# SECTION IX EMPLOYEES AND INSTITUTIONS

## II. ORGANIZATIONAL STRUCTURE



## SECTION IX EMPLOYEES AND INSTITUTIONS

### III. BRANCHES AND SUB-BRANCHES

No.	Name of branch/ sub-branch	Business address	Institutions under its administration	No. of staff (persons)	Total assets (RMB100 million)
1	In Qingdao	–	1 head office, 1 branch and 112 sub-branches	3,034	4,537.41
2	Jinan Branch	Building 6, Yinfeng Fortune Plaza, No. 1 Longaoxi Road, Lixia District, Jinan	10 sub-branches under it	324	328.41
3	Dongying Branch	No. 72 Fuqian Avenue, Dongying District, Dongying	6 sub-branches under it	149	105.75
4	Weihai Branch	No. 112, No. 3-4 Shichang Avenue, Weihai	8 sub-branches under it	216	275.65
5	Zibo Branch	No. 266 Liantong Road, Zhangdian District, Zibo	5 sub-branches under it	150	170.00
6	Dezhou Branch	No. 717 Dexing Middle Avenue, Decheng District, Dezhou	4 sub-branches under it	121	79.71
7	Zaozhuang Branch	Dexin Plaza, No. 2166 Hexie Road, Xuecheng District, Zaozhuang	6 sub-branches under it	135	98.53
8	Yantai Branch	Hongyuan Business Building, No. 29 Jinshajiang Road, Development Zone, Yantai	6 sub-branches under it	146	156.94
9	Binzhou Branch	No. 471 Huanghe 8th Road, Bincheng District, Binzhou	4 sub-branches under it	100	112.11
10	Weifang Branch	Room 124, Building 7, No. 6636 Fushou East Street, Kuiwen District, Weifang	6 sub-branches under it	139	156.94
11	Laiwu Branch	No. 57, Wanfu North Road, Laiwu District, Jinan	1 sub-branch under it	59	31.01
12	Linyi Branch	Building 9, Hongxing International Plaza, Intersection of Jinan Road and Xiaohe Road, Beicheng New District, Linyi	5 sub-branches under it	126	95.60
13	Jining Branch	Welfare Lottery Building, No. 24 Hongxing Middle Road, Jining	2 sub-branches under it	84	129.76
14	Taian Branch	No. 237 Dongyue Street, Taian	2 sub-branches under it	79	40.61
15	Heze Branch	North side of East Gate of Jindu Huating, middle section of Renmin Road, Heze	1 sub-branch under it	49	25.85
16	Rizhao Branch	No. 79 Tai'an Road, Qinlou Street, Donggang District, Rizhao	1 sub-branch under it	54	27.83

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## SECTION X REVIEW REPORT

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### **Review report to the board of directors of Bank of Qingdao Co., Ltd.**

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

#### **INTRODUCTION**

We have reviewed the interim financial report set out on pages 131 to 230 which comprises the consolidated statement of financial position of Bank of Qingdao Co., Ltd. (the “Bank”) and its subsidiaries (collectively the “Group”) as at 30 June 2024 and the related consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 an interim financial report 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 report in accordance with International Accounting Standard 34.

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

#### **SCOPE OF REVIEW**

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

#### **CONCLUSION**

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

#### **KPMG**

*Certified Public Accountants*

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

28 August 2024

## SECTION XI UNAUDITED INTERIM FINANCIAL REPORT

### UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June	
		2024 (unaudited)	2023 (unaudited)
Interest income		10,990,839	10,251,650
Interest expense		(6,211,846)	(5,742,239)
<b>Net interest income</b>	3	<b>4,778,993</b>	4,509,411
Fee and commission income		1,161,572	1,181,856
Fee and commission expense		(230,433)	(241,823)
<b>Net fee and commission income</b>	4	<b>931,139</b>	940,033
Net trading gains/(losses)	5	21,847	(104,644)
Net gains arising from investments	6	1,194,281	948,234
Other operating income	7	101,087	77,777
<b>Operating income</b>		<b>7,027,347</b>	6,370,811
Operating expenses	8	(1,874,469)	(1,774,676)
Expected credit losses	9	(1,919,634)	(1,809,832)
<b>Profit before taxation</b>		<b>3,233,244</b>	2,786,303
Income tax expense	10	(521,860)	(378,767)
<b>Net profit for the period</b>		<b>2,711,384</b>	2,407,536
<b>Net profit attributable to:</b>			
Equity shareholders of the Bank		2,640,917	2,335,704
Non-controlling interests		70,467	71,832
Basic and diluted earnings per share (in RMB)	11	0.45	0.40

The notes on pages 141 to 230 form part of this interim financial report.

## UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June	
		2024 (unaudited)	2023 (unaudited)
<b>Net profit for the period</b>		<b>2,711,384</b>	2,407,536
<b>Other comprehensive income:</b>			
Item that will not be reclassified to profit or loss			
– Remeasurement of defined benefit liability	38(4)	<b>(3,968)</b>	(1,642)
– Changes in fair value of financial assets designated at fair value through other comprehensive income	38(4)	<b>78,906</b>	–
Items that may be reclassified subsequently to profit or loss			
– Changes in fair value of financial assets measured at fair value through other comprehensive income	38(4)	<b>986,633</b>	628,855
– Credit losses of financial assets measured at fair value through other comprehensive income	38(4)	<b>123,796</b>	90,764
<b>Other comprehensive income, net of tax</b>		<b>1,185,367</b>	717,977
<b>Total comprehensive income for the period</b>		<b>3,896,751</b>	3,125,513
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Bank		<b>3,826,284</b>	3,053,681
Non-controlling interests		<b>70,467</b>	71,832

The notes on pages 141 to 230 form part of this interim financial report.

# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	30 June 2024 (unaudited)	31 December 2023 (audited)
<b>Assets</b>			
Cash and deposits with the central bank	12	46,349,223	31,043,664
Deposits with banks and other financial institutions	13	3,192,403	2,210,368
Placements with banks and other financial institutions	14	14,957,551	14,021,225
Derivative financial assets	15	57,357	149,377
Financial assets held under resale agreements	16	15,992,881	13,944,652
Loans and advances to customers	17	316,397,176	292,992,926
Financial investments:			
– Financial investments measured at fair value through profit or loss	18	62,638,811	58,269,523
– Financial investments measured at fair value through other comprehensive income	19	107,300,349	114,985,134
– Financial investments measured at amortised cost	20	58,589,026	52,756,509
Long-term receivables	22	16,399,765	16,741,773
Property and equipment	23	3,469,848	3,540,989
Right-of-use assets	24	794,097	838,139
Deferred tax assets	25	3,484,295	3,793,887
Other assets	26	4,401,591	2,697,206
<b>Total assets</b>		<b>654,024,373</b>	<b>607,985,372</b>
<b>Liabilities</b>			
Borrowings from the central bank	27	24,448,454	18,235,088
Deposits from banks and other financial institutions	28	19,336,006	2,242,331
Placements from banks and other financial institutions	29	21,676,002	21,090,364
Financial liabilities measured at fair value through profit or loss	30	445,218	–
Derivative financial liabilities	15	101,296	71,107
Financial assets sold under repurchase agreements	31	26,776,204	36,880,567
Deposits from customers	32	421,810,646	395,467,359
Income tax payable		398,720	477,981
Debt securities issued	33	87,973,555	89,269,785
Lease liabilities	34	529,653	555,035
Other liabilities	35	7,672,882	3,756,512
<b>Total liabilities</b>		<b>611,168,636</b>	<b>568,046,129</b>

The notes on pages 141 to 230 form part of this interim financial report.

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

as at 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	30 June 2024 (unaudited)	31 December 2023 (audited)
<b>Equity</b>			
Share capital	36	5,820,355	5,820,355
Other equity instruments			
Including: perpetual bonds	37	6,395,783	6,395,783
Capital reserve	38(1)	10,687,091	10,687,634
Surplus reserve	38(2)	2,718,114	2,718,114
General reserve	38(3)	7,508,602	7,483,824
Other comprehensive income	38(4)	2,132,578	947,211
Retained earnings	39	6,695,900	5,011,018
<hr/>			
Total equity attributable to equity shareholders of the Bank		41,958,423	39,063,939
Non-controlling interests		897,314	875,304
<hr/>			
<b>Total equity</b>		<b>42,855,737</b>	<b>39,939,243</b>
<hr/>			
<b>Total liabilities and equity</b>		<b>654,024,373</b>	<b>607,985,372</b>

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

**Jing Zailun**  
Legal Representative  
(Chairman)

**Wu Xianming**  
President

**Chen Shuang**  
Vice President in charge  
of finance function

**Li Zhenguo**  
General Manager of the Planning  
& Finance Department

(Company Stamp)

The notes on pages 141 to 230 form part of this interim financial report.



# UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2024  
(Expressed in thousands of Renminbi, unless otherwise stated)

## For the six months ended 30 June 2024

Note	Attributable to equity shareholders of the Bank									
	Share capital	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Other comprehensive income	Retained earnings	Sub-total	Non-controlling interests	Total equity
Balance at 1 January 2024	5,820,355	6,395,783	10,687,634	2,718,114	7,483,824	947,211	5,011,018	39,063,939	875,304	39,939,243
Total comprehensive income	-	-	-	-	-	1,185,367	2,640,917	3,826,284	70,467	3,896,751
Capital injection by shareholders:										
- Capital injection for subsidiaries	21	-	(543)	-	24,778	-	(24,778)	(543)	543	-
Appropriation of profit:										
- Dividends	39	-	-	-	-	-	(931,257)	(931,257)	(49,000)	(980,257)
Balance at 30 June 2024 (unaudited)	5,820,355	6,395,783	10,687,091	2,718,114	7,508,602	2,132,578	6,695,900	41,958,423	897,314	42,855,737

The notes on pages 141 to 230 form part of this interim financial report.

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

for the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

For the six months ended 30 June 2023

	Attributable to equity shareholders of the Bank									Non-controlling interests	Total equity
	Note	Share capital	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Other comprehensive income	Retained earnings	Sub-total		
Balance at 1 January 2023		5,820,355	6,395,783	10,687,634	2,388,248	6,618,047	83,726	3,822,519	35,816,312	776,983	36,593,295
Total comprehensive income		-	-	-	-	-	717,977	2,335,704	3,053,681	71,832	3,125,513
Appropriation of profit:											
- Dividends	39	-	-	-	-	-	-	(931,257)	(931,257)	-	(931,257)
Balance at 30 June 2023 (unaudited)		5,820,355	6,395,783	10,687,634	2,388,248	6,618,047	801,703	5,226,966	37,938,736	848,815	38,787,551

The notes on pages 141 to 230 form part of this interim financial report.

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

for the six months ended 30 June 2024  
(Expressed in thousands of Renminbi, unless otherwise stated)

For the year ended 31 December 2023

	Attributable to equity shareholders of the Bank										
	Note	Share capital	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Other comprehensive income	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2023		5,820,355	6,395,783	10,687,634	2,388,248	6,618,047	83,726	3,822,519	35,816,312	776,983	36,593,295
Total comprehensive income		-	-	-	-	-	863,485	3,548,599	4,412,084	122,821	4,534,905
Appropriation of profit:											
- Appropriation to surplus reserve	38(2)	-	-	-	329,866	-	-	(329,866)	-	-	-
- Appropriation to general reserve	38(3)	-	-	-	-	865,777	-	(865,777)	-	-	-
- Dividends	39	-	-	-	-	-	-	(1,164,457)	(1,164,457)	(24,500)	(1,188,957)
Balance at 31 December 2023 (audited)		5,820,355	6,395,783	10,687,634	2,718,114	7,483,824	947,211	5,011,018	39,063,939	875,304	39,939,243

The notes on pages 141 to 230 form part of this interim financial report.

## UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)
<b>Cash flows from operating activities</b>		
Profit before taxation	<b>3,233,244</b>	2,786,303
<i>Adjustments for:</i>		
Expected credit losses	<b>1,919,634</b>	1,809,832
Depreciation and amortisation	<b>295,985</b>	276,823
Unrealised foreign exchange losses	<b>101,027</b>	113,841
Net gains on disposal of property and equipment, intangible assets and other assets	<b>(13,824)</b>	(28,773)
Gains from changes in fair value	<b>(519,741)</b>	(258,366)
Gains arising from investments	<b>(681,425)</b>	(686,464)
Interest expense on debt securities issued	<b>1,212,794</b>	987,817
Interest income from financial investments	<b>(2,669,056)</b>	(2,672,836)
Others	<b>(9,506)</b>	(3,923)
	<b>2,869,132</b>	2,324,254
<i>Changes in operating assets</i>		
Net increase in deposits with the central bank	<b>(1,156,112)</b>	(552,259)
Net decrease in deposits with banks and other financial institutions	<b>250,000</b>	100,000
Net increase in placements with banks and other financial institutions	<b>(1,648,000)</b>	(2,750,000)
Net increase in loans and advances to customers	<b>(24,927,904)</b>	(20,230,995)
Net increase in financial assets held under resale agreements	<b>(2,050,000)</b>	(7,999,685)
Net increase in financial assets held for trading	<b>(6,521,404)</b>	–
Net decrease/(increase) in long-term receivables	<b>264,608</b>	(1,364,349)
Net increase in other operating assets	<b>(953,928)</b>	(503,690)
	<b>(36,742,740)</b>	(33,300,978)

The notes on pages 141 to 230 form part of this interim financial report.

## UNAUDITED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

*for the six months ended 30 June 2024*  
*(Expressed in thousands of Renminbi, unless otherwise stated)*

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(unaudited)</b>	(unaudited)
<i>Changes in operating liabilities</i>		
Net increase in borrowings from the central bank	<b>6,305,522</b>	3,285,531
Net increase/(decrease) in deposits from banks and other financial institutions	<b>17,074,851</b>	(5,390,461)
Net increase in placements from banks and other financial institutions	<b>158,345</b>	1,326,613
Net (decrease)/increase in financial assets sold under repurchase agreements	<b>(10,099,544)</b>	9,442,624
Net increase in deposits from customers	<b>25,526,187</b>	28,705,019
Net increase/(decrease) in other operating liabilities	<b>465,597</b>	(576,680)
	<b>39,430,958</b>	36,792,646
Income tax paid	<b>(686,654)</b>	(818,847)
<b>Net cash flows generated from operating activities</b>	<b>4,870,696</b>	4,997,075
<b>Cash flows from investing activities</b>		
Cash received from disposal and redemption of investments	<b>33,802,933</b>	32,230,856
Cash received from investment gains and interest	<b>4,170,005</b>	3,860,736
Cash received from disposal of property and equipment, intangible assets and other assets	<b>33,169</b>	3,741
Payments for acquisition of investments	<b>(29,985,640)</b>	(39,800,327)
Payments for acquisition of property and equipment, intangible assets and other assets	<b>(149,777)</b>	(168,251)
<b>Net cash flows generated from/(used in) investing activities</b>	<b>7,870,690</b>	(3,873,245)
<b>Cash flows from financing activities</b>		
Cash received from debt securities issued	<b>53,829,376</b>	49,722,294
Repayment of debt securities issued	<b>(50,049,948)</b>	(49,788,641)
Payments for interest on debt securities issued	<b>(1,348,452)</b>	(1,469,759)
Payments for dividends	<b>(979,385)</b>	(930,362)
Payment for lease liabilities	<b>(71,167)</b>	(74,207)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>1,380,424</b>	(2,540,675)

The notes on pages 141 to 230 form part of this interim financial report.

## UNAUDITED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

for the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

		Six months ended 30 June	
	Note	2024 (unaudited)	2023 (unaudited)
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>(1,148)</b>	21,665
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>14,120,662</b>	(1,395,180)
<b>Cash and cash equivalents as at 1 January</b>		<b>15,596,772</b>	11,508,997
<b>Cash and cash equivalents as at 30 June</b>	40	<b>29,717,434</b>	10,113,817
<b>Net cash flows generated from operating activities include:</b>			
Interest received		<b>9,215,425</b>	8,127,785
Interest paid		<b>(4,214,999)</b>	(3,775,662)

The notes on pages 141 to 230 form part of this interim financial report.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

## 1 BACKGROUND INFORMATION

Bank of Qingdao Co., Ltd. (the “Bank”), formerly known as Qingdao City Cooperative Bank Co., Ltd., is a joint-stock commercial bank established on 15 November 1996 with the approval of the People’s Bank of China (the “PBOC”) according to the notices YinFu [1996] No. 220 “Approval upon the Preparing of Qingdao City Cooperative Bank” and YinFu [1996] No.353 “Approval upon the Opening of Qingdao City Cooperative Bank”.

The Bank changed its name from Qingdao City Cooperative Bank Co., Ltd. to Qingdao City Commercial Bank Co., Ltd. in 1998 according to Lu Yin Fu [1998] No. 76 issued by Shandong Branch of the PBOC. The Bank changed its name from Qingdao City Commercial Bank Co., Ltd. to Bank of Qingdao Co., Ltd. in 2008 according to Yin Jian Fu [2007] No.485 issued by the former China Banking Regulatory Commission (the “CBRC”, the predecessor of the National Financial Regulatory Administration).

The Bank obtained its financial institution licence No. B0170H237020001 from the Qingdao Office of the former China Banking and Insurance Regulatory Commission (the “CBIRC”). The Bank obtained its business license with a unified social credit code 91370200264609602K from the Qingdao Municipal Bureau of Administrative Services, and the registered office is located at Building No. 3, No. 6 Qinling Road, Laoshan District, Qingdao City, Shandong Province, the People’s Republic of China (the “PRC”). In December 2015, the Bank’s H-shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock code: 3866). In January 2019, the Bank’s A-shares were listed on Shenzhen Stock Exchange (Stock code: 002948). In January and February 2022, the Bank completed the A Share Rights Issue and H Share Rights Issue respectively. The share capital of the Bank increased to RMB5.820 billion after the completion of the above rights issue. The share capital of the Bank is RMB5.820 billion as at 30 June 2024.

The Bank has 16 branches, respectively in Jinan, Dongying, Weihai, Zibo, Dezhou, Zaozhuang, Yantai, Binzhou, Qingdao, Weifang, Linyi, Jining, Taian, Heze and Rizhao as at 30 June 2024. The principal activities of the Bank and its subsidiaries (collectively the “Group”) are the provision of corporate and personal deposits, loans and advances, settlement, financial market business, financial leasing, wealth management and other services as approved by the regulatory authority. The background information of the subsidiaries is shown in Note 21. The Bank mainly operates in Shandong Province.

For the purpose of this report, Chinese Mainland excludes the Hong Kong Special Administrative Region of the PRC (“Hong Kong”), the Macau Special Administrative Region of the PRC (“Macau”) and Taiwan region.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

### (1) Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue by the Bank’s Board of Directors on 28 August 2024.

The interim financial report and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”), and should be read in conjunction with the Group’s previous annual financial report for the year ended 31 December 2023.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the International Auditing and Assurance Standards Board (“IAASB”).

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

#### (2) Accounting judgements and estimates

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2023.

### 3 NET INTEREST INCOME

	Six months ended 30 June	
	2024	2023
<b>Interest income arising from</b>		
Deposits with the central bank	165,560	151,990
Deposits with banks and other financial institutions	20,573	20,843
Placements with banks and other financial institutions	264,321	203,454
Loans and advances to customers		
– Corporate loans and advances	5,190,295	4,541,188
– Personal loans and advances	1,797,705	1,839,402
– Discounted bills	221,528	241,450
Financial assets held under resale agreements	94,332	68,460
Financial investments	2,669,056	2,672,836
Long-term receivables	567,469	512,027
Sub-total	10,990,839	10,251,650
<b>Interest expense arising from</b>		
Borrowings from the central bank	(225,487)	(185,301)
Deposits from banks and other financial institutions	(73,960)	(70,991)
Placements from banks and other financial institutions	(346,002)	(267,125)
Deposits from customers	(4,137,306)	(3,916,864)
Financial assets sold under repurchase agreements	(216,297)	(304,677)
Debt securities issued	(1,212,794)	(987,817)
Others	–	(9,464)
Sub-total	(6,211,846)	(5,742,239)
<b>Net interest income</b>	<b>4,778,993</b>	<b>4,509,411</b>



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 4 NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2024	2023
<b>Fee and commission income</b>		
Wealth management service fees	515,545	503,669
Agency service fees	275,768	345,653
Custody and bank card service fees	171,716	193,156
Settlement fees	84,097	64,456
Others	114,446	74,922
Sub-total	<b>1,161,572</b>	1,181,856
<b>Fee and commission expense</b>	<b>(230,433)</b>	(241,823)
<b>Net fee and commission income</b>	<b>931,139</b>	940,033

### 5 NET TRADING GAINS/(LOSSES)

	Note	Six months ended 30 June	
		2024	2023
Net gains/(losses) from debt securities	(i)	117,675	(3,480)
Net losses of foreign exchange and foreign exchange rate derivative financial instruments	(ii)	(81,890)	(95,786)
Net losses from non-foreign exchange derivative financial instruments		(13,938)	(5,378)
Total		<b>21,847</b>	(104,644)

Notes:

- (i) Net gains/(losses) from debt securities mainly include gains or losses arising from the purchase and sale of, and changes in the fair value of debt securities held for trading.
- (ii) Net losses of foreign exchange and foreign exchange rate derivative financial instruments include gains or losses from the purchase and sale of foreign currency spot, foreign exchange derivative financial instruments, and translation of foreign currency monetary assets and liabilities into RMB, etc.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 6 NET GAINS ARISING FROM INVESTMENTS

	Six months ended 30 June	
	2024	2023
Net gains on financial investments measured at FVTPL	971,830	672,374
Net gains on disposal of financial assets measured at FVOCI	223,961	275,749
Others	(1,510)	111
Total	1,194,281	948,234

### 7 OTHER OPERATING INCOME

	Six months ended 30 June	
	2024	2023
Government grants	53,856	47,113
Net gains on disposal of precious metals	33,406	–
Net gains on disposal of property and equipment, intangible assets and other assets	13,824	28,773
Others	1	1,891
Total	101,087	77,777

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 8 OPERATING EXPENSES

	Six months ended 30 June	
	2024	2023
Staff costs		
– Salaries, bonuses and allowances	<b>558,104</b>	553,616
– Social insurance	<b>41,758</b>	38,152
– Housing allowances	<b>61,739</b>	55,428
– Staff welfare expenses	<b>71,647</b>	65,268
– Labor union expenses and staff education expenses	<b>26,394</b>	25,816
– Post-employment benefits		
– Defined contribution plans	<b>142,147</b>	134,189
– Early retirement and supplementary retirement plans	<b>5,867</b>	7,040
Sub-total	<b>907,656</b>	879,509
Property and equipment expenses		
– Depreciation and amortisation	<b>295,985</b>	276,823
– Electronic equipment operating expenses	<b>59,516</b>	40,339
– Maintenance expenses	<b>51,828</b>	41,652
Sub-total	<b>407,329</b>	358,814
Tax and surcharges	<b>83,340</b>	81,190
Other general and administrative expenses	<b>476,144</b>	455,163
Total	<b>1,874,469</b>	1,774,676

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 9 EXPECTED CREDIT LOSSES

	Six months ended 30 June	
	2024	2023
Deposits with banks and other financial institutions	437	(1,738)
Placements with banks and other financial institutions	(3,255)	5,361
Financial assets held under resale agreements	1,522	14,122
Loans and advances to customers		
– Loans and advances to customers measured at amortised cost	1,222,549	962,910
– Loans and advances to customers measured at FVOCI	126,600	157,584
Financial investments measured at amortised cost	493,318	548,228
Financial investments measured at FVOCI		
– Debt instruments	38,461	(36,566)
Long-term receivables	61,991	63,850
Credit commitments	(20,703)	105,950
Others	(1,286)	(9,869)
<b>Total</b>	<b>1,919,634</b>	<b>1,809,832</b>

### 10 INCOME TAX EXPENSE

#### (1) Income tax for the Reporting Period

	Note	Six months ended 30 June	
		2024	2023
Current tax		607,390	640,300
Deferred tax	25(2)	(85,530)	(261,533)
<b>Total</b>		<b>521,860</b>	<b>378,767</b>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

*(Expressed in thousands of Renminbi, unless otherwise stated)*

### 10 INCOME TAX EXPENSE (continued)

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

	Six months ended 30 June	
	2024	2023
Profit before taxation	<b>3,233,244</b>	2,786,303
Statutory tax rate	25%	25%
Income tax calculated at statutory tax rate	808,311	696,576
Tax effect of non-deductible expenses for tax purpose		
– Annuity	6,696	5,820
– Entertainment expenses	1,339	1,127
– Others	18,088	16,168
Sub-total	<b>26,123</b>	23,115
Tax effect of non-taxable income for tax purpose <i>(Note (i))</i>	<b>(312,574)</b>	(340,924)
Income tax	<b>521,860</b>	378,767

*Note:*

- (i) Non-taxable income consists of interest income from the PRC government bonds and local government bonds, and dividend income from funds, which are exempt from income tax under the PRC tax regulations.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 11 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share was computed by dividing the net profit for the period attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares in issue. Diluted earnings per share was computed by dividing the adjusted net profit attributable to the ordinary shareholders of the Bank for the period by the adjusted weighted average number of ordinary shares in issue, assuming that all dilutive potential shares have been converted. There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the Reporting Period.

	Note	Six months ended 30 June	
		2024	2023
Weighted average number of ordinary shares (in thousands)	11(1)	5,820,355	5,820,355
Net profit attributable to equity shareholders of the Bank		2,640,917	2,335,704
Less: net profit attributable to other equity instruments shareholders of the Bank		–	–
Net profit attributable to ordinary shareholders of the Bank		2,640,917	2,335,704
Basic and diluted earnings per share (in RMB)		0.45	0.40

Note:

The Bank issued RMB4 billion and RMB2.4 billion of Domestic Perpetual Bonds on 14 July 2022 and 16 August 2022, respectively. Non-cumulative dividend payment method was adopted for Domestic Perpetual Bonds. The Bank classified these Domestic Perpetual Bonds as equity instruments, and the specific terms of these Domestic Perpetual Bonds are disclosed in Note 37.

In calculating the earnings per share for six months ended 30 June 2024, the Bank did not consider the effects of interest that may be paid to holders of the Domestic Perpetual Bonds in July 2024 and August 2024 on the net profit attributable to shareholders of the ordinary shares of the Bank. An interest payment amounting to RMB233 million in total was distributed to holders of the Domestic Perpetual Bonds in July 2023 and August 2023.

#### (1) Weighted average number of ordinary shares (in thousands)

	Six months ended 30 June	
	2024	2023
Number of ordinary shares in issue as at 1 January	5,820,355	5,820,355
Increase in weighted average number of new ordinary shares	–	–
Weighted average number of ordinary shares	5,820,355	5,820,355

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 12 CASH AND DEPOSITS WITH THE CENTRAL BANK

	Note	30 June 2024	31 December 2023
Cash on hand		421,966	532,013
Deposits with the central bank			
– Statutory deposit reserves	12(1)	20,062,151	18,919,609
– Surplus deposit reserves	12(2)	25,764,669	11,505,177
– Other deposits with the central bank	12(3)	90,534	76,964
Sub-total		45,917,354	30,501,750
Accrued interest		9,903	9,901
Total		46,349,223	31,043,664

- (1) The Bank places statutory deposit reserves with the PBOC in accordance with relevant regulations. As at 30 June 2024, the statutory deposit reserve ratios for RMB deposits applicable to the Bank were 5.0% (31 December 2023: 5.0%). As at 30 June 2024, the statutory deposit reserve ratios for foreign currency deposits applicable to the Bank were 4.0% (31 December 2023: 4.0%). The Bank's subsidiaries place statutory deposit reserves with the PBOC in accordance with relevant regulations.

The statutory deposit reserves are not available for the Group's daily business.

- (2) The surplus deposit reserves are placed with the PBOC mainly for the purpose of clearing.
- (3) Other deposits with the central bank primarily represent fiscal deposits and foreign exchange risk reserve placed with the PBOC that are not available for use in the Group's daily operations.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 13 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2024	31 December 2023
In Chinese Mainland		
– Banks	2,436,413	1,766,460
– Other financial institutions	260,146	17,814
Outside Chinese Mainland		
– Banks	491,704	407,904
Accrued interest	6,226	19,839
Sub-total	3,194,489	2,212,017
Less: Provision for impairment losses	(2,086)	(1,649)
Total	3,192,403	2,210,368

### 14 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2024	31 December 2023
In Chinese Mainland		
– Banks	142,536	–
– Other financial institutions	14,696,000	13,798,000
Accrued interest	158,137	265,602
Sub-total	14,996,673	14,063,602
Less: Provision for impairment losses	(39,122)	(42,377)
Total	14,957,551	14,021,225

### 15 DERIVATIVE FINANCIAL INSTRUMENTS

The Group primarily enters into foreign exchange rate and interest rate derivative contracts for trading, asset and liability management, and customer-driven transactions.

The contractual/nominal amounts and fair values of the derivative financial instruments entered into by the Group are set out in the following tables. The contractual/nominal amounts of derivative financial instruments provide a basis for comparison with fair values of instruments recognised in 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 instruments and, therefore, do not indicate the Group's exposure to credit or market risks. The fair value of derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their contractual terms. The aggregated fair values of derivative financial assets and liabilities can fluctuate significantly during different periods.



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 15 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	30 June 2024			31 December 2023		
	Nominal amount	Fair value of		Nominal amount	Fair value of	
		Assets	Liabilities		Assets	Liabilities
Interest rate contracts	64,637,266	48,015	(55,818)	72,856,704	67,032	(67,862)
Exchange rate derivatives	5,311,651	3,431	(39,536)	5,313,762	78,793	(1,699)
Precious metal derivatives	2,946,423	5,911	(5,942)	954,899	3,552	(1,546)
Total	72,895,340	57,357	(101,296)	79,125,365	149,377	(71,107)

### 16 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

#### (1) Analysed by type and location of counterparty

	30 June 2024	31 December 2023
In Chinese Mainland – Banks	16,000,000	13,950,000
Accrued interest	2,533	2,782
Sub-total	16,002,533	13,952,782
Less: Provision for impairment losses	(9,652)	(8,130)
Total	15,992,881	13,944,652

#### (2) Analysed by type of security held

	30 June 2024	31 December 2023
Debt securities	16,000,000	13,950,000
Accrued interest	2,533	2,782
Sub-total	16,002,533	13,952,782
Less: Provision for impairment losses	(9,652)	(8,130)
Total	15,992,881	13,944,652

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 17 LOANS AND ADVANCES TO CUSTOMERS

#### (1) Analysed by nature

	30 June 2024	31 December 2023
Measured at amortised cost:		
Corporate loans and advances		
– Corporate loans	<b>222,151,582</b>	200,029,767
Sub-total	<b>222,151,582</b>	200,029,767
Personal loans and advances		
– Personal residential mortgages	<b>46,751,491</b>	46,945,476
– Personal consumption loans	<b>20,323,086</b>	21,842,557
– Personal business loans	<b>10,924,251</b>	10,295,732
Sub-total	<b>77,998,828</b>	79,083,765
Accrued interest	<b>617,476</b>	758,512
Sub-total	<b>300,767,886</b>	279,872,044
Less: Provision for impairment losses of loans and advances to customers measured at amortised cost		
– 12-month expected credit loss (“ECL”)	<b>(5,719,787)</b>	(5,000,788)
– Lifetime ECL		
– not credit-impaired loans	<b>(358,869)</b>	(350,943)
– credit-impaired loans	<b>(2,535,876)</b>	(2,503,396)
Sub-total	<b>(8,614,532)</b>	(7,855,127)
Measured at FVOCI:		
Corporate loans and advances		
– Discounted bills	<b>20,202,733</b>	19,441,303
– Corporate loans (Forfeiting)	<b>4,041,089</b>	1,534,706
Sub-total	<b>24,243,822</b>	20,976,009
Carrying amount of loans and advances to customers	<b>316,397,176</b>	292,992,926

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 17 LOANS AND ADVANCES TO CUSTOMERS (continued)

#### (2) Analysed by type of collateral (excluding accrued interest)

	30 June 2024	31 December 2023
Unsecured loans	70,427,982	61,496,406
Guaranteed loans	71,052,052	68,562,521
Loans secured by mortgages	120,242,379	114,490,600
Pledged loans	62,671,819	55,540,014
Gross loans and advances to customers	<b>324,394,232</b>	300,089,541

#### (3) Overdue loans analysed by overdue period (excluding accrued interest)

	30 June 2024				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Unsecured loans	485,817	746,552	225,881	11,181	1,469,431
Guaranteed loans	318,019	64,749	768,343	170,370	1,321,481
Loans secured by mortgages	971,177	780,471	351,272	31,204	2,134,124
Pledged loans	-	-	77,441	-	77,441
Total	<b>1,775,013</b>	<b>1,591,772</b>	<b>1,422,937</b>	<b>212,755</b>	<b>5,002,477</b>
As a percentage of gross loans and advances to customers	<b>0.54%</b>	<b>0.49%</b>	<b>0.44%</b>	<b>0.07%</b>	<b>1.54%</b>

	31 December 2023				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Unsecured loans	362,919	529,698	126,931	8,447	1,027,995
Guaranteed loans	304,840	178,266	982,602	176,787	1,642,495
Loans secured by mortgages	966,163	218,145	290,692	34,233	1,509,233
Pledged loans	-	-	77,441	-	77,441
Total	<b>1,633,922</b>	<b>926,109</b>	<b>1,477,666</b>	<b>219,467</b>	<b>4,257,164</b>
As a percentage of gross loans and advances to customers	<b>0.54%</b>	<b>0.31%</b>	<b>0.50%</b>	<b>0.07%</b>	<b>1.42%</b>

Overdue loans represent loans of which the whole or part of the principal or interest has been overdue for one day (inclusive) or more.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 17 LOANS AND ADVANCES TO CUSTOMERS (continued)

#### (4) Loans and advances and provision for impairment losses analysis

The provision for impairment losses of loans and advances to customers are as follows:

(i) Provision for impairment losses of loans and advances to customers measured at amortised cost:

	30 June 2024			Total
	12-month ECL	Lifetime ECL– not credit- impaired	Lifetime ECL– credit- impaired (Note (i))	
Gross loans and advances to customers measured at amortised cost (including accrued interest)	295,082,212	1,894,275	3,791,399	300,767,886
Less: Provision for impairment losses	(5,719,787)	(358,869)	(2,535,876)	(8,614,532)
Net carrying amount of loans and advances to customers measured at amortised cost	289,362,425	1,535,406	1,255,523	292,153,354
	31 December 2023			
	12-month ECL	Lifetime ECL– not credit- impaired	Lifetime ECL– credit- impaired (Note (i))	Total
Gross loans and advances to customers measured at amortised cost (including accrued interest)	274,696,221	1,632,927	3,542,896	279,872,044
Less: Provision for impairment losses	(5,000,788)	(350,943)	(2,503,396)	(7,855,127)
Net carrying amount of loans and advances to customers measured at amortised cost	269,695,433	1,281,984	1,039,500	272,016,917

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 17 LOANS AND ADVANCES TO CUSTOMERS (continued)

(ii) Provision for impairment losses on loans and advances to customers measured at FVOCI:

	30 June 2024			Total
	12-month ECL	Lifetime ECL– not credit- impaired	Lifetime ECL– credit- impaired (Note (i))	
Gross/Carrying amount of loans and advances to customers at FVOCI	24,243,822	–	–	24,243,822
Provision for impairment losses included in other comprehensive income	(268,970)	–	–	(268,970)
	31 December 2023			
	12-month ECL	Lifetime ECL– not credit- impaired	Lifetime ECL– credit- impaired (Note (i))	Total
Gross/Carrying amount of loans and advances to customers at FVOCI	20,976,009	–	–	20,976,009
Provision for impairment losses included in other comprehensive income	(142,370)	–	–	(142,370)

Note:

(i) The definition of the credit-impaired financial assets is set out in Note 43(1) Credit risk.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 17 LOANS AND ADVANCES TO CUSTOMERS (continued)

#### (5) Movements of provision for impairment losses

Movements of the provision for impairment losses on loans and advances to customers are as follows:

(i) Movements of provision for impairment losses of loans and advances to customers measured at amortised cost are as follows:

	Six months ended 30 June 2024			Total
	12-month ECL	Lifetime ECL– not credit- impaired	Lifetime ECL– credit- impaired	
As at 1 January 2024	5,000,788	350,943	2,503,396	7,855,127
Transfer to				
– 12-month ECL	44,843	(22,108)	(22,735)	–
– Lifetime ECL				
– not credit-impaired loans	(11,239)	14,108	(2,869)	–
– credit-impaired loans	(9,007)	(128,023)	137,030	–
Charge for the period	694,402	143,949	384,198	1,222,549
Write-offs and transfer out	–	–	(553,693)	(553,693)
Recoveries of loans and advances previously written off	–	–	111,829	111,829
Other changes	–	–	(21,280)	(21,280)
<b>As at 30 June 2024</b>	<b>5,719,787</b>	<b>358,869</b>	<b>2,535,876</b>	<b>8,614,532</b>
	2023			
	12-month ECL	Lifetime ECL– not credit- impaired	Lifetime ECL– credit- impaired	Total
As at 1 January 2023	3,901,150	510,711	2,697,610	7,109,471
Transfer to				
– 12-month ECL	45,754	(35,119)	(10,635)	–
– Lifetime ECL				
– not credit-impaired loans	(10,029)	11,714	(1,685)	–
– credit-impaired loans	(23,701)	(98,022)	121,723	–
Charge/(Reversal) for the year	1,087,614	(38,341)	883,880	1,933,153
Write-offs and transfer out	–	–	(1,243,813)	(1,243,813)
Recoveries of loans and advances previously written off	–	–	86,700	86,700
Other changes	–	–	(30,384)	(30,384)
<b>As at 31 December 2023</b>	<b>5,000,788</b>	<b>350,943</b>	<b>2,503,396</b>	<b>7,855,127</b>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 17 LOANS AND ADVANCES TO CUSTOMERS (continued)

(ii) Movements of the provision for impairment losses on loans and advances to customers measured at FVOCI are as follows:

	Six months ended 30 June 2024			Total
	12-month ECL	Lifetime ECL– not credit- impaired	Lifetime ECL– credit- impaired	
As at 1 January 2024	142,370	–	–	142,370
Charge for the period	126,600	–	–	126,600
As at 30 June 2024	268,970	–	–	268,970

	2023			Total
	12-month ECL	Lifetime ECL– not credit- impaired	Lifetime ECL– credit-impaired	
As at 1 January 2023	27,639	31	–	27,670
Charge/(Reversal) for the year	114,731	(31)	–	114,700
As at 31 December 2023	142,370	–	–	142,370

For information about the asset-backed securitisation transactions conducted by the Group in its normal course of business, refer to Note 47(2).

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 18 FINANCIAL INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Note	30 June 2024	31 December 2023
Financial investments held for trading		
Debt securities, analysed by type of issuers:		
– Governments and the central bank	377,412	200,957
– Banks and other financial institutions	8,789,979	3,344,037
– Corporate entities	162,170	–
Sub-total	9,329,561	3,544,994
Other financial investments measured at FVTPL		
Debt securities, analysed by type of issuers:		
– Governments and the central bank	25,881	25,820
– Banks and other financial institutions	2,056,259	2,467,351
– Corporate entities	730,403	1,091,864
Sub-total	2,812,543	3,585,035
Investment funds	43,617,114	43,799,513
Asset management plans	6,468,837	6,895,445
Trust fund plans	410,756	444,536
Total	62,638,811	58,269,523
Listed	18(1) 815,009	1,132,525
Of which: listed outside Hong Kong	284,094	386,256
Unlisted	61,823,802	57,136,998
Total	62,638,811	58,269,523

(1) Only bonds traded on stock exchanges are included in listed bonds.



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 19 FINANCIAL INVESTMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>Note</i>	<b>30 June 2024</b>	31 December 2023
Debt securities, analysed by type of issuers:			
– Government and the central bank		<b>21,873,855</b>	24,874,801
– Policy banks		<b>12,816,065</b>	13,527,638
– Banks and other financial institutions		<b>30,586,209</b>	32,336,039
– Corporate entities		<b>40,750,637</b>	42,386,232
Sub-total		<b>106,026,766</b>	113,124,710
Other equity investments	<i>19(1)</i>	<b>128,458</b>	23,250
Accrued interest		<b>1,145,125</b>	1,837,174
<b>Total</b>		<b>107,300,349</b>	114,985,134
Listed	<i>19(2)</i>	<b>33,245,783</b>	35,671,807
Of which: listed outside Hong Kong		<b>30,577,846</b>	33,887,676
Unlisted		<b>74,054,566</b>	79,313,327
<b>Total</b>		<b>107,300,349</b>	114,985,134

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 19 FINANCIAL INVESTMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

- (1) The Group holds a number of unlisted equity investments not held for trading. The Group designates them as financial investments measured at FVOCI, and the details are as follows:

Investees	Six months ended 30 June 2024						
	Balance at the beginning of the period	Investment increased	Investment decreased	Gains recognised in other comprehensive income during the period	Balance at the end of the period	Percentage of shareholding in investees (%)	Cash dividend for the period
China UnionPay Co., Ltd.	13,000	-	-	105,208	118,208	0.34	-
Shandong City Commercial Bank Alliance Co., Ltd.	10,000	-	-	-	10,000	1.14	-
City Commercial Banks Clearing	250	-	-	-	250	0.81	-
<b>Total</b>	<b>23,250</b>	<b>-</b>	<b>-</b>	<b>105,208</b>	<b>128,458</b>		<b>-</b>

Investees	2023						
	Balance at the beginning of the year	Investment increased	Investment decreased	Gains recognised in other comprehensive income during the year	Balance at the end of the year	Percentage of ownership in investees (%)	Cash dividend for the year
China UnionPay Co., Ltd.	13,000	-	-	-	13,000	0.34	5,800
Shandong City Commercial Bank Alliance Co., Ltd.	10,000	-	-	-	10,000	1.14	-
City Commercial Banks Clearing	250	-	-	-	250	0.81	-
<b>Total</b>	<b>23,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,250</b>		<b>5,800</b>

For the six months ended 30 June 2024 and the year ended 31 December 2023, the Group did not dispose of any such equity investment, nor transfer any cumulative gain or loss from other comprehensive income to retained earning.

- (2) Only bonds traded on stock exchanges are included in listed bonds.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 19 FINANCIAL INVESTMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

(3) Movements of the provision for impairment losses on debt instruments of financial investments measured at FVOCI are as follows:

	Six months ended 30 June 2024			Total
	12-month ECL	Lifetime ECL– not credit- impaired	Lifetime ECL– credit- impaired	
As at 1 January 2024	75,072	1,051	53,749	129,872
Transfer to:				
– Lifetime ECL				
– not credit-impaired	(51)	51	–	–
(Reversal)/Charge for the period	(10,668)	(499)	49,628	38,461
As at 30 June 2024	64,353	603	103,377	168,333
	2023			
	12-month ECL	Lifetime ECL– not credit- impaired	Lifetime ECL– credit- impaired	Total
As at 1 January 2023	51,725	152,028	–	203,753
Transfer to:				
– 12-month ECL	71,631	(71,631)	–	–
– Lifetime ECL				
– not credit-impaired	–	(560)	560	–
(Reversal)/Charge for the year	(48,284)	(78,786)	53,189	(73,881)
As at 31 December 2023	75,072	1,051	53,749	129,872

Provision for impairment losses on debt instruments of financial investments measured at FVOCI is recognised in other comprehensive income, and any impairment loss or gain is recognised in the profit or loss without decreasing the carrying amount of financial investments presented in the statement of financial position.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 20 FINANCIAL INVESTMENTS MEASURED AT AMORTISED COST

	Note	30 June 2024	31 December 2023
Debt securities, analysed by type of issuers:			
– Government and the central bank		<b>30,388,742</b>	28,428,968
– Policy banks		<b>10,657,152</b>	10,718,845
– Banks and other financial institutions		<b>7,322,197</b>	5,771,567
– Corporate entities		<b>7,459,395</b>	3,262,782
Sub-total		<b>55,827,486</b>	48,182,162
Asset management plans		<b>1,471,330</b>	1,935,620
Trust fund plans		<b>1,596,703</b>	1,596,703
Other investments		<b>4,003,416</b>	4,758,576
Accrued interest		<b>664,370</b>	764,409
Less: Provision for impairment losses	20(1)	<b>(4,974,279)</b>	(4,480,961)
Total		<b>58,589,026</b>	52,756,509
Listed	20(2)	<b>21,076,058</b>	16,856,264
Of which: listed outside Hong Kong		<b>20,223,507</b>	16,856,264
Unlisted		<b>37,512,968</b>	35,900,245
Total		<b>58,589,026</b>	52,756,509

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 20 FINANCIAL INVESTMENTS MEASURED AT AMORTISED COST (continued)

- (1) Movements of the provision for impairment losses on financial investments measured at amortised cost are as follows:

	Six months ended 30 June 2024			Total
	12-month ECL	Lifetime ECL– not credit- impaired	Lifetime ECL– credit- impaired	
As at 1 January 2024	126,430	22,797	4,331,734	4,480,961
Transfer to:				
– Lifetime ECL				
– not credit-impaired	(96,798)	96,798	–	–
(Reversal)/Charge for the period	(8,970)	367,160	135,128	493,318
As at 30 June 2024	20,662	486,755	4,466,862	4,974,279
	2023			
	12-month ECL	Lifetime ECL– not credit- impaired	Lifetime ECL– credit- impaired	Total
As at 1 January 2023	191,705	27,839	2,727,174	2,946,718
Transfer to:				
– Lifetime ECL				
– not credit-impaired	(908)	908	–	–
(Reversal)/Charge for the year	(64,367)	(5,950)	1,571,912	1,501,595
Others	–	–	32,648	32,648
As at 31 December 2023	126,430	22,797	4,331,734	4,480,961

- (2) Only bonds traded on stock exchanges are included in listed bonds.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 21 INVESTMENT IN SUBSIDIARIES

	30 June 2024	31 December 2023
BQD Financial Leasing Company Limited	913,284	510,000
BQD Wealth Management Company Limited	1,000,000	1,000,000
Total	<b>1,913,284</b>	1,510,000

The subsidiaries are as follows:

Name	Percentage of equity interest	Voting rights	Paid-in capital <i>(in thousands)</i>	Amount invested by the Bank <i>(in thousands)</i>	Place of registration and operations	Principal activities
BQD Financial Leasing Company Limited <i>(Note (i))</i>	60.00%	60.00%	1,225,000	913,284	Qingdao, China	Financial leasing
BQD Wealth Management Company Limited <i>(Note (ii))</i>	100.00%	100.00%	1,000,000	1,000,000	Qingdao, China	Wealth management

Notes:

- (i) BQD Financial Leasing Company Limited was co-established by the Bank, Qingdao Hanhe Cable Co., Ltd., Qingdao Port International Co., Ltd. and Qingdao Qianwan Container Terminal Co., Ltd. on 15 February 2017, with an initial registered capital of RMB1.00 billion.

In May, 2024, with the Approval upon BQD Financial Leasing Company Limited's Change of Registered Capital and Adjustment of Equity Structure (Qingguojinfu [2024]111) approved by Qingdao Supervision Bureau of the State Financial Supervision and Regulation Administration, the Bank agreed to invest RMB403 million to increase the capital of BQD Financial Leasing Company Limited. Upon completion of the capital injection, the registered capital of BQD Financial Leasing Company Limited increased to RMB1.225 billion, and the Bank's shareholding in BQD Financial Leasing Company Limited increased from 51.00% to 60.00%.

- (ii) BQD Wealth Management Company Limited, a limited liability company wholly-owned by the Bank, was established on 16 September 2020, with a registered capital of RMB1.00 billion.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 22 LONG-TERM RECEIVABLES

	<b>30 June 2024</b>	31 December 2023
Minimum lease receivables	<b>950,712</b>	870,964
Less: Unearned finance lease income	<b>(106,450)</b>	(91,333)
Present value of finance lease receivables	<b>844,262</b>	779,631
Finance leaseback receivables	<b>16,112,691</b>	16,421,930
Sub-total	<b>16,956,953</b>	17,201,561
Accrued interest	<b>199,353</b>	214,762
Less: Provision for impairment losses		
– 12-month ECL	<b>(444,591)</b>	(446,463)
– Lifetime ECL		
– not credit-impaired	<b>(243,168)</b>	(174,694)
– credit-impaired	<b>(68,782)</b>	(53,393)
Carrying amount	<b>16,399,765</b>	16,741,773

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 22 LONG-TERM RECEIVABLES (continued)

Movements of the provision for impairment losses on long-term receivable are as follows:

	Six months ended 30 June 2024			Total
	12-month ECL	Lifetime ECL– not credit- impaired	Lifetime ECL– credit- impaired	
As at 1 January 2024	446,463	174,694	53,393	674,550
Transfer to				
– Lifetime ECL				
– not credit-impaired	(12,396)	12,396	–	–
– credit-impaired	–	(3,042)	3,042	–
Charge/(Reversal) for the period	10,524	59,120	(7,653)	61,991
Others	–	–	20,000	20,000
As at 30 June 2024	444,591	243,168	68,782	756,541
	2023			
	12-month ECL	Lifetime ECL– not credit- impaired	Lifetime ECL– credit- impaired	Total
As at 1 January 2023	265,041	65,109	107,694	437,844
Transfer to				
– Lifetime ECL				
– not credit-impaired	(3,464)	3,464	–	–
Charge/(Reversal) for the year	184,886	106,121	(83,701)	207,306
Others	–	–	29,400	29,400
As at 31 December 2023	446,463	174,694	53,393	674,550



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 22 LONG-TERM RECEIVABLES (continued)

Minimum lease receivables, unearned finance income and present value of finance lease receivables analysed by remaining period are listed as follows:

	30 June 2024		
	Minimum lease receivables	Unearned finance income	Present value of finance lease receivables
Repayable on demand	–	–	–
Less than 1 year (inclusive)	361,581	(48,050)	313,531
1 year to 2 years (inclusive)	295,264	(27,399)	267,865
2 years to 3 years (inclusive)	116,502	(13,959)	102,543
3 years to 4 years (inclusive)	61,466	(8,233)	53,233
4 years to 5 years (inclusive)	52,972	(4,911)	48,061
More than 5 years	49,149	(3,171)	45,978
Indefinite (Note (i))	13,778	(727)	13,051
<b>Total</b>	<b>950,712</b>	<b>(106,450)</b>	<b>844,262</b>

	31 December 2023		
	Minimum lease receivables	Unearned finance income	Present value of finance lease receivables
Repayable on demand	–	–	–
Less than 1 year (inclusive)	386,192	(42,691)	343,501
1 year to 2 years (inclusive)	254,901	(23,620)	231,281
2 years to 3 years (inclusive)	116,160	(10,285)	105,875
3 years to 4 years (inclusive)	38,227	(6,158)	32,069
4 years to 5 years (inclusive)	27,499	(4,273)	23,226
More than 5 years	47,985	(4,306)	43,679
Indefinite (Note (i))	–	–	–
<b>Total</b>	<b>870,964</b>	<b>(91,333)</b>	<b>779,631</b>

Note:

- (i) See Note 43(3) for the definition of indefinite finance lease receivables.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 23 PROPERTY AND EQUIPMENT

	Premises	Electronic equipment	Vehicles	Machinery equipment and others	Construction in progress	Total
<b>Cost</b>						
As at 1 January 2023	3,558,533	844,784	74,709	133,082	99,699	4,710,807
Increase	118,232	130,857	4,790	8,365	6,610	268,854
Decrease	(3,215)	(32,170)	(2,930)	(2,919)	–	(41,234)
As at 31 December 2023	<b>3,673,550</b>	<b>943,471</b>	<b>76,569</b>	<b>138,528</b>	<b>106,309</b>	<b>4,938,427</b>
Increase	–	42,819	695	2,552	241	46,307
Decrease	(19,254)	(9,074)	–	(2,004)	–	(30,332)
As at 30 June 2024	<b>3,654,296</b>	<b>977,216</b>	<b>77,264</b>	<b>139,076</b>	<b>106,550</b>	<b>4,954,402</b>
<b>Accumulated depreciation</b>						
As at 1 January 2023	(572,419)	(533,947)	(53,622)	(84,433)	–	(1,244,421)
Increase	(84,651)	(85,201)	(5,995)	(13,210)	–	(189,057)
Decrease	–	30,488	2,784	2,768	–	36,040
As at 31 December 2023	<b>(657,070)</b>	<b>(588,660)</b>	<b>(56,833)</b>	<b>(94,875)</b>	–	<b>(1,397,438)</b>
Increase	(43,553)	(44,399)	(3,031)	(6,673)	–	(97,656)
Decrease	–	8,615	–	1,925	–	10,540
As at 30 June 2024	<b>(700,623)</b>	<b>(624,444)</b>	<b>(59,864)</b>	<b>(99,623)</b>	–	<b>(1,484,554)</b>
<b>Net book value</b>						
As at 30 June 2024	<b>2,953,673</b>	<b>352,772</b>	<b>17,400</b>	<b>39,453</b>	<b>106,550</b>	<b>3,469,848</b>
As at 31 December 2023	3,016,480	354,811	19,736	43,653	106,309	3,540,989

As at 30 June 2024 and 31 December 2023, the Group did not have significant property and equipment which were temporarily idle.

The net book value of the Group's premises with incomplete title deeds of the Group as at 30 June 2024 was RMB92 million (31 December 2023: RMB93 million). Management was of the opinion that the incomplete title deeds would not affect the Group's the rights to these assets.

As at 30 June 2024 and 31 December 2023, the Group was not aware of any indicators for the possibility of property and equipment impairment, hence no impairment loss was recognised.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 23 PROPERTY AND EQUIPMENT (continued)

The net book values of premises at the end of the Reporting Period are analysed by the remaining terms of the land leases as follows:

	30 June 2024	31 December 2023
Held in Chinese Mainland		
– Long-term leases (over 50 years)	15,327	15,523
– Medium-term leases (10 – 50 years)	2,905,964	2,966,394
– Short-term leases (less than 10 years)	32,382	34,563
Total	2,953,673	3,016,480

### 24 RIGHT-OF-USE ASSETS

	Premises	Others	Total
<b>Cost</b>			
As at 1 January 2023	1,305,999	4,114	1,310,113
Increase	168,646	–	168,646
Decrease	(102,493)	–	(102,493)
As at 31 December 2023	1,372,152	4,114	1,376,266
Increase	40,498	–	40,498
Decrease	(33,231)	–	(33,231)
As at 30 June 2024	1,379,419	4,114	1,383,533
<b>Accumulated depreciation</b>			
As at 1 January 2023	(480,551)	(2,604)	(483,155)
Increase	(156,801)	(651)	(157,452)
Decrease	102,480	–	102,480
As at 31 December 2023	(534,872)	(3,255)	(538,127)
Increase	(78,235)	(326)	(78,561)
Decrease	27,252	–	27,252
As at 30 June 2024	(585,855)	(3,581)	(589,436)
<b>Net book value</b>			
As at 30 June 2024	793,564	533	794,097
As at 31 December 2023	837,280	859	838,139

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 25 DEFERRED INCOME TAX ASSETS

#### (1) Analysed by nature

	30 June 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Provision for impairment losses	14,778,385	3,694,596	14,171,170	3,542,792
Deferred interest income from discounted bills	144,653	36,163	84,659	21,165
Change in fair value	(1,976,314)	(494,079)	(35,900)	(8,975)
Others	990,456	247,615	955,618	238,905
Total	13,937,180	3,484,295	15,175,547	3,793,887

#### (2) Analysed by movement

	Provision for Impairment losses	Deferred interest income from discounted bills (Note (i))	Change in fair value	Others (Note (ii))	Total
As at 1 January 2023	2,915,242	40,892	350,155	140,054	3,446,343
Recognised in profit or loss	637,755	(19,727)	(80,851)	98,196	635,373
Recognised in other comprehensive income	(10,205)	-	(278,279)	655	(287,829)
As at 31 December 2023	3,542,792	21,165	(8,975)	238,905	3,793,887
Recognised in profit or loss	193,069	14,998	(129,924)	7,387	85,530
Recognised in other comprehensive income	(41,265)	-	(355,180)	1,323	(395,122)
As at 30 June 2024	3,694,596	36,163	(494,079)	247,615	3,484,295

Notes:

- (i) Pursuant to the requirement issued by the local tax authority, income tax obligations arise when the Group receives discounted bills. The deductible temporary difference, which arises from the interest income recognised in profit or loss using the effective interest method, forms deferred tax assets.
- (ii) Others mainly include the amount accrued for early retirement and supplementary retirement plans, provisions, and other accrued expenses, which are deductible against taxable income when actual payment occurs.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 26 OTHER ASSETS

	Note	30 June 2024	31 December 2023
Prepayments		620,361	79,244
Continuously involved assets		602,984	922,695
Intangible assets	26(1)	383,516	420,085
Long-term deferred expense		380,744	388,450
Interest receivables (Note (i))	26(2)	27,926	38,929
Repossessed assets (Note (ii))		9,654	6,056
Deferred expense		3,101	8,896
Precious metals		1,046	96,151
Others (Note (iii))		2,411,479	777,250
Sub-total		4,440,811	2,737,756
Less: Provision for impairment losses		(39,220)	(40,550)
Total		4,401,591	2,697,206

Notes:

- (i) As at 30 June 2024, the book value of the Group's interest receivables after deducting the provision for impairment is RMB19.66 million (31 December 2023: RMB30.53 million).
- (ii) As at 30 June 2024, repossessed assets of the Group mainly included premises, etc. The carrying value of the Group's repossessed assets is RMB8.75 million (31 December 2023: RMB5.15 million). The impairment provision for repossessed assets of the Group is RMB0.91 million (31 December 2023: RMB0.91 million).
- (iii) Mainly includes settlement receivables and other receivables.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 26 OTHER ASSETS (continued)

#### (1) Intangible assets

	Six months ended 30 June 2024	2023
<b>Cost</b>		
As at 1 January	1,167,188	967,286
Additions	38,967	199,902
Decrease	–	–
As at 30 June/31 December	1,206,155	1,167,188
<b>Accumulated amortisation</b>		
As at 1 January	(747,103)	(614,210)
Additions	(75,536)	(132,893)
Decrease	–	–
As at 30 June/31 December	(822,639)	(747,103)
<b>Net value</b>		
As at 30 June/31 December	383,516	420,085
As at 1 January	420,085	353,076

Intangible assets of the Group mainly include software.

As at 30 June 2024 and 31 December 2023, the Group was not aware of any indicators for the possibility of intangible assets impairment, hence no impairment loss was recognised.

#### (2) Interest receivables

	30 June 2024	31 December 2023
Interest receivables arising from:		
– Loans and advances to customers	27,926	38,929
Total	27,926	38,929

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 27 BORROWINGS FROM THE CENTRAL BANK

	30 June 2024	31 December 2023
Borrowings	21,420,180	18,027,260
Re-discounted bills	2,951,165	49,386
Accrued interest	77,109	158,442
<b>Total</b>	<b>24,448,454</b>	<b>18,235,088</b>

### 28 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2024	31 December 2023
In Chinese Mainland		
– Banks	12,305,019	873,923
– Other financial institutions	6,995,462	1,351,707
Accrued interest	35,525	16,701
<b>Total</b>	<b>19,336,006</b>	<b>2,242,331</b>

### 29 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2024	31 December 2023
In Chinese Mainland		
– Banks	16,014,990	17,570,190
– Other financial institutions	1,070,000	1,337,000
Outside Chinese Mainland		
– Banks	248,690	246,937
– Other financial institutions	814,435	808,236
Designated at FVTPL (relevant to gold leasing)		
In Chinese Mainland		
– Banks	3,299,280	959,180
Accrued interest	228,607	168,821
<b>Total</b>	<b>21,676,002</b>	<b>21,090,364</b>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 30 FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024	31 December 2023
Financial liabilities designated at FVTPL		
– Structured notes	445,218	–
Total	445,218	–

### 31 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

#### (1) Analysed by type and location of counterparty

	30 June 2024	31 December 2023
In Chinese Mainland		
– Banks	26,772,790	36,872,938
Accrued interest	3,414	7,629
Total	26,776,204	36,880,567

#### (2) Analysed by types of collateral

	30 June 2024	31 December 2023
Debt securities	20,770,000	26,800,000
Discounted bills	6,002,790	10,072,938
Accrued interest	3,414	7,629
Total	26,776,204	36,880,567



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 32 DEPOSITS FROM CUSTOMERS

	<b>30 June 2024</b>	31 December 2023
Demand deposits		
– Corporate customers	<b>95,810,636</b>	89,927,435
– Personal customers	<b>30,032,234</b>	29,854,416
Sub-total	<b>125,842,870</b>	119,781,851
Time deposits		
– Corporate customers	<b>112,790,063</b>	107,301,003
– Personal customers	<b>172,651,425</b>	158,589,578
Sub-total	<b>285,441,488</b>	265,890,581
Other deposits	<b>304,088</b>	389,827
Accrued interest	<b>10,222,200</b>	9,405,100
Total	<b>421,810,646</b>	395,467,359
Including:		
Pledged deposits	<b>20,976,101</b>	16,852,955

### 33 DEBT SECURITIES ISSUED

	<b>30 June 2024</b>	31 December 2023
Debt securities issued (Note (i))	<b>15,992,399</b>	17,993,005
Certificates of interbank deposit issued (Note (ii))	<b>71,749,390</b>	71,008,248
Accrued interest	<b>231,766</b>	268,532
Total	<b>87,973,555</b>	89,269,785

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 33 DEBT SECURITIES ISSUED (continued)

Notes:

- (i) The Group has issued several debt securities with fixed interest rates. The details are as follows:
  - (a) Five-year Financial Bonds were issued with an interest rate of 3.98% per annum and with a nominal amount of RMB1.0 billion in May 2019. The debts have matured on 22 May 2024 with annual interest payments. As at 31 December 2023, the fair value of the debts was RMB1.006 billion.
  - (b) Five-year Financial Bonds were issued with an interest rate of 3.98% per annum and with a nominal amount of RMB1.0 billion in May 2019. The debts have matured on 31 May 2024 with annual interest payments. As at 31 December 2023, the fair value of the debts was RMB1.006 billion.
  - (c) Five-year Small and Micro Enterprises Financial Bonds were issued with an interest rate of 3.84% per annum and with a nominal amount of RMB1.0 billion in December 2019. The debts will mature on 5 December 2024 with annual interest payments. As at 30 June 2024, the fair value of the debts was RMB1.008 billion (31 December 2023: RMB1.012 billion).
  - (d) Five-year Small and Micro Enterprises Financial Bonds were issued with an interest rate of 3.80% per annum and with a nominal amount of RMB1.0 billion in December 2019. The debts will mature on 16 December 2024 with annual interest payments. As at 30 June 2024, the fair value of the debts was RMB1.009 billion (31 December 2023: RMB1.012 billion).
  - (e) Ten-year tier-two capital bonds were issued with an interest rate of 4.80% per annum and with a nominal amount of RMB4.0 billion in March 2021. The debts will mature on 24 March 2031 with annual interest payments. The Group has an option to redeem the debts at the end of the fifth year. As at 30 June 2024, the fair value of the debts was RMB4.180 billion (31 December 2023: RMB4.151 billion).
  - (f) Ten-year tier-two capital bonds were issued with an interest rate of 4.34% per annum and with a nominal amount of RMB2.0 billion in May 2021. The debts will mature on 28 May 2031 with annual interest payments. The Group has an option to redeem the debts at the end of the fifth year. As at 30 June 2024, the fair value of the debts was RMB2.082 billion (31 December 2023: RMB2.059 billion).
  - (g) Three-year Green Bonds were issued with an interest rate of 2.84% per annum and with a nominal amount of RMB8.0 billion in December 2023. The debts will mature on 4 December 2026 with annual interest payments. As at 30 June 2024, the fair value of the debts was RMB8.141 billion (31 December 2023: RMB8.022 billion).
- (ii) The Group issued a number of transferable certificates of interbank deposit with duration between 1 month to 1 year. As at 30 June 2024 and 31 December 2023, the fair value of outstanding certificates of interbank deposit was RMB71.846 billion and RMB71.050 billion, respectively.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 34 LEASE LIABILITIES

Maturity analysis on lease liabilities of the Group – analysis on undiscounted cash flows:

	<b>30 June 2024</b>	31 December 2023
Less than 1 year (inclusive)	<b>157,371</b>	153,462
1 year to 2 years (inclusive)	<b>113,301</b>	119,559
2 years to 3 years (inclusive)	<b>86,983</b>	90,302
3 years to 5 years (inclusive)	<b>135,365</b>	140,888
Over 5 years	<b>87,171</b>	111,467
<b>Total undiscounted lease liabilities</b>	<b>580,191</b>	615,678
<b>Lease liabilities on statement of financial position</b>	<b>529,653</b>	555,035

Note:

- (i) The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases or leases of low value assets. For the six months ended 30 June 2024, the Group's operating expenses include lease expenses relating to short-term leases and leases of low-value assets of RMB9.98 million (For the six months ended 30 June 2023: RMB13.09 million).

### 35 OTHER LIABILITIES

	<b>30 June 2024</b>	31 December 2023
Settlement payable	<b>4,672,525</b>	157,760
Continuously involved liabilities	<b>602,984</b>	922,695
ECL on credit commitments	<i>35(1)</i> <b>545,064</b>	565,767
Employee benefits payable	<i>35(2)</i> <b>455,128</b>	758,284
Risk guarantee deposits for leasing business	<b>318,569</b>	381,633
Taxes payable	<i>35(3)</i> <b>309,778</b>	219,512
Payable arising from fiduciary activities	<b>58,979</b>	92,314
Dividend payable	<b>20,959</b>	20,087
Others	<b>688,896</b>	638,460
<b>Total</b>	<b>7,672,882</b>	3,756,512

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 35 OTHER LIABILITIES (continued)

#### (1) Expected credit loss on credit commitments

Movements of expected credit loss on credit commitments are as follows:

	Six months ended 30 June 2024			Total
	12-month ECL	Lifetime ECL– not credit- impaired	Lifetime ECL– credit- impaired	
As at 1 January 2024	564,930	837	–	565,767
Transfer to				
– 12-month ECL	370	(370)	–	–
– Lifetime ECL				
– not credit-impaired loans	(197)	197	–	–
– credit-impaired loans	(119)	(217)	336	–
(Reversal)/Charge for the period	(21,084)	717	(336)	(20,703)
As at 30 June 2024	543,900	1,164	–	545,064

	2023			Total
	12-month ECL	Lifetime ECL– not credit- impaired	Lifetime ECL– credit- impaired	
As at 1 January 2023	249,614	3,028	–	252,642
Transfer to				
– 12-month ECL	1,682	(1,682)	–	–
– Lifetime ECL				
– not credit-impaired loans	(47)	47	–	–
– credit-impaired loans	(18)	(261)	279	–
Charge/(Reversal) for the year	313,699	(295)	(279)	313,125
As at 31 December 2023	564,930	837	–	565,767

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 35 OTHER LIABILITIES (continued)

#### (2) Employee benefits payable

	30 June 2024	31 December 2023
Salaries, bonuses and allowances payable	284,719	614,228
Staff welfare expenses	8,341	8,341
Labor union expenses and staff education expenses	69,728	51,405
Post-employment benefits		
– defined contribution plans (Note (i))	–	–
Early retirement and supplementary retirement plans (Note (ii))	92,340	84,310
<b>Total</b>	<b>455,128</b>	<b>758,284</b>

#### Notes:

- (i) Pursuant to the relevant laws and regulations of the PRC, the Group participated in a defined contribution basic pension insurance and unemployment insurance under the social insurance system established and managed by government authorities, and annuity plan.

As for defined contribution plan, forfeited contributions may not be used by the Group to reduce the existing level of contributions.

- (ii) Early retirement and supplementary retirement plans

#### Early retirement plan

The Bank provides early retirement benefit to employees who voluntarily agreed to retire before the retirement age during the period from the date of early retirement to the statutory retirement date.

#### Supplementary retirement plan

The Bank provides a supplementary retirement plan to its eligible employees.

In accordance with the projected unit credit method, the Group measures the obligations using actuarial assumptions to estimate the present value of the payables of early retirement and supplementary retirement plan.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 35 OTHER LIABILITIES (continued)

Primary assumptions used:

	<b>30 June 2024</b>	31 December 2023
Discount rate – early retirement plans	<b>2.00%</b>	2.50%
Discount rate – supplementary retirement plans	<b>2.50%</b>	3.00%

Assumptions regarding future mortality experience are based on the China Life Insurance Mortality Table (2010-2013), which is published historical statistics in China.

As at 30 June 2024 and 31 December 2023, there was no significant change in liabilities of early retirement and supplementary retirement plans that was attributable to changes in actuarial assumptions.

### (3) Taxes payable

	<b>30 June 2024</b>	31 December 2023
Value added tax payable	<b>217,302</b>	166,720
Urban construction tax and surcharges payable	<b>36,977</b>	32,844
Others	<b>55,499</b>	19,948
Total	<b>309,778</b>	219,512

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 36 SHARE CAPITAL

#### Authorised and issued share capital

	30 June 2024	31 December 2023
Number of shares authorised, issued and fully paid at nominal value (in thousands)	<b>5,820,355</b>	5,820,355

### 37 OTHER EQUITY INSTRUMENTS

#### (1) Perpetual bonds outstanding at the end of the accounting period

The Bank's undated capital bonds (the "Perpetual bonds") outstanding in the statement of financial position as at 30 June 2024 are as follows:

Financial instruments issued	Issue date	Accounting classification	Interest rate	Issue price	Amount <i>(in thousands of units)</i>	In RMB <i>(in thousands)</i>	Maturity	Conversion
2022 Domestic Perpetual Bond Series 1	14 July 2022	Equity	3.70%	100RMB/Unit	40,000	4,000,000	None	None
2022 Domestic Perpetual Bond Series 2	16 Aug 2022	Equity	3.55%	100RMB/Unit	24,000	2,400,000	None	None
Total						6,400,000		
Less: Issue costs						(4,217)		
Book value						6,395,783		

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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

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### 37 OTHER EQUITY INSTRUMENTS (continued)

#### (2) Main Clauses and Basic information

With the approvals of relevant regulatory authorities, the Bank issued RMB4 billion and RMB2.4 billion of undated capital bonds on 14 July 2022 and 16 August 2022 (hereinafter referred to as “2022 Domestic Perpetual Bond Series 1” and “2022 Domestic Perpetual Bond Series 2” respectively, collectively “Domestic Perpetual Bonds”) in the National Interbank Bond Market. The funds raised by the Bank from these bonds are used to supplement additional tier 1 capital of the Bank in accordance with the relevant laws and approvals by regulatory authorities.

##### (a) Interest

Each Domestic Perpetual Bond has a par value of RMB100, and the interest rate of the bonds for the first five years are 3.70% for 2022 Domestic Perpetual Bond Series 1 and 3.55% for 2022 Domestic Perpetual Bond Series 2, resetting every 5 years. The rates are determined by a benchmark rate plus a fixed spread. The initial fixed spreads are the difference between the interest rate and the benchmark rate as determined at the time of issuance. The fixed spread once determined will not be adjusted during the duration period. The interest of Domestic Perpetual Bond shall be paid annually.

##### (b) Interest stopper and setting mechanism

The interest payment for both the Domestic Perpetual Bonds is non-cumulative. The Bank shall have the right to cancel, in whole or in part, distributions of the interest payment and any such cancellation shall not constitute an event of default. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. However, the Bank shall not distribute profits to ordinary shareholders until resumption of full interest payment to the Domestic Perpetual Bonds holders.

##### (c) Order of distribution and liquidation method

The claims in respect of Domestic Perpetual Bonds will be subordinated to claims of depositors, general creditors, and subordinated indebtedness that rank senior to Domestic Perpetual Bonds, and will rank in priority to all classes of shares held by shareholders of the Bank. Domestic Perpetual Bond will rank pari passu with the claims in respect of any other Additional Tier 1 Capital instruments of the Bank that rank pari passu with the perpetual bonds.

##### (d) Write down conditions

Upon the occurrence of the non survival trigger event, without the need for the consent of the holders of the Domestic Perpetual Bonds, the Bank has the right to write down all or part of the aggregate amount of the Bonds then issued and outstanding. The non survival trigger event means the earlier of the following events: (1) the regulatory authority having concluded that without a write-off of the Bank’s capital, the Bank would become non-viable, and (2) the relevant authorities having concluded that without a public sector injection of capital or equivalent support, the Bank would become non-viable. The write down is unrecoverable.

##### (e) Redemption

The duration of the Domestic Perpetual Bonds is the same as the continuing operation of the Bank. Five years after the issuance date of the Domestic Perpetual Bonds, the Bank have the right to redeem them in whole or in part on each distribution payment date (including the fifth distribution payment date since the issuance). In the event that the Domestic Perpetual Bonds are not classified as additional tier 1 capital due to unpredicted changes in regulations, the Bank shall have the right to redeem Domestic Perpetual Bonds fully instead of partly.



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 37 OTHER EQUITY INSTRUMENTS (continued)

#### (3) Changes in perpetual bonds outstanding

	31 December 2023		Increase during the period		30 June 2024	
	Amount (in thousands of units)	Book value (in thousands of RMB)	Amount (in thousands of units)	Book value (in thousands of RMB)	Amount (in thousands of units)	Book value (in thousands of RMB)
<b>Perpetual bonds outstanding</b>						
Domestic						
2022 Domestic Perpetual Bond Series 1	40,000	3,997,236	-	-	40,000	3,997,236
2022 Domestic Perpetual Bond Series 2	24,000	2,398,547	-	-	24,000	2,398,547
<b>Total</b>	<b>64,000</b>	<b>6,395,783</b>	<b>-</b>	<b>-</b>	<b>64,000</b>	<b>6,395,783</b>

#### (4) Relevant information on equity attribute to holders of equity instruments

Items	30 June 2024	31 December 2023
Total equity attribute to equity holders of the Bank	<b>41,958,423</b>	39,063,939
– Equity attribute to ordinary shareholders of the Bank	<b>35,562,640</b>	32,668,156
– Equity attribute to other equity instrument holders of the Bank	<b>6,395,783</b>	6,395,783
Total equity attribute to non-controlling interests	<b>897,314</b>	875,304
– Equity attribute to non-controlling interests of ordinary shares	<b>897,314</b>	875,304

### 38 RESERVES

#### (1) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of nominal value.

#### (2) Surplus reserve

The surplus reserve at the end of the Reporting Period represented statutory surplus reserve fund and discretionary surplus reserve fund.

Pursuant to the Company Law of the PRC and the Article of Association, the Bank is required to appropriate 10% of its net profit as determined under the Accounting Standards for Business Enterprises issued by the MOF after making up for the previous years' losses, to statutory surplus reserve fund until the reserve fund balance reaches 50% of the Bank's registered capital.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 38 RESERVES (continued)

#### (3) General reserve

Pursuant to the “Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No.20)” issued by the MOF in March 2012, the Bank is required to appropriate a general reserve from net profit as profit appropriation which should not be lower than 1.50% of the ending balance of its gross risk-bearing assets.

The Bank’s subsidiaries appropriate their profits to the general reserve according to the applicable industry regulations.

The Bank set aside a general reserve upon approval by the board of directors. The general reserve balance of the Bank as at 31 December 2023 amounted to RMB7.072 billion, which has reached 1.50% of the year ending balance of the Bank’s gross risk-bearing assets.

#### (4) Other comprehensive income

Items	Six months ended 30 June 2024						Balance at the end of the period
	Balance at the beginning of the period	Before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Previously recognised amount transferred to retained earnings	Less: Income tax expense	Net-of-tax amount	
Items that will not be reclassified to profit or loss							
Including: Remeasurements of defined benefit plan	(18,818)	(5,291)	-	-	1,323	(3,968)	(22,786)
Changes in fair value of financial assets designated at fair value through other comprehensive income	-	105,208	-	-	(26,302)	78,906	78,906
Items that may be reclassified to profit or loss							
Including: Changes in fair value from financial assets measured at FVOCI	761,848	1,539,472	(223,961)	-	(328,878)	986,633	1,748,481
Expected credit losses of financial assets measured at FVOCI	204,181	367,630	(202,569)	-	(41,265)	123,796	327,977
<b>Total</b>	<b>947,211</b>	<b>2,007,019</b>	<b>(426,530)</b>	<b>-</b>	<b>(395,122)</b>	<b>1,185,367</b>	<b>2,132,578</b>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 38 RESERVES (continued)

Items	Balance at the beginning of the year	2023				Less: Income tax expense	Net-of-tax amount	Balance at the end of the year
		Before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Previously recognised amount transferred to retained earnings				
Items that will not be reclassified to profit or loss								
Including: Remeasurements of defined benefit plan	(16,853)	(2,620)	-	-	655	(1,965)	(18,818)	
Items that may be reclassified to profit or loss								
Including: Changes in fair value from financial assets measured at FVOCI	(72,988)	1,549,496	(436,381)	-	(278,279)	834,836	761,848	
Expected credit losses of financial assets measured at FVOCI	173,567	165,933	(125,114)	-	(10,205)	30,614	204,181	
<b>Total</b>	<b>83,726</b>	<b>1,712,809</b>	<b>(561,495)</b>	<b>-</b>	<b>(287,829)</b>	<b>863,485</b>	<b>947,211</b>	

### 39 PROFIT APPROPRIATION

(1) At the Bank's 2023 annual general meeting held on 31 May 2024, the directors approved the following profit appropriation for the year ended 31 December 2023:

- Appropriated RMB330 million to surplus reserve;
- Appropriated RMB755 million to general reserve;
- Declared cash dividends to all ordinary shareholders of approximately RMB931 million representing RMB1.60 per 10 shares (before tax).

(2) A distribution payment related to the 2022 Domestic Perpetual Bond Series 1, at the distribution rate of 3.70% with the total amount of RMB4.0 billion, amounting to RMB148 million in total was distributed on 18 July 2023.

A distribution payment related to the 2022 Domestic Perpetual Bond Series 2, at the distribution rate of 3.55% with the total amount of RMB2.4 billion, amounting to RMB85.20 million in total was distributed on 18 August 2023.

(3) At the Bank's 2022 annual general meeting held on 31 May 2023, the directors approved the following profit appropriation for the year ended 31 December 2022:

- Appropriated RMB284 million to surplus reserve;
- Appropriated RMB907 million to general reserve;
- Declared cash dividends to all ordinary shareholders of approximately RMB931 million representing RMB1.60 per 10 shares (before tax).

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 40 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents:

	30 June 2024	30 June 2023
Cash	421,966	379,784
Surplus deposit reserves with the central bank	25,764,669	6,628,211
Original maturity within three months:		
– Deposits with banks and other financial institutions	2,638,264	1,322,274
– Placements with banks and other financial institutions	892,535	1,783,548
Total	29,717,434	10,113,817

### 41 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

#### (1) Relationship of related parties

##### (a) Major shareholders

Major shareholders include shareholders of the Bank with direct ownership of 5% or above.

Major shareholders' information

Company name	Number of ordinary shares of the Bank held by the Company (in thousands)	Proportion of ordinary shares of the Bank held by the Company		Registered location	Principal activities	Legal form	Legal representative
		30 June 2024	31 December 2023				
Intesa Sanpaolo S.p.A. ("ISP")	1,018,562	17.50%	17.50%	Italy	Commercial banking	Joint stock limited company	Gian Maria GROS-PIETRO
Qingdao Conson Industrial Co., Ltd. ("Qingdao Conson") (Note(i))	654,623	11.25%	11.25%	Qingdao	State-owned assets operation and investment, import and export of goods and technology	Limited liability company	Liu Luqiang
Qingdao Haier Industrial Development Co., Ltd. ("Haier Industrial Development")	532,601	9.15%	9.15%	Qingdao	Business services	Limited liability company	Xie Juzhi

Note:

- (i) Qingdao Conson Industrial Co., Ltd. has changed its name to Qingdao Guoxin Industrial and Financial Holdings (Group) Co., Ltd. Since the Securities account name has not changed, the above table is still listed as "Qingdao Conson Industrial Co., Ltd."

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 41 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

Changes in ordinary shares of the Bank held by major shareholders

	ISP		Qingdao Conson		Haier Industrial Development	
	Number <i>(in thousands of shares)</i>	Percentage	Number <i>(in thousands of shares)</i>	Percentage	Number <i>(in thousands of shares)</i>	Percentage
As at 1 January 2023	1,018,562	17.50%	654,623	11.25%	532,601	9.15%
Increase	-	-	-	-	-	-
As at 31 December 2023	1,018,562	17.50%	654,623	11.25%	532,601	9.15%
Increase	-	-	-	-	-	-
As at 30 June 2024	<b>1,018,562</b>	<b>17.50%</b>	<b>654,623</b>	<b>11.25%</b>	<b>532,601</b>	<b>9.15%</b>

Changes in registered capital of major shareholders

	Currency	30 June 2024	31 December 2023
ISP	EUR	<b>10,369 Million</b>	10,369 Million
Qingdao Conson	RMB	<b>2,000 Million</b>	2,000 Million
Haier Industrial Development	RMB	<b>4,500 Million</b>	4,500 Million

#### (b) Subsidiaries of the Bank

The detailed information of the Bank's subsidiaries is set out in Note 21.

#### (c) Other related parties

Other related parties include members of the board of directors, the board of supervisors and senior management and close family members of such individuals; entities (and their subsidiaries) which members of the board of directors, the board of supervisors and senior management, and close family members of such individuals can control, jointly control or act as directors or senior management, etc.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 41 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

#### (2) Related party transactions and balances

Related party transactions of the Group mainly refer to loans, deposits and financial investments, which are entered into in the normal course and terms of business at the time of the transaction, with consistent pricing policies as in transactions with independent third parties.

(a) Transactions with the related parties except subsidiaries (excluding remuneration of key management personnel)

	ISP and its group	Qingdao Conson and its group	Haier Investment Development and its group	Other legal person related parties	Other natural person related parties	Total	Proportion to gross amount/ balance of similar transactions
<b>As at 30 June 2024</b>							
Loans and advances to customers	-	2,774	1,287,126	11,501	286,238	1,587,639	0.50%
Financial investments at FVOCI	-	791,919	-	-	-	791,919	0.74%
Deposits with banks and other financial institutions	229	-	-	-	-	229	0.01%
Placements with banks and other financial institutions	-	-	301,914	-	-	301,914	2.02%
Deposits from customers	83,815	60,028	195,914	3,915,463	987,902	5,243,122	1.24%
Deposits from banks and other financial institutions	-	48,561	13,981	25,022	-	87,564	0.45%
Credit commitments:							
Bank acceptances	-	-	111,059	100	-	111,159	0.32%
<b>Six months ended 30 June 2024</b>							
Interest income	-	17,827	40,686	190	5,399	64,102	0.58%
Interest expense	621	160	1,347	55,819	9,536	67,483	1.09%
Fee and commission income	-	3,401	-	-	-	3,401	0.29%
Fee and commission expense	-	-	-	90	-	90	0.04%
Other net operating losses	-	-	-	500	-	500	0.49%

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 41 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

	ISP and its group	Qingdao Conson and its group	Haier Industrial Development and its group	Other corporate related parties	Other individual related parties	Total	Proportion to gross amount/ balance of similar transactions
As at 31 December 2023							
Loans and advances to customers	-	10,250	1,532,652	1,477	301,535	1,845,914	0.63%
Financial investments measured at FVOCI	-	771,852	-	-	-	771,852	0.67%
Long-term receivables	-	-	63,484	-	-	63,484	0.38%
Deposits with banks and other financial institutions	2	-	-	-	-	2	0.00%
Deposits from customers	125,473	23,267	386,334	3,473,963	946,501	4,955,538	1.25%
Deposits from banks and other financial institutions	-	1,017	6,818	-	-	7,835	0.35%
Credit commitments:							
Bank acceptances	-	38,719	2,775	100	-	41,594	0.14%
Six months ended 30 June 2023							
Interest income	-	188	53,316	465	9,352	63,321	0.62%
Interest expense	712	453	1,792	54,099	5,772	62,828	1.09%
Fee and commission income	-	-	-	12,544	-	12,544	1.06%
Fee and commission expense	-	-	-	40	-	40	0.02%
Other net operating losses	-	-	-	500	-	500	0.64%

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 41 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

#### (b) Transactions with subsidiaries

	30 June 2024	31 December 2023
Balances at the end of the period/year:		
Placements with banks and other financial institutions	497,202	820,437
Deposits from banks and other financial institutions	794,175	1,187,087
Other liabilities	580	1,594
	Six months ended 30 June	
	2024	2023
Transactions during the period:		
Interest income	3,496	32,803
Interest expense	2,533	3,736
Fee and commission income	99,557	125,652
Other net operating income	1,016	1,016

Intra-group balances and transactions are eliminated in full in preparing the consolidated financial statements.

#### (3) Key management personnel

The Bank's key management personnel includes people having authority and responsibility, directly or indirectly, to plan, command and control the activities of the Bank, including directors, supervisors and senior management at bank level.

	Six months ended 30 June	
	2024	2023
Remuneration of key management personnel	10,951	8,007

The Bank enters into banking transactions with key management personnel in the normal course of business. For the Reporting Period, the Bank had no material banking transactions and balances with key management personnel. As at 30 June 2024, the credit card overdraft balance of the Bank to the key management personnel amounted to RMB19.0 thousand (31 December 2023: RMB15.2 thousand), which have been included in loans and advances to related parties stated in Note 41(2).

#### (4) Transactions with the annuity

Except for normal contributions, there were no other related party transactions in the enterprise annuity funds established by the Group during the Reporting Period.



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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

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### 42 SEGMENT REPORTING

The Group manages its businesses by business lines. Segment assets and liabilities, and segment income, expense and operating results are measured in accordance with 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. Interest income and expenses earned from third parties are referred to as "External net interest income/expense". Net interest income and expenses arising from internal charges and transfer pricing adjustments are referred to as "Internal net interest income/expense".

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 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 payment during the period to acquire property and equipment, intangible assets and other long-term assets.

The Group defines its reporting segments based on the following for management purpose:

#### ***Corporate banking***

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, deposit taking activities, agency services, remittance and settlement services, etc.

#### ***Retail banking***

This segment represents the provision of a range of financial products and services to individual customers. The products and services comprise personal loans and deposit services, etc.

#### ***Financial market business***

This segment covers the financial market operations. The financial market business includes inter-bank money market transactions, repurchases transactions, investments in debt securities, and non-standardised debt investments, etc.

#### ***Unallocated items and others***

This segment contains related business of the subsidiaries except BQD Wealth Management Company Limited., head office assets, liabilities, income and expenses that are not directly attributable to a segment.





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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

*(Expressed in thousands of Renminbi, unless otherwise stated)*

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### 43 RISK MANAGEMENT

The main risks of the Group are described and analysed as follows:

The board of directors has the ultimate responsibility for risk management and oversees the Group's risk management functions through the Risk Management and Consumer Right Protection Committee, the Audit Committee and the Related Party Transaction Control Committee, etc.

In accordance with the risk management strategy determined by the board of directors, the senior management keeps abreast of the level of risk and the management status, enabling the Group to have sufficient resources to develop and implement risk management policies and systems, and to monitor, identify and control risks in various businesses.

The Group establishes the comprehensive risk management committee, which is mainly in charge of the comprehensive risk management. Each department within the Group implements risk management policies and procedures in accordance with their respective management functions and is responsible for their own risk management in their respective business areas.

Each branch establishes a branch risk management committee, which is in charge of evaluating the risk status of the branch regularly, determining and improving the risk management and internal control measures and methods, etc., under the guidance from relevant risk management departments of the head office. Each branch should report major risk events to the relevant risk management department of the head office, and carry out risk treatments according to the plans or improvements proposed by the head office department.

The Group has exposure to the following risks arises from the Group's daily operations, which mainly include: credit risk, interest rate risk, foreign currency risk, liquidity risk and operational risk. This note presents information about the Group's exposure to each of the above risks and their sources, as well as the Group's risk management objectives, policies and processes for measuring and managing risks.

The Group aims to seek an appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, 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 utilisation of limits by means of reliable and up-to-date management information systems.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 RISK MANAGEMENT (continued)

#### (1) Credit risk

##### (a) Definition and scope

Credit risk represents the financial loss that arises from the failure of a debtor or counterparty to discharge its contractual obligations or commitments to the Group. Credit risk mainly arises from loan portfolio, investment portfolio, guarantees and various other on- and off-balance sheet credit risk exposures.

The Risk Management and Consumer Right Protection Committee of the Board of Directors monitors the control of credit risk, and regularly reviews related reports on risk profile. Credit risk management is under the unified leadership of the Comprehensive Risk Management Committee of the head office. Each business unit is required to implement credit policies and procedures, and is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

Without taking account of any collateral and other credit enhancements, the maximum exposure to credit risk is represented by the carrying amount of each type of financial assets and the contract amount of credit commitments. In addition to the Group's credit commitments disclosed in Note 45(1), the Group did not provide any other guarantee that might expose the Group to credit risk. The maximum exposure to credit risk in respect of above credit commitments as at the end of the Reporting Period is disclosed in Note 45(1).

##### (b) Credit risk assessment method

###### Stage of financial instruments

The Group classifies financial instruments into three stages and makes provisions for ECL accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition.

The three risk stages are defined as follows:

- |          |  |
|----------|--|
| Stage 1: | A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month ECL is recognised as loss allowance.                                |
| Stage 2: | A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount equal to lifetime ECL is recognised as loss allowance. |
| Stage 3: | A financial instrument is considered to be credit-impaired as at the end of the Reporting Period. The amount equal to lifetime ECL is recognised as loss allowance.  |

###### Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

*(Expressed in thousands of Renminbi, unless otherwise stated)*

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### 43 RISK MANAGEMENT (continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed as at the end of the Reporting Period with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- Failure to make payments of principal or interest on their contractually due dates;
- An actual or expected significant deterioration in a financial instrument's external or internal credit rating;
- An actual or expected significant deterioration in the operating results of the debtor; and
- Existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Definition of default

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

*(Expressed in thousands of Renminbi, unless otherwise stated)*

### 43 RISK MANAGEMENT (continued)

Credit impairment assessment

At the end of the Reporting Period, the Group assesses whether financial assets carried at amortised cost and financial assets measured at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract, such as a default or delinquency in interest or principal payments for over 90 days, etc.;
- For economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial asset because of the borrower's financial difficulties.

Measuring ECL – the parameters, assumptions and valuation techniques

Based on whether there is significant increase in credit risk since initial recognition and whether the financial instrument has suffered credit impairment, the Group measures provision for loss of different financial instruments with 12-month ECL or lifetime ECL respectively. The expected credit loss is the result of the product of three key parameters, namely the probability of default (PD), loss given default (LGD) and exposure at default (EAD), taking into account the time value of the currency. The definitions of these terms are as follows:

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime of the obligation. The Group's PD is adjusted based on the results of the internal rating model, taking the forward-looking information into account to reflect the influence on future's point-in-time PD under the macro-economic environment.
- LGD is expressed as a percentage loss per unit of exposure at the time of default. It varies depending on the type of business products, collateral and other factors.
- EAD is based on the amounts the Group expects to be owed at the time of default.

The Group considered credit risk characteristics such as product type, client type and the industry in which the client operates, and has divided exposures with common credit risk characteristics into separate groups. The impairment of expected credit loss is calculated by the method of single evaluation and combination evaluation. The Group obtained sufficient information to ensure it is statistically reliable.

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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

*(Expressed in thousands of Renminbi, unless otherwise stated)*

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### 43 RISK MANAGEMENT (continued)

During the Reporting Period, there has been no significant changes in the estimate techniques and key assumptions of the Group.

The impairment loss on credit-impaired corporate loans and advance to customers applied cash flow discount method, if there is objective evidence that an impairment loss on a loan or advance has incurred, the amount of the loss is measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The allowance for impairment loss is deducted in the carrying amount. The impairment loss is recognised in the statement of profit or loss. In determining allowances on an individual basis, the following factors are considered:

- The sustainability of the borrower's business plan;
- The borrower's ability to improve performance once a financial difficulty has arisen;
- The estimated recoverable cash flows from projects and liquidation;
- The availability of other financial support and the realisable value of collateral; and
- The timing of the expected cash flows.

It may not be possible to identify a single, or discrete events that result in the impairment, but it may be possible to identify impairment through the combined effect of several events. The impairment losses are evaluated at the end of each Reporting Period, unless unforeseen circumstances require more careful attention.

Forward-looking information contained in ECL

Both the assessment of significant increase in credit risk since initial recognition and the measurement of ECL of financial instruments involve forward-looking information.

The Group assumes three economic scenarios: the base scenario in line with the average internal forecast; the upside scenario and the downside scenario. The average scenario has the highest weighting. Weighted credit loss is the expected credit loss calculated by assigning scenario weighting of multiple scenarios.

Based on the analysis on historical data, the Group periodically assessed alternative macroeconomic indicators and identified key economic indicators that affect the credit risk and ECL of business types, including fixed assets investment, industry add, and monetary aggregates etc. The Group identified the relations between these economic indicators and the probability of default historically by conducting regression analysis, and identified the expected probability of default by predicting future economic indicators.

During the six months ended 30 June 2024, the Group has taken into account different macroeconomic scenarios and made forward-looking forecasts of key economic indicators, including the average forecasted year-on-year growth rate of fixed assets investment, used to estimate ECL, which is about 4.56% in the neutral scenario.

The Group has carried out sensitivity analysis of key economic variables, used in forward-looking measurement. As at 30 June 2024 and 31 December 2023, when the key economic indicators in the neutral scenario move up or down by 5.00%, the ECL will not change by more than 5.00%.

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



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 RISK MANAGEMENT (continued)

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

#### Write-off policy

The Group writes off financial assets when it has exhausted practical recovery efforts and has concluded there is no reasonable expectation of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### (c) *Assessing credit risk of financial assets after the amendment of contractual cash flows*

In order to achieve maximum collection, the Group may modify the contractual terms of loans due to business negotiations or financial difficulties of the borrowers at times.

Such rescheduling activities include extended payment term arrangements, payment holidays and payment forgiveness. Rescheduling policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. The restructuring of loans is most common in the management of medium and long-term loans.

#### (d) *Collaterals and other credit enhancements*

The Group and its subsidiaries have respectively established a range of risk management policies and adopted different methods to mitigate credit risk. A critical method for the Group's control of its credit risks is to acquire collateral, security deposits and guarantees from enterprises or individuals. The Group has specified acceptable types of collaterals, mainly including the following:

- Real estate and land use rights
- Machinery and equipment
- Right to receive payments and accounts receivable
- Financial instruments such as time deposits, debt securities and equities

In order to minimise its credit risk, once an indication of impairment has been identified with an individual loan, the Group will seek additional collateral from counterparties/require additional guarantors or squeeze the credit limit. It is the Group's policy to dispose of repossessed assets in an orderly manner. In general, the Group does not occupy repossessed assets for business use.

Collateral held as security for financial assets other than loans and receivables is determined by the instruments' nature. Debt securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 RISK MANAGEMENT (continued)

#### (e) Maximum credit risk exposure

As at the end of the Reporting Period, the maximum credit risk exposure of the Group without taking account of any collateral and other credit enhancements is set out below:

#### The Group

	<b>30 June 2024</b>	31 December 2023
Deposits with the central bank	<b>45,927,257</b>	30,511,651
Deposits with banks and other financial institutions	<b>3,192,403</b>	2,210,368
Placements with banks and other financial institutions	<b>14,957,551</b>	14,021,225
Derivative financial assets	<b>57,357</b>	149,377
Financial assets held under resale agreements	<b>15,992,881</b>	13,944,652
Loans and advances to customers	<b>316,397,176</b>	292,992,926
Financial investments:		
– Financial investments measured at FVTPL	<b>19,021,697</b>	14,470,010
– Financial investments measured at FVOCI	<b>107,171,891</b>	114,961,884
– Financial investments measured at amortised cost	<b>58,589,026</b>	52,756,509
Long-term receivables	<b>16,399,765</b>	16,741,773
Others	<b>2,916,683</b>	776,537
Sub-total	<b>600,623,687</b>	553,536,912
Credit commitments	<b>81,205,050</b>	76,567,282
Total	<b>681,828,737</b>	630,104,194

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 RISK MANAGEMENT (continued)

#### (f) Risk concentrations

Credit risk is often greater when transactions are concentrated in one single industry or have comparable economic features. In addition, different industrial sectors have their unique characteristics in terms of economic development, and could present a different credit risk.

The composition of the Group's gross loans and advances to customers (excluding accrued interest) by industry is analysed as follows:

	30 June 2024		31 December 2023	
	Amount	Percentage	Amount	Percentage
Wholesale and retail trade	47,941,162	14.78%	40,112,000	13.37%
Construction	36,735,206	11.32%	36,305,398	12.10%
Leasing and business activities	36,545,752	11.27%	29,443,983	9.81%
Manufacturing	34,532,157	10.65%	27,820,169	9.27%
Water, environment and public utility management	24,281,516	7.49%	25,460,916	8.48%
Real estate	22,707,020	7.00%	22,645,613	7.55%
Financial service	9,736,509	3.00%	15,227,141	5.07%
Transportation, storage and postal services	8,479,388	2.61%	5,858,262	1.95%
Production and supply of electric and heating power, gas and water	8,298,128	2.56%	5,478,243	1.83%
Scientific research and technical services industries	5,311,346	1.64%	3,874,193	1.29%
Others	11,827,220	3.64%	8,779,858	2.93%
Subtotal for corporate loans and advances (including discounted bills and forfeiting)	246,395,404	75.96%	221,005,776	73.65%
Personal loans and advances	77,998,828	24.04%	79,083,765	26.35%
Total for loans and advances to customers	324,394,232	100.00%	300,089,541	100.00%

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 RISK MANAGEMENT (continued)

Distribution of debt securities investments (excluding accrued interest) analysed by rating

The Group adopts a credit rating approach to manage the credit risk of the debt securities portfolio held. The ratings are obtained from Wind, Bloomberg Composite, or major rating agencies where the issuers of debt securities are located. The account balance of debt securities investments analysed by rating as at the end of the Reporting Period are as follows:

	30 June 2024					
	Unrated	AAA	AA	A	Below A	Total
Debt securities (analysed by type of issuers)						
Governments and the central bank	-	52,665,890	-	-	-	52,665,890
Policy banks	-	23,473,217	-	-	-	23,473,217
Banks and other financial institutions	348,006	44,985,576	3,200,071	76,217	144,774	48,754,644
Corporate entities	2,899,553	30,536,634	13,116,587	171,708	2,378,123	49,102,605
<b>Total</b>	<b>3,247,559</b>	<b>151,661,317</b>	<b>16,316,658</b>	<b>247,925</b>	<b>2,522,897</b>	<b>173,996,356</b>
	31 December 2023					
	Unrated	AAA	AA	A	Below A	Total
Debt securities (analysed by type of issuers)						
Governments and the central bank	-	53,530,546	-	-	-	53,530,546
Policy banks	-	24,246,483	-	-	-	24,246,483
Banks and other financial institutions	415,583	40,675,409	2,331,253	142,925	353,824	43,918,994
Corporate entities	2,934,092	26,135,790	15,217,608	153,621	2,299,767	46,740,878
<b>Total</b>	<b>3,349,675</b>	<b>144,588,228</b>	<b>17,548,861</b>	<b>296,546</b>	<b>2,653,591</b>	<b>168,436,901</b>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 RISK MANAGEMENT (continued)

(g) Analysis on the credit quality of financial instruments

As at 30 June 2024, the Group's credit risk stages of financial instruments are as follows:

#### The Group

Financial assets measured at amortised cost	30 June 2024							
	Book balance				Provision for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Cash and balances with the central bank	46,349,223	-	-	46,349,223	-	-	-	-
Deposits with banks and other financial institutions	3,194,489	-	-	3,194,489	(2,086)	-	-	(2,086)
Placements with banks and other financial institutions	14,996,673	-	-	14,996,673	(39,122)	-	-	(39,122)
Financial assets held under resale agreements	16,002,533	-	-	16,002,533	(9,652)	-	-	(9,652)
Loans and advances to customers								
– Corporate loans and advances	219,326,703	1,018,087	2,265,887	222,610,677	(5,306,057)	(147,658)	(1,298,821)	(6,752,536)
– Personal loans and advances	75,755,509	876,188	1,525,512	78,157,209	(413,730)	(211,211)	(1,237,055)	(1,861,996)
Financial investments	57,510,855	1,581,774	4,470,676	63,563,305	(20,662)	(486,755)	(4,466,862)	(4,974,279)
Long-term receivables	15,862,228	1,220,906	73,172	17,156,306	(444,591)	(243,168)	(68,782)	(756,541)
<b>Total</b>	<b>448,998,213</b>	<b>4,696,955</b>	<b>8,335,247</b>	<b>462,030,415</b>	<b>(6,235,900)</b>	<b>(1,088,792)</b>	<b>(7,071,520)</b>	<b>(14,396,212)</b>

Financial assets measured at FVOCI	30 June 2024							
	Book balance				Provision for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers								
– Discounted bills and forfeiting	24,243,822	-	-	24,243,822	(268,970)	-	-	(268,970)
Financial investments	107,034,434	131,178	6,279	107,171,891	(64,353)	(603)	(103,377)	(168,333)
<b>Total</b>	<b>131,278,256</b>	<b>131,178</b>	<b>6,279</b>	<b>131,415,713</b>	<b>(333,323)</b>	<b>(603)</b>	<b>(103,377)</b>	<b>(437,303)</b>
Credit commitments	81,186,355	18,695	-	81,205,050	(543,900)	(1,164)	-	(545,064)

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 RISK MANAGEMENT (continued)

Financial assets measured at amortised cost	31 December 2023							
	Book balance				Provision for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Cash and balances with the central bank	31,043,664	-	-	31,043,664	-	-	-	-
Deposits with banks and other financial institutions	2,212,017	-	-	2,212,017	(1,649)	-	-	(1,649)
Placements with banks and other financial institutions	14,063,602	-	-	14,063,602	(42,377)	-	-	(42,377)
Financial assets held under resale agreements	13,952,782	-	-	13,952,782	(8,130)	-	-	(8,130)
Loans and advances to customers								
– Corporate loans and advances	197,449,270	768,692	2,401,251	200,619,213	(4,565,865)	(162,644)	(1,576,878)	(6,305,387)
– Personal loans and advances	77,246,951	864,235	1,141,645	79,252,831	(434,923)	(188,299)	(926,518)	(1,549,740)
Financial investments	52,460,255	328,570	4,448,645	57,237,470	(126,430)	(22,797)	(4,331,734)	(4,480,961)
Long-term receivables	16,447,862	898,979	69,482	17,416,323	(446,463)	(174,694)	(53,393)	(674,550)
<b>Total</b>	<b>404,876,403</b>	<b>2,860,476</b>	<b>8,061,023</b>	<b>415,797,902</b>	<b>(5,625,837)</b>	<b>(548,434)</b>	<b>(6,888,523)</b>	<b>(13,062,794)</b>

Financial assets measured at FVOCI	31 December 2023							
	Book balance				Provision for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers								
– Discounted bills and forfeiting	20,976,009	-	-	20,976,009	(142,370)	-	-	(142,370)
Financial investments	114,847,595	109,556	4,733	114,961,884	(75,072)	(1,051)	(53,749)	(129,872)
<b>Total</b>	<b>135,823,604</b>	<b>109,556</b>	<b>4,733</b>	<b>135,937,893</b>	<b>(217,442)</b>	<b>(1,051)</b>	<b>(53,749)</b>	<b>(272,242)</b>
Credit commitments	76,556,283	10,899	100	76,567,282	(564,930)	(837)	-	(565,767)

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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

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### 43 RISK MANAGEMENT (continued)

#### (2) Market risk

Market risk is the risk of loss, in respect of the Group's on- and off-balance sheet activities, arising from adverse movements in market rates including interest rates, foreign exchange rates and other prices, etc.

The Group has implemented a market risk management system that formulates procedures to identify, measure, monitor and control market risks. This system aims to minimise potential market risk to an acceptable level through examining and approving new products and quota management.

The Group adopts sensitivity analysis, interest repricing gap analysis and foreign currency gap analysis to measure and monitor market risks. Regarding to financial market business, the Group classifies transactions as banking book and trading book transactions, and applies different approaches based on the nature and characteristics of these books to monitor the associated risks.

The Group is exposed to market risk in the ordinary course of business, which includes the interest rate risk and the currency risk.

#### (a) Interest rate risk

Interest rate risk refers to the risk that the adverse changes in market interest rate and maturity structures will cause the overall revenue and economic value of financial instruments to suffer losses. The Group's interest rate exposures mainly comprise the mismatching of interest-earning assets and interest-bearing liabilities' repricing dates, as well as the effect of interest rate volatility on trading positions.

The Group primarily uses gap analysis to assess and monitor its repricing risk and adjusts the ratio of floating and fixed rate accounts, the loan repricing cycle, as well as optimises the term structure of its deposits according to the gap status.

The Group implements various methods, such as sensitivity analysis and scenario simulation to measure and monitor interest risk exposure; risk exposure limits, such as interest rate sensitivity and risk exposure are set regularly, and the relevant implementation of these limits is also monitored, managed and reported on a regular basis.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 RISK MANAGEMENT (continued)

The following tables indicate the assets and liabilities analysis as at the end of the Reporting Period by the expected next repricing dates or by maturity dates, depending on which is earlier:

	30 June 2024					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
<b>Assets</b>						
Cash and deposits with the central bank	46,349,223	522,403	45,826,820	-	-	-
Deposits with banks and other financial institutions	3,192,403	6,226	3,186,177	-	-	-
Placements with banks and other financial institutions	14,957,551	157,750	2,339,351	12,460,450	-	-
Financial assets held under resale agreements	15,992,881	2,531	15,990,350	-	-	-
Loans and advances to customers (Note (i))	316,397,176	604,778	77,204,787	189,688,227	39,886,251	9,013,133
Financial investments (Note (ii))	228,528,186	51,159,187	6,853,281	24,840,685	82,923,744	62,751,289
Long-term receivables	16,399,765	191,812	1,679,919	10,004,480	4,523,554	-
Others	12,207,188	12,207,188	-	-	-	-
<b>Total assets</b>	<b>654,024,373</b>	<b>64,851,875</b>	<b>153,080,685</b>	<b>236,993,842</b>	<b>127,333,549</b>	<b>71,764,422</b>
<b>Liabilities</b>						
Borrowings from the central bank	24,448,454	77,109	5,182,306	19,189,039	-	-
Deposits from banks and other financial institutions	19,336,006	35,525	18,110,481	1,190,000	-	-
Placements from banks and other financial institutions	21,676,002	228,607	5,352,995	15,624,400	470,000	-
Financial liabilities measured at fair value through profit or loss	445,218	-	-	-	445,218	-
Financial assets sold under repurchase agreements	26,776,204	3,414	26,772,790	-	-	-
Deposits from customers	421,810,646	10,526,288	174,602,349	106,255,829	130,426,180	-
Debt securities issued	87,973,555	231,766	19,219,728	54,529,089	13,992,972	-
Others	8,702,551	8,172,898	51,346	102,742	305,123	70,442
<b>Total liabilities</b>	<b>611,168,636</b>	<b>19,275,607</b>	<b>249,291,995</b>	<b>196,891,099</b>	<b>145,639,493</b>	<b>70,442</b>
<b>Asset-liability gap</b>	<b>42,855,737</b>	<b>45,576,268</b>	<b>(96,211,310)</b>	<b>40,102,743</b>	<b>(18,305,944)</b>	<b>71,693,980</b>



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

## 43 RISK MANAGEMENT (continued)

	31 December 2023					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
<b>Assets</b>						
Cash and deposits with the central bank	31,043,664	618,878	30,424,786	-	-	-
Deposits with banks and other financial institutions	2,210,368	19,839	2,190,529	-	-	-
Placements with banks and other financial institutions	14,021,225	264,764	7,728,689	5,830,950	196,822	-
Financial assets held under resale agreements	13,944,652	2,773	13,941,879	-	-	-
Loans and advances to customers (Note (i))	292,992,926	741,732	78,759,912	167,515,322	39,666,710	6,309,250
Financial investments (Note (ii))	226,011,166	52,049,245	4,612,581	18,677,727	89,722,313	60,949,300
Long-term receivables	16,741,773	206,949	6,638,805	5,095,740	4,800,279	-
Others	11,019,598	11,019,598	-	-	-	-
<b>Total assets</b>	<b>607,985,372</b>	<b>64,923,778</b>	<b>144,297,181</b>	<b>197,119,739</b>	<b>134,386,124</b>	<b>67,258,550</b>
<b>Liabilities</b>						
Borrowings from the central bank	18,235,088	158,442	5,791,966	12,284,680	-	-
Deposits from banks and other financial institutions	2,242,331	16,701	1,816,495	409,135	-	-
Placements from banks and other financial institutions	21,090,364	168,821	4,825,173	15,728,870	367,500	-
Financial assets sold under repurchase agreements	36,880,567	7,629	36,872,938	-	-	-
Deposits from customers	395,467,359	9,794,927	176,706,141	73,163,699	135,802,592	-
Debt securities issued	89,269,785	268,532	26,985,268	48,022,299	13,993,686	-
Others	4,860,635	4,305,600	59,115	87,745	318,647	89,528
<b>Total liabilities</b>	<b>568,046,129</b>	<b>14,720,652</b>	<b>253,057,096</b>	<b>149,696,428</b>	<b>150,482,425</b>	<b>89,528</b>
<b>Asset-liability gap</b>	<b>39,939,243</b>	<b>50,203,126</b>	<b>(108,759,915)</b>	<b>47,423,311</b>	<b>(16,096,301)</b>	<b>67,169,022</b>

### Notes:

- (i) As at 30 June 2024 and 31 December 2023, the category "Less than three months" of the Group's loans and advances to customers includes overdue loans and advances (net of provision for impairment losses) of RMB2,263 million and RMB1,687 million, respectively.
- (ii) Financial investments include financial investments measured at FVTPL, financial investments measured at FVOCI, financial investments measured at amortised cost.

The Group uses sensitivity analysis to measure the potential effect of changes in interest rates on the Group's net interest income and equity. The following table sets forth the effect on the Group's net interest income and equity from possible and reasonable interest rate fluctuations with all other variables held constant. The effect on net interest income refers to the effect of certain interest rate changes on the net interest income generated by financial assets and liabilities that are held at the end of the Reporting Period and whose interest rates are expected to be repriced within one year. The effect on equity refers to the effect of certain interest rate changes on the fair value change generated by debt investments measured at FVOCI that are held at the end of the Reporting Period.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 RISK MANAGEMENT (continued)

<b>Changes in annualised net interest income</b>	<b>30 June 2024 (Decrease)/ Increase</b>	31 December 2023 (Decrease)/ Increase
Interest rates increase by 100 bps	<b>(661,343)</b>	(731,924)
Interest rates decrease by 100 bps	<b>661,343</b>	731,924

<b>Changes in annualised equity</b>	<b>30 June 2024 (Decrease)/ Increase</b>	31 December 2023 (Decrease)/ Increase
Interest rates increase by 100 bps	<b>(2,397,227)</b>	(2,301,467)
Interest rates decrease by 100 bps	<b>2,565,122</b>	2,465,394

This sensitivity analysis is based on a static interest rate risk profile of the assets and liabilities and certain simplified assumptions. The analysis shows how annualised net interest income and equity would have been affected by the repricing of the Group's assets and liabilities. The analysis is based on the following assumptions:

- Regardless of subsequent changes, the analysis is based on the static gap at the end of the Reporting Period;
- In measuring the effect of changes in interest rates on the Group's net interest income, all assets and liabilities that reprice or mature within three months and after three months but within one year reprice or mature in the beginning of the respective periods;
- Interest rates on deposits with the central bank and on demand deposits deposited and absorbed remain unchanged;
- There is a parallel shift in the yield curve and in interest rates;
- There are no other changes to the portfolio and all positions will be retained and rolled over upon maturity.
- other variables (including exchange rates) remain unchanged; and
- no consideration of impact on customers' behavior, market price and off-balance sheet business resulting from interest rate changes.

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 equity resulting from increases or decreases in interest rates may differ from the results of this sensitivity analysis.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 RISK MANAGEMENT (continued)

#### (b) Currency risk

Currency risk is the risk of loss caused by adverse changes in market exchange rate. The Group's currency risk mainly arises from the foreign currency portfolio within the treasury's proprietary investments, and other foreign currency exposures. The Group manages currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currencies.

The currency exposures of the Group's assets and liabilities as at the end of the Reporting Period are as follows:

	30 June 2024			
	RMB (RMB equivalent)	USD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
<b>Assets</b>				
Cash and deposits with the central bank	46,108,640	221,523	19,060	46,349,223
Deposits with banks and other financial institutions	2,446,235	625,108	121,060	3,192,403
Placements with banks and other financial institutions	14,814,950	142,601	-	14,957,551
Financial assets held under resale agreements	15,992,881	-	-	15,992,881
Loans and advances to customers	315,455,785	941,391	-	316,397,176
Financial investments (Note (i))	222,292,765	6,235,421	-	228,528,186
Long-term receivables	16,399,765	-	-	16,399,765
Others	11,771,492	432,312	3,384	12,207,188
<b>Total assets</b>	<b>645,282,513</b>	<b>8,598,356</b>	<b>143,504</b>	<b>654,024,373</b>
<b>Liabilities</b>				
Borrowings from the central bank	24,448,454	-	-	24,448,454
Deposits from banks and other financial institutions	18,952,954	383,052	-	19,336,006
Placements from banks and other financial institutions	20,605,163	1,070,839	-	21,676,002
Financial liabilities measured at fair value through profit or loss	445,218	-	-	445,218
Financial assets sold under repurchase agreements	26,776,204	-	-	26,776,204
Deposits from customers	419,656,060	2,083,073	71,513	421,810,646
Debt securities issued	87,973,555	-	-	87,973,555
Others	8,590,069	48,533	63,949	8,702,551
<b>Total liabilities</b>	<b>607,447,677</b>	<b>3,585,497</b>	<b>135,462</b>	<b>611,168,636</b>
<b>Net on-balance sheet position</b>	<b>37,834,836</b>	<b>5,012,859</b>	<b>8,042</b>	<b>42,855,737</b>
<b>Net position of foreign exchange swaps and others</b>		<b>(4,985,407)</b>	<b>1,136</b>	<b>(4,984,271)</b>
<b>Net position</b>	<b>37,834,836</b>	<b>27,452</b>	<b>9,178</b>	<b>37,871,466</b>
<b>Credit commitments</b>	<b>78,179,906</b>	<b>1,995,046</b>	<b>1,030,098</b>	<b>81,205,050</b>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 RISK MANAGEMENT (continued)

	31 December 2023			
	RMB	USD	Others	Total
		(RMB equivalent)	(RMB equivalent)	(RMB equivalent)
<b>Assets</b>				
Cash and deposits with the central bank	30,874,843	164,850	3,971	31,043,664
Deposits with banks and other financial institutions	1,519,343	646,507	44,518	2,210,368
Placements with banks and other financial institutions	14,021,225	-	-	14,021,225
Financial assets held under resale agreements	13,944,652	-	-	13,944,652
Loans and advances to customers	292,134,455	858,471	-	292,992,926
Financial investments (Note (i))	219,582,545	6,428,621	-	226,011,166
Long-term receivables	16,741,773	-	-	16,741,773
Others	10,815,883	201,051	2,664	11,019,598
<b>Total assets</b>	<b>599,634,719</b>	<b>8,299,500</b>	<b>51,153</b>	<b>607,985,372</b>
<b>Liabilities</b>				
Borrowings from the central bank	18,235,088	-	-	18,235,088
Deposits from banks and other financial institutions	1,518,537	723,794	-	2,242,331
Placements from banks and other financial institutions	20,031,173	1,059,191	-	21,090,364
Financial assets sold under repurchase agreements	36,880,567	-	-	36,880,567
Deposits from customers	393,885,030	1,564,963	17,366	395,467,359
Debt securities issued	89,269,785	-	-	89,269,785
Others	4,801,894	32,994	25,747	4,860,635
<b>Total liabilities</b>	<b>564,622,074</b>	<b>3,380,942</b>	<b>43,113</b>	<b>568,046,129</b>
<b>Net on-balance sheet position</b>	<b>35,012,645</b>	<b>4,918,558</b>	<b>8,040</b>	<b>39,939,243</b>
<b>Net position of foreign exchange swaps and others</b>		<b>(4,926,226)</b>	<b>3,173</b>	<b>(4,923,053)</b>
<b>Net position</b>	<b>35,012,645</b>	<b>(7,668)</b>	<b>11,213</b>	<b>35,016,190</b>
<b>Credit commitments</b>	<b>72,812,430</b>	<b>2,627,962</b>	<b>1,126,890</b>	<b>76,567,282</b>

Note:

- (i) Financial investments include financial investments measured at FVTPL, financial investments measured at FVOCI and financial investments measured at amortised cost.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 RISK MANAGEMENT (continued)

The Group uses sensitivity analysis to measure the potential effect of changes in foreign currency on the Group's net profit and equity. The following table presents the exchange rate sensitivity analysis based on assets and liabilities as at 30 June 2024 and 31 December 2023.

<b>Changes in annualised net profit and equity</b>	<b>30 June 2024 Increase/ (Decrease)</b>	31 December 2023 Increase/ (Decrease)
Foreign exchange rate increase by 100 bps	<b>39</b>	4
Foreign exchange rate decrease by 100 bps	<b>(39)</b>	(4)

This sensitivity analysis is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions. The analysis is based on the following assumptions:

- the foreign exchange sensitivity is the gain or loss recognised as a result of 100 basis point fluctuation in the foreign currency exchange rates against RMB;
- the fluctuation of exchange rates by 100 basis points at the reporting date is based on the assumption of exchange rates movement over the next 12 months;
- the exchange rates against RMB for all foreign currencies change in the same direction simultaneously;
- Since the Group's assets and liabilities in other foreign currencies (excluding in USD) are not significant in proportion to the total assets and total liabilities, the possible impact of other foreign currencies on the Group's net profit and equity is calculated at the amount converted into USD in the above sensitivity analysis;
- the foreign exchange exposures calculated include both spot foreign exchange exposures, forward foreign exchange exposures and options, and all positions will be retained and rolled over upon maturity;
- other variables (including interest rates) remain unchanged; and
- no consideration of impact on customers' behavior and market price resulting from exchange rate changes.

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 gain or loss and equity resulting from increases or decreases in foreign exchange rates may differ from the results of this sensitivity analysis.

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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

*(Expressed in thousands of Renminbi, unless otherwise stated)*

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### 43 RISK MANAGEMENT (continued)

#### (3) *Liquidity risk*

Liquidity risk is the risk that a commercial bank is unable to obtain funds on a timely basis or obtain funds at a reasonable cost to meet repayment obligations or sustain its asset business even if a bank's solvency remains strong. The liquidity risk management is to ensure that the Group has sufficient cash flow to meet payment obligations and fund business operations on a timely basis. To achieve this, the Group should have the ability to make full payment due on demand deposits or early withdrawal of term deposits, make full repayment of placements upon maturity, or meet other payment obligations. The Bank also needs to comply with statutory requirements on liquidity ratios, and actively carry out lending and investment business. The Group monitors the future cash flow according to its liquidity management policies, and keeps its high liquidity assets at an appropriate level.

Under the guidance of the Asset and Liability Management Committee, the Financial Planning Department performs daily management of liquidity risk in accordance with the liquidity management objectives, and to ensure the normal payment of the business.

The Group holds an appropriate amount of liquid assets (such as deposits with the central bank, other short-term deposits and securities) to ensure liquidity needs and unpredictable demand for payment in the ordinary course of business. A substantial portion of the Group's assets are funded by deposits from customers. As a major source of funding, customer deposits have been growing steadily in recent years and are widely diversified in terms of type and duration.

The Group principally uses liquidity gap analysis to measure liquidity risk. Stress testing is also adopted to assess the impact of liquidity risk.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 RISK MANAGEMENT (continued)

#### (a) Maturity analysis

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at the end of the Reporting Period:

	30 June 2024							Total
	Indefinite (Note (ii))	Repayable on demand (Note (ii))	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
<b>Assets</b>								
Cash and deposits with the central bank	20,152,685	26,196,538	-	-	-	-	-	46,349,223
Deposits with banks and other financial institutions	-	2,638,477	-	553,926	-	-	-	3,192,403
Placements with banks and other financial institutions	-	-	1,358,020	1,023,575	12,575,956	-	-	14,957,551
Financial assets held under resale agreements	-	-	15,992,881	-	-	-	-	15,992,881
Loans and advances to customers	1,350,921	861,285	25,033,175	26,775,427	110,569,469	79,960,398	71,846,501	316,397,176
Financial investments (Note (i))	208,366	-	30,221,244	5,325,230	26,853,796	97,862,036	68,057,514	228,528,186
Long-term receivables	7,398	-	694,659	1,141,670	4,760,688	9,528,109	267,241	16,399,765
Others	9,510,135	7,378	580,710	85,304	615,618	188,831	1,219,212	12,207,188
<b>Total assets</b>	<b>31,229,505</b>	<b>29,703,678</b>	<b>73,880,689</b>	<b>34,905,132</b>	<b>155,375,527</b>	<b>187,539,374</b>	<b>141,390,468</b>	<b>654,024,373</b>
<b>Liabilities</b>								
Borrowings from the central bank	-	-	1,867,054	3,321,629	19,259,771	-	-	24,448,454
Deposits from banks and other financial institutions	-	10,703,884	7,001,445	432,084	1,198,593	-	-	19,336,006
Placements from banks and other financial institutions	-	-	1,186,561	3,202,668	15,751,926	1,534,847	-	21,676,002
Financial liabilities measured at fair value through profit or loss	-	-	-	-	-	445,218	-	445,218
Financial assets sold under repurchase agreements	-	-	26,776,204	-	-	-	-	26,776,204
Deposits from customers	-	128,941,355	18,403,023	28,547,580	110,533,113	135,385,575	-	421,810,646
Debt securities issued	-	-	6,188,435	13,031,293	54,760,854	7,997,259	5,995,714	87,973,555
Others	559,646	29,518	4,915,223	449,818	883,199	1,094,380	770,767	8,702,551
<b>Total liabilities</b>	<b>559,646</b>	<b>139,674,757</b>	<b>66,337,945</b>	<b>48,985,072</b>	<b>202,387,456</b>	<b>146,457,279</b>	<b>6,766,481</b>	<b>611,168,636</b>
<b>Net position</b>	<b>30,669,859</b>	<b>(109,971,079)</b>	<b>7,542,744</b>	<b>(14,079,940)</b>	<b>(47,011,929)</b>	<b>41,082,095</b>	<b>134,623,987</b>	<b>42,855,737</b>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 RISK MANAGEMENT (continued)

	December 31 2023							Total
	Indefinite (Note (ii))	Repayable on demand (Note (ii))	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
<b>Assets</b>								
Cash and deposits with the central bank	18,996,573	12,047,091	-	-	-	-	-	31,043,664
Deposits with banks and other financial institutions	-	1,392,344	204,824	613,200	-	-	-	2,210,368
Placements with banks and other financial institutions	-	-	2,743,123	5,182,786	5,898,304	197,012	-	14,021,225
Financial assets held under resale agreements	-	-	13,944,652	-	-	-	-	13,944,652
Loans and advances to customers	1,158,219	529,295	26,255,077	24,352,523	90,063,777	80,582,868	70,051,167	292,992,926
Financial investments (Note (i))	212,289	-	27,251,756	7,515,812	20,025,622	104,657,017	66,348,670	226,011,166
Long-term receivables	18,361	-	786,671	1,021,260	4,925,045	9,846,309	144,127	16,741,773
Others	8,501,958	214,626	101,801	83,972	306,394	254,282	1,556,565	11,019,598
<b>Total assets</b>	<b>28,887,400</b>	<b>14,183,356</b>	<b>71,287,904</b>	<b>38,769,553</b>	<b>121,219,142</b>	<b>195,537,488</b>	<b>138,100,529</b>	<b>607,985,372</b>
<b>Liabilities</b>								
Borrowings from the central bank	-	-	231,661	5,683,599	12,319,828	-	-	18,235,088
Deposits from banks and other financial institutions	-	1,462,398	-	361,820	418,113	-	-	2,242,331
Placements from banks and other financial institutions	-	-	1,152,805	2,686,202	15,825,869	1,425,488	-	21,090,364
Financial assets sold under repurchase agreements	-	-	36,880,567	-	-	-	-	36,880,567
Deposits from customers	-	121,349,619	26,507,966	30,325,208	75,831,293	141,453,273	-	395,467,359
Debt securities issued	-	-	9,125,354	18,008,373	48,142,372	7,997,815	5,995,871	89,269,785
Others	580,348	83,108	526,439	700,614	761,477	1,102,407	1,106,242	4,860,635
<b>Total liabilities</b>	<b>580,348</b>	<b>122,895,125</b>	<b>74,424,792</b>	<b>57,765,816</b>	<b>153,298,952</b>	<b>151,978,983</b>	<b>7,102,113</b>	<b>568,046,129</b>
<b>Net position</b>	<b>28,307,052</b>	<b>(108,711,769)</b>	<b>(3,136,888)</b>	<b>(18,996,263)</b>	<b>(32,079,810)</b>	<b>43,558,505</b>	<b>130,998,416</b>	<b>39,939,243</b>

#### Notes:

- (i) Financial investments include financial investments measured at FVTPL, financial investments measured at FVOCI and financial investments measured at amortised cost.
- (ii) For cash and deposits with the central bank, the indefinite period amount represents statutory deposit reserves, fiscal deposits and foreign exchange risk reserves maintained with the PBOC. Other equity investments are reported under indefinite period. For loans and advances to customers, financial investments and long-term receivables, the "indefinite" period amount represents the balance being credit-impaired or not credit-impaired but overdue for more than one month, and the balance not credit-impaired but overdue within one month is included in "repayable on demand".



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 RISK MANAGEMENT (continued)

#### (b) Analysis on contractual undiscounted cash flows of non-derivative financial liabilities

The following tables provide an analysis of the contractual undiscounted cash flow of non-derivative financial liabilities at the end of the Reporting Period:

	30 June 2024								Carrying Amount
	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Contractual undiscounted cash flow	
Borrowings from the central bank	-	-	1,869,247	3,375,970	19,488,818	-	-	24,734,035	24,448,454
Deposits from banks and other financial institutions	-	10,703,884	7,003,570	435,510	1,222,049	-	-	19,365,013	19,336,006
Placements from banks and other financial institutions	-	-	1,187,769	3,252,200	16,017,144	1,597,371	-	22,054,484	21,676,002
Financial liabilities measured at fair value through profit or loss	-	-	3,761	948	16,165	472,223	-	493,097	445,218
Financial assets sold under repurchase agreements	-	-	26,778,130	-	-	-	-	26,778,130	26,776,204
Deposits from customers	-	128,941,355	18,419,489	28,656,226	112,151,130	142,407,957	-	430,576,157	421,810,646
Debt securities issued	-	-	6,200,000	13,090,000	55,892,400	9,569,600	6,557,600	91,309,600	87,973,555
Lease liabilities	-	22,694	10,594	18,739	105,344	335,649	87,171	580,191	529,653
Other financial liabilities	-	6,824	4,581,009	164,745	235,781	347,256	607,984	5,943,599	5,943,599
<b>Total</b>	<b>-</b>	<b>139,674,757</b>	<b>66,053,569</b>	<b>48,994,338</b>	<b>205,128,831</b>	<b>154,730,056</b>	<b>7,252,755</b>	<b>621,834,306</b>	<b>608,939,337</b>

	31 December 2023								Carrying Amount
	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Contractual undiscounted cash flow	
Borrowings from the central bank	-	-	232,022	5,744,867	12,459,403	-	-	18,436,292	18,235,088
Deposits from banks and other financial institutions	-	1,462,398	-	365,386	433,163	-	-	2,260,947	2,242,331
Placements from banks and other financial institutions	-	-	1,153,854	2,756,377	16,144,021	1,526,428	-	21,580,680	21,090,364
Financial assets sold under repurchase agreements	-	-	36,884,708	-	-	-	-	36,884,708	36,880,567
Deposits from customers	-	121,349,619	27,254,653	30,459,475	78,726,999	151,534,377	-	409,325,123	395,467,359
Debt securities issued	-	-	9,140,000	18,132,000	49,090,000	9,569,600	6,836,400	92,768,000	89,269,785
Lease liabilities	-	17,035	27,987	18,482	89,958	350,748	111,467	615,677	555,035
Other financial liabilities	14,582	66,073	83,953	274,404	32,852	318,611	922,695	1,713,170	1,713,170
<b>Total</b>	<b>14,582</b>	<b>122,895,125</b>	<b>74,777,177</b>	<b>57,750,991</b>	<b>156,976,396</b>	<b>163,299,764</b>	<b>7,870,562</b>	<b>583,584,597</b>	<b>565,453,699</b>

This analysis of the non-derivative financial liabilities by contractual undiscounted cash flow might differ from actual results.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 RISK MANAGEMENT (continued)

(c) Analysis on contractual undiscounted cash flows of derivative financial instruments.

The following tables provide an analysis of the contractual undiscounted cash flow of derivative financial instruments at the end of the Reporting Period:

	30 June 2024							Contractual undiscounted cash flow
	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Cash flows of derivative financial instruments:								
Derivative financial instruments settled on net basis	-	-	(5,092)	(2,734)	(53,744)	(788)	-	(62,358)
Derivative financial instruments settled on gross basis								
Including: Cash inflow	-	-	37,839	5,008,830	14,929	-	-	5,061,598
Cash outflow	-	-	(38,561)	(5,076,450)	(14,972)	-	-	(5,129,983)
Total	-	-	(722)	(67,620)	(43)	-	-	(68,385)

	31 December 2023							Contractual undiscounted cash flow
	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Cash flows of derivative financial instruments:								
Derivative financial instruments settled on net basis	-	-	(74)	1,236	269	(230)	-	1,201
Derivative financial instruments settled on gross basis								
Including: Cash inflow	-	-	18,158	236,902	5,025,338	-	-	5,280,398
Cash outflow	-	-	(18,151)	(235,551)	(5,060,830)	-	-	(5,314,532)
Total	-	-	7	1,351	(35,492)	-	-	(34,134)

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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

*(Expressed in thousands of Renminbi, unless otherwise stated)*

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### 43 RISK MANAGEMENT (continued)

#### (4) **Operational risk**

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

The board of directors of the Bank is ultimately responsible for the operational risk management, and the Bank's senior management leads the bank-wide operational risk management on a day-to-day basis. The Group has established "three lines of defences" to manage operational risk on an end-to-end basis.

#### (5) **Capital management**

The Group's capital management includes capital adequacy ratio management, capital financing management and economic capital management. Among them, capital adequacy ratio management is especially important. The Group calculates capital adequacy ratios in accordance with the guidance issued by the regulatory authorities. The capital of the Group is divided into three pieces: core tier-one capital, additional tier-one capital and tier-two capital.

Capital adequacy ratio management is the core of the capital management of the Group. Capital adequacy ratio reflects the Group's capability in sound operations and risk management. The Group's capital adequacy ratio 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 banks and the Group's operating situations.

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 required information is filed with the regulatory authority by the Group periodically.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 RISK MANAGEMENT (continued)

The Group calculates the capital adequacy ratio in accordance with the Regulation Governing Capital of Commercial Banks and other relevant requirements as at 30 June 2024. The Group calculates the capital adequacy ratio in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) and other relevant requirements as at 31 December 2023.

	30 June 2024	31 December 2023
Total core tier-one capital	<b>36,068,314</b>	33,328,054
– Share capital	<b>5,820,355</b>	5,820,355
– Eligible portion of capital reserve	<b>10,687,091</b>	10,687,634
– Other comprehensive income	<b>2,132,578</b>	947,211
– Surplus reserve	<b>2,718,114</b>	2,718,114
– General reserve	<b>7,508,602</b>	7,483,824
– Retained earnings	<b>6,695,900</b>	5,011,018
– Eligible portion of non-controlling interests	<b>505,674</b>	659,898
Core tier-one capital deductions	<b>(383,516)</b>	(923,175)
Net core tier-one capital	<b>35,684,798</b>	32,404,879
Other tier-one capital	<b>6,463,207</b>	6,483,769
– Additional tier-one capital instruments and related premium	<b>6,395,783</b>	6,395,783
– Eligible portion of minority interests	<b>67,424</b>	87,986
Net tier-one capital	<b>42,148,005</b>	38,888,648
Tier-two capital	<b>10,706,092</b>	10,358,946
– Eligible portions of tier-two capital instruments issued	<b>6,000,000</b>	6,000,000
– Surplus provision for loan impairment	<b>4,571,246</b>	4,182,973
– Eligible portion of non-controlling interests	<b>134,846</b>	175,973
Total net capital	<b>52,854,097</b>	49,247,594
Total risk weighted assets	<b>393,309,965</b>	384,977,512
Core tier-one capital adequacy ratio	<b>9.07%</b>	8.42%
Tier-one capital adequacy ratio	<b>10.72%</b>	10.10%
Capital adequacy ratio	<b>13.44%</b>	12.79%

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 44 FAIR VALUE

#### (1) *Methods and assumptions for measurement of 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 (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group has established policies and internal controls with respect to the measurement of fair value, specify the framework of fair value measurement of financial instruments, fair value measurement methodologies and procedures.

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

#### (a) *Debt securities investments*

The fair value of debt securities that are traded in an active market is based on their quoted market prices at the end of the Reporting Period.

#### (b) *Other financial investments and other non-derivative financial assets*

Fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the Reporting Period.

#### (c) *Debt securities issued and other non-derivative financial liabilities*

The fair value of debt securities issued is based on their quoted market prices at the end of the Reporting Period, or the present value of estimated future cash flows. The fair value of other non-derivative financial liabilities is evaluated at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the Reporting Period.

#### (d) *Derivative financial instruments*

Derivative financial instruments valued using a valuation technique with market observable inputs are mainly interest rate swaps, foreign exchange forwards and swaps, etc. The most frequently applied valuation techniques include discounted cash flow model, etc. The models incorporate various inputs including foreign exchange spot and forward rates, foreign exchange rate volatility, interest rate yield curves, etc.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 44 FAIR VALUE (continued)

#### (2) Financial instruments measured at fair value

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

#### The Group

	30 June 2024			Total
	Level 1	Level 2	Level 3 Note (i)	
Financial investments measured at FVTPL				
– Debt securities	–	12,142,104	–	12,142,104
– Asset management plans	–	–	6,468,837	6,468,837
– Trust fund plans	–	–	410,756	410,756
– Investment funds	–	43,617,114	–	43,617,114
Derivative financial assets	–	57,357	–	57,357
Financial investments measured at FVOCI				
– Debt securities	–	107,171,891	–	107,171,891
– Other equity investments	–	–	128,458	128,458
Loans and advances to customers measured at FVOCI	–	–	24,243,822	24,243,822
Other assets	–	377,910	–	377,910
<b>Total financial assets</b>	<b>–</b>	<b>163,366,376</b>	<b>31,251,873</b>	<b>194,618,249</b>
Placements from banks and other financial institutions measured at FVTPL	–	3,299,280	–	3,299,280
Financial liabilities measured at fair value through profit or loss	–	445,218	–	445,218
Derivative financial liabilities	–	93,231	8,065	101,296
<b>Total financial liabilities</b>	<b>–</b>	<b>3,837,729</b>	<b>8,065</b>	<b>3,845,794</b>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 44 FAIR VALUE (continued)

	31 December 2023			Total
	Level 1	Level 2	Level 3 Note (i)	
Financial investments measured at FVTPL				
– Debt securities	–	7,130,029	–	7,130,029
– Asset management plans	–	–	6,895,445	6,895,445
– Trust fund plans	–	–	444,536	444,536
– Investment funds	–	43,799,513	–	43,799,513
Derivative financial assets	–	149,377	–	149,377
Financial investments measured at FVOCI				
– Debt securities	–	114,961,884	–	114,961,884
– Other equity investments	–	–	23,250	23,250
Loans and advances to customers measured at FVOCI	–	–	20,976,009	20,976,009
<b>Total financial assets</b>	<b>–</b>	<b>166,040,803</b>	<b>28,339,240</b>	<b>194,380,043</b>
Placements from banks and other financial institutions measured at FVTPL	–	959,180	–	959,180
Derivative financial liabilities	–	69,353	1,754	71,107
<b>Total financial liabilities</b>	<b>–</b>	<b>1,028,533</b>	<b>1,754</b>	<b>1,030,287</b>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 44 FAIR VALUE (continued)

- (i) Movements in Level 3 of the fair value hierarchy

#### The Group

The following table shows the movement of level 3 financial instruments measured at fair value for the six months ended 30 June 2024:

	As at 1 January 2024			Total gains or losses for the period		Purchases, issues, disposals and settlements			As at 30 June 2024
				In profit or loss	In other comprehensive income	Purchases	Issues	Disposals and settlements	
Financial investments measured at FVTPL									
- Asset management plans	6,895,445	-	-	(48,947)	-	-	-	(377,661)	6,468,837
- Trust fund plans	444,536	-	-	(33,780)	-	-	-	-	410,756
Financial investments measured at FVOCI									
- Other equity investments	23,250	-	-	-	105,208	-	-	-	128,458
Loans and advances to customers measured at FVOCI	20,976,009	-	-	288,067	16,350	44,872,567	-	(41,909,171)	24,243,822
<b>Total financial assets</b>	<b>28,339,240</b>	<b>-</b>	<b>-</b>	<b>205,340</b>	<b>121,558</b>	<b>44,872,567</b>	<b>-</b>	<b>(42,286,832)</b>	<b>31,251,873</b>
Derivative financial liabilities	1,754	-	-	6,311	-	-	-	-	8,065
<b>Total financial liabilities</b>	<b>1,754</b>	<b>-</b>	<b>-</b>	<b>6,311</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,065</b>



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 44 FAIR VALUE (continued)

The following table shows the movement of level 3 financial instruments measured at fair value during the year of 2023:

	As at 1 January 2023	Transfer into level 3	Transfer out of level 3	Total gains or losses for the period		Purchases, issues, disposals and settlements			As at 31 December 2023
				In profit or loss	In other comprehensive income	Purchases	Issues	Disposals and settlements	
Financial investments measured at FVTPL									
- Asset management plans	7,787,802	-	-	(404,175)	-	1,000,000	-	(1,488,182)	6,895,445
- Trust fund plans	791,832	-	-	308,126	-	76,820	-	(732,242)	444,536
Financial investments measured at FVOCI									
- Other equity investments	23,250	-	-	-	-	-	-	-	23,250
Loans and advances to customers measured at FVOCI	22,694,130	-	-	599,273	29,447	90,014,037	-	(92,360,878)	20,976,009
<b>Total financial assets</b>	<b>31,297,014</b>	<b>-</b>	<b>-</b>	<b>503,224</b>	<b>29,447</b>	<b>91,090,857</b>	<b>-</b>	<b>(94,581,302)</b>	<b>28,339,240</b>
Derivative financial liabilities	1,071	-	-	683	-	-	-	-	1,754
<b>Total financial liabilities</b>	<b>1,071</b>	<b>-</b>	<b>-</b>	<b>683</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,754</b>

### (3) Transfers between levels

For the six months ended 30 June 2024 and the year ended 31 December 2023, there were no transfers between levels.

### (4) Valuation of financial instruments with significant unobservable inputs

A majority of the financial instruments classified as level 3 are discounted bills, asset management plans and trust fund plans. As not all of the inputs needed to estimate the fair value of these assets are observable, the Group classified these underlying assets within Level 3 of the fair value measurement hierarchy. The significant unobservable inputs related to these assets are those parameters relating to credit risk, liquidity and discount rates. Management has made assumptions on unobservable inputs based on observed indicators of impairment, significant changes in yield, external credit ratings and comparable credit spreads, but the fair value of these financial assets could be different from those disclosed.

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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

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### 44 FAIR VALUE (continued)

#### (5) Level 2 of the fair value hierarchy

A majority of the financial instruments classified as level 2 are RMB bonds. The fair value of these bonds is determined based on the valuation results provided by China Central Depository Trust & Clearing Co., Ltd., which are determined based on a valuation technique for which all significant inputs are observable market data.

#### (6) Fair value of financial assets and liabilities not measured at fair value

(i) *Cash and deposits with the central bank, borrowings from the central bank, deposits and placements with/from banks and other financial institutions, financial assets held under resale agreements and sold under repurchase agreements*

Given that these financial assets and financial liabilities mainly mature within one year or adopt floating interest rates, their carrying amounts approximate their fair value.

(ii) *Loans and advances to customers measured at amortised cost, non-debt securities financial investments measured at amortised cost and long-term receivables*

The estimated fair value of loans and advances to customers measured at amortised cost, non-debt securities financial investments measured at amortised cost and the estimated fair value of long-term receivables represents the amount of estimated future cash flows expected to be received, discounted at current market rates.

(iii) *Debt securities financial investments measured at amortised cost*

The fair value for debt securities financial investments measured at amortised cost is based on “bid” market prices or brokers’/dealers’ price quotations. If relevant market information is not available, the fair value is based on quoted price of security products with similar characteristics such as credit risk, maturities and yield.

(iv) *Deposits from customers*

The fair value of checking and savings is the amount payable on demand at the end of the Reporting Period. The fair value of fixed interest-bearing deposits without quoted market prices is estimated based on discounted cash flows using interest rates for new deposits with similar remaining maturities.

(v) *Debt securities issued*

The fair value of debt securities issued is based on quoted market prices. For debt securities where quoted market prices are not available, a discounted cash flow model is used to calculate their fair value using current market rates appropriate for debt securities with similar remaining maturities.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 44 FAIR VALUE (continued)

The following tables summarise the carrying amounts, the fair value and the analysis by level of the fair value hierarchy of debt securities financial instruments measured at amortised cost and debt securities issued:

	30 June 2024				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial investments measured at amortised cost (including accrued interest)					
– Debt securities	53,519,706	58,285,454	–	58,211,482	73,972
<b>Total</b>	<b>53,519,706</b>	<b>58,285,454</b>	<b>–</b>	<b>58,211,482</b>	<b>73,972</b>
Financial liabilities					
Securities issued (including accrued interest)					
– Debt securities	16,224,165	16,652,110	–	16,652,110	–
– Certificates of interbank deposit	71,749,390	71,846,439	–	71,846,439	–
<b>Total</b>	<b>87,973,555</b>	<b>88,498,549</b>	<b>–</b>	<b>88,498,549</b>	<b>–</b>
	31 December 2023				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial investments measured at amortised cost (including accrued interest)					
– Debt securities	45,953,528	48,852,365	–	48,767,500	84,865
<b>Total</b>	<b>45,953,528</b>	<b>48,852,365</b>	<b>–</b>	<b>48,767,500</b>	<b>84,865</b>
Financial liabilities					
Securities issued (including accrued interest)					
– Debt securities	18,261,537	18,537,559	–	18,537,559	–
– Certificates of interbank deposit	71,008,248	71,049,727	–	71,049,727	–
<b>Total</b>	<b>89,269,785</b>	<b>89,587,286</b>	<b>–</b>	<b>89,587,286</b>	<b>–</b>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 45 COMMITMENTS AND CONTINGENCIES

#### (1) Credit commitments

The Group's credit commitments mainly take the form of bank acceptances bills, credit card limits, letters of credit and financial guarantees, etc.

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

	30 June 2024	31 December 2023
Bank acceptances bills	34,413,740	30,246,042
Unused credit card commitments	25,156,134	23,106,489
Financing letters of guarantees issued	10,939,117	9,269,141
Usance letters of credit	8,953,204	10,263,325
Non-financing letters of guarantees issued	780,070	1,502,597
Irrevocable loan commitments	524,500	1,272,714
Sight letters of credit	438,285	906,974
Total	<b>81,205,050</b>	76,567,282

Irrevocable loan commitments only include unused loan commitments granted to syndicated loans.

The Group may be exposed to credit risk in all the above credit businesses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows.

For details of ECL of credit commitments, please refer to Note 35(1).

#### (2) Credit risk-weighted amount

	30 June 2024	31 December 2023
Credit risk-weighted amount of contingent liabilities and commitments	<b>20,984,381</b>	24,236,360

The credit risk-weighted amount represents the amount calculated in accordance with the Regulation Governing Capital of Commercial Banks and other relevant requirements as at 30 June 2024. The credit risk-weighted amount represents the amount calculated in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) and other relevant requirements as at 31 December 2023. The risk weights are determined in accordance with the credit status of the counterparties, the maturity profile and other factors.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 45 COMMITMENTS AND CONTINGENCIES (continued)

#### (3) Capital commitments

As at the end of the Reporting Period, the Group's authorised capital commitments are as follows:

	30 June 2024	31 December 2023
Contracted but not paid for	<b>81,587</b>	56,049

#### (4) Outstanding litigations and disputes

A number of outstanding litigations against the Group had arisen in the normal course of its operation as at 30 June 2024 and 31 December 2023. With the professional advice from counselors, the Group's management believes that the final result of such litigations will not have a material impact on the financial position or operations of the Group.

#### (5) Bonds redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back those bonds sold by it should the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity dates is based on the nominal value plus any unpaid interest 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 government bonds underwritten and sold, but not yet matured at the end of the Reporting Period:

	30 June 2024	31 December 2023
Bonds redemption obligations	<b>3,906,793</b>	3,822,379

#### (6) Pledged assets

	30 June 2024	31 December 2023
Investment securities	<b>50,532,175</b>	59,141,534
Discounted bills	<b>6,002,790</b>	10,072,938
Total	<b>56,534,965</b>	69,214,472

Some of the Group's assets are pledged as collateral under repurchase agreements, borrowings from the central bank and securities lending.

The Group maintains statutory deposit reserves with the PBOC as required (Note 12). These deposits are not available for the Group's daily operations.

The Group's pledged assets in relation to the purchase of bills under resale agreements can be sold or repledged. As at 30 June 2024 and 31 December 2023, the Group did not have these discounted bills under resale agreements. As at 30 June 2024 and 31 December 2023, the Group did not sell or repledge any pledged assets which it has an obligation to resale when they are due.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 46 INTERESTS IN STRUCTURED ENTITIES

#### (1) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds an interest in some structured entities sponsored by third party institutions through investments in the notes issued by these structured entities. The Group does not consolidate these structured entities. Such structured entities include asset management plans, trust plans, asset-backed securities and investment funds. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and are financed through the issue of notes to investors.

The following tables set out an analysis of the carrying amounts of interests held by the Group as at 30 June 2024 and 31 December 2023 in the structured entities sponsored by third party institutions, as well as an analysis of the line items in the statement of financial position in which relevant assets are recognised:

	30 June 2024			Carrying amount	Maximum exposure
	Financial investments measured at FVTPL	Financial investments measured at FVOCI	Financial investments measured at amortised cost		
Investment funds	43,617,114	–	–	43,617,114	43,617,114
Asset management plans	6,468,837	–	989,651	7,458,488	7,458,488
Trust fund plans	410,756	–	2,497	413,253	413,253
Asset-backed securities	34,372	4,321,236	3,368,629	7,724,237	7,724,237
<b>Total</b>	<b>50,531,079</b>	<b>4,321,236</b>	<b>4,360,777</b>	<b>59,213,092</b>	<b>59,213,092</b>

	31 December 2023			Carrying amount	Maximum exposure
	Financial investments measured at FVTPL	Financial investments measured at FVOCI	Financial investments measured at amortised cost		
Investment funds	43,799,513	–	–	43,799,513	43,799,513
Asset management plans	6,895,445	–	1,811,073	8,706,518	8,706,518
Trust fund plans	444,536	–	116,904	561,440	561,440
Asset-backed securities	107,227	4,789,048	922,411	5,818,686	5,818,686
<b>Total</b>	<b>51,246,721</b>	<b>4,789,048</b>	<b>2,850,388</b>	<b>58,886,157</b>	<b>58,886,157</b>

The maximum exposures to loss in the above structured entities are the amortised cost or the fair value of the assets held by the Group at the end of the Reporting Period in accordance with the line items of these assets recognised in the statement of financial position.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 46 INTERESTS IN STRUCTURED ENTITIES (continued)

#### (2) *Unconsolidated structured entities sponsored by the Group in which the Group holds an interest*

The types of unconsolidated structured entities sponsored by the Group mainly include non-principal-guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of notes to investors. Interest held by the Group includes fees charged by providing management services to these structured entities. As at 30 June 2024, the carrying amounts of the management and other service fee receivables being recognised was RMB140 million in the consolidated statement of financial position (31 December 2023: RMB190 million).

As at 30 June 2024, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products, which are sponsored by the Group, was RMB208.520 billion (31 December 2023: RMB208.122 billion).

#### (3) *Unconsolidated structured entities sponsored and issued by the Group after 1 January but matured before the end of the Reporting Period in which the Group no longer holds an interest*

During the six months ended 30 June 2024, the amount of fee and commission income recognised from the above mentioned structured entities by the Group was RMB0.934 million (For the six months ended 30 June 2023: nil).

During the six months ended 30 June 2024, the aggregated amount of the non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January 2024 but matured before 30 June 2024 was RMB1.793 billion (For the six months ended 30 June 2023: nil).

#### (4) *Consolidated structured entities*

The consolidated structured entities of the Group are primarily asset-backed securities initiated by the Group and certain asset management plans invested by the Group. The Group controls these entities because the Group has power over, is exposed to, or has rights to variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's returns.

### 47 TRANSFERS OF FINANCIAL ASSETS

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

#### (1) *Repurchase transactions and securities lending transactions*

Transfers of financial assets that do not qualify for derecognition mainly include debt securities held by counterparties as collateral under repurchase agreements and debt securities lent to counterparties under securities lending agreements. The counterparties are allowed to sell or repledge those securities sold under repurchase agreements in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them.

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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

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### 47 TRANSFERS OF FINANCIAL ASSETS (continued)

#### (2) *Asset securitisation*

The Group enters into securitisation transactions in the normal course of business by which it transfers credit assets to structured entities which issue asset-backed securities to investors, or carries out trust beneficial rights registration and transfer business in China Credit Assets Registry & Exchange Co., Ltd..

Under the servicing arrangements with the independent trust company, the Group collects the cash flows of the transferred assets on behalf of the unconsolidated securitisation vehicle. In return, the Group receives a service fee that is expected to compensate the Group for servicing the related assets.

For the six months ended 30 June 2024 and for the year ended 31 December 2023, the Group did not carry out new asset securitisation business.

#### (3) *Transfer of non-performing loans*

For the six months ended 30 June 2024, no loans and advances to customers were transferred to independent third parties. For the year ended 31 December 2023, the Group transferred loans and advances to customers to independent third parties with principal amount of RMB85 million, and with the transfer price (including overdue interest, penalty interest, etc.) of RMB88 million. The Group carried out an assessment and concluded that these transferred assets qualified for full derecognition in the statement of financial position.

### 48 FIDUCIARY ACTIVITIES

The Group commonly acts as a trustee, or in other fiduciary capacities, that result in its holding or managing assets on behalf of individuals, trusts and other institutions. These assets and any gains or losses arising thereon are not included in the statements of financial position as they are not the Group's assets.

As at 30 June 2024, the entrusted loans balance of the Group was RMB6.213 billion (31 December 2023: RMB5.603 billion).

### 49 SUBSEQUENT EVENTS

#### (1) *The distribution payment of undated capital bonds*

A distribution payment related to the 2022 Undated Capital Bonds (first tranche) of Bank of Qingdao Co., Ltd., at the distribution rate of 3.70% with the total amount of RMB4.0 billion, amounting to RMB148 million in total was distributed on 18 July 2024.

A distribution payment related to the 2022 Undated Capital Bonds (second tranche) of Bank of Qingdao Co., Ltd., at the distribution rate of 3.55% with the total amount of RMB2.4 billion, amounting to RMB85.20 million in total was distributed on 18 Aug 2024.

Up to the approval date of the report, the Group has no other significant subsequent events for disclosure.

### 50 COMPARATIVE FIGURES

For financial statements disclosure purpose, the Group made reclassification adjustments to some comparative figures.



## SECTION XII UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(Expressed in thousands of Renminbi, unless otherwise stated)

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

In accordance with the Listing Rules and Banking (Disclosure) Rules, the Group discloses the unaudited supplementary Financial Information as follows:

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

Liquidity coverage ratio, leverage ratio and net stable funding ratio are calculated in accordance with the relevant regulations promulgated by the National Financial Regulatory Administration and the former CBRC and based on the financial information prepared in accordance with the requirements of the Accounting Standards for Business Enterprises issued by the MOF.

#### (1) Liquidity coverage ratio

	30 June 2024	31 December 2023
Qualified and high-quality current assets	108,843,097	75,270,402
Net cash outflows in the next 30 days	53,510,536	47,606,972
Liquidity coverage ratio (RMB and foreign currency)	203.40%	158.11%

Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks, a minimum liquidity coverage ratio of 100% is required.

#### (2) Leverage ratio

	30 June 2024	31 December 2023
Leverage ratio	5.96%	5.83%

Pursuant to the Regulation Governing Capital of Commercial Banks, a minimum leverage ratio 4% is required.

#### (3) Net stable funding ratio

	30 June 2024	31 March 2024
Available stable funding	399,779,038	381,028,230
Required stable funding	335,593,628	327,682,027
Net stable funding ratio	119.13%	116.28%

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

## SECTION XII UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 2 CURRENCY CONCENTRATIONS

	30 June 2024			
	US Dollars (RMB equivalent)	HK Dollars (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	8,598,356	7,420	136,084	8,741,860
Spot liabilities	(3,585,497)	(451)	(135,011)	(3,720,959)
Forward purchases	277,719	–	4,967	282,686
Forward sales	(5,263,126)	–	(3,831)	(5,266,957)
Net long position	27,452	6,969	2,209	36,630
Structural exposure	–	–	–	–

	31 December 2023			
	US Dollars (RMB equivalent)	HK Dollars (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	8,299,500	7,542	43,611	8,350,653
Spot liabilities	(3,380,942)	(601)	(42,512)	(3,424,055)
Forward purchases	251,396	–	3,876	255,272
Forward sales	(5,177,622)	–	(703)	(5,178,325)
Net long position	(7,668)	6,941	4,272	3,545
Structural exposure	–	–	–	–

## SECTION XII UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3 INTERNATIONAL CLAIMS

The Group regards all claims on third parties outside Chinese Mainland and claims dominated in foreign currency on third parties in Chinese Mainland as international claims.

International claims include loans and advances to customers, deposits with the central bank, deposits and placements with banks and other financial institutions and financial investments, etc.

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

	30 June 2024			Total
	Public sector entities	Banks and other financial institutions	Non-bank private sector institutions	
– Asia Pacific	211,029	4,901,895	3,166,315	8,279,239
– of which attributed to Hong Kong	–	4,418,036	9,838	4,427,874
– North and South America	–	387,220	–	387,220
– Europe	–	42,464	–	42,464
	<b>211,029</b>	<b>5,331,579</b>	<b>3,166,315</b>	<b>8,708,923</b>

	31 December 2023			Total
	Public sector entities	Banks and other financial institutions	Non-bank private sector institutions	
– Asia Pacific	163,649	4,921,472	2,662,833	7,747,954
– of which attributed to Hong Kong	–	4,490,416	–	4,490,416
– North and South America	–	378,902	–	378,902
– Europe	–	14,909	–	14,909
	163,649	5,315,283	2,662,833	8,141,765

## SECTION XII UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 4 TOTAL AMOUNT OF OVERDUE LOANS AND ADVANCES TO CUSTOMERS

	<b>30 June 2024</b>	31 December 2023
Total loans and advances whose principal or interest has been overdue		
– between 3 and 6 months (inclusive)	<b>504,541</b>	351,864
– between 6 months and 1 year (inclusive)	<b>1,087,231</b>	574,245
– over 1 year	<b>1,635,692</b>	1,697,133
<b>Total</b>	<b>3,227,464</b>	2,623,242
As a percentage of total loans and advances (excluding accrued interest)		
– between 3 and 6 months (inclusive)	<b>0.16%</b>	0.12%
– between 6 months and 1 year (inclusive)	<b>0.33%</b>	0.19%
– over 1 year	<b>0.51%</b>	0.57%
<b>Total</b>	<b>1.00%</b>	0.88%