九台农商银行
JIUTAI RURAL COMMERCIAL BANK

JILIN JIUTAI RURAL COMMERCIAL BANK CORPORATION LIMITED *
吉 林 九 台 農 村 商 業 銀 行 股 份 有 限 公 司 *

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

(Stock Code: 6122)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the "**Board**" or "**Board of Directors**") of Jilin Jiutai Rural Commercial Bank Corporation Limited (the "**Bank**") is pleased to announce the unaudited interim results (the "**Interim Results**") of the Bank and its subsidiaries (the "**Group**") for the six months ended 30 June 2024 (the "**Reporting Period**") prepared in accordance with the International Financial Reporting Standards (the "**IFRSs**") promulgated by the International Accounting Standards Board. The Board and its Audit Committee have reviewed and confirmed the Interim Results.

1. BASIC INFORMATION OF THE BANK

Registered Name in Chinese:	吉林九台農村商業銀行股份有限公司 (abbreviated as "**九台農商銀行**")
Registered Name in English:	Jilin Jiutai Rural Commercial Bank Corporation Limited (abbreviated as "**Jiutai Rural Commercial Bank**")
Legal Representative:	Guo Ce
Authorized Representatives:	Yuan Chunyu, Lau Kwok Yin
Board Secretary:	Yuan Chunyu
Joint Company Secretaries:	Yuan Chunyu, Lau Kwok Yin
Registered Office Address of the Bank:	No. 504 Xinhua Main Street, Jiutai District, Changchun, Jilin Province, the People's Republic of China (the "**PRC**")
Principal Office Address of the Bank:	No. 2559 Wei Shan Road, High-tech Zone, Changchun, Jilin Province, the PRC

Customer Service Hotline:	+86 (431) 96888
Telephone:	+86 (431) 8925 0628
Facsimile:	+86 (431) 8925 0628
The Bank's Website:	www.jtnsh.com
Principal Place of Business in Hong Kong:	Room 15, 11th Floor, Tower 2, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong
H Share Disclosure Websites:	The Stock Exchange of Hong Kong Limited's HKEXnews website at www.hkexnews.hk The Bank's website at www.jtnsh.com
Listing Place:	The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**")
Stock Short Name:	JIUTAI RCB
Stock Code:	06122
H Share Registrar:	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
PRC Legal Adviser:	King & Wood Mallesons 17/F-18/F, East Tower World Financial Center 1 Dongsanhuan Zhonglu Chaoyang District, Beijing, the PRC
Hong Kong Legal Adviser:	Clifford Chance 27th Floor, Jardine House One Connaught Place Central, Hong Kong
Auditors of the Bank:	***Domestic Auditor:*** Da Hua Certified Public Accountants (Special General Partnership) Room 1101, Building 7 Yard 16, Middle West Fourth Ring Road Haidian District, Beijing, the PRC ***International Auditor:*** Crowe (HK) CPA Limited 9/F, Leighton Centre 77 Leighton Road Causeway Bay, Hong Kong

2. FINANCIAL SUMMARY

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June 2024	Six months ended 30 June 2023	Change in percentage (%)	Year ended 31 December 2023
Operating results				
Interest income	**5,670.3**	6,533.5	(13.2)	13,674.5
Interest expenses	**(3,877.6)**	(4,116.4)	(5.8)	(8,146.1)
Net interest income	**1,792.7**	2,417.1	(25.8)	5,528.4
Fee and commission income	**82.6**	39.4	109.6	98.4
Fee and commission expenses	**(33.4)**	(31.7)	5.4	(78.8)
Net fee and commission income	**49.2**	7.7	539.0	19.6
Net trading gains	**41.7**	43.1	(3.2)	154.9
Dividend income	**0.8**	0.9	(11.1)	7.8
Net gains arising from investment securities	**178.1**	80.1	122.3	(47.5)
Net exchange gains	**2.4**	2.4	–	3.5
Other operating expenses, net	**(19.7)**	(33.8)	(41.7)	(152.4)
Operating income	**2,045.2**	2,517.5	(18.8)	5,514.3
Operating expenses	**(1,292.7)**	(1,380.2)	(6.3)	(3,338.9)
Impairment losses on assets, net of reversals	**(616.0)**	(1,043.9)	(41.0)	(2,109.8)
Operating profit	**136.5**	93.4	46.1	65.6
Share of results of associates	**(2.5)**	2.4	(204.2)	0.8
Profit before tax	**134.0**	95.8	39.9	66.4
Income tax (expense)/credit	**(3.8)**	32.3	(111.8)	112.0
Profit for the period/end of year	**130.2**	128.1	1.6	178.4
Profit/(loss) for the year attributable to:				
– Owners of the Bank	**126.5**	149.3	(15.3)	168.3
– Non-controlling interests	**3.7**	(21.2)	(117.5)	10.1
Profit for the period/end of year	**130.2**	128.1	1.6	178.4
Basic earnings per share (RMB)	**0.02**	0.03	(33.3)	0.03
Diluted earnings per share (RMB)	**0.02**	0.03	(33.3)	0.03

(Expressed in millions of RMB, unless otherwise stated)	**As at 30 June 2024**	As at 31 December 2023	Change in percentage (%)
Major indicators of assets/liabilities			
Total assets	**265,068.0**	269,775.0	(1.7)
Of which: loans and advances to customers	**181,551.8**	176,431.7	2.9
Total liabilities	**245,917.8**	250,910.5	(2.0)
Of which: deposits from customers	**237,977.7**	242,206.6	(1.7)
Total equity	**19,150.2**	18,864.5	1.5

	Six months ended 30 June		Change in percentage
	2024	2023	(%)
Profitability indicators (%)			
Return on assets [(1)(15)]	**0.05%**	0.10%	(50.0)
Return on capital [(2)(15)]	**0.69%**	1.37%	(49.6)
Net interest spread [(3)(15)]	**1.34%**	1.74%	(23.0)
Net interest margin [(4)(15)]	**1.34%**	1.83%	(26.8)
Net fee and commission income to operating income ratio [(5)]	**2.40%**	0.31%	674.2
Cost-to-income ratio [(6)]	**61.79%**	53.18%	16.2

	As at 30 June 2024	As at 31 December 2023	Change in percentage (%)	As at 30 June 2023
Capital adequacy indicators (%)				
Core tier-one capital adequacy ratio [(7)]	**8.85%**	8.72%	1.5	8.51%
Tier-one capital adequacy ratio [(8)]	**8.94%**	8.81%	1.5	8.60%
Capital adequacy ratio [(9)]	**11.41%**	11.35%	0.5	10.98%
Shareholders' equity to total assets ratio	**7.22%**	6.99%	3.3	7.03%
Assets quality indicators (%)				
Non-performing loan ratio [(10)]	**2.44%**	2.34%	4.3	2.28%
Provision coverage ratio [(11)]	**153.66%**	156.98%	(2.1)	150.19%
Provision to total loan ratio [(12)]	**3.75%**	3.68%	1.9	3.42%
Other indicators [(13)] (%)				
Loan to deposit ratio [(14)]	**77.90%**	75.26%	3.5	76.87%

Notes:

(1) Calculated by dividing the net profit for the period/year by the average balance of total assets at the beginning and the end of that period/year.

(2) Calculated by dividing the net profit for the period/year by the average balance of total equity at the beginning and the end of that period/year.

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

(4) Calculated by dividing net interest income by average interest-earning assets.

(5) Calculated by dividing net fee and commission income by operating income.

(6) Calculated by dividing total operating expenses (net of tax and surcharges) by operating income.

(7) Core tier-one capital adequacy ratio = (core tier-one capital – corresponding capital deductions)/risk-weighted assets*100%.

(8) Tier-one capital adequacy ratio = (tier-one capital – corresponding capital deductions)/risk-weighted assets*100%.

(9) Capital adequacy ratio = (total capital – corresponding capital deductions)/risk-weighted assets*100%.

(10) Non-performing loan ratio = non-performing loans and advances to customers/gross loans and advances to customers*100%.

(11) Provision coverage ratio = provision for impairment losses on loans/total non-performing loans and advances to customers*100%.

(12) Provision to total loan ratio = provision for impairment losses on loans/gross loans and advances to customers*100%.

(13) These indicators refer to the ratios the Bank reports to the former China Banking and Insurance Regulatory Commission (the "**former CBIRC**", currently known as the National Financial Regulatory Administration) and calculated in accordance with PRC GAAP and relevant requirements of the former CBIRC regarding financial data.

(14) According to the revised PRC Commercial Banking Law which became effective on 1 October 2015, loan to deposit ratio is no longer applicable to the PRC Commercial Banks as a regulatory ratio.

(15) Ratios for the six months ended 30 June 2023 and 2024 are calculated on an annualized basis.

3. MANAGEMENT DISCUSSION AND ANALYSIS

3.1 Environment and Outlook

So far this year, while the global economy has been recovering moderately, the external environment has become more complex, severe and uncertain. China's economic performance is generally stable and making progress, with production growing steadily and demand continuing to recover, demonstrating strong resilience and great potential.

In the second half of the year, China's economy will continue its upward trend. The Third Plenary Session of the 20th CPC Central Committee will further deepen reforms around the promotion of Chinese-style modernisation, which will deeply stimulate the market's endogenous dynamics and innovation vitality, opening up broader development prospects for China's economy. Driven by the sustained strength of macro policies, the pace of building a strong financial country will be further accelerated. With the further increase in support for the "five articles" and other areas, financial institutions will have a great opportunity to support the development of new productive forces and accelerate the process of Chinese-style modernisation.

As a next step, the Bank will organically combine the implementation of the spirit of the Third Plenary Session of the 20th CPC Central Committee with the work of serving the real economy and accelerating the transformation and development, striving to promote high-quality development and better serve the overall situation of regional economic and social development.

3.2 Development Strategies

The Group's strategic goal is to position itself as a professional financial services provider with unique values and strong competitiveness and to build a modern agricultural and commercial bank with appropriate scale, reasonable structure, excellent assets and sound governance. In order to realize its objectives, the Group plans to: (i) insist on serving the entities and continue to reinforce advantages in banking services for the "Sannong (三農)" and micro, small and medium-sized enterprises, so as to resonate with the development of the local economy and society and to thrive together with the local economy and society; (ii) speed up the retail transformation, improve and upgrade the concepts, mechanisms, products, channels and technologies, and promote the transformation of the mode of growth; (iii) adhere to quality improvement and efficiency enhancement, optimize the operating and business structure, and promote the scientific and standardized operation and management; (iv) adhere to safety and soundness, coordinate development and safety, improve internal control and compliance, and strengthen overall risk management; and (v) strengthen technological empowerment, optimize talent support, and create corporate culture, so as to enhance the sense of customer satisfaction and employees' happiness.

3.3 Overall Business Review

The Group recorded a total operating income of RMB2,045.2 million for the six months ended 30 June 2024, representing a decrease of 18.8% as compared to RMB2,517.5 million for the six months ended 30 June 2023. The Group's net profit increased by 1.6% from RMB128.1 million for the six months ended 30 June 2023 to RMB130.2 million for the six months ended 30 June 2024. The net interest income of the Group decreased by 25.8% from RMB2,417.1 million for the six months ended 30 June 2023 to RMB1,792.7 million for the six months ended 30 June 2024.

As at 30 June 2024, the Group's total assets amounted to RMB265,068.0 million, representing a decrease of 1.7% as compared with the beginning of the year; net loans and advances to customers amounted to RMB181,551.8 million, representing an increase of 2.9% as compared with the beginning of the year; the non-performing loan ratio was 2.44%, representing an increase of 0.1 percentage points as compared with the beginning of the year; gross deposits from customers amounted to RMB232,586.4 million, representing a decrease of 1.7% as compared with the beginning of the year.

(a) Analysis of the Consolidated Statement of Profit or Loss

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June			
	2024	2023	Change in amount	Change in percentage (%)
Interest income	**5,670.3**	6,533.5	(863.2)	(13.2)
Interest expenses	**(3,877.6)**	(4,116.4)	238.8	(5.8)
Net interest income	**1,792.7**	2,417.1	(624.4)	(25.8)
Fee and commission income	**82.6**	39.4	43.2	109.6
Fee and commission expenses	**(33.4)**	(31.7)	(1.7)	5.4
Net fee and commission income	**49.2**	7.7	41.5	539.0
Net trading gains	**41.7**	43.1	(1.4)	(3.2)
Dividend income	**0.8**	0.9	(0.1)	(11.1)
Net gains arising from investment securities	**178.1**	80.1	98.0	122.3
Net exchange gains	**2.4**	2.4	–	–
Other operating expenses, net	**(19.7)**	(33.8)	14.1	(41.7)
Operating income	**2,045.2**	2,517.5	(472.3)	(18.8)
Operating expenses	**(1,292.7)**	(1,380.2)	87.5	(6.3)
Impairment losses on assets, net of reversals	**(616.0)**	(1,043.9)	427.9	(41.0)
Operating profit	**136.5**	93.4	43.1	46.1
Share of results of associates	**(2.5)**	2.4	(4.9)	(204.2)
Profit before tax	**134.0**	95.8	38.2	39.9
Income tax (expense)/credit	**(3.8)**	32.3	(36.1)	(111.8)
Profit for the period	**130.2**	128.1	2.1	1.6
Profit/(loss) for the period attributable to:				
— Owners of the Bank	**126.5**	149.3	(22.8)	(15.3)
— Non-controlling interests	**3.7**	(21.2)	24.9	(117.5)
Profit for the period	**130.2**	128.1	2.1	1.6

For the six months ended 30 June 2024, the Group's operating income was RMB2,045.2 million, representing a year-on-year decrease of 18.8%; profit before tax was RMB134.0 million, representing a year-on-year increase of 39.9%; profit for the period was RMB130.2 million, representing a year-on-year increase of 1.6%. It was primarily due to the Group's efforts to support regional economic development by reducing fees and making concessions to entities, as well as the decrease in interest income as a result of the impact of the short-term repayment ability difficulties of some customers, which was partially offset by the increase in net fee and commission income and the decrease in operating expenses and impairment losses on assets.

(i) Net interest income

Net interest income was the largest component of the Group's operating income, representing 96.0% and 87.7% of operating income for the six months ended 30 June 2023 and 2024, respectively. The table below sets forth the interest income, interest expenses and net interest income for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June			
	2024	2023	Change in amount	Change in percentage (%)
Interest income	**5,670.3**	6,533.5	(863.2)	(13.2)
Interest expenses	**(3,877.6)**	(4,116.4)	238.8	(5.8)
Net interest income	**1,792.7**	2,417.1	(624.4)	(25.8)

The table below sets forth the average balance of the Group's interest-earning assets and interest-bearing liabilities, the related interest income or expenses and the average yield or average cost for the periods indicated. The average balance of interest-earning assets and interest-bearing liabilities are the average of the daily balances.

(Expressed in millions of RMB, unless otherwise stated)	**Six months ended 30 June 2024**			Six months ended 30 June 2023		
	Average balance	**Interest income**	**Average yield (%)**	Average balance	Interest income	Average yield (%)
Interest-earning assets						
Loans and advances to customers	**181,415.2**	**4,713.5**	**5.20**	178,191.6	5,458.5	6.13
Investment securities and other financial assets [(1)]	**38,961.1**	**579.2**	**2.97**	35,328.7	646.0	3.66
Deposits with banks and other financial institutions	**23,351.5**	**157.1**	**1.35**	17,716.0	127.8	1.44
Financial assets held under resale agreements	**7,707.8**	**106.9**	**2.77**	15,447.3	171.2	2.22
Deposits with the central bank [(2)]	**15,565.2**	**105.4**	**1.35**	16,968.4	112.2	1.32
Placements with banks and other financial institutions	**763.6**	**8.2**	**2.15**	1,028.8	17.8	3.46
Total interest-earning assets	**267,764.4**	**5,670.3**	**4.24**	264,680.8	6,533.5	4.94

(Expressed in millions of RMB, unless otherwise stated)	**Six months ended 30 June 2024**			Six months ended 30 June 2023		
	Average balance	**Interest expenses**	**Average cost (%)**	Average balance	Interest expenses	Average cost (%)
Interest-bearing liabilities						
Deposits from customers	**252,066.9**	**3,677.6**	**2.92**	235,227.2	3,829.0	3.26
Financial assets sold under repurchase agreements	**6,885.6**	**62.5**	**1.82**	9,426.9	75.5	1.60
Deposits from banks and other financial institutions	**1,638.4**	**1.3**	**0.16**	2,650.8	38.4	2.90
Debt securities issued [3]	**2,891.1**	**73.6**	**5.09**	4,821.2	102.9	4.27
Placements from banks and other financial institutions	**3,438.4**	**49.7**	**2.89**	2,023.9	28.9	2.86
Borrowings from the central bank	**526.7**	**5.2**	**1.97**	3,107.4	32.8	2.11
Lease liabilities	**394.2**	**7.7**	**3.91**	405.9	8.9	4.39
Total interest-bearing liabilities	**267,841.3**	**3,877.6**	**2.90**	257,663.3	4,116.4	3.20
Net interest income		**1,792.7**			2,417.1	
Net interest spread [4]			**1.34**			1.74
Net interest margin [5]			**1.34**			1.83

Notes:

(1) Investment securities and other financial assets include the investments in debt instruments at fair value through other comprehensive income and financial assets at amortized cost.

(2) Primarily consist of statutory deposit reserves, surplus deposit reserves and fiscal deposit reserves.

(3) Primarily consist of tier-two capital bonds and interbank certificates.

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

(5) Calculated by dividing net interest income by the average balance of interest-earning assets (based on the daily average of the interest-earning assets).

The table below sets forth the changes in the Group's interest income and interest expenses attributable to changes in volume and interest rate for the periods indicated. Changes in volume are measured by changes in the average balance, and changes in interest rate are measured by changes in the average interest rates. Changes caused by both volume and interest rate have been allocated to changes in volume.

	Six months ended 30 June 2024 vs 2023		
(Expressed in millions of RMB, unless otherwise stated)	**Volume (1)**	**Interest rate (2)**	**Net increase/ (decrease) (3)**
Interest-earning assets			
Loans and advances to customers	83.8	(828.8)	(745.0)
Investment securities and other financial assets	54.0	(120.8)	(66.8)
Deposits with banks and other financial institutions	37.9	(8.6)	29.3
Financial assets held under resale agreements	(107.3)	43.0	(64.3)
Deposits with the central bank	(9.5)	2.7	(6.8)
Placements with banks and other financial institutions	(2.8)	(6.8)	(9.6)
Changes in interest income	56.1	(919.3)	(863.2)
Interest-bearing liabilities			
Deposits from customers	245.7	(397.1)	(151.4)
Financial assets sold under repurchase agreements	(23.1)	10.1	(13.0)
Deposits from banks and other financial institutions	(0.8)	(36.3)	(37.1)
Debt securities issued	(49.1)	19.8	(29.3)
Placements from banks and other financial institutions	20.4	0.4	20.8
Borrowings from the central bank	(25.5)	(2.1)	(27.6)
Lease liabilities	(0.2)	(1.0)	(1.2)
Changes in interest expenses	167.4	(406.2)	(238.8)
Changes in net interest income	(111.3)	(513.1)	(624.4)

Notes:

(1) Represents the average balance for the period minus the average balance for the previous period, multiplied by the average yield/cost for the period.

(2) Represents the average yield/cost for the period minus the average yield/cost for the previous period, multiplied by the average balance for the previous period.

(3) Represents interest income/expenses for the period minus interest income/expenses for the previous period.

(ii) Interest income

The table below sets forth the principal components of interest income for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June			
	2024		2023	
	Amount	**% of total**	Amount	% of total
Loans and advances to customers	**4,713.5**	**83.1**	5,458.5	83.5
Investment securities and other financial assets	**579.2**	**10.2**	646.0	9.9
Deposits with banks and other financial institutions	**157.1**	**2.8**	127.8	2.0
Financial assets held under resale agreements	**106.9**	**1.9**	171.2	2.6
Deposits with the central bank	**105.4**	**1.9**	112.2	1.7
Placements with banks and other financial institutions	**8.2**	**0.1**	17.8	0.3
Total	**5,670.3**	**100.0**	6,533.5	100.0

The Group's interest income decreased by 13.2% from RMB6,533.5 million for the six months ended 30 June 2023 to RMB5,670.3 million for the six months ended 30 June 2024, and the decrease was primarily due to the decrease in the average yield on interest-earning assets from 4.94% for the six months ended 30 June 2023 to 4.24% for the six months ended 30 June 2024, which was partially offset by the increase in the average balance of interest-earning assets from RMB264,680.8 million for the six months ended 30 June 2023 to RMB267,764.4 million for the six months ended 30 June 2024. The decrease in the average yield on interest-earning assets was primarily due to the decrease in the average yields on loans and advances to customers, investment securities and other financial assets, deposits with banks and other financial institutions and placements with banks and other financial institutions, which was partially offset by the increase in the average yields on financial assets held under resale agreements and deposits with the central bank. The increase in the average balance of interest-earning assets was primarily due to the increase in the average balance of loans and advances to customers, investment securities and other financial assets and deposits with banks and other financial institutions, which was partially offset by the decrease in the average balance of financial assets held under resale agreements, placements with banks and other financial institutions and deposits with the central bank.

(A) Interest income from loans and advances to customers

Interest income from loans and advances to customers represented 83.5% and 83.1% of the Group's total interest income for the six months ended 30 June 2023 and 2024, respectively. The table below sets forth the average balance, interest income and average yield on loans and advances to customers by product for the periods indicated.

	Six months ended 30 June					
	2024			2023		
(Expressed in millions of RMB, unless otherwise stated)	**Average balance**	**Interest income**	**Average yield (%)**	Average balance	Interest income	Average yield (%)
Corporate loans	**153,373.6**	**3,877.3**	**5.06**	150,693.7	4,584.2	6.08
Retail loans	**27,993.2**	**835.8**	**5.97**	27,426.8	873.6	6.37
Discounted bills	**48.4**	**0.4**	**1.65**	71.1	0.7	1.97
Total loans and advances to customers	**181,415.2**	**4,713.5**	**5.20**	178,191.6	5,458.5	6.13

Interest income from loans and advances to customers constitutes the largest portion of the interest income of the Group, which decreased by 13.6% from RMB5,458.5 million for the six months ended 30 June 2023 to RMB4,713.5 million for the six months ended 30 June 2024. The decrease was primarily due to the decrease in average yield on loans and advances to customers from 6.13% for the six months ended 30 June 2023 to 5.20% for the six months ended 30 June 2024, which was partially offset by the increase in the average balance of such assets from RMB178,191.6 million for the six months ended 30 June 2023 to RMB181,415.2 million for the six months ended 30 June 2024. The decrease in the average yield on these assets was mainly due to the Group's efforts to support regional economic development by reducing fees and making concessions to lower the finance costs of customers, as well as the short-term operation difficulties and decline in repayment ability of some customers during the period of transformation from old to new drivers of economic growth. The increase in the average balance of such assets was primarily due to the fact that the Group focused on serving the real economy, and increased financial supply in an orderly manner through measures such as serving rural revitalization, serving private small and micro enterprises and promoting inclusive finance.

(B) Interest income from investment securities and other financial assets

Interest income from investment securities and other financial assets decreased by 10.3% from RMB646.0 million for the six months ended 30 June 2023 to RMB579.2 million for the six months ended 30 June 2024. This was primarily due to the decrease in the average yield on investment securities and other financial assets from 3.66% for the six months ended 30 June 2023 to 2.97% for the six months ended 30 June 2024, which was partially offset by the increase in the average balance of such assets from RMB35,328.7 million for the six months ended 30 June 2023 to RMB38,961.1 million for the six months ended 30 June 2024. The decrease in the average yield on such assets was primarily due to changes in the type and maturity structure of investment assets and changes in market interest rates. The increase in the average balance of such assets was primarily due to the reasonable adjustment to the size and structure of these assets by the Group based on business operation needs.

(C) Interest income from deposits with banks and other financial institutions

Interest income from deposits with banks and other financial institutions increased by 22.9% from RMB127.8 million for the six months ended 30 June 2023 to RMB157.1 million for the six months ended 30 June 2024. This was primarily due to the increase in the average balance of deposits with banks and other financial institutions from RMB17,716.0 million for the six months ended 30 June 2023 to RMB23,351.5 million for the six months ended 30 June 2024, which was partially offset by the decrease in the average yield on such assets from 1.44% for the six months ended 30 June 2023 to 1.35% for the six months ended 30 June 2024. The increase in the average balance of such assets was primarily due to the increase in the size of the Group's deposits with banks and other financial institutions based on operational needs. The decrease in the average yield on such assets was primarily due to changes in the maturity structure of the asset portfolio and changes in market interest rates.

(D) Interest income from financial assets held under resale agreements

Interest income from financial assets held under resale agreements decreased by 37.6% from RMB171.2 million for the six months ended 30 June 2023 to RMB106.9 million for the six months ended 30 June 2024. This was primarily due to the decrease in the average balance of financial assets held under resale agreements from RMB15,447.3 million for the six months ended 30 June 2023 to RMB7,707.8 million for the six months ended 30 June 2024, which was partially offset by the increase in the average yield on such assets from 2.22% for the six months ended 30 June 2023 to 2.77% for the six months ended 30 June 2024. The decrease in the average balance of such assets was primarily due to the Group's initiative to decrease the size of such assets based on operation and management needs. The increase in the average yield on such assets was primarily due to changes in the maturity structure of the assets.

(E) Interest income from deposits with the central bank

Interest income from deposits with the central bank decreased by 6.1% from RMB112.2 million for the six months ended 30 June 2023 to RMB105.4 million for the six months ended 30 June 2024. This was primarily due to the decrease in the average balance of such assets from RMB16,968.4 million for the six months ended 30 June 2023 to RMB15,565.2 million for the six months ended 30 June 2024, which was partially offset by the increase in the average yield on deposits with the central bank from 1.32% for the six months ended 30 June 2023 to 1.35% for the six months ended 30 June 2024. The decrease in the average balance of such assets was primarily due to the changes in the statutory deposit reserve ratio. The increase in the average yield on such assets was primarily due to changes in the structure of statutory deposit reserves and surplus deposit reserves.

(F) Interest income from placements with banks and other financial institutions

Interest income from placements with banks and other financial institutions decreased by 53.9% from RMB17.8 million for the six months ended 30 June 2023 to RMB8.2 million for the six months ended 30 June 2024. This was primarily due to the decrease in the average balance of placements with banks and other financial institutions from RMB1,028.8 million for the six months ended 30 June 2023 to RMB763.6 million for the six months ended 30 June 2024, and the decrease in average yield on such assets from 3.46% for the six months ended 30 June 2023 to 2.15% for the six months ended 30 June 2024. The decrease in the average balance of such assets was primarily due to the Group's timely adjustment to the size of such assets based on liquidity management needs. The decrease in the average yield on such assets was primarily due to the changes in market interest rates.

(iii) Interest expenses

The table below sets forth the principal components of the Group's interest expenses for the periods indicated.

	Six months ended 30 June			
	2024		2023	
(Expressed in millions of RMB, unless otherwise stated)	**Amount**	**% of total**	Amount	% of total
Deposits from customers	**3,677.6**	**94.9**	3,829.0	93.0
Financial assets sold under repurchase agreements	**62.5**	**1.6**	75.5	1.8
Deposits from banks and other financial institutions	**1.3**	**0.0**	38.4	0.9
Debt securities issued	**73.6**	**1.9**	102.9	2.5
Placements from banks and other financial institutions	**49.7**	**1.3**	28.9	0.7
Borrowings from the central bank	**5.2**	**0.1**	32.8	0.9
Lease liabilities	**7.7**	**0.2**	8.9	0.2
Total	**3,877.6**	**100.0**	4,116.4	100.0

(A) Interest expenses on deposits from customers

The table below sets forth the average balance, interest expenses and average cost for the components of deposits from customers for the periods indicated.

	Six months ended 30 June					
	2024			2023		
(Expressed in millions of RMB, unless otherwise stated)	**Average balance**	**Interest expenses**	**Average cost (%)**	Average balance	Interest expenses	Average cost (%)
Corporate deposits						
Time	**6,383.4**	**95.5**	**2.99**	8,900.4	116.1	2.61
Demand	**32,755.4**	**321.5**	**1.96**	40,797.6	570.2	2.80
Subtotal	**39,138.8**	**417.0**	**2.13**	49,698.0	686.3	2.76
Retail deposits						
Time	**196,920.7**	**3,165.3**	**3.21**	169,791.8	3,037.2	3.58
Demand	**16,007.4**	**95.3**	**1.19**	15,737.4	105.5	1.34
Subtotal	**212,928.1**	**3,260.6**	**3.06**	185,529.2	3,142.7	3.39
Total deposits from customers	**252,066.9**	**3,677.6**	**2.92**	235,227.2	3,829.0	3.26

Interest expenses on deposits from customers decreased by 4.0% from RMB3,829.0 million for the six months ended 30 June 2023 to RMB3,677.6 million for the six months ended 30 June 2024. This was primarily due to the decrease in the average cost on deposits from customers from 3.26% for the six months ended 30 June 2023 to 2.92% for the six months ended 30 June 2024, which was partially offset by the increase in the average balance of such liabilities from RMB235,227.2 million for the six months ended 30 June 2023 to RMB252,066.9 million for the six months ended 30 June 2024. The increase in the average balance of such liabilities was primarily due to the Group's focus on tapping the potential of deposits and expanding scope of services, enhancement of marketing customer base capabilities, and improvement in customer loyalty through customer acquisition and engagement. The decrease in the average cost on such liabilities was primarily due to the decrease in deposit interest rates.

(B) Interest expenses on financial assets sold under repurchase agreements

Interest expenses on financial assets sold under repurchase agreements decreased by 17.2% from RMB75.5 million for the six months ended 30 June 2023 to RMB62.5 million for the six months ended 30 June 2024. This was primarily due to the decrease in the average balance of financial assets sold under repurchase agreements from RMB9,426.9 million for the six months ended 30 June 2023 to RMB6,885.6 million for the six months ended 30 June 2024, which was partially offset by the increase in the average cost on such liabilities from 1.60% for the six months ended 30 June 2023 to 1.82% for the six months ended 30 June 2024. The decrease in the average balance of such liabilities was primarily due to the reasonable decrease in the size of such liabilities by the Group based on operational needs. The increase in the average cost on such liabilities was primarily due to changes in the maturity structure of such liabilities.

(C) Interest expenses on deposits from banks and other financial institutions

Interest expenses on deposits from banks and other financial institutions decreased by 96.6% from RMB38.4 million for the six months ended 30 June 2023 to RMB1.3 million for the six months ended 30 June 2024. This was primarily due to the decrease in the average balance of the deposits from banks and other financial institutions from RMB2,650.8 million for the six months ended 30 June 2023 to RMB1,638.4 million for the six months ended 30 June 2024 and the decrease in the average cost on such liabilities from 2.90% for the six months ended 30 June 2023 to 0.16% for the six months ended 30 June 2024. The decrease in the average balance of such liabilities was primarily due to the Group's timely adjustment to the size of such liabilities based on liquidity management needs. The decrease in the average yield on such liabilities was primarily due to the changes in the maturity structure of such liabilities.

(D) Interest expenses on debt securities issued

Interest expenses on debt securities issued decreased by 28.5% from RMB102.9 million for the six months ended 30 June 2023 to RMB73.6 million for the six months ended 30 June 2024. This was primarily due to the decrease in the average balance of debt securities issued from RMB4,821.2 million for the six months ended 30 June 2023 to RMB2,891.1 million for the six months ended 30 June 2024, which was partially offset by the increase in the average cost on such liabilities from 4.27% for the six months ended 30 June 2023 to 5.09% for the six months ended 30 June 2024. The decrease in the average balance of such liabilities was primarily due to the decrease in the size of interbank certificates. The increase in the average cost on such liabilities was primarily due to structure changes in such liabilities.

(E) Interest expenses on placements from banks and other financial institutions

Interest expenses on placements from banks and other financial institutions increased by 72.0% from RMB28.9 million for the six months ended 30 June 2023 to RMB49.7 million for the six months ended 30 June 2024. This was primarily due to the increase in the average balance of placements from banks and other financial institutions from RMB2,023.9 million for the six months ended 30 June 2023 to RMB3,438.4 million for the six months ended 30 June 2024, and the increase in the average cost on such liabilities from 2.86% for the six months ended 30 June 2023 to 2.89% for the six months ended 30 June 2024. The increase in the average balance of such liabilities was primarily due to the reasonable adjustment to the size of such liabilities by the Group based on operational needs. The increase in the average cost on such liabilities was primarily due to the changes in the maturity structure of such liabilities.

(F) Interest expenses on borrowings from the central bank

The interest expenses on borrowings from the central bank decreased by 84.1% from RMB32.8 million for the six months ended 30 June 2023 to RMB5.2 million for the six months ended 30 June 2024. This was primarily due to the decrease in the average balance of borrowings from the central bank from RMB3,107.4 million for the six months ended 30 June 2023 to RMB526.7 million for the six months ended 30 June 2024, and the decrease in the average cost on such liabilities from 2.11% for the six months ended 30 June 2023 to 1.97% for the six months ended 30 June 2024. The decrease in the average balance of such liabilities was primarily due to the maturity of the repayment of borrowings from the central bank in previous years. The decrease in the average cost on such liabilities was primarily due to the changes in the maturity structure of such liabilities.

(iv) Net interest spread and net interest margin

Net interest spread is the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities. Net interest margin is the ratio of net interest income to the average balance of interest-earning assets.

Net interest spread decreased by 0.40 percentage points from 1.74% for the six months ended 30 June 2023 to 1.34% for the six months ended 30 June 2024. Net interest margin decreased by 0.49 percentage points from 1.83% for the six months ended 30 June 2023 to 1.34% for the six months ended 30 June 2024. This was primarily due to the decrease of 0.70 percentage points in the average yield on interest-earning assets compared with the same period of the previous year, which was partially offset by the decrease of 0.30 percentage points in the average cost on interest-bearing liabilities compared with the same period of the previous year. The decrease in the average yield on interest-earning assets was primarily due to the reduction in the financing costs of customers by the Group, the decline in short-term repayment ability of some customers, and the decrease in the average yield on loans and advances to customers, as well as the decrease in the average yield on investment securities and other financial assets, deposits with banks and other financial institutions and placements with banks and other financial institutions as a result of changes in the maturity structure of assets and changes in market interest rates, which was partially offset by the increase in the average yields on financial assets held under resale agreements and deposits with the central bank. The decrease in the average cost on interest-bearing liabilities was primarily due to the adjustment to deposit pricing policy by the Group and the decrease in average cost on deposits, and the decrease in the average cost on deposits from banks and other financial institutions, borrowings from the central bank and lease liabilities as a result of changes in the maturity structure of liabilities and changes in market interest rates, which was partially offset by the increase in the average cost on financial assets sold under repurchase agreements, debt securities issued and placements from banks and other financial institutions.

(v) Non-interest income

(A) Net fee and commission income

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June			
	2024	2023	Change in amount	Change in percentage (%)
Fee and commission income				
Advisory fees	**6.0**	13.2	(7.2)	(54.5)
Settlement and clearing fees	**18.2**	11.4	6.8	59.6
Agency services fees	**6.9**	6.1	0.8	13.1
Wealth management service fees	**46.6**	5.1	41.5	813.7
Bank card service fees	**0.8**	1.0	(0.2)	(20.0)
Others(1)	**4.1**	2.6	1.5	57.7
Subtotal	**82.6**	39.4	43.2	109.6
Fee and commission expenses	**(33.4)**	(31.7)	(1.7)	5.4
Net fee and commission income	**49.2**	7.7	41.5	539.0

Note:

(1) Primarily consist of fee income from loan business, fee and commission of guarantees and commitments and income from safe deposit box business.

Net fee and commission income increased by 539.0% from RMB7.7 million for the six months ended 30 June 2023 to RMB49.2 million for the six months ended 30 June 2024, mainly due to the increase in settlement and clearing fees income, agency service fees income, wealth management service fees income and other service fees income, which was partially offset by the decrease in advisory fees income and bank card service fees income.

Advisory fees income decreased by 54.5% from RMB13.2 million for the six months ended 30 June 2023 to RMB6.0 million for the six months ended 30 June 2024, mainly due to the decrease in consultancy services provided by the Group to customers.

Settlement and clearing fees income increased by 59.6% from RMB11.4 million for the six months ended 30 June 2023 to RMB18.2 million for the six months ended 30 June 2024, mainly due to the increase in the volume of settlement business..

Agency service fees income increased by 13.1% from RMB6.1 million for the six months ended 30 June 2023 to RMB6.9 million for the six months ended 30 June 2024, mainly due to the increase in the volume of agency service.

Wealth management service fees income increased by 813.7% from RMB5.1 million for the six months ended 30 June 2023 to RMB46.6 million for the six months ended 30 June 2024, mainly due to the collection of service fees upon maturity of the issuance of wealth management products.

Bank card service fees income decreased by 20.0% from RMB1.0 million for the six months ended 30 June 2023 to RMB0.8 million for the six months ended 30 June 2024, mainly due to the decrease in the amount of bank card transactions.

Fee and commission expenses mainly included fees paid to third parties for settlement, clearing and agency services. Fee and commission expenses increased by 5.4% from RMB31.7 million for the six months ended 30 June 2023 to RMB33.4 million for the six months ended 30 June 2024, which was mainly due to the increase in expenses on agency service fees.

(B) Net gains arising from investment securities

Net gains arising from investment securities included net gains from disposal of investment securities and other financial assets and revaluation gains resulting from the reclassification from other comprehensive income to profits or losses upon the disposal of assets.

Net gains arising from investment securities increased by 122.3% from RMB80.1 million for the six months ended 30 June 2023 to RMB178.1 million for the six months ended 30 June 2024. This was mainly due to the Group's timely disposal of bond assets held by it based on its asset portfolio investment strategy and operational needs.

(C) Dividend income

Dividend income decreased by 11.1% from RMB0.9 million for the six months ended 30 June 2023 to RMB0.8 million for the six months ended 30 June 2024. This was mainly due to the decrease in dividend payment from holding companies.

(D) Net trading gains

Net trading gains decreased by 3.2% from RMB43.1 million for the six months ended 30 June 2023 to RMB41.7 million for the six months ended 30 June 2024, mainly due to the decrease in interest income from trading financial assets as a result of changes in size and interest rates, which was partially offset by the increase in the fair value of trading financial assets.

(E) Net exchange gains

Net exchange gains mainly included net gains arising out of foreign exchange settlement and foreign exchange transactions. Net exchange gains increased by 0.8% from RMB2.37 million for the six months ended 30 June 2023 to RMB2.39 million for the six months ended 30 June 2024, which was generally stable.

(F) Other operating expenses, net

Other operating expenses, net mainly included non-recurring income such as government subsidies and insurance claim, net of non-recurring expenses such as charitable donation. Other operating expenses, net decreased by 41.7% from RMB33.8 million for the six months ended 30 June 2023 to RMB19.7 million for the six months ended 30 June 2024, which was mainly due to the decrease in expenses on external donations.

(vi) Operating expenses

Operating expenses decreased by 6.3% from RMB1,380.2 million for the six months ended 30 June 2023 to RMB1,292.7 million for the six months ended 30 June 2024. The decrease was primarily due to the fact that the Group enhanced the refined cost management and control, strictly controlled expense budgets, and steadily reduced expenses and costs.

The table below sets forth the principal components of operating expenses for the periods indicated.

	Six months ended 30 June			
(Expressed in millions of RMB, unless otherwise stated)	**2024**	2023	Change in amount	Change in percentage (%)
Staff costs	**878.0**	921.6	(43.6)	(4.7)
Property and equipment expenses	**225.0**	253.5	(28.5)	(11.2)
General management and administrative expenses	**160.7**	163.6	(2.9)	(1.8)
Tax and surcharges	**29.0**	41.5	(12.5)	(30.1)
Total	**1,292.7**	1,380.2	(87.5)	(6.3)

(A) Staff costs

The table below sets forth the components of staff costs for the periods indicated.

	Six months ended 30 June			
(Expressed in millions of RMB, unless otherwise stated)	**2024**	2023	Change in amount	Change in percentage (%)
Salaries and bonuses	**576.9**	640.3	(63.4)	(9.9)
Social insurance	**166.1**	151.3	14.8	9.8
Staff welfares	**53.0**	51.7	1.3	2.5
Housing allowances	**70.1**	65.4	4.7	7.2
Labor union and staff education expenses	**11.4**	12.9	(1.5)	(11.6)
Others	**0.5**	–	0.5	–
Total staff costs	**878.0**	921.6	(43.6)	(4.7)

Staff costs decreased by 4.7% from RMB921.6 million for the six months ended 30 June 2023 to RMB878.0 million for the six months ended 30 June 2024. The decrease in staff costs was primarily due to the decrease in salaries and bonuses.

(B) Property and equipment expenses

Property and equipment expenses decreased by 11.2% from RMB253.5 million for the six months ended 30 June 2023 to RMB225.0 million for the six months ended 30 June 2024. The decrease in property and equipment expenses was mainly due to the expiration of depreciation period of some of the Group's owned properties, and the decrease in rental and property management fees.

(C) General management and administrative expenses

General management and administrative expenses mainly included business promotion fees, transportation fee in relation to the delivery of cash, repair expenses and others. General management and administrative expenses decreased by 1.8% from RMB163.6 million for the six months ended 30 June 2023 to RMB160.7 million for the six months ended 30 June 2024. The decrease in general management and administrative expenses was mainly due to the Group's efforts to reduce costs and cut down general management and administrative expenses.

(D) Tax and surcharges

Tax and surcharges decreased by 30.1% from RMB41.5 million for the six months ended 30 June 2023 to RMB29.0 million for the six months ended 30 June 2024. The decrease in tax and surcharges was primarily due to the decrease in VAT resulting in a corresponding decrease in such expenses.

(vii) Impairment losses on assets, net of reversals

The table below sets forth the principal components of impairment losses on assets for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June 2024	2023	Change in amount	Change in percentage (%)
Loans and advances to customers	**367.4**	805.8	(438.4)	(54.4)
Debt securities financial assets at fair value through other comprehensive income	**(0.1)**	(0.1)	–	–
Financial assets measured at amortized cost	**216.8**	230.2	(13.4)	(5.8)
Deposits with banks and other financial institutions	**0.6**	(1.1)	1.7	(154.5)
Placements with banks and other financial institutions	**–**	(0.1)	0.1	(100.0)
Other receivables and repossessed assets	**10.3**	8.4	1.9	22.6
Provision for credit commitments and financial guarantees	**28.9**	(0.5)	29.4	(5,880.0)
Interest receivables (included in other assets)	**(7.9)**	1.3	(9.2)	(707.7)
Total	**616.0**	1,043.9	(427.9)	(41.0)

Impairment losses on assets, net of reversals decreased by 41.0% from RMB1,043.9 million for the six months ended 30 June 2023 to RMB616.0 million for the six months ended 30 June 2024, mainly due to the Group's enhancement of the refined risk management assessment in response to the changes in external market environment, the decrease in impairment losses on assets for loans and advances to customers, financial assets at amortized cost and interest receivables, which was partially offset by the increase in impairment losses on assets for deposits with banks and other financial institutions, placements with banks and other financial institutions, other receivables and repossessed assets, and provision for credit commitments and financial guarantees.

(viii) Income tax (expense)/credit

Income tax (expense)/credit decreased by 111.8% from RMB32.3 million for the six months ended 30 June 2023 to RMB(3.8) million for the six months ended 30 June 2024. The decrease in income tax (expense)/credit was mainly due to the decrease in deferred income tax expense.

(b) Analysis of the Consolidated Statement of Financial Position

(i) Assets

As of 30 June 2024 and 31 December 2023, the Group's total assets amounted to RMB265,068.0 million and RMB269,775.0 million, respectively. Major components of total assets include (i) loans and advances to customers; (ii) investment securities and other financial assets; (iii) cash and deposits with the central bank; (iv) deposits with banks and other financial institutions; and (v) financial assets held under resale agreements. The table below sets forth the components of total assets as of the dates indicated.

	As of 30 June 2024		As of 31 December 2023	
(Expressed in millions of RMB, unless otherwise stated)	**Amount**	**% of total**	Amount	% of total
Assets				
Total loans and advances to customers	**181,173.5**	**68.4**	178,111.4	66.0
Accrued interest on loans and advances to customers	**7,169.8**	**2.7**	4,874.8	1.8
Provision for impairment losses	**(6,791.5)**	**(2.6)**	(6,554.5)	(2.4)
Loans and advances to customers, net	**181,551.8**	**68.5**	176,431.7	65.4
Investment securities and other financial assets[1]	**35,890.9**	**13.5**	38,696.0	14.3
Cash and deposits with the central bank	**22,188.3**	**8.4**	27,149.6	10.1
Deposits with banks and other financial institutions	**14,905.1**	**5.6**	12,144.9	4.5
Placements with banks and other financial institutions	**479.7**	**0.2**	372.9	0.1
Financial assets held under resale agreements	**2,674.9**	**1.0**	7,543.6	2.8
Other assets[2]	**7,377.3**	**2.8**	7,436.3	2.8
Total assets	**265,068.0**	**100.0**	269,775.0	100.0

Notes:

(1) Include financial assets at amortized cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

(2) Primarily consist of property and equipment, goodwill, other receivables and prepayments, interest receivables, deferred tax assets, repossessed assets, interests in associates, tax recoverable and right-of-use assets.

(A) Loans and advances to customers

As of 30 June 2024, the Group's total loans and advances to customers was RMB181,173.5 million, representing an increase of 1.7% as compared to 31 December 2023. Net loans and advances to customers accounted for 68.5% of the Group's total assets, representing an increase of 3.1 percentage points as compared to 31 December 2023.

The table below sets forth loans and advances to customers by product as of the dates indicated.

	As of 30 June 2024		As of 31 December 2023	
(Expressed in millions of RMB, unless otherwise stated)	**Amount**	**% of total**	Amount	% of total
Corporate loans and advances				
– Loans	**150,799.1**	**83.2**	149,660.1	84.0
– Finance lease loans	**2,696.8**	**1.5**	2,701.5	1.5
Retail loans	**27,677.6**	**15.3**	25,749.8	14.5
Total loans and advances to customers	**181,173.5**	**100.0**	178,111.4	100.0

Loans and advances to customers are the largest component of total assets. The Group offers a variety of loan products, substantially all of which are denominated in Renminbi. Loans and advances to customers, net of provision for impairment losses, represented 65.8% and 63.6% of total assets as of 30 June 2024 and 31 December 2023, respectively.

The Group's corporate loans increased by 0.7% from RMB152,361.6 million as of 31 December 2023 to RMB153,495.9 million as of 30 June 2024, primarily due to the fact that the Group closely followed the national policy direction, based on regional development, continuously broadened its service areas under the premise of effective risk prevention, increased support for the real economy, satisfied the effective credit needs of the corporate loan customers and increased the scale of credit investment.

The Group's retail loans mainly comprise of personal business loans, personal consumption loans, residential and commercial mortgage loans and credit card overdrafts. The Group's retail loans increased by 7.5% from RMB25,749.8 million as of 31 December 2023 to RMB27,677.6 million as of 30 June 2024, primarily due to the Group's comprehensive acceleration of the transformation and development of its retail business based on the retail digitalization system, which facilitated a steady growth in the scale of retail loans.

Loans by collateral

Collateralized loans, pledged loans and guaranteed loans in the aggregate represented 97.9% and 98.0% of total loans and advances to customers as of 30 June 2024 and 31 December 2023, respectively. If a loan is secured by more than one form of collateral, the classification is based on the primary form of collateral. The table below sets forth loans and advances to customers by the type of collateral as of the dates indicated.

	As of 30 June 2024		As of 31 December 2023	
(Expressed in millions of RMB, unless otherwise stated)	**Amount**	**% of total**	Amount	% of total
Collateralized loans	**68,368.4**	**37.7**	67,612.6	38.0
Pledged loans	**12,416.1**	**6.9**	12,566.1	7.1
Guaranteed loans	**96,499.8**	**53.3**	94,268.7	52.9
Unsecured loans	**3,889.2**	**2.1**	3,664.0	2.0
Total loans and advances to customers	**181,173.5**	**100.0**	178,111.4	100.0

Collateralized loans and pledged loans as a percentage of total loans and advances to customers was 45.1% as of 31 December 2023 and 44.6% as of 30 June 2024, respectively.

The Group has adopted more stringent credit assessment criteria for extending guaranteed loans. Corporate loans are generally guaranteed by listed companies or guarantee companies. The Bank and each subsidiary bank consider the size, credit history and risk-resistance level of a guarantee company to decide whether or not to accept its guarantees. Guaranteed loans as a percentage of total loans and advances to customers was 52.9% as of 31 December 2023 and 53.3% as of 30 June 2024.

The Bank and each subsidiary bank extend unsecured loans to customers with relatively high credit ratings based on their internal credit risk rating system. As of 31 December 2023 and 30 June 2024, unsecured loans represented 2.0% and 2.1% of total loans and advances to customers.

Movements of provision for impairment losses on loans and advances to customers

(Expressed in millions of RMB, unless otherwise stated)	**As of 30 June 2024**	As of 31 December 2023
As at the beginning of the period/year	**6,554.5**	5,359.5
Charge for the period/year	**367.4**	1,380.1
Amounts written off as uncollectible	**(131.3)**	(198.4)
Recoveries of loans and advances previously written off	**0.9**	13.3
As of June 30/December 31	**6,791.5**	6,554.5

Provision for impairment losses on loans and advances to customers increased by 3.6% from RMB6,554.5 million as of 31 December 2023 to RMB6,791.5 million as of 30 June 2024, mainly due to the increase in the provision for impairment on loans by the Group based on changes in the size of loans and advances to customers and the degree of potential risks.

(B) Investment securities and other financial assets

As of 30 June 2024 and 31 December 2023, the Group had investment securities and other financial assets of RMB35,890.9 million and RMB38,696.0 million, respectively, representing 13.5% and 14.3% of its total assets, respectively.

Investment securities and other financial assets primarily include debt securities, asset management plans, trust plans, funds and equity investments.

	As of 30 June 2024		As of 31 December 2023	
(Expressed in millions of RMB, unless otherwise stated)	**Amount**	**% of total**	Amount	% of total
Debt securities investments				
Financial assets at fair value through other comprehensive income	**14,122.4**	**39.3**	14,290.0	36.9
Financial assets at amortized cost	**11,118.5**	**31.0**	13,779.5	35.6
Subtotal	**25,240.9**	**70.3**	28,069.5	72.5
Asset management plans and trust plans				
Asset management plans	**2,558.9**	**7.1**	2,579.2	6.7
Trust plans	**5,308.6**	**14.8**	5,333.6	13.8
Subtotal	**7,867.5**	**21.9**	7,912.8	20.5
Equity investments				
Financial assets at fair value through other comprehensive income	**144.7**	**0.4**	144.7	0.4
Financial assets at fair value through profit or loss	**670.1**	**1.9**	667.4	1.7
Subtotal	**814.8**	**2.3**	812.1	2.1
Accrued interest	**1,967.7**	**5.5**	1,901.6	4.9
Total investment securities and other financial assets, net	**35,890.9**	**100.0**	38,696.0	100.0

Investment securities and other financial assets decreased by 7.2% from RMB38,696.0 million as of 31 December 2023 to RMB35,890.9 million as of 30 June 2024. The decrease in investment securities and other financial assets was primarily due to the Group's timely decrease in the scale of debt securities investments, asset management plans and trust plans in accordance with the liquidity adequacy situation and market changes and taking into account the actual operating condition.

(ii) Liabilities

As of 30 June 2024 and 31 December 2023, total liabilities amounted to RMB245,917.8 million and RMB250,910.5 million, respectively. Major components of liabilities include (i) deposits from customers; (ii) debt securities issued; (iii) deposits from banks and other financial institutions; (iv) placements from banks and other financial institutions; (v) borrowings from the central bank; and (vi) financial assets sold under repurchase agreements. The table below sets forth the components of total liabilities as of the dates indicated.

	As of 30 June 2024		As of 31 December 2023	
(Expressed in millions of RMB, unless otherwise stated)	**Amount**	**% of total**	Amount	% of total
Deposits from customers	**237,977.7**	**96.7**	242,206.6	96.5
Debt securities issued	**2,898.4**	**1.2**	3,375.2	1.4
Deposits from banks and other financial institutions	**154.2**	**0.1**	111.3	0.0
Placements from banks and other financial institutions	**1,586.6**	**0.6**	3,064.5	1.2
Borrowings from the central bank	**503.2**	**0.2**	535.5	0.2
Financial assets sold under repurchase agreements	**1,652.9**	**0.7**	220.1	0.1
Other liabilities[1]	**1,144.8**	**0.5**	1,397.3	0.6
Total liabilities	**245,917.8**	**100.0**	250,910.5	100.0

Note:

(1) Primarily consist of accrued staff costs, taxes payable, interest payable, estimated liabilities and lease liabilities.

(A) Deposits from customers

The Group provides demand and time deposit products to corporate and retail customers. The table below sets forth deposits from customers by product and customer type as of the dates indicated.

	As of 30 June 2024		As of 31 December 2023	
(Expressed in millions of RMB, unless otherwise stated)	**Amount**	**% of total**	Amount	% of total
Corporate deposits				
Demand deposits	**20,501.3**	**8.6**	31,437.0	13.0
Time deposits	**9,226.9**	**3.9**	8,020.7	3.3
Subtotal	**29,728.2**	**12.5**	39,457.7	16.3
Retail deposits				
Demand deposits	**15,749.8**	**6.6**	16,001.9	6.6
Time deposits	**184,654.7**	**77.6**	178,048.5	73.5
Subtotal	**200,404.5**	**84.2**	194,050.4	80.1
Others[(1)]	**2,453.7**	**1.0**	3,146.0	1.3
Gross deposits from customers	**232,586.4**	**97.7**	236,654.1	97.7
Accrued interest	**5,391.3**	**2.3**	5,552.5	2.3
Total deposits from customers	**237,977.7**	**100.0**	242,206.6	100.0

Note:

(1) Primarily consist of pledged deposits held as collateral and fiscal deposits.

Gross deposits from customers decreased by 1.7% from RMB236,654.1 million as of 31 December 2023 to RMB232,586.4 million as of 30 June 2024. This was primarily due to the Group's optimisation of its interest rate pricing policy by proactively adjusting deposit rates and the decrease in the scale of some deposits with higher interest rates, which was partially offset by the increase in deposits as a result of the Group's focus on serving customers, accelerating the transformation and upgrading of business outlets and digital construction, and increasing customer loyalty through customer acquisition and engagement.

(B) Debts securities issued

In April 2015, the Bank issued tier-two capital bonds in an aggregate principal amount of RMB800.0 million. The bonds have a term of 10 years and bear interest at the rate of 6.30% per annum.

In July 2021, the Bank issued 10-year tier-two capital bonds at par value of RMB2,000.0 million at fixed rate of 4.80% per annum.

From 1 January 2023 to 31 December 2023, the Bank issued one tranche of zero-coupon interbank certificates, with an aggregate face value of RMB500.0 million. The interbank certificates have a term of one year and bear interest at the effective rate of 2.85%.

From 1 January 2024 to 30 June 2024, the Bank did not issue any debt securities or interbank certificates.

(iii) Shareholders' equity

The table below sets forth the changes in Shareholders' equity as of the dates indicated.

	As of 30 June 2024		As of 31 December 2023	
(Expressed in millions of RMB, unless otherwise stated)	**Amount**	**% of total**	Amount	% of total
Share capital	**5,074.2**	**26.5**	5,074.2	26.9
Capital reserve	**4,256.8**	**22.2**	4,256.8	22.6
Investment revaluation reserve	**241.6**	**1.3**	107.6	0.6
Surplus reserve	**1,237.3**	**6.5**	1,237.3	6.5
General reserve	**2,747.6**	**14.3**	2,747.2	14.6
Retained earnings	**2,810.3**	**14.7**	2,684.2	14.2
Non-controlling interests	**2,782.4**	**14.5**	2,757.2	14.6
Total equity	**19,150.2**	**100.0**	18,864.5	100.0

(c) Assets Quality Analysis

(i) Breakdown of loans by the five-category classification

The non-performing loans of the Group are classified as substandard, doubtful and loss. As of 30 June 2024, the Group's non-performing loans amounted to RMB4,419.9 million. The following table sets forth loans and advances to customers by loan classification as of the dates indicated.

	As of 30 June 2024		As of 31 December 2023	
(Expressed in millions of RMB, unless otherwise stated)	**Amount**	**% of total**	Amount	% of total
Normal	**164,846.6**	**91.0**	163,372.4	91.7
Special mention	**11,907.0**	**6.6**	10,563.5	5.9
Substandard	**1,318.5**	**0.7**	1,311.8	0.7
Doubtful	**2,350.8**	**1.3**	2,224.6	1.3
Loss	**750.6**	**0.4**	639.1	0.4
Total loans and advances to customers	**181,173.5**	**100.0**	178,111.4	100.0
Non-performing loan and non-performing loan ratio(1)	**4,419.9**	**2.44**	4,175.5	2.34

Note:

(1) Calculated by dividing non-performing loans by total loans and advances to customers.

The non-performing loan ratio of the Group increased by 0.10 percentage points as of 30 June 2024 compared with that as of 31 December 2023, which was primarily due to the macroeconomic recovery under pressure, the structural differentiation of industry economy, weak market demand, and the fact that production and operation in the region did not meet expectations, the operating conditions and debt repayment ability of some corporate loan customers had not yet improved, and the ability of some personal loan customers to repay principal and interest has not recovered as a result of the slow growth in their income.

(ii) Concentration of loans

(A) Concentration by industry and distribution of non-performing loans

The table below sets forth the breakdown of loans and non-performing loans by industry as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 30 June 2024 Loan amount	% of total	Non-performing loan amount	Non-performing loan ratio[(1)] (%)	As of 31 December 2023 Loan amount	% of total	Non-performing loan amount	Non-performing loan ratio[(1)] (%)
Corporate loans								
Wholesale and retail	**31,679.9**	**17.4**	**739.4**	**2.33**	32,971.0	18.5	754.8	2.29
Leasing and business services	**27,004.0**	**14.9**	**289.5**	**1.07**	24,820.4	13.9	275.6	1.11
Construction	**18,840.8**	**10.4**	**208.6**	**1.11**	18,676.7	10.5	195.9	1.05
Manufacturing	**17,541.5**	**9.7**	**602.1**	**3.43**	18,368.2	10.3	634.0	3.45
Agriculture, forestry, animal husbandry and fishery	**14,124.7**	**7.8**	**284.2**	**2.01**	14,520.9	8.2	312.2	2.15
Real estate	**8,956.9**	**4.9**	**162.8**	**1.82**	9,215.5	5.2	162.8	1.77
Transportation, storage and postal services	**8,468.5**	**4.7**	**68.5**	**0.81**	7,577.2	4.3	65.2	0.86
Scientific research, technical services and geological prospecting	**8,026.4**	**4.4**	**33.9**	**0.42**	7,885.1	4.4	28.9	0.37
Information transmission, computer services and software	**4,634.9**	**2.6**	**48.7**	**1.05**	4,598.1	2.6	44.8	0.97
Water, environment and public facility management	**4,397.2**	**2.4**	**39.0**	**0.89**	3,946.7	2.2	39.0	0.99
Accommodation and catering	**3,204.9**	**1.8**	**34.1**	**1.06**	3,098.8	1.7	40.8	1.32
Education	**1,741.9**	**1.0**	**2.7**	**0.16**	1,804.2	1.0	–	–
Health and social work	**1,553.8**	**0.9**	**3.2**	**0.21**	1,452.2	0.8	–	–
Electricity, gas and water production and supply	**1,500.6**	**0.8**	**66.8**	**4.45**	1,456.9	0.8	83.9	5.76
Resident and other services	**762.3**	**0.4**	**79.2**	**10.39**	930.0	0.5	69.4	7.46
Cultural, sports and entertainment	**563.6**	**0.3**	**32.9**	**5.84**	545.2	0.3	29.7	5.45
Mining	**312.0**	**0.2**	**9.6**	**3.08**	310.6	0.2	7.7	2.48
Public administration, social security and social organizations	**151.0**	**0.1**	**–**	**–**	151.0	0.1	–	–
Finance	**31.0**	**–**	**–**	**–**	32.9	0.0	–	–
Retail loans	**27,677.6**	**15.3**	**1,714.7**	**6.20**	25,749.8	14.5	1,430.8	5.56
Total	**181,173.5**	**100.0**	**4,419.9**	**2.44**	178,111.4	100.0	4,175.5	2.34

Note:

(1) Non-performing loan ratio of an industry is calculated by dividing the balance of non-performing loans of the industry by the balance of loans granted to the industry.

Loans to borrowers in the wholesale and retail, leasing and business services, construction, manufacturing, and agriculture, forestry, animal husbandry and fishery industries represented the largest components of the Group's corporate loans portfolio. Loans to these industries accounted for 71.1% and 71.8% of total corporate loans as of 30 June 2024 and 31 December 2023, respectively.

As of 30 June 2024, the non-performing loans of the Group's corporate loans were mainly concentrated in the wholesale and retail, manufacturing, leasing and business services industries. The non-performing loans amounted to RMB739.4 million, RMB602.1 million and RMB289.5 million, respectively.

(B) Borrower concentration

Loans to the Top Ten Single Borrowers

The table below sets forth the balance of loans to the top ten single borrowers (excluding group borrowers) (on a consolidated or group basis) as of 30 June 2024. All of these loans were classified as normal.

(Expressed in millions of RMB, unless otherwise stated)		As of 30 June 2024	
Customer	Industry	Amount	% of total
Borrower A	Leasing and business services	**1,099.3**	**0.61**
Borrower B	Construction	**1,075.6**	**0.59**
Borrower C	Real estate	**1,059.7**	**0.58**
Borrower D	Accommodation and catering	**1,000.0**	**0.55**
Borrower E	Leasing and business services	**995.1**	**0.55**
Borrower F	Transportation, storage and postal services	**964.8**	**0.53**
Borrower G	Water, environment and public facility management	**942.5**	**0.52**
Borrower H	Leasing and business services	**849.6**	**0.47**
Borrower I	Leasing and business services	**843.6**	**0.47**
Borrower J	Manufacturing	**841.5**	**0.46**
Total		**9,671.7**	**5.33**

(C) Distribution of non-performing loans by product

The table below sets forth the loans and non-performing loans by product as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	**As of 30 June 2024**			As of 31 December 2023		
	Loan amount	**Non-performing loan amount**	**Non-performing loan ratio (%)**	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)
Corporate loans						
Small and micro enterprises(1)	**114,637.4**	**2,221.2**	**1.94**	108,206.5	2,291.3	2.12
Medium enterprises(1)	**25,030.6**	**394.6**	**1.58**	27,669.5	390.6	1.41
Large enterprises(1)	**13,191.5**	**86.7**	**0.66**	14,044.4	55.0	0.39
Others(2)	**636.4**	**2.7**	**0.42**	2,441.2	7.8	0.32
Subtotal	**153,495.9**	**2,705.2**	**1.76**	152,361.6	2,744.7	1.80
Retail loans						
Personal business loans	**20,722.0**	**1,425.9**	**6.88**	18,970.7	1,107.7	5.84
Personal consumption loans	**3,214.9**	**247.6**	**7.70**	3,204.0	286.9	8.95
Residential and commercial mortgage loans	**3,726.6**	**39.8**	**1.07**	3,560.0	35.3	0.99
Credit card overdrafts	**14.1**	**1.4**	**9.93**	15.1	0.9	5.96
Subtotal	**27,677.6**	**1,714.7**	**6.20**	25,749.8	1,430.8	5.56
Total loans	**181,173.5**	**4,419.9**	**2.44**	178,111.4	4,175.5	2.34

Notes:

(1) The classification for large, medium, small and micro enterprises is based on the Provisions on the Standards for the Classification of Small and Medium Enterprises (《中小企業劃型標準規定》).

(2) Mainly consist of public services institutions and social organizations.

The non-performing loan ratio of corporate loans decreased from 1.80% as of 31 December 2023 to 1.76% as of 30 June 2024, primarily due to the increase in the scale of new corporate loans on the basis of strict control of new non-performing loans.

The non-performing loan ratio of retail loans increased from 5.56% as of 31 December 2023 to 6.20% as of 30 June 2024, primarily due to the pressure on the recovery of the macro-economy, the structural differentiation of industry economy, the weak market demand, and the slow growth in the income of some personal loan customers and their ability to repay debts has not yet recovered.

(D) Loan aging schedule

The table below sets forth the loan aging schedule for loans and advances to customers as of the dates indicated.

	As of 30 June 2024		As of 31 December 2023	
(Expressed in millions of RMB, unless otherwise stated)	**Amount**	**% of total**	Amount	% of total
Loans not overdue	**171,526.5**	**94.7**	169,896.0	95.4
Loans past due for:				
1 to 90 days	**1,934.2**	**1.1**	2,404.6	1.3
91 days to 1 year	**3,059.9**	**1.7**	3,167.0	1.8
1 to 3 years	**2,879.2**	**1.6**	1,258.4	0.7
3 years or more	**1,773.7**	**0.9**	1,385.4	0.8
Subtotal	**9,647.0**	**5.3**	8,215.4	4.6
Total loans and advances to customers	**181,173.5**	**100.0**	178,111.4	100.0

(d) Segment Information

(i) Summary of geographical segment information

In presenting information on the basis of geographical segments, operating income is allocated based on the places of registration of the respective bank that generate the income. The table below sets forth the operating income attributable to each of the geographical segments for the periods indicated.

	Six months ended 30 June			
	2024		2023	
(Expressed in millions of RMB, unless otherwise stated)	**Amount**	**% of total**	Amount	% of total
Jilin Province	**1,661.0**	**81.2**	2,093.9	83.2
Other regions[1]	**384.2**	**18.8**	423.6	16.8
Total operating income	**2,045.2**	**100.0**	2,517.5	100.0

Note:

(1) Primarily include provinces and municipalities such as Heilongjiang, Guangdong, Hebei, Shandong, Anhui, Hubei, Hainan, Tianjin and Shaanxi.

(ii) Summary of business segments

The Group operates three principal lines of business: corporate banking, retail banking and treasury operations. The table below sets forth the Group's operating income for each of its principal business segments for the periods indicated.

	Six months ended 30 June			
	2024		2023	
(Expressed in millions of RMB, unless otherwise stated)	**Amount**	**% of total**	Amount	% of total
Corporate banking	**1,195.6**	**58.5**	1,664.3	66.1
Retail banking	**1,209.6**	**59.1**	1,308.0	52.0
Treasury operations	**(342.8)**	**(16.8)**	(424.3)	(16.9)
Others[1]	**(17.2)**	**(0.8)**	(30.5)	(1.2)
Total	**2,045.2**	**100.0**	2,517.5	100.0

Note:

(1) Primarily represent assets, liabilities, income and expenses which cannot be directly and reasonably attributable or cannot be allocated to a segment.

(e) Off-balance Sheet Commitments

Off-balance sheet commitments primarily consist of bank acceptances, letters of credit, letters of guarantee and unused limits of credit cards. The table below sets forth the contractual amounts of off-balance sheet commitments as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	**As of 30 June 2024**	As of 31 December 2023
Credit commitments		
Bank acceptances[1]	**1,755.2**	1,716.6
Letters of credit[2]	**12.0**	2.0
Letters of guarantee[2]	**2,860.5**	2,911.4
Unused limits of credit cards	**163.5**	163.8
Total	**4,791.2**	4,793.8

Notes:

(1) Bank acceptances refer to the Group's undertakings to pay bank bills drawn on its customers.

(2) The Group issues letters of credit and guarantee to third parties to guarantee its customers' contractual obligations.

Off-balance sheet commitments decreased by 0.1% from RMB4,793.8 million as of 31 December 2023 to RMB4,791.2 million as of 30 June 2024. The decrease in off-balance sheet commitments was mainly due to the Group's moderate adjustment to off-balance sheet business structure and scale based on operational needs.

3.4 Business Review

(a) Corporate Banking

The Group offers corporate customers a broad range of financial products and services, including loans, bill discounting, deposits and fee- and commission-based products and services. The Group's corporate customers primarily include state-owned enterprises, private enterprises, foreign-invested enterprises, government authorities, financial institutions, public services institutions and non-profit organizations. As of 30 June 2024, the Group had approximately 4,883 corporate borrowers with loans totalling RMB153,495.9 million. For the six months ended 30 June 2023 and 2024, operating income from the Group's corporate banking business accounted for 66.1% and 58.5% of total operating income, respectively.

	Six months ended 30 June		
(Expressed in millions of RMB, unless otherwise stated)	**2024**	2023	Change in percentage (%)
External interest income, net [1]	**3,450.2**	3,895.3	(11.4)
Inter-segment interest expenses, net [2]	**(2,250.2)**	(2,233.5)	0.7
Net interest income	**1,200.0**	1,661.8	(27.8)
Net fee and commission income	**(4.4)**	2.5	(276.0)
Operating income	**1,195.6**	1,664.3	(28.2)
Operating expenses	**(600.8)**	(714.8)	(15.9)
Impairment losses on assets, net of reversals	**(101.7)**	(715.6)	(85.8)
Profit before tax	**493.1**	233.9	110.8

Notes:

(1) Refers to net income and expenses from third parties.

(2) Refers to inter-segment expenses and transfer pricing.

(i) Corporate loans

The Group offers loans to corporate customers to satisfy their capital needs for operations, machinery and equipment procurement and for infrastructure and real estate development. As of 30 June 2024 and 31 December 2023, the Group's corporate loans totalled RMB153,495.9 million and RMB152,361.6 million, respectively, accounting for 84.7% and 85.5% of the Group's total loans and advances to customers, respectively.

(ii) Discounted bills

The Group purchases bank and commercial acceptance bills at discounted prices from corporate customers to fund their working capital needs. These discounted bills generally have a remaining maturity of less than six months. The Group may re-discount these bills to the People's Bank of China ("**PBOC**") or other financial institutions. As of 30 June 2024, the Group had a balance of RMBnil in discounted bills.

(iii) Corporate deposits

The Group accepts time and demand deposits from corporate customers in Renminbi and major foreign currencies, such as U.S. dollars and Euros. The terms of corporate time deposits generally range from three months to three years. The Group's corporate deposit customers include state-owned enterprises, financial and government authorities and institutions, private enterprises, foreign-invested enterprises and non-profit organizations. As of 30 June 2024 and 31 December 2023, the Group's corporate deposits totalled RMB29,728.2 million and RMB39,457.7 million, respectively, accounting for 12.8% and 16.7% of gross deposits from customers, respectively.

(iv) Fee- and commission-based products and services

The Group offers corporate customers a wide range of fee- and commission-based products and services, primarily including consulting and financial advisory services, syndicated loans services, settlement and clearing services, entrusted loans, agency services and wealth management services.

(A) Consulting and financial advisory services

The Group's consulting and financial advisory services primarily include financing solution structuring and asset management services to corporate customers. For the six months ended 30 June 2024 and 2023, the Group's income from consulting and financial advisory services was RMB6.0 million and RMB13.2 million, respectively.

(B) Syndicated loans services

The Group acts as lead manager, agent and lender bank for syndicated loans to corporate customers to meet their larger financing needs. For the six months ended 30 June 2024 and 2023, the Group earned service fees for syndicated loans of RMB nil and RMBnil, respectively.

(C) Settlement and clearing services

The Group offers settlement services, including fund remittance and transfer, drafts, cheques and other negotiable instruments, to corporate customers.

(D) Entrusted loans

The Group provides entrusted loans to borrowers designated by corporate customers in accordance with the uses of proceeds, principal amounts and interest rates determined by corporate customers. The Group also supervises borrowers' uses of loans and assists in collection of loans. The Group charges agency fees based on the principal amount of entrusted loans. The Group's corporate customers bear the risks of default under entrusted loans.

(E) Agency services

The Group provides fee collection services for corporate customers (including enterprises and public services institutions). The Group believes this enables it to maintain close relationships with customers and enhance brand recognition.

(F) Wealth management services

The Bank offers corporate customers a variety of wealth management products based on their risk and return appetites, including non-net worth wealth management products and net worth wealth management products. Such wealth management products primarily invest in bonds, interbank deposits, money market instruments and investment portfolios of other fixed-income products.

(b) Retail Banking

The Group offers a broad range of products and services to retail customers, including loans, deposits, debit cards and fee- and commission-based products and services. As of 30 June 2024, the Group had 72,723 retail borrowers with total loans and advances to customers of RMB27,677.6 million. For the six months ended 30 June 2024 and 2023, the operating income from the Group's retail banking business amounted to RMB1,209.6 million and RMB1,308.0 million, respectively, accounting for 59.1% and 52.0% of total operating income of the Group, respectively. The table below sets forth the financial performance of the Group's retail banking business for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June 2024	2023	Change in percentage (%)
External interest expenses, net [1]	**(2,422.9)**	(2,274.5)	6.5
Inter-segment interest income, net [2]	**3,631.6**	3,578.7	1.5
Net interest income	**1,208.7**	1,304.2	(7.3)
Net fee and commission income	**0.9**	3.8	(76.3)
Operating income	**1,209.6**	1,308.0	(7.5)
Operating expenses	**(615.7)**	(654.1)	(5.9)
Impairment losses on assets, net of reversals	**(294.6)**	(89.7)	228.4
Profit before tax	**299.3**	564.2	(47.0)

Notes:

(1) Refers to net income and expenses from third parties.

(2) Refer to inter-segment income and transfer pricing.

(i) Retail loans

For the six months ended 30 June 2024, net interest income of the Group's retail bank business decreased by 7.3% when compared with that for the six months ended 30 June 2023, which was mainly due to the higher growth rate of retail deposits than retail loans.

Retail loans consist primarily of personal business loans, personal consumption loans, residential and commercial mortgage loans and credit card overdrafts. As of 30 June 2024 and 31 December 2023, the Group's retail loans totalled RMB27,677.6 million and RMB25,749.8 million, respectively, accounting for 15.3% and 14.5% of total loans and advances to customers, respectively.

(ii) Retail deposits

The Group offers retail customers a variety of demand deposit and time deposit products denominated in Renminbi and foreign currencies. The Group's retail time deposits denominated in Renminbi generally have maturities ranging from three months to five years. Retail time deposits denominated in foreign currencies (primarily U.S. dollars and Euros) have maturities ranging from one month to two years. As of 30 June 2024 and 31 December 2023, the Group's retail deposits totalled RMB200,404.5 million and RMB194,050.4 million, respectively, accounting for 86.2% and 82.0% of gross deposits from customers, respectively.

(iii) Bank cards services

The Group issues Renminbi-denominated debit cards to retail customers who maintain deposit accounts with the Group. Customers may use debit cards for a variety of financial services, including cash deposits and withdrawal, transfers, settlement and bill payment. The Group's debit cards are classified into platinum, gold and basic cards based on customers' daily average financial asset balances. The Group also issues specialized debit cards with added features, and timely launches theme cards for different market segments and co-branded cards offering preferential value-added services. For example, the Bank cooperates with Changchun Federation of Trade Unions (長春市總工會) to issue service cards for trade union members and offer cardholders comprehensive financial services, including membership management, subsidies and allowances. As of 30 June 2024, the Group had issued approximately 5.0 million debit cards.

(iv) Fee- and commission-based products and services

The Group offers retail customers a wide range of fee- and commission-based products and services, primarily including wealth management services, private banking services and transfer and remittances.

(A) Wealth management services

The Bank offers retail customers a variety of wealth management products based on their risk and return appetites, primarily including net worth wealth management products and non-net worth wealth management products. Funds raised from wealth management products are primarily invested in bonds, interbank deposits, money market instruments and other fixed-income products. For the six months ended 30 June 2024 and 2023, the Bank's sales of wealth management products to retail customers totalled RMB2,921.3 million and RMB2,892.5 million, respectively.

(B) Other fee- and commission-based products and services

The Group provides retail customers with other fee- and commission-based products and services, including transfer and remittances, collection and bank drafts.

(c) Treasury Operations

The Group's treasury operations consist primarily of money market transactions, investments in securities and other financial assets and treasury operations conducted on behalf of customers. In response to the complicated and ever-changing economic and financial environment as well as changes in policies and market, the Bank placed an emphasis on optimization of the assets and liabilities structure and improvement in the yield of our treasury operations. The Bank capitalized on investment opportunities through timely adjustment of its investment strategies and compliant and prudent development of the treasury operations. For the six months ended 30 June 2024 and 2023, operating income from the Group's treasury operations was RMB(342.8) million and RMB(424.3) million, accounting for (16.8)% and (16.9)% of its total operating income, respectively. The table below sets forth the financial performance of the Group's treasury operations for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended 30 June 2024	2023	Change in percentage (%)
External interest income, net [1]	**766.1**	796.3	(3.8)
Inter-segment interest expenses, net [2]	**(1,381.3)**	(1,345.2)	2.7
Net interest income	**(615.2)**	(548.9)	12.1
Net fee and commission income	**52.6**	1.4	3,657.1
Net income from other businesses [3]	**219.8**	123.2	78.4
Operating income	**(342.8)**	(424.3)	(19.2)
Operating expenses	**(58.3)**	(10.6)	450.0
Impairment losses on assets, net of reversals	**(217.3)**	(228.9)	(5.1)
Profit before tax	**(618.4)**	(663.8)	(6.8)

Notes:

(1) Refers to net income from third parties.

(2) Refers to inter-segment expenses and transfer pricing.

(3) Primarily includes net trading gains and losses and net gains/(expenses) from financial assets investments.

(i) Money market transactions

Money market transactions play a significant role in liquidity management. The Group also earns interest income from money market transactions. Money market transactions mainly include (i) interbank deposits with other domestic banks and non-banking financial institutions; (ii) interbank placements; and (iii) interbank repurchase and reverse repurchase transactions.

(A) Interbank deposits

The Group accepts deposits from banks and other financial institutions and deposit funds in other financial institutions to adjust its asset and liability structure. As of 30 June 2024 and 31 December 2023, the balance of Group's deposits from banks and other financial institutions totalled RMB154.2 million and RMB111.3 million, respectively, and the balance of Group's deposits at banks and other financial institutions totalled RMB14,905.1 million and RMB12,144.9 million, respectively.

(B) Interbank placements

As of 30 June 2024 and 31 December 2023, the balance of Group's placements with banks and other financial institutions totalled RMB479.7 million and RMB372.9 million, respectively, and the balance of Group's placements from banks and other financial institutions totalled RMB1,586.6 million and RMB3,064.5 million, respectively.

(C) Interbank repurchase and reverse repurchase transactions

The securities underlying the Group's repurchase and reverse repurchase transactions are mainly RMB-denominated treasury bonds and policy-oriented financial bonds. As of 30 June 2024 and 31 December 2023, the Group's financial assets held under resale agreements totalled RMB2,674.9 million and RMB7,543.6 million, respectively, and the Group's financial assets sold under repurchase agreements totalled RMB1,652.9 million and RMB220.1 million, respectively.

(ii) Investments in securities and other financial assets

The Group's investment portfolio consists primarily of bonds and debt instruments issued by other financial institutions.

While reducing buy-back financing cost by taking various measures, the Bank selectively allocated some bond assets with relatively suitable maturity and yield to improve returns on assets.

(A) Securities investment by business model and characteristics of cash flow of assets of the Group

	As of ended 30 June 2024		As of 31 December 2023	
(Expressed in millions of RMB, unless otherwise stated)	**Amount**	**% of total**	Amount	% of total
Financial assets at fair value through profit or loss	**670.1**	**1.9**	667.4	1.7
Financial assets at fair value through other comprehensive income	**14,476.8**	**40.3**	14,572.1	37.7
Financial assets at amortized cost	**20,744.0**	**57.8**	23,456.5	60.6
Total investment securities and other financial assets	**35,890.9**	**100.0**	38,696.0	100.0

Total investment securities and other financial assets decreased by 7.2% from RMB38,696.0 million as of 31 December 2023 to RMB35,890.9 million as of 30 June 2024.

(B) Maturity profile of the Group's investment portfolio

The table below sets forth investment securities and other financial assets by remaining maturity as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	**As of ended 30 June 2024**		As of 31 December 2023	
	Amount	**% of total**	Amount	% of total
Immediately due	**4,511.4**	**12.6**	7,212.0	18.6
Due in 3 months	**3,267.2**	**9.1**	2,148.8	5.6
Due between 3 and 12 months	**2,096.4**	**5.8**	6,503.2	16.8
Due between 1 and 5 years	**16,064.2**	**44.8**	13,680.9	35.4
Due over 5 years	**9,136.9**	**25.4**	8,339.0	21.5
Undefined	**814.8**	**2.3**	812.1	2.1
Total	**35,890.9**	**100.0**	38,696.0	100.0

The Bank's securities investment with a remaining maturity ranging from one to five years represented the largest portion.

(C) Holding of government bonds

As of 30 June 2024, the balance of face value of the government bonds held by the Bank amounted to RMB29,909.3 million. The table below sets out the top 10 government bonds with the highest face value held by the Group as of 30 June 2024.

Name of the bond	Face value (RMB in millions)	Coupon rate (%)	Maturity date
23 Interest-bearing treasury bond 23	5,250.0	3.00	15 October 2053
23 Interest-bearing treasury bond 17	2,050.0	2.18	15 August 2026
23 Interest-bearing treasury bond 09	1,570.0	3.19	15 April 2053
22 Interest-bearing treasury bond 20	1,450.0	1.99	15 September 2024
21 Interest-bearing treasury bond 09	1,130.0	3.02	27 May 2031
23 Interest-bearing treasury bond 20	1,120.0	2.22	25 September 2025
23 Interest-bearing treasury bond 21	830.0	2.48	25 September 2028
23 Interest-bearing treasury bond 26	790.0	2.67	25 November 2033
23 Interest-bearing treasury bond 11	760.0	2.30	15 May 2026
19 Interest-bearing treasury bond 10	650.0	3.86	22 July 2049
Total	15,600.0		

(D) Holding of financial bonds

As of 30 June 2024, the balance of face value of the financial bonds (mainly the financial bonds and interbank certificates issued by policy-oriented banks, banks and other financial institutions in China) held by the Group amounted to RMB3,851.0 million. The table below sets out the 10 financial bonds with the highest face value held by the Group as of 30 June 2024.

Name of the bond	Face value (RMB in millions)	Coupon rate (%)	Maturity date
22 Guo Kai 15	820.0	2.96	18 July 2032
21 Guo Kai 03	550.0	3.30	3 March 2026
23 Guo Kai 08	430.0	2.52	25 May 2028
23 Guo Kai 10	400.0	2.82	22 May 2033
19 Guo Kai 05	370.0	3.48	8 January 2029
22 Guo Kai 20	200.0	2.77	24 October 2032
22 Guo Kai 10	120.0	2.98	22 April 2032
23 Guo Kai 15	120.0	2.69	11 September 2033
24 Nong Fa 05	120.0	2.22	9 April 2029
24 Guo Kai 05	100.0	2.63	8 January 2034
Total	3,230.0		

(iii) Treasury operations conducted on behalf of customers

In the Bank's treasury operations conducted on behalf of customers, the Bank manages funds received from the issuance of wealth management products to corporate and retail customers. For the six months ended 30 June 2024 and 2023, the Bank sold wealth management products totalling RMB2,921.3 million and RMB2,892.5 million, respectively.

(d) Distribution Network

(i) Physical outlets

As of 30 June 2024, the Group had an aggregate of 353 outlets, of which 165 outlets, including three branches in Changchun, Songyuan and Tonghua, were operated by the Bank and the rest by the Group's subsidiaries under their own names.

The Group has solidly promoted the optimization of outlets and channel upgrading to continuously enhance the competitiveness of its outlets. On the one hand, we focused on cost reduction and efficiency enhancement, and while continuing to optimize the outlet layout and reduce operating costs, we accelerated the pace of transformation and upgrading, and actively explored the development path of outlet characteristics to promote differentiated operations. On the other hand, we focused on empowerment when opportunity arises, realized the full coverage of smart counters in our outlets, continuously improving the functions of mobile banking, online banking and WeChat banking, strengthened the support of online services, and actively created digital application scenarios, thus promoting the in-depth fusion of consumption and finance.

(ii) Electronic banking

(A) Self-service banking

The Group provides convenient banking services to customers at lower operation costs by using self-service facilities. Self-service facilities are available at service outlets, self-service zones, commercial complexes, hospitals, schools and other public places. As of 30 June 2024, the Group had 347 self-service outlets, 46 self-service zones and 852 self-service facilities.

(B) Telephone and SMS banking

The Group provides customers with account management, status reminders, transfer and remittance and consultation and other services around the clock through an interactive self-service voice system, live customer service, and SMS interaction. As of 30 June 2024, the Group had 3,517,409 phone and SMS banking customers.

(C) Internet banking

The Group provides customers with account management, transfer and remittance, interbank receipt, online loan application and online payment services through the Internet. As of 30 June 2024, the Group had 512,978 internet banking customers.

(D) Mobile banking

The Group provides customers with mobile banking services, including account inquiry and management, transfer and remittance, fee payment and mobile payment services. As of 30 June 2024, the Group had 1,221,110 mobile banking customers.

(E) WeChat banking

Through WeChat, the Group's customers can access information relating to its products, services and promotions, manage accounts, search for its outlet locations and reserve counter services. As of 30 June 2024, the Group had 198,465 WeChat banking customers.

(e) Information on the Subsidiaries

(i) Jilin Jiuyin Financial Leasing Co., Ltd.

The Bank, as the main promoter, established Jilin Jiuyin Financial Leasing Co., Ltd. ("**Jilin Jiuyin**") after obtaining approval from the Former CBRC. The registered address of Jilin Jiuyin is in Changchun, Jilin Province, and its total share capital is RMB525.0 million, RMB315.0 million of which is held by the Bank, accounting for 60.00%. Jilin Jiuyin obtained the business license on 20 February 2017 from the Administration for Industry and Commerce of Jilin Province. Its scope of business includes financial leasing business, transferring assets under financial leases as transferor and transferee, fixed-income securities investment business, accepting deposits as guarantee from the lessee, taking deposits of 3 months or above from non-bank Shareholders, interbank placements, obtaining loans from financial institutions, offshore lending, disposal and handling of leased articles and economic consulting. As at 30 June 2024, total assets of Jilin Jiuyin amounted to RMB3,000.2 million. For the six months ended 30 June 2024, the operating income from Jilin Jiuyin amounted to RMB49.2 million, accounting for 2.4% of total operating income of the Group.

(ii) Village and township banks

As of 30 June 2024, the Bank controlled and consolidated a total of 34 village and township banks in Jilin province, Heilongjiang, Hebei, Tianjin, Shandong, Anhui, Hubei, Shaanxi, Guangdong and Hainan.

As of 30 June 2024, these village and township banks had total assets of RMB62,758.1 million, total deposits of RMB58,421.5 million and total loans of RMB35,576.2 million. For the six months ended 30 June 2024, the operating income of these village and township banks was RMB709.6 million, accounting for 34.7% of the Group's total operating income.

The Bank's village and township banks provide local corporate and retail customers with a broad range of financial products and services. These products and services include commercial and consumer loans, bill discounting, deposits from customers and fee- and commission-based products and services, such as settlement services, remittance services and bank card services. Some village and township banks also engage in money market transactions and invest in debt securities.

In 2010, the Bank established a village and township bank management department to help village and township banks to establish strategic development plans, provide research, technology and human resource support and supervise their risk management. In addition, the Group and other banks in China have formed a strategic development alliance for village and township banks headquartered in Tianjin Municipality to promote information exchange and resource sharing among village and township banks in China. The Bank has also established six service centers in Jilin, Tianjin, Anhui, Guangdong and Hainan to support the Bank's village and township bank operations.

(f) Operation and Safety of IT Systems

In the first half of 2024, the Bank carried out IT work through four focuses, including improving the financial technology governance system, enhancing the efficiency and capacity of financial technology services, continuously perfecting the digital infrastructure, and consolidating the foundation for sustainable development, in order to promote digital transformation of the Bank and provide effective support for the innovative development of various businesses.

(i) Improved the financial technology governance system

In order to effectively implement relevant requirements in the Guiding Opinions on the Digital Transformation of the Banking and Insurance Industry (《關於銀行業保險業數字化轉型的指導意見》) and the Financial Technology Development Plan (2022-2025) (《金融科技發展規劃(2022-2025年)》), fully implement the financial technology innovation implementation plan, promote the Bank's high-quality development through financial technology innovation, adapt to the new pattern of digital finance in the development of modern economy, and improve the ability and level of serving the real economy, the Bank revised and improved 5 information technology policies such as the Electronic Equipment Management Measures (《電子設備管理辦法》) and the Data Assets Hierarchical Management Measures (《數據資產分級管理辦法》), perfected the information technology management and control system, and improved the ability to prevent information technology risks and supply chain risks. The Bank organized and carried out the publicity activities of the "Technology Activities Week", publicized financial technology knowledge to the outlet customers, employees and the public focusing on the publicity theme and through a variety of publicity methods, to enhance the information security consciousness of the whole society. Through carrying out skills training for scientific and technological personnel and on-site inspection of outlets, the Bank strengthened the cybersecurity management and guarantee ability, implemented the cybersecurity management policies, strengthened the cybersecurity awareness of all staff and the information security skills of scientific and technological personnel of the Bank.

(ii) Enhanced the efficiency and capacity of financial technology services

The Bank always adhered to use financial technology means to actively support business development and management improvement, explored the development trend and scenario application of financial technology, and accelerated the transformation of digital innovation. In the first half of 2024, the Bank dedicated to improving the structural system of the "Cloud Credit (雲信貸)" comprehensive financial service platform, completed the launch and iterative optimization and upgrading of the "Jiu e Loan (久e貸)", the "Labor Union Loan (工會貸)", the "Cloud Vehicle Loan (雲車貸)" and other products. The Bank built the "Jiu Shang You Xiang (九商優享)" equity platform, to improve the customers' satisfaction and stickiness, and provide financial and value-added services to the customers of the Bank through platform operation and targeted marketing to customers. The Bank attached importance to the protection of intellectual property rights and actively carried out the summarization of scientific and technological achievements. As of the end of June 2024, 34 software copyrights have been approved.

(iii) Continuously improving the digital infrastructure

In the first half of 2024, the server rooms of the information center of the Bank maintained satisfactory operation overall. The Bank applied software-defined networking (SDN) structure, realized the unified management, integration and virtualization of network resources, provided on-demand allocation of network resources and services, macro-controlled network traffic, rationally allocated network resources and improved the utilization rate of network resources in overall. The Bank adopted SVC storage virtualization technology to integrate the heterogeneous storage units, and improved the high availability, utilization and business continuity of the storage structure. Under the guidance of ISO22301 system, the Bank continuously optimized the automatic operation and maintenance platform, improved the work efficiency of network operation and maintenance, host operation and maintenance, monitoring system, ITSM process, etc., and realized the standardized and systematic management of IT operation and maintenance and business continuity. Meanwhile, the Bank conducted the cybersecurity optimization, terminal security protection, system security reinforcement, backup management optimization and other work to guarantee the safe and reliable operation of the business system.

(iv) Strengthened the foundation of sustainable development

In order to guarantee and guide the digital transformation of the Bank, the Bank focused on strengthening the construction of financial technology talents. On the one hand, the Bank organized the communication with peers, attended the digital transformation conference of the industry, continuously improved the skills of employees in the fields of project management, system research and development, quality control and cybersecurity; on the other hand, the Bank cultivated the digital thinking and execution ability integration with financial scenarios of employees, to follow the development trend of the era and the demand of talent development. In the first half of 2024, 2 employees of the Bank have obtained the BI data analyst honorary certificates. As of the end of June 2024, the Bank had one person who is a senior engineer and 17 people with 9 senior certifications such as System Analyst, Information Systems Project Manager, Project Management Professional (PMP), Certified Information Systems Auditor (CISA), Certified Information Security Professional (CISP), Certified Information Systems Security Specialist (CISSP), etc.

3.5 Risk Management

(a) Risk Management of the Bank

The Bank is committed to building a comprehensive risk management system to eliminate the impact of various uncertainties on the Bank's strategy and business objectives. The Bank's comprehensive risk management has a hierarchical structure. As the highest decision-making body of risk management, the Board is responsible for establishing and maintaining an effective comprehensive risk management system. The Bank has established a sound risk management system. Risk management procedures are adopted at all managerial levels and good risk management culture is cultivated to achieve the overall objectives of risk management. The comprehensive risk management of the Bank covers all major risks, including the credit, market, operating, liquidity, reputational, legal and compliance, IT, anti-money laundering and anti-terrorist financing management.

(i) Credit risk management

Credit risk is the risk of loss related to failure by a debtor or counterparty to meet its contractual obligations or to changes in their credit ratings. The Bank's credit risks arise mainly from corporate loans, personal loans and treasury operations.

The Bank's credit risk management organization includes its president, the Risk Management and Control Committee, the Credit Approval Committee, the risk management department, the credit approval department, the front desk business department, branches and the audit department.

The Bank prepares annual credit approval plans, credit limit plans and credit policies based on national and regional economic development plans, financial market conditions, austerity requirements, its asset and liability structure and deposit and loan growth trends.

The Bank manages credit risks through the following mechanisms:

- Customer screening mechanism – The Bank determines the target customers based on its market positioning and screen credit customers based on its credit policies.

- Credit exit mechanism – The Bank regularly reassesses its outstanding credit risk based on customer, industry and market conditions. The Bank reassesses the credit rating for short-term loans if there are interest payment defaults. The Bank reassesses the credit rating for medium and long-term loans annually. The Bank also adopts measures to manage potential credit risk, including increasing the frequency of post-disbursement examination, requesting additional collateral or guarantees, and ceasing to extend new loans. The Bank determines whether or not to exit a credit based on the severity of adverse changes in the borrower's circumstances, such as its (1) financial condition; (2) substantial Shareholders; (3) key managers and technicians; (4) customers quality; (5) payment ability; and (6) business environment.

- Risk alert mechanism – The Bank continually monitors outstanding credit and overall credit quality. The Bank carries out standardized management of risk alerts through the use of the post-disbursement management function of its credit system and promptly provides advices to deal with the issue.

- Non-performing asset disposal mechanism – The Bank has established an accountability mechanism for the disposal of non-performing assets.

The Bank has established a system to manage the provision of corporate and personal loans. As part of this system, the Bank has taken measures to improve credit risk management, including risk identification and monitoring policies and dividing responsibilities among its credit investigation, approval and execution departments. The Bank also sets departmental authorization limits and monitors the use of loans.

In the first half of 2024, the Bank seriously complied with the national financial policies and industrial policies and strictly implemented the regulatory requirements. The Bank further optimized its credit risk management procedures and measures, and strengthened the centralized management of credit risk, so as to effectively improve its credit risk management. Firstly, the Bank earnestly promoted the implementation of Risk Classification Measures of Financial Assets of Commercial Banks within the Bank, carried out asset quality risk categorization and monitoring alert to take the initiative in identifying and solving credit risk in a timely manner. The Bank performed credit assets quality management and implemented its policies precisely, effectively prevent and control credit risks. Secondly, the Bank focused on its principal business to support the development of the real economy. The Bank adjusted its credit policy and effectively determined its credit approval plan accordingly to further refine the credit structure. Thirdly, the Bank further standardized credit management. The Bank strictly conducted due and diligent investigation, unified the credit and credit review and other credit risk control system and mechanism. The Bank approved the credit limit scientifically and provided credit in reasonable forms. Potential risk of new credit products was assessed scientifically in order to determine the access criteria in a rational manner. Fourthly, the Bank reinforced the rating management and implemented stringent approval procedures for industry access and customer access, enhanced loan risk mitigation measures to ensure the quality of new loans. Fifthly, the Bank continued to monitor and analyze significant risk and strictly complied with the prevention and control requirement of significant risks for various businesses. Through effective identification, measurement and monitoring, significant risks were prevented and controlled.

(ii) Market risk management

Market risk is the risk of loss in on- and off-balance sheet positions arising from fluctuations in market prices due to changes in interest rates, exchange rates and other market factors. The Bank is exposed to market risk primarily through its banking and trading business portfolios. The market risks associated with the banking business portfolio of the Bank include interest rate risk and exchange rate risk. The primary market risks associated with the Bank's trading business portfolio are fluctuations in the market value of trading positions, which are affected by movements in observable market variables, such as interest and exchange rates. The principal objective of the Bank's market risk management is to limit potential market losses to acceptable levels based on its risk appetite while seeking to maximize risk adjusted returns.

The Bank's organizational structure for market risk management includes its front, middle and back offices. The Board of the Bank assumes ultimate responsibility for management of market risk. The Bank's senior management implements market risk management strategies and policies approved by its Board. The Bank's business departments implement market risk management measures in their daily operations.

In the first half of 2024, the Bank closely monitored market changes and further refined the market risk management system. Market risks were fully measured based on sensitivity analysis, duration, value at risk (VaR) and other tools. Abilities of identification, evaluation and prevention of market risks were further strengthened. The Bank strictly managed market risk limits and continued to monitor transaction limits, stop-loss limits and risk limits. The Bank also provided early warning and took effective measures for potential risks. Based on the results of its regular stress tests, market risk management strategies and methods were adjusted in a timely manner to further enhance the market risk management level.

(A) Interest rate risk management

Interest rate risk refers to the possibility that uncertainty in changes in market interest rates may cause losses to commercial banks. Changes in interest rates may cause changes in future replacement cash flows or their discounted values for on- and off-balance sheet operations, resulting in a decline in the Bank's overall economic value, which may cause the Bank to suffer losses. Based on a variety of sources, interest rate risk can be categorized into repricing risk, yield curve risk, benchmark risk and optionality risk. The interest rate risk of the Bank mainly includes re-pricing risk (also known as maturity mismatch risk), which is due to the difference between the maturity dates of assets, liabilities and off-balance sheet positions of the Bank (for fixed interest rate) or the re-pricing period (for floating interest rate). The Bank has established a banking book interest rate risk management system in line with the risk profile and business complexity, which is consistent with the Bank's overall development strategy and overall risk management system. The goal of banking book interest rate risk management is, according to the risk management level and risk preference of the Bank, to ensure the controllability of adverse impact of interest rate changes on the Bank's returns and value, achieve an effective balance of income, risk and capital within the tolerable interest rate risk limit, pursue reasonable benefits, mitigate the adverse impact of market fluctuations and better respond to the challenges from external risks.

The Bank has established a governance structure compatible with its interest rate risk management, which mainly comprises the Board and its Risk Management Committee, the senior management and its Asset and Liability Management Committee, departments at the front and middle offices, branches and subsidiaries. Such governance structure is also under the supervision of the Board of Supervisors and subject to audit by the audit department. The senior management is responsible for the specific management of the interest rate risk of the Bank, while the Asset and Liability Management Committee performs relevant functions as authorized by senior management, including the formulation, evaluation, supervision and implementation of interest rate risk preferences and interest rate risk management strategies, policies and procedures. Each management level has clear division of work, ensuring that the interest rate risk management can be carried out independently and effectively with sufficient resources.

In the first half of 2024, the Bank continued to follow the operation principle of security and stability, formulated banking book interest rate risk management strategies based on factors such as risk preference, risk profile, macroeconomic and market changes, and defined management objectives and management modes, and adopted multiple measures to enhance the interest rate management of the Bank. Firstly, the Bank perfected the interest rate risk management strategy. The Bank formulated and implemented corresponding management policies based on the forecast of interest rate trend and measurement results of changes in overall return and economic value to ensure that the interest rate risk level actually borne by the Bank is consistent with the risk tolerance. Secondly, the Bank continued to optimize the maturity structure of assets and liabilities. The Bank strengthened the gap risk management, built a reasonable portfolio maturity profile, appropriately adjusted the business contract term and repricing term, to reduce the impact of interest rate changes on the banking book interest rate risk. Thirdly, the Bank established and improved the pricing management system. The Bank continued to enhance the management of the internal funds transfer pricing system (FTP) and loan rate pricing mechanism (RPM), scientifically formulated the pricing strategies, improved deposit and loan pricing management methods, continuously enhanced pricing capabilities, objectively evaluated the interest rate situation of each institution and product and its ability to generate profits, played the role of price leverage in guiding business strategies and business development, realized the optimal allocation of resources and structure, enhanced the market competitiveness, and continuously improved the ability to manage and control interest rate risk. Fourthly, the Bank comprehensively improved the level of interest rate risk management. The Bank strengthened the identification, measurement, monitoring and control of interest rate risk and regularly conducted stress tests of banking book interest rate risk. Based on statistics of the maturity mix of repricing of rate-sensitive assets and liabilities, the Bank designed different interest rate shock scenarios and pressure scenarios to measure the impact of interest rate fluctuation on its economic value under specific interest rate shock scenarios and analyze the potential interest rate risk level of banking books of the Bank based on the changes in economic values. The Bank reduced the impact of banking book interest rate risk on businesses of the Bank without prejudicing its revenue and comprehensively enhanced the risk management level of the Bank's banking book interest rate. Fifthly, the Bank set up the interest rate risk management system. The Bank has set up the interest rate management system adaptable to the requirements of development strategies, risk management capabilities and Shareholders' returns of value of the Bank, to effectively balance the asset and liability coordinated development demands, market competition and tolerance level of financial indicators, ensure the match of business growth with price changes under the general principle of quantity and price balance, realizing the effective balance among benefits, risks and capital. Sixthly, the Bank unified and balanced the stabilizing of growth and risk prevention and control. The Bank adhered to the sound and prudent interest rate risk appetite, intensified the analysis of macro policies and interest rate trends, improved the forward looking, scientific, initiative control mechanism of interest rate risk management strategies accurately controlled the assets and liabilities layout and interest rate risk exposure, scientifically formulated the interest rate preference and strategies, optimized the interest rate risk monitoring system, maintained regulatory indicators and interest rate risk controllable, realized the balanced growth of the Bank's revenue for the period and long-term value, and improved the overall value creation level.

(B) Exchange rate risk management

Exchange rate risk is the risk of loss to on- and off-balance sheet businesses of the Bank due to adverse changes in exchange rate. The exchange rate risk of the Bank is mainly due to mismatches in the currency denominations of its assets and liabilities and the maturity profile of foreign exchange transactions. The Bank manages exchange rate risk by reasonably matching the source and utilization of funds. The Bank applies foreign exchange exposure analysis and sensitivity analysis to measure exchange rate risk. It also seeks to minimize the management cost of exchange rate risk and impact of exchange rate fluctuations and to maintain exchange rate risk within an acceptable range by managing risk exposure limits and choosing appropriate transaction currency.

In the first half of 2024, the Bank adhered to the management philosophy of neutral exchange rate risk. The Bank avoided transactions with high exchange rate risks, monitored foreign exchange positions on a real-time basis, settled major transactions in a timely manner, implemented zero position management on a daily basis, to effectively reduce exchange rate risk. The Bank revalued monetary balance sheet items and non-monetary items at fair value daily to prevent the foreign exchange risk on translation. The Bank has reasonably arranged the utilization of foreign currency funds, matched currency, maturity of transactions, to obtain stable returns. The Bank has fully studied the effect of exchange rate changes in the foreign exchange market on revenue for the current period to proactively avoid potential systematic risks, and comprehensively improve the exchange rate risk management level of the Bank.

(iii) Operational risk management

Operational risk refers to the risk of loss caused by incomplete corporate governance structure, defective internal control procedures, failures of employees and IT systems or external events. Operational risk events include risk of internal and external fraud, risk relating to customers, products and operations and risk of errors and malfunctions of IT systems.

The Board of the Bank is ultimately responsible for operational risk management and reviewing operational risk policies. The Bank's senior management is responsible for coordinating daily operational risk management. The Bank's legal compliance department mainly leads the management of operational risks and is responsible for the daily monitoring, identification, evaluation and control of operational risks and reporting to senior management. The risk management department, all business departments, branches and sub-branches are integral to the Bank's operational risk management framework. The Bank manages and controls operational risks through reporting, balancing authority and supervision systems.

In the first half of 2024, the Bank implemented various measures to continuously optimize the operational risk management and enhance its risk management and control capability. Firstly, the Bank conducted investigation on abnormal behavior of employees. Quarterly inspections were carried out in respect of labor discipline, leave taking, shift duty, mandatory leave, avoidance of duty performance and abnormal behavior of employees, which have effectively forestalled and resolved existing abnormal behavior among all employees of the Bank. Secondly, the Bank implemented self-inspection and monitoring of accounting works. Quarterly inspections were carried out in nine aspects including duty performance of account management officers, basic accounting work, cashier management, negotiable certificates and important blank vouchers management. Separate records with clear guidelines on rectifications and designated person-in-charge were issued for each of the inspections. Thirdly, systems related to consumer rights protection were refined. The Bank strengthened its product and service management and proactively held various promotional activities to spread financial knowledge and basic legal knowledge to the public to enhance their awareness of legal system and capability of self-protection, which have effectively fulfilled the responsibility in protecting consumer rights. Fourthly, the information management system was enhanced. The key tasks in 2024 include 20 items in 4 aspects. Firstly, continue to consolidate infrastructure construction and continue to provide high-performance and high-reliability flexible resources; secondly, focus on ensuring information security, continuously improve various emergency proposals and conduct drills, and establish an all-round and three-dimensional information security system; thirdly, optimize the application structural system and promote the construction of key projects such as the operation of the Cloud Credit (雲信貸) and the Labor Union Card (公會卡); fourthly, improve the digital operation support and give full play to the value of data in business fields and operation and management.

(iv) Liquidity risk management

Liquidity risk refers to the risk of failure to secure sufficient funds to fulfil payment obligations at reasonable cost and in a timely manner. Liquidity risk is largely affected by external factors such as macroeconomic policies, changes in financial markets and competitive strengthens of the banking industry. Liquidity risk is also affected by internal factors such as maturity profile of assets and liabilities business structure, deposit stability, financing capability. Under extreme circumstances, inadequate liquidity will result in settlement risk of commercial banks. The Bank's liquidity risk management aims to establish and continuously improve the strategy, policy and procedure of liquidity risk management and to specify the organization structure and responsibilities of the relevant functional departments so as to effectively identify, measure, monitor and control liquidity risks. The objective of liquidity risk management is to maintain the balance of safety, liquidity and efficiency of its operation.

The Bank has established an effective liquidity management framework, decision-making system and related procedures. The Board of the Bank is ultimately responsible for liquidity risk management, and shall review and approve the policy, strategy and procedure relating to the liquidity management of the Bank and limit of liquidity risk according to its risk appetite. The Board will receive regular reports on the major and potential changes of the Bank's liquidity risks. The Assets and Liabilities Management Committee under the senior management is responsible for the implementation of the strategies and policies and procedures of liquidity risk management. The planning financial department is responsible for the daily liquidity risk management and to cooperate with business departments to orderly and efficiently manage the liquidity risk management system.

In the first half of 2024, by continuously adhering to the four operating principles of unified management, security and prudence, forward-looking management and full coverage, the Bank strengthened the prospective and proactive management of liquidity. The Bank's operations and liquidity management were effectively integrated, and overall liquidity remained stable. Firstly, the Bank strengthened the construction of the liquidity risk management system. According to relevant requirements of liquidity risk management, in combination with the actual business development condition and organizational structure adjustment of the Bank, the Bank further revised the Management Measures for Liquidity Risk (《流動性風險管理暫行辦法》), the Management Measures for Liquidity Risk Limit (《流動性風險限額管理辦法》), the Management Measures for Capital Position (《資金頭寸管理暫行辦法》) and the Emergency Response Plan for Liquidity Risks (《流動性風險應急處置預案》), promoted the liquidity risk management of the Group with clear responsibilities and obligations, standardized procedures and effective control and management. Secondly, the Bank conducted emergency drills. In April, the Bank conducted the liquidity risk emergency drills. In the course of drills, the management team could respond rapidly and appropriately, and members of various teams could coordinated and cooperated to conduct emergency collaboration in a prompt manner according to the emergency plan and functional requirements, and smoothly completed the drill tasks including financing and fund allocation, further improved the emergency response capability, enhanced the liquidity risk prevention awareness, and strengthened the liquidity risk management level. Thirdly, the Bank strictly enforced its liquidity risk management policies and preferences. In the first half of the year, the central bank lowered the RMB statutory reserve requirement ratio by 0.25 percentage points, which made the Bank's liquidity more abundant. Meanwhile, in response to changes in internal and external circumstances, such as monetary policy adjustments and operational structural adjustments, the Bank coordinated the relationship between safety, liquidity and efficiency, and played its role in supporting the development of the real economy. Fourthly, the Bank conducted liquidity risk stress tests on a quarterly basis. The Bank developed appropriate stress scenarios and scientifically set up stress test parameters according to actual condition and the study on market environment, to fully reflect the cash flow gap and financing extension capability after risk mitigation, and put forward relevant proposed measures based on test results, which provided basis for improving liquidity risk management system, strategy and emergency management, and effectively improved the response ability to the liquidity risk under extreme circumstances.

(v) Reputational risk management

Reputational risk is the risk of negative evaluation of the Bank by stakeholders resulting from the Bank's operations, management, other activities or external events. The Bank's reputational risk management aims to identify, monitor, manage and mitigate reputational risk through the establishment of a proactive, reasonable and efficient reputational risk management mechanism. These efforts allow the Bank to establish and maintain a positive image for its sustainable, steady and healthy development.

The Board of the Bank bears ultimate responsibility for reputational risk management. The Risk Management Committee under the Board is responsible for the monitoring and evaluation of the Bank's reputational risk management and providing opinions for the Board to make decisions on reputational risk management. The senior management is responsible for taking the lead in the specific reputational risk management of the Bank and implementing the reputational risk management strategies and policies formulated by the Board. The senior management is also responsible for approving systems, methods, operational procedures and handling plans of reputational events related to reputational risk management to ensure smooth and effective operation of the reputational risk management system.

In the first half of 2024, the Bank strictly complied with relevant requirements, continuously pushed ahead the normal management of reputational risk, and continuously improved the quality and efficiency of reputational risk management. Firstly, the Bank improved the mechanism and system. Combined with the actual condition of the Bank, the Bank revised the Management Measures for Reputational Risk (《聲譽風險管理辦法》), the Emergency Response Plan for Reputational Risk (《聲譽風險應急處置工作預案》) and other policies, further optimized the management procedures and improved the management efficiency. Meanwhile, the Bank incorporated the reputational risk into the consolidated management system of the Group, guided subsidiaries to revise the management policies and emergency response plan of reputational risk in a timely manner, further broadened the coverage of reputational risk management and achieved smooth and consistent channels. Secondly, the Bank perfected the evaluation mechanism. The Bank adhered to the prevention-oriented management concept, continuously improved the pre-assessment mechanism, fully assessed internal and external risk factors, studied and judged public opinion risk exposure, scientifically formulated countermeasures and enhanced the initiative of reputational risk management. Thirdly, the Bank strengthened the public opinion management. The Bank standardized the information disclosure and improved the quality of information disclosure. The Bank improved the 7×24-hour public opinion information monitoring mechanism, increased the monitoring and analysis frequency of information. The Bank intensified the publicity efforts, reflected the implementation, experience and results of key tasks of the Bank in a timely and accurately manner, and established a good brand image. Fourthly, the Bank carried out emergency drills. The Bank and its subsidiaries organized reputational risk emergency response drills to further standardize the reputational risk emergency response procedures and enhance emergency response capabilities.

(vi) Legal and compliance risk management

Legal and compliance risk refers to the risk of legal sanctions, regulatory penalties and significant financial losses resulting from the failure to comply with laws and regulations. The Bank's legal and compliance risk management aims to establish an effective and comprehensive compliance risk management structure, specify the obligation of risk management, promote the culture of compliance, improve the comprehensive risk management system to ensure the compliance of operation.

The Bank incorporates legal and compliance risk management in the development of its corporate culture as well as its comprehensive risk management system in order to establish a top-down compliance risk management system. In the first half of 2024, adhering to the principle of achieving growth in compliance with the regulations, the Bank prioritized internal control and further improved the effectiveness of its compliance management. Firstly, in order to establish a sound system and strengthen the construction of internal control and compliance engineering, the Bank initiated system governance in accordance with the requirements of the provincial federation. In the first half of the year, the work entered the stage of establishing and interpreting regulations. The Bank completed the formulation, amendment and reviewing of relevant systems in an orderly manner in accordance with the System Construction Planning Table (《制度建設規劃表》) and the Basic Regulations for System Management of Rural Credit Cooperatives in Jilin Province (《吉林省農村信用社制度管理基本規定》). Secondly, in order to strengthen the Bank's compliance construction, cultivate a sound and prudent business culture, consolidate the foundation of high-quality development, achieve the construction goals of "improved internal control system, continuously enhanced internal control efficiency, stronger consciousness of compliance, and continuous cultivation of compliance culture", and promote the deepening of "reforming to reduce risks, improving quality and efficiency", the Bank strengthened the compliance foundation work and organized the "Year of Internal Control and Compliance Management Construction" activity. Thirdly, the Bank strengthened case risk investigation on major entities, major business sectors and employees in major positions to achieve comprehensive prevention. The Bank paid high attention to case prevention and eliminated potential problems in a timely manner to effectively mitigate risks. In the first half of the year, case risk investigations for the first and second quarters and rectification of unlawful fundraising related to pension were carried out. Fourthly, the Bank consolidated its foundation to strengthen compliant operation of grassroots institutions. The Bank instructed grassroots institutions to enhance the study of rules and regulations and conduct warning education, which further raised the compliance awareness of all employees.

(vii) IT risk management

IT risk refers to the operational, reputational, legal and other risks arising from the use of information technologies due to natural factors, human factors, technical constraints, management defects and other factors. The Bank's IT risk management aims to identify, measure, monitor and control IT risks through the development of effective systems. In doing so, the Bank seeks to ensure its safe and stable operation and promote business innovation through the application of advanced information technology, improve the use of information technology to enhance core competitiveness and sustainable development.

The Bank has established the IT Committee responsible for overseeing and guiding the work of IT. The Bank has included IT risks in its comprehensive risk management system while the IT department is responsible for implementation of specific IT risk management policies, plans and programs.

In the first half of 2024, through measures such as perfecting the IT risk management system, enhancing the security and protection capability of FinTech, and consolidating the management capability of business continuity, the Bank strengthened identification, measurement, monitoring and control of IT risks and realized a comprehensive and integrated IT risk management mechanism. Firstly, the Bank improved IT risk management system. The Bank revised and improved 5 IT systems, including the Electronic Equipment Management Regulations (《電子設備管理辦法》) and Data Asset Classification Management Regulations (《數據資產分級管理辦法》), to further strengthen the risk management, effectively prevent IT risks, and ensure the safe and stable operation of the information system. The Bank launched regularly IT risk assessment to comprehensively analyze and evaluate IT risks and their management from the dimensions of IT management, IT critical infrastructure management, information security management, outlet security management, network security management, host security management, system development and testing management, business continuity management, and IT outsourcing management. The Bank enhanced the level of risk identification and risk control, and established a good IT risk assessment mechanism. The Bank organized and launched 5 IT project inspections and reviews covering IT organization structure, system development, system changes, data backup, business continuity and outsourcing management. Through launching skills training for technical staff and on-site inspections of outlets, the Bank strengthened network security management and protection capabilities, implemented the security management system for outlets. Through a combination of online and offline approaches, the Bank strengthened the cyber security awareness of all staff and the information security skills of technology personnel. Secondly, the Bank enhanced the financial technology security protection capability. By strengthening security protection, improving systems and standards, enhancing security awareness, and establishing and improving information security protection mechanisms, the Bank continued to intensify its efforts in fintech security management, constructed an all-round, full-process cybersecurity technology protection system, and enhanced its ability to respond to major cyberthreats, major disasters, and unforeseen events. Guided by the ISO 27001 system, the Bank has formulated information security work plan for 2024, implemented key tasks such as network architecture optimization and data management, and continuously optimized its technology internal control management strategies and processes. The Bank carried out network security optimization, terminal security protection, system security reinforcement, backup management optimization, and monitoring system optimization to ensure the safe and reliable operation of the business systems, and to provide adequate protection for the rapid uploading of the business systems. The Bank implemented network security optimization, upgraded the versions of security equipment such as IPS, WAF, IDS, log audit, anti-virus wall, and improved the security principles. The Bank continued to optimize the network big data analysis platform, realized proactive and intelligent analysis of massive security alarms, and realized intelligent, automated and integrated management. Thirdly, the Bank strengthened its business continuity management capabilities. Guided by the ISO 22301 system, the Bank further improved the construction of information security and operation and maintenance system, realized the standardization and systematic management of IT operation and maintenance and business continuity, and formed an emergency response mechanism with prevention as the mainstay and continuous improvement, so as to better provide high-efficiency IT services and business continuity protection. On the basis of business impact analysis, the Bank improved various contingency plans and formulated contingency drill plans. In the first half of 2024, the Bank organized and launched 7 contingency drills for the data center's electrical system, air-conditioning system, outbound leased line switching, data platform database and data backup. The Bank improved its emergency response capability, verified the effectiveness of emergency plans and the completeness of emergency resources, enhanced the risk awareness of the emergency response team and its emergency response capability in handling unexpected events, and ensured the safe and reliable operation of the data center and business systems.

(viii) Anti-money laundering and anti-terrorism financing management

Anti-money laundering management refers to the measures for preventing money laundering activities related to cover up and conceal of drugs dealing, organized crime, terrorism, smuggling, corruption and bribery, breaking the order of financial management and financial fraud.

The Bank has included anti-money laundering risk management into its comprehensive risk management system, and the Board bears the ultimate responsibilities of anti-money laundering risk management. The Board has established the management culture of anti-money laundering, reviewed and decided the strategies of anti-money laundering management and reviewed and approved the policies and procedures for anti-money laundering management. The Board receives periodic anti-money laundering report to understand major anti-money laundering events and the treatments in a timely manner. The senior management of the Bank is responsible for the implementation of anti-money laundering management and the execution of the Board's resolutions. The legal compliance department is the Bank's specific management department for anti-money laundering, which is responsible for the identification, assessment, supervision, reporting, inspection and control of anti-money laundering.

In the first half of 2024, the Bank duly performed its responsibilities in anti-money laundering and anti-terrorism financing, and continued to enhance the anti-money laundering risk management. Firstly, the Bank improved its systems and policies. In strict compliance with the regulatory requirement, the Bank further improved its anti-money laundering system and enhanced the effectiveness and comprehensiveness of the anti-money laundering management system. The Bank further consolidated the internal mechanism for anti-money laundering and coordinated the work of different departments and organizations to ensure the performance of anti-money laundering tasks in high quality. Secondly, the Bank further strengthened its building of teams. The Bank conducted regular special training on anti-money laundering to promote employees' awareness of compliance with anti-money laundering requirements and strengthen their professional skills, so as to enhance their duty performance. Thirdly, the Bank implemented more effective monitoring and management. In order to prevent money laundering risk, the Bank further improved the internal control level, strengthened the risk prevention and control ability of anti-money laundering and ensured the order and stability of the economy and financial market through regular internal self-investigation of anti-money laundering and comprehensive customer management covering the whole process from pre-loan management and loan extension to post-loan management. The Bank conducted comprehensive anti-money laundering investigation and data monitoring and analysis and further refined the management of customer identification information in order to prevent and eliminate money-laundering crimes. Fourthly, the Bank developed the culture of anti-money laundering. The Bank proactively carried out anti-money laundering promotion with innovative methods, expanded coverage and extended promotion period to further strengthen the public knowledge and participation in anti-money laundering, thereby creating a good social atmosphere valuing anti-money laundering.

(ix) Internal audit

The Bank's internal audit is risk prevention oriented and includes independent, objective supervision, assessment and consultancy. It reviews, assesses and supervises the improvement of business operation, risk management, internal control and compliance and effectiveness of corporate governance of the Bank through systemized and standardized methods in order to promote the sound development of the Bank and the realization of the strategic targets of the Board.

The work objective of the Bank's internal audit is to promote the implementation of government's economic and financial laws and regulations, guidelines and policies, rules of regulatory authorities and various rules and regulations of the Bank. It raises opinions and makes suggestions on risk management, internal control and compliance and the effectiveness of corporate governance of the Bank within the Bank's risk management framework so that risks can be controlled at an acceptable level. The internal audit is also aimed at continuous improvement of the Bank's business operation, and management, and the enhancement of values.

The Bank's internal audit mainly consists of an internal audit organization system and an internal audit system at both the Group and subsidiary levels. A relatively independent and vertically managed internal audit organization has been established under the organizational system, with audit supervision covering all businesses and organizations of the Group. The independent and vertical internal audit management system at the Group level consists of the Board of Directors of the Bank, the Audit Committee, the audit department, the audit center and the audit staff under the Board of Directors of the Head Office, which are responsible for the corresponding division of responsibilities at the Group level. The audit department centrally organizes and manages the Group's audit work. The independent and vertical internal audit management system of village and township banks consists of the board of directors and supervisors of village and township banks and the specialized and independent audit positions, which are responsible for the corresponding division of responsibilities at their respective levels. Each village and township bank has set up a dedicated and independent audit position, which is subject to the dual management of the third center of on-site auditing of the audit department and the village and township banks, and the third center of on-site auditing of the audit department will make uniform arrangements for the deployment and organization of the auditing work.

The Bank's internal audit is independent from its business operation, risk management and internal control and compliance, and does not bear the responsibility of designing and operating the business system, fulfilling operational function, preparing financial statements, or initiating or approving business affairs. It is responsible for the evaluation of the performance of business operation, risk management, internal control and compliance and other functions and overseeing the rectification process in order to ensure the independence and effectiveness of audit.

The Bank's internal audit performs its duties through on-site audits, off-site audits, scheduled audits, non-scheduled audits, pre-notice audits, ad-hoc audits, comprehensive audits, special audits and audit investigation, to conduct audits for audit supervision and inspection, risk management review, case risk investigation, audit supervision and evaluation, and audit supervision and rectification, and achieved the business target of the year of promoting operation and management activities, effectively preventing operation risks, promoting case prevention and control, promoting the authenticity and effectiveness of internal control evaluation, and correcting violations in a timely manner.

The Bank's internal audit audits and evaluates the Bank's operation management, practices, and performances through routine audit, including comprehensive audits, authenticity of final accounting and economic responsibility auditing, as well as audits and evaluations on the performance of key positions; strengthens the audits and supervision of the business practices and daily operations of the Bank's staff through position exchanges or ad-hoc audits to prevent operational risks and ethical risks. The Bank has also strengthened the implementation of rules and regulations and the audits have fulfilled the functions to identify, remedy and prevent errors, deviations, faults and omissions.

(b) Risk Management of the Subsidiaries

As a separate legal entity, each subsidiary has established a risk management and internal control system in accordance with the applicable regulatory requirements.

The Bank participates in formulating the risk management policies and strategies of each subsidiary through the Board representatives of the subsidiaries. The Bank supervises and monitors the implementation of the risk management processes of the subsidiaries through the risk management personnel sent or designated by the Bank and through the Bank's village and township bank management department.

(i) Credit risk management

The respective policies of the subsidiaries provide for the management of credit risk through various mechanisms, including customer screening mechanism, credit exit mechanism, risk alert mechanism and non-performing asset disposal mechanism.

(ii) Market risk management

The respective policies require each subsidiary to manage interest rate risks arising from its banking accounts by adjusting the mix of assets and liabilities through interest rates adjustment for different types of products and developing new products. Each subsidiary also revalues its trading account positions on a regular basis, closely monitors trading limits, stop-loss limits and risk limits, and monitors market risks using measures such as stress tests.

(iii) Operational risk management

Each subsidiary has established an operational risk management system and related policies and procedures to strictly divide the duties of front, middle and back offices.

(iv) Liquidity risk management

The respective policies of each subsidiary provide for the management of liquidity risk through (i) a reporting system for large fund movement and a reasonable allocation of funds to increase returns on assets; (ii) closely monitoring movements in key liquidity indicators; (iii) adjusting the maturity profile of assets and liabilities; and (iv) conducting periodic cash flow analyzes and liquidity stress tests.

(v) Reputational risk management

The respective policies of each subsidiary provide for the management of reputational risk through (i) a system framework that clearly defines duties and responsibilities; (ii) a public opinion reporting system and classification systems for reputational events and public opinion; and (iii) contingency plans with specific procedures for handling reputational risk.

(vi) Legal and compliance risk management

The respective policies of each subsidiary provide for the management of legal and compliance risk through (i) regular compliance training; and (ii) a whistle-blower system to encourage employees to report non-compliance events.

(vii) IT risk management

Each subsidiary has formulated comprehensive procedures and policies to manage IT risks. Each of them has also established business continuity management and contingency plans to manage the risk of business interruption.

(viii) Anti-money laundering and anti-terrorism financing management

Each subsidiary has established comprehensive anti-money laundering and antiterrorism financing management rules and procedures in accordance with the Anti- Money Laundering Law of the PRC (《中華人民共和國反洗錢法》) and regulations promulgated by the PBOC, including, among others, customer identification, an anti-money laundering information monitoring and reporting system and mandatory anti-money laundering training. Each subsidiary is required to report suspicious transactions to the China Anti-Money Laundering Monitoring and Analyzing Center (中國反洗錢監測分析中心) individually as a separate legal entity in accordance with the relevant regulatory requirements.

(ix) Internal audit

Each subsidiary has designated auditors to perform independent audits, supervision and assessments and provide independent advice.

3.6 Analysis on Capital Adequacy Ratio

All commercial banks in China are required to comply with the capital adequacy ratio requirements promulgated by the National Financial Regulatory Administration (the former CBIRC). Since 1 January 2024, the Group has calculated and disclosed capital adequacy ratios in accordance with the Administrative Measures for the Capital of Commercial Banks (《商業銀行資本管理辦法》) (previously in accordance with the Administrative Measures for the Capital of Commercial Banks (Trial) (《商業銀行資本管理辦法(試行)》)). The capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio of commercial banks in China (except systematically important banks) shall not be no lower than 10.5%, 8.5% and 7.5%, respectively.

The following table sets forth certain information relating to the Group's capital adequacy ratio as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 30 June 2024	As of 31 December 2023
Core capital		
Paid-up capital	**5,074.2**	5,074.2
Qualifying portions of capital reserve	**4,256.8**	4,256.8
Surplus reserve	**1,237.3**	1,237.3
General risk reserve	**2,747.6**	2,747.2
Investment revaluation reserve	**241.6**	107.6
Retained earnings	**2,810.3**	2,684.2
Qualifying portions of non-controlling interests	**1,476.2**	1,483.4
Core tier-one capital deductions (1)	**(501.6)**	(561.5)
Net core tier-one capital	**17,342.4**	17,029.2
Other tier-one capital (2)	**183.1**	184.8
Net tier-one capital	**17,525.5**	17,214.0
Tier-two capital		
Qualifying portions of tier-two capital instruments issued	**2,160.0**	2,320.0
Surplus reserve for loan impairment	**2,304.6**	2,267.0
Qualifying portions of non-controlling interests	**374.9**	362.9
Net capital	**22,365.0**	22,163.9
Total risk-weighted assets	**195,962.7**	195,300.0
Core tier-one capital adequacy ratio (%)	**8.85%**	8.72%
Tier-one capital adequacy ratio (%)	**8.94%**	8.81%
Capital adequacy ratio (%)	**11.41%**	11.35%

Notes:

(1) Primarily includes other intangible assets excluding land use rights, goodwill and deferred tax recognized for tax losses.

(2) Primarily includes tier-one capital instruments such as preferred shares and their premiums and qualifying portions of non-controlling interests.

4. ISSUE OF SECURITIES

4.1 Issuance of Equity Securities

The Bank has not conducted any fundraising activities in relation to issuance of equity securities during the Reporting Period.

4.2 Issuance of Bonds

The Bank did not issue any bonds or interbank certificates during the Reporting Period.

5. OTHER INFORMATION

5.1 Corporate Governance

The Bank firmly believes that maintaining good corporate governance with high standards is the key to enhance the Bank's core competitiveness and to develop a modern rural commercial bank. Therefore, the Bank has been committed to a high-level corporate governance, and actively follows the best corporate governance practices, domestic and overseas, in order to safeguard the interest of Shareholders and enhance the corporate value.

The Bank has established a modern corporate governance structure in line with the requirements of the articles of association of the Bank (the "**Articles of Association**"), PRC laws and regulations and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**"). The Board is accountable to the Bank's Shareholders as a whole and is responsible for, among others, determining the Group's business development strategies, business plans and investment proposals, appointing or removing senior management, and deciding matters such as the establishment of internal management structure. The Board has established committees to perform specified functions consisting of the Strategy and Development Committee, the Related-party Transactions Control Committee, the Remuneration Committee, the Nomination Committee, the Risk Management Committee, the Audit Committee, the Consumer Rights Protection Committee and the Three Rurals Financial Services Committee. The Board of Supervisors is accountable to the Bank's Shareholders as a whole and has the responsibility and power to supervise the Directors and senior management and oversee the Group's financial activities, risk management and internal control.

The Bank has incorporated Part II of the Code of Corporate Governance (the "**Code of Corporate Governance**") as set out in Appendix C1 to the Hong Kong Listing Rules and the Corporate Governance Guidelines for Banking and Insurance Institutions (the "**Guidelines**") issued by the former CBIRC into the Bank's governance structure and polices. The Code of Corporate Governance and the Guidelines are well reflected in the Articles of Association and the rules of procedures of the Shareholders' general meeting, the Board and the committees under the Board. The Bank's Shareholders' general meeting, the Board and the Board of Supervisors perform their respective duties and form a good corporate governance structure. The Bank closely monitors its operation to ensure that it complies with the relevant requirements under applicable laws, regulations, codes, guidelines and the Bank's internal policies.

During the Reporting Period, the Bank has fully complied with all applicable provisions set out in the Code of Corporate Governance. The Directors are not aware of any information revealing the non-compliance of the Code of Corporate Governance by the Bank. The Bank has also strictly complied with the applicable laws and regulations and the Hong Kong Listing Rules regarding the management of inside information.

The Bank will review its corporate governance and strengthen management constantly to ensure compliance with the Code of Corporate Governance and the Guidelines and meet the higher expectations from its Shareholders and potential investors.

5.2 Securities Transaction of Directors, Supervisors and Senior Management

The Bank has adopted a code of conduct on Directors, Supervisors and senior management engaging in securities transaction, which is no less strict than the standards as set out in Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Hong Kong Listing Rules (the "**Model Code**").

The Bank, after making specific enquiries to all Directors, Supervisors and senior management, confirms that they had complied with the Model Code during the Reporting Period.

5.3 Profit and Dividend

The revenues of the Bank during the Reporting Period and the financial position of the Bank as of 30 June 2024 are set out in the financial report of this announcement.

The Board does not recommend the distribution of interim dividend for 2024.

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

The share capital of the Bank as at 30 June 2024 is set out below:

Description of shares	Number of shares	Approximate percentage of issued shares (%)
Domestic shares	4,107,690,457	81.0
H shares	966,501,112	19.0
Total	**5,074,191,569**	**100.0**

During the Reporting Period, the Bank and any of its subsidiaries had not purchased, sold or redeemed any of the Bank's listed securities (including treasury shares (as defined in the Hong Kong Listing Rules)). As at the end of the Reporting Period, the Bank did not hold any treasury shares.

5.5 Amendment to the Articles of Association

In light of the actual development, the Bank submitted the application for deregistration of the business license for the sales business of public securities investment fund to the China Securities Regulatory Commission (the "**CSRC**"). On 21 June 2023, the CSRC Jilin Bureau issued the Announcement on Deregistration of the Business License for the Sales Business of Public Securities Investment Fund of Jilin Jiutai Rural Commercial Bank Corporation Limited. Pursuant to which, the Bank shall delete the "selling funds" business from the business scope. In view of the above change, on 27 March 2024, the Board approved the resolution regarding the proposed amendments to the article of "business scope" as set out in the existing Articles of Association. Such amendments were approved by the Shareholders at the annual general meeting of 2023 of the Bank held on 23 May 2024.

The above amendments to the Articles of Association have obtained the approval from Jilin Bureau of the National Financial Regulatory Administration, which was effective from 25 July 2024. For details of the amendments, investors may refer to the circular of the Bank dated 26 April 2024 and the announcement of the Bank dated 30 July 2024 on the website of the Bank (www.jtnsh.com) and the designated website of the Hong Kong Stock Exchange (www.hkexnews.hk).

5.6 Election of the New Session of the Board of Directors and the Board of Supervisors

(1) Election of the new session of the Board of Directors

At the thirteenth meeting of the fifth session of the Board held on 27 March 2024, a resolution was passed proposing the nomination of Mr. Guo Ce, Mr. Liang Xiangmin, Mr. Yuan Chunyu, Mr. Liu Xiangzhi, Mr. Zhang Yusheng, Mr. Wu Shujun, Mr. Zhang Lixin, Ms. Wang Ying, Mr. Sun Jiafu, Mr. Fong Wai Kuk Dennis, Ms. Jin Xiaotong, Mr. An Mingyou and Mr. Yin Xiaoping as the candidates for Directors of the sixth session of the Board of the Bank (the "**Sixth Session of the Board**"), which was put forward to the annual general meeting of 2023 of the Bank for election. On 23 May 2024, the Bank held the annual general meeting of 2023, and all of 13 candidates for Directors submitted for consideration at the annual general meeting of 2023 were duly approved by the Shareholders.

On 23 May 2024, the Bank also held the first meeting of the Sixth Session of the Board and appointed Mr. Guo Ce, an executive Director of the Bank, as the Chairman of the Sixth Session of the Board. Besides, the appointment of members and the chairman of each committee of the Sixth Session of the Board was also considered and approved at the meeting.

The terms of office of the ten candidates for Directors, namely Mr. Guo Ce, Mr. Liang Xiangmin, Mr. Yuan Chunyu, Mr. Zhang Yusheng, Mr. Wu Shujun, Mr. Zhang Lixin, Ms. Wang Ying, Mr. Sun Jiafu, Mr. Fong Wai Kuk Dennis and Ms. Jin Xiaotong, commence on the date when their elections as Directors of the Bank were approved at the general meeting and end on the expiry of the term of the Sixth Session of the Board. On 2 August 2024, the qualifications of Mr. Liu Xiangzhi, Mr. An Mingyou and Mr. Yin Xiaoping as Directors were approved by regulatory authorities, and they have officially assumed their duties. Since 2 August 2024, Mr. Cui Qiang, Ms. Zhang Qiuhua and Ms. Han Lirong have ceased to serve as non-executive Directors or independent non-executive Directors of the Bank, and have also ceased to serve as members of relevant special committees of the Board.

For details of the above matters, please refer to the announcements of the Bank dated 27 March 2024, 23 May 2024 and 2 August 2024, and the circular dated 26 April 2024.

(2) Election of the new session of the Board of Supervisors

At the thirteenth meeting of the fifth session of the Board of Supervisors held on 27 March 2024, a resolution was passed proposing the nomination of Ms. Dai Yundi, Mr. Liu Jianxin, Mr. Dong Shuaibing and Ms. Hu Guohuan as the candidates for non-employee Supervisors of the sixth session of the Board of Supervisors of the Bank (the "**Sixth Session of the Board of Supervisors**"), which was put forward to the annual general meeting of 2023 of the Bank for election. On 16 May 2024, the Bank convened the employee representative meeting at which Mr. Luo Hui, Mr. Wang Enjiu and Ms. Tang Kun were elected as the employee Supervisors of the Sixth Session of the Board of Supervisors of the Bank. On 23 May 2024, the Bank held the annual general meeting of 2023, and all of 4 candidates for non-employee Supervisors submitted for consideration at the annual general meeting of 2023 were duly approved by the Shareholders.

On 23 May 2024, the Bank also held the first meeting of the Sixth Session of the Board of Supervisors and appointed Mr. Luo Hui, an employee Supervisor of the Bank, as the chairman of the Sixth Session of the Board of Supervisors. Besides, the appointment of members and the chairman of each committee of the Sixth Session of the Board of Supervisors was also considered and approved at the meeting.

The terms of office of the Supervisors of the Sixth Session of the Board of Supervisors shall be three years commencing on the date when their elections as Supervisors of the Bank were approved at the employee representative meeting and the general meeting, and they shall be eligible for re-election and re-appointment upon expiry of their terms of office subject to compliance with the relevant provisions.

For details of the above matters, please refer to the announcements of the Bank dated 27 March 2024 and 23 May 2024, and the circular dated 26 April 2024.

5.7 Review by Audit Committee

The Audit Committee of the Bank is composed of one non-executive Director, namely Mr. Zhang Lixin, and two independent non-executive Directors, namely Mr. Yin Xiaoping and Mr. An Mingyou. Mr. Yin Xiaoping serves as the chairman of the committee. The Audit Committee of the Bank has reviewed the unaudited consolidated interim financial data for the six months ended 30 June 2024 of the Group.

5.8 Event after the Reporting Period

Save as disclosed in this announcement, there was no material event occurring after the Reporting Period.

6. FINANCIAL REPORT

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Period Ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	Notes	***(Unaudited)***	*(Unaudited)*
		RMB'000	*RMB'000*
Interest income		**5,670,338**	6,533,555
Interest expenses		**(3,877,550)**	(4,116,446)
Net interest income	4	**1,792,788**	2,417,109
Fee and commission income		**82,580**	39,414
Fee and commission expenses		**(33,420)**	(31,745)
Net fee and commission income	5	**49,160**	7,669
Net trading gains	6	**41,696**	43,142
Dividend income		**837**	854
Net gains arising from investment securities	7	**178,092**	80,138
Net exchange gains		**2,390**	2,368
Other operating expenses, net	8	**(19,691)**	(33,811)
Operating income		**2,045,272**	2,517,469
Operating expenses	9	**(1,292,698)**	(1,380,141)
Impairment losses on assets, net of reversals	10	**(616,043)**	(1,043,898)
Operating profit		**136,531**	93,430
Share of results of associates		**(2,537)**	2,337
Profit before tax		**133,994**	95,767
Income tax (expense)/credit	11	**(3,789)**	32,304
Profit for the period		**130,205**	128,071

	Six months ended 30 June	
	2024	2023
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Other comprehensive income/(loss) for the period:		
Items that may be reclassified subsequently to profit or loss:		
– Financial assets at fair value through other comprehensive income		
– Changes in fair value of debt instruments	**219,950**	65,032
– Income tax relating to item that may be reclassified subsequently	**(54,961)**	(16,243)
– Changes in allowance for expected credit loss	**(106)**	(61)
– Share of other comprehensive income of associates	**5,567**	498
	170,450	49,226
Items that will not be reclassified subsequently to profit or loss:		
– Financial assets at fair value through other comprehensive income		
– Changes in fair value of investments in equity investments	**–**	(4,558)
– Income tax relating to item that will not be reclassified subsequently	**–**	1,139
	–	(3,419)
Other comprehensive income for the period, net of tax	**170,450**	45,807
Total comprehensive income for the period	**300,655**	173,878

	Notes	Six months ended 30 June **2024** *(Unaudited)* ***RMB'000***	2023 *(Unaudited)* *RMB'000*
Profit/(loss) for the period attributable to:			
– Owners of the Bank		**126,494**	149,235
– Non-controlling interests		**3,711**	(21,164)
		130,205	128,071
Total comprehensive income/(loss) for the period attributable to:			
– Owners of the Bank		**260,448**	174,268
– Non-controlling interests		**40,207**	(390)
		300,655	173,878
Earnings per share			
– Basic earnings per share (RMB cents)	*12*	**2.49**	2.94

Condensed Consolidated Statement of Financial Position
At 30 June 2024

	Notes	**At 30 June 2024**	At 31 December 2023
		(Unaudited) RMB'000	*(Audited) RMB'000*
Assets			
Cash and deposits with the central bank		**22,188,335**	27,149,571
Deposits with banks and other financial institutions		**14,905,083**	12,144,867
Placements with banks and other financial institutions		**479,725**	372,934
Financial assets held under resale agreements	13	**2,674,895**	7,543,621
Financial assets at fair value through profit or loss	14	**670,056**	667,376
Loans and advances to customers	15	**181,551,840**	176,431,732
Financial assets at fair value through other comprehensive income	16	**14,476,791**	14,572,090
Financial assets measured at amortised cost	17	**20,744,000**	23,456,566
Interests in associates		**1,306,860**	1,303,830
Property and equipment		**2,461,717**	2,578,671
Right-of-use assets		**433,846**	451,452
Goodwill		**15,133**	15,133
Deferred tax assets		**1,634,606**	1,644,222
Tax recoverable		**2,163**	–
Other assets		**1,522,915**	1,442,925
Total assets		**265,067,965**	269,774,990
Liabilities and equity			
Liabilities			
Borrowings from the central bank		**503,217**	535,455
Deposits from banks and other financial institutions		**154,233**	111,306
Placements from banks and other financial institutions		**1,586,575**	3,064,537
Financial assets sold under repurchase agreements		**1,652,851**	220,057
Deposits from customers		**237,977,731**	242,206,613
Accrued staff costs		**90,162**	187,110
Tax payable		**–**	75,200
Debts securities issued	18	**2,898,434**	3,375,210
Lease liabilities		**350,378**	371,797
Other liabilities		**704,169**	763,168
Total liabilities		**245,917,750**	250,910,453

	Notes	At **30 June 2024**	At 31 December 2023
		(Unaudited) ***RMB'000***	*(Audited)* *RMB'000*
Equity			
Share capital		**5,074,192**	5,074,192
Capital reserve		**4,256,757**	4,256,757
Investment revaluation reserve		**241,569**	107,615
Surplus reserve		**1,237,348**	1,237,348
General reserve		**2,747,583**	2,747,228
Retained earnings		**2,810,311**	2,684,172
Total equity attributable to owners of the Bank		**16,367,760**	16,107,312
Non-controlling interests		**2,782,455**	2,757,225
Total equity		**19,150,215**	18,864,537
Total liabilities and equity		**265,067,965**	269,774,900

Condensed Consolidated Statement of Changes In Equity

For the Period Ended 30 June 2024

	Attributable to owners of the Bank								
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024 (Audited)	**5,074,192**	**4,256,757**	**107,615**	**1,237,348**	**2,747,228**	**2,684,172**	**16,107,312**	**2,757,225**	**18,864,537**
Profit for the period	–	–	–	–	–	126,494	126,494	3,711	130,205
Other comprehensive income for the period	–	–	133,954	–	–	–	133,954	36,496	170,450
Total comprehensive income for the period	–	–	133,954	–	–	126,494	260,448	40,207	300,655
Appropriation of profits									
– Appropriation to general reserve	–	–	–	–	355	(355)	–	–	–
– Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(14,977)	(14,977)
At 30 June 2024 (Unaudited)	**5,074,192**	**4,256,757**	**241,569**	**1,237,348**	**2,747,583**	**2,810,311**	**16,367,760**	**2,782,455**	**19,150,215**

	Attributable to owners of the Bank								
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023 (Audited)	5,074,192	4,256,757	56,566	1,223,755	2,636,746	2,639,899	15,887,915	2,731,431	18,619,346
Profit/(loss) for the period	–	–	–	–	–	149,235	149,235	(21,164)	128,071
Other comprehensive income for the period	–	–	25,033	–	–	–	25,033	20,774	45,807
Total comprehensive income/(loss) for the period	–	–	25,033	–	–	149,235	174,268	(390)	173,878
Appropriation of profits									
– Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(4,512)	(4,512)
At 30 June 2023 (Unaudited)	5,074,192	4,256,757	81,599	1,223,755	2,636,746	2,789,134	16,062,183	2,726,529	18,788,712

Condensed Consolidated Statement of Cash Flows
For the Period Ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Profit before tax	**133,994**	95,767
Adjustments for:		
Depreciation of property and equipment	**127,935**	136,144
Depreciation of right-of-use assets	**75,961**	81,995
Amortisation of long-term deferred expenses	**7,957**	7,788
Impairment losses on assets, net of reversals	**616,043**	1,043,898
Interest income from impaired loans and advances to customers	**(111,700)**	(20,920)
Interest expenses on debts securities issued	**73,624**	102,940
Dividend income	**(837)**	(854)
Gain on disposal of property and equipment	**(11)**	(471)
Loss/(gain) on early termination of lease agreements	**1,318**	(164)
Net unrealised trading (losses)/gains	**(2,681)**	83,691
Net gains arising from investment securities	**(178,092)**	(80,138)
Interest expenses on lease liabilities	**7,736**	8,896
Government grants	**(11,680)**	(9,758)
Interest income from financial investments	**(579,200)**	(646,002)
Share of losses/(profits) of associates	**2,537**	(2,337)
	162,904	800,475
Changes in operating assets		
Net decrease/(increase) in deposits with the central bank	**1,009,519**	(22,949)
Net increase in financial assets held under resale agreements	**–**	(49,875)
Net increase in deposits and placements with banks and other financial institutions	**(1,011,799)**	(2,358,992)
Net decrease in financial assets at fair value through profit or loss	**–**	999,999
Net increase in loans and advances to customers	**(3,139,502)**	(7,194,395)
Net (increase)/decrease in other operating assets (including interest receivables)	**(2,303,287)**	1,458,069
	(5,445,069)	(7,168,143)

	Six months ended 30 June	
	2024	2023
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Changes in operating liabilities		
Net decrease in borrowings from the central bank	**(32,111)**	(1,551,000)
Net increase/(decrease) in deposits from banks and other financial institutions	**42,586**	(1,519,740)
Net decrease in placements from banks and other financial institutions	**(1,469,983)**	(500,000)
Net increase in financial assets sold under repurchase agreements	**1,432,500**	190,000
Net (decrease)/increase in deposits from customers	**(4,067,717)**	5,793,362
Net decrease in accrued staff costs	**(96,948)**	(101,321)
Net decrease in other operating liabilities (including interest payable)	**(242,585)**	(211,455)
	(4,434,258)	2,099,846
Cash used in operations	**(9,716,423)**	(4,267,822)
Income tax paid	**(120,533)**	(297,477)
NET CASH USED IN OPERATING ACTIVITIES	**(9,836,956)**	(4,565,299)
INVESTING ACTIVITIES		
Payments on acquisition of financial investments	**(41,197,710)**	(33,354,625)
Payments on acquisition of property and equipment	**(11,152)**	(40,024)
Proceeds from disposal of financial investments and interest income received from financial investments	**44,720,001**	31,064,805
Dividend income received	**837**	854
Proceeds from disposal of property and equipment	**1,964**	595
Proceeds from disposal of land use rights	**–**	8
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	**3,513,940**	(2,328,387)

	Six months ended 30 June	
	2024	2023
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
FINANCING ACTIVITIES		
Net proceeds from issue of new debts securities	**–**	486,352
Government grants received	**11,680**	9,758
Repayment of debts securities issued	**(500,000)**	(2,500,000)
Payments on lease liabilities	**(74,689)**	(81,671)
Interests paid on debts securities issued	**(50,400)**	(50,399)
Dividends paid	**–**	(344)
Dividends paid to non-controlling interests	**(14,977)**	(4,512)
Interests paid on lease liabilities	**(7,736)**	(8,896)
NET CASH USED IN FINANCING ACTIVITIES	**(636,122)**	(2,149,712)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(6,959,138)**	(9,043,398)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**32,094,078**	41,039,454
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**25,134,940**	31,996,056
Interests received	**3,311,395**	8,060,181
Interests paid (excluding interest expenses on debts securities issued and lease liabilities)	**(4,016,159)**	(4,099,021)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2024

1. GENERAL

The Bank, formerly known as Jiutai Rural Credit Cooperative Union, is a joint stock commercial bank established on 16 December 2008 with approval of the former China Banking Regulatory Commission (the "CBRC") (Ji Yin Jian Fu 2008 No.320) on 15 December 2008.

The Bank obtained its finance permit No. B1001H222010001 from the former China Banking and Insurance Regulatory Commission (the "CBIRC") Jilin Bureau. The Bank obtained its business license (Unified Social Credit Code: 912200001243547911) from the Market Supervision and Administration Bureau of Jilin Province. The legal representative is Guo Ce and the address of the registered office is No. 504 Xinhua Main Street, Jiutai District, Changchun, the People's Republic of China (the "PRC").

As at 30 June 2024, the Bank has 3 branches, 89 sub-branches and 35 subsidiaries. The principal activities of the Bank and its subsidiaries (hereinafter collectively referred to as the "Group") are the provision of corporate and retail deposits, loans and advances, payment and settlement services, as well as other banking services as approved by former China Banking and Insurance Regulatory Commission. The Group operates in Mainland China.

On 12 January 2017, the Bank's H shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock code: 6122).

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Bank and its subsidiaries.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with the applicable disclosure provisions of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange, and with International Accounting Standard ("IAS") 34, "*Interim Financial Reporting*", issued by the International Accounting Standards Board ("IASB").

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.

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

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, that are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to IFRSs, the accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023.

Changes in Accounting Policies

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB which are effective for the Group's financial year beginning on 1 January 2024:

Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 1	Classification of Liabilities as Current and Non-current
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Suppliers Finance Arrangements

The directors of the Bank consider that the application of the amendments to IFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. NET INTEREST INCOME

	Six months ended 30 June	
	2024	2023
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Interest income arising from		
– Deposits with the central bank	**105,431**	112,193
– Deposits with banks and other financial institutions	**157,144**	127,756
– Placements with banks and other financial institutions	**8,189**	17,778
– Financial assets at fair value through other comprehensive income ("FVTOCI")	**228,935**	131,391
– Financial assets measured at amortised cost	**350,265**	514,611
– Loans and advances to customers:		
Corporate loans and advances		
– Loans	**3,802,440**	4,502,952
– Finance lease loans	**74,842**	81,265
Personal loans and advances	**835,883**	873,628
Discounted bills	**358**	747
– Financial assets held under resale agreements	**106,851**	171,234
	5,670,338	6,533,555
Less: Interest expenses arising from		
– Borrowings from the central bank	**(5,120)**	(32,763)
– Deposits from banks and other financial institutions	**(1,280)**	(38,364)
– Placements from banks and other financial institutions	**(49,746)**	(28,906)
– Deposits from customers:		
Corporate customers	**(417,025)**	(686,305)
Individual customers	**(3,260,560)**	(3,142,688)
– Financial assets sold under repurchase agreements	**(62,459)**	(75,584)
– Debts securities issued	**(73,624)**	(102,940)
– Lease liabilities	**(7,736)**	(8,896)
	(3,877,550)	(4,116,446)
	1,792,788	2,417,109

5. NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2024	2023
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Fee and commission income		
– Advisory fees	**6,001**	13,230
– Settlement and clearing fees	**18,179**	11,404
– Wealth management service fees	**46,605**	5,132
– Agency service fees	**6,907**	6,056
– Bank card service fees	**751**	955
– Others	**4,137**	2,637
	82,580	39,414
Fee and commission expenses		
– Settlement and clearing fees	**(19,071)**	(19,374)
– Others	**(14,349)**	(12,371)
	(33,420)	(31,745)
	49,160	7,669

Most contracts with customers have original expected duration of less than one year and therefore information about their remaining performance obligations is not disclosed.

6. NET TRADING GAINS

	Six months ended 30 June	
	2024	2023
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Changes in fair value of financial assets at fair value through profit or loss ("FVTPL")		
– Unlisted equity investments	**2,681**	(80,729)
– Other debt instruments	**–**	(2,962)
Interest income from financial assets at FVTPL	**33,991**	121,033
Net gain on disposal of financial assets at FVTPL		
– Other debt instruments	**5,024**	5,800
	41,696	43,142

7. NET GAINS ARISING FROM INVESTMENT SECURITIES

	Six months ended 30 June	
	2024	2023
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Net gains on disposal of financial assets measured at amortised cost	**59,087**	22,343
Net gains on disposal of financial assets at FVTOCI	**119,005**	57,795
	178,092	80,138

8. OTHER OPERATING EXPENSES, NET

	Six months ended 30 June	
	2024	2023
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Government grants (Note)	**11,680**	9,758
Loss on disposal of repossessed assets	**(386)**	(666)
Gain on disposal of property and equipment	**11**	471
(Loss)/gain on early termination of lease agreements	**(1,318)**	164
Other operating expenses	**(29,678)**	(43,538)
	(19,691)	(33,811)

Note: Government grants recognised as other income are awarded to the Group by the PRC government as incentives primarily to encourage the development of the Group and the contribution to the local economic development. The government grants are one-off with no specific condition attached.

9. OPERATING EXPENSES

	Six months ended 30 June	
	2024	2023
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Staff costs (including directors' and supervisors' emoluments)		
– Salaries and bonuses	**576,881**	640,269
– Staff welfares	**53,049**	51,649
– Social insurance	**166,073**	151,307
– Housing allowances	**70,077**	65,434
– Labour union and staff education expenses	**11,419**	12,906
– Others	**472**	–
	877,971	921,565
Premises and equipment expenses		
– Depreciation of property and equipment	**127,935**	136,144
– Amortisation of long-term deferred expenses	**7,957**	7,788
– Rental and property management expenses	**13,076**	27,541
– Depreciation of right-of-use assets	**75,961**	81,995
	224,929	253,468
Other tax and surcharges	**29,001**	41,529
Other general and administrative expenses (Note)	**160,797**	163,579
	1,292,698	1,380,141

Note: Auditor's remuneration for the period ended 30 June 2024 was RMB1,100,000 (six months ended 30 June 2023: RMB1,330,000).

10. IMPAIRMENT LOSSES ON ASSETS, NET OF REVERSALS

	Six months ended 30 June 2024	2023
	(Unaudited) *RMB'000*	*(Unaudited)* *RMB'000*
Loans and advances to customers	**367,443**	805,788
Financial assets measured at amortised costs	**216,807**	230,206
Debt securities financial assets at FVTOCI	**(106)**	(61)
Placements with banks and other financial institutions	**40**	(70)
Other receivables and repossessed assets	**10,364**	8,424
Deposits with banks and other financial institutions	**567**	(1,138)
Provision for credit commitments and financial guarantees	**28,872**	(514)
Interest receivables (included in other assets)	**(7,944)**	1,263
	616,043	1,043,898

11. INCOME TAX EXPENSE/(CREDIT)

Income tax:

	Six months ended 30 June 2024	2023
	(Unaudited) *RMB'000*	*(Unaudited)* *RMB'000*
Current tax:		
– Mainland China Enterprise Income Tax	**28,450**	146,686
Under provision in prior period:		
– Mainland China Enterprise Income Tax	**20,684**	22,505
Deferred tax		
– Current period	**(45,345)**	(201,495)
	3,789	(32,304)

Under the Law of the Mainland China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Mainland China companies is 25%. During the period ended 30 June 2024, certain branches with operations in subsidiaries, Lingshui Huimin Village Bank Co., Ltd. (陵水惠民村鎮銀行股份有限公司), Heyang Huimin Village Bank Co., Ltd. (合陽惠民村鎮銀行股份有限公司), and Sanya Huimin Village Bank Co., Ltd. (三亞惠民村鎮銀行股份有限公司), obtained approvals from tax authorities to adopt the preferential income tax rate of 15%.

12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Bank is based on the following data:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Profit for the period attributable to owners of the Bank	**126,494**	149,235
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000)	**5,074,192**	5,074,192

No diluted earnings per share is presented as there were no potentially dilutive shares outstanding during the periods ended 30 June 2024 and 2023.

13. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by type and location of counterparty

	At 30 June 2024	At 31 December 2023
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
In Mainland China		
– Banks	**2,106,820**	7,440,344
– Other financial institutions	**567,600**	99,475
	2,674,420	7,539,819
Accrued interest	**475**	3,802
	2,674,895	7,543,621

(b) Analysed by type of security held

	At 30 June 2024	At 31 December 2023
	(Unaudited) RMB'000	*(Audited) RMB'000*
Debt securities		
– Corporations	**67,600**	99,475
– Government	**2,006,860**	1,238,274
– Other financial institutions	**599,960**	6,202,070
	2,674,420	7,539,819
Accrued interest	**475**	3,802
	2,674,895	7,543,621

At 30 June 2024 and 31 December 2023, the Group classifies all financial assets held under resale agreements in Stage 1, and measures the loss allowance in accordance with 12-month ECL basis.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2024	At 31 December 2023
	(Unaudited) RMB'000	*(Audited) RMB'000*
Unlisted equity investments measured at FVTPL (Note)	**670,056**	667,376

Note:

The above unlisted equity investments represent investments in unlisted equity securities issued by private entities established in the PRC.

15. LOANS AND ADVANCES TO CUSTOMERS

	At 30 June 2024	At 31 December 2023
	(Unaudited) *RMB'000*	*(Audited)* *RMB'000*
Gross loans and advances to customers		
Corporate loans and advances		
– Loans	**150,799,092**	149,660,091
– Finance lease loans	**2,696,747**	2,701,459
	153,495,839	152,361,550
Personal loans and advances		
– Personal business loans	**20,721,991**	18,970,702
– Personal consumption loans	**3,214,880**	3,204,004
– Credit card overdrafts	**14,168**	15,143
– Residential and commercial mortgage loans	**3,726,590**	3,560,009
	27,677,629	25,749,858
	181,173,468	178,111,408
Accrued interest	**7,169,898**	4,874,821
Less: Provision for impairment losses	**(6,791,526)**	(6,554,497)
	181,551,840	176,431,732

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 June 2024	At 31 December 2023
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Debt securities issued by the following institutions in Mainland China		
– Government	**12,645,282**	13,110,818
– Banks and other financial institutions	**1,476,905**	1,179,079
– Corporations	**150**	150
	14,122,337	14,290,047
Unlisted equity investments designated at FVTOCI, in Mainland China	**144,730**	144,730
	14,267,067	14,434,777
Accrued interest	**209,724**	137,313
	14,476,791	14,572,090

The Group made an irrevocable election to present changes in the fair value of certain of its equity investments in other comprehensive income.

17. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	At 30 June 2024	At 31 December 2023
	(Unaudited) *RMB'000*	*(Audited)* *RMB'000*
Debt securities issued by the following institutions in Mainland China		
– Government	**8,799,346**	12,576,721
– Banks and other financial institutions	**1,396,559**	903,214
– Corporations	**440,000**	300,000
– Interbank certificates	**483,157**	–
	11,119,062	13,779,935
In Mainland China		
Trust plans	**6,071,492**	6,089,576
Asset management plans	**3,156,277**	3,167,283
	9,227,769	9,256,859
	20,346,831	23,036,794
Accrued interest	**1,757,953**	1,764,336
Less: Provision for impairment losses	**(1,360,784)**	(1,344,564)
	20,744,000	23,456,566

The Group had an objective to hold these investments in order to collect contractual cash flows and had measured them at their amortised cost.

18. DEBTS SECURITIES ISSUED

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Tier-two capital bonds issued (Note (i))	**2,796,991**	2,796,672
Interbank deposits (Note (ii))	**–**	499,386
	2,796,991	3,296,058
Accrued interest	**101,443**	79,152
	2,898,434	3,375,210

Notes:

(i) Tier-two capital bonds issued

(a) Fixed rate tier-two capital bonds at a face value of RMB800,000,000 with a term of ten years were issued on 13 April 2015. The coupon rate is 6.30% p.a.. The Group has an option to redeem the debts on 13 April 2020 at the nominal amount. The effective interest rate per annum on the Group's tier-two capital bonds issued is 6.35%. As at 30 June 2024, the outstanding balance of this fixed rate tier-two capital bonds issued is approximately RMB799,813,000 (31 December 2023: approximately RMB799,693,000).

(b) Tier-two capital bonds at a face value of RMB2,000,000,000 with a term of ten years were issued on 20 July 2021. The coupon rate is 4.80% p.a.. The Group has an option to redeem the debts on 20 October 2026 at the nominal amount. The effective interest rate per annum on the Group's tier-two capital bonds issued is 4.82%. As at 30 June 2024, the outstanding balance of this fixed rate tier-two capital bonds issued is approximately RMB1,997,178,000 (31 December 2023: approximately RMB1,996,979,000).

(ii) Interbank deposits

(a) The Bank issued a zero coupon interbank deposit with a nominal amount of RMB500,000,000 in 2023 with a maturity of one year. The effective interest rates per annum on the Group's interbank deposit issued was 2.85% per annum. The zero coupon interbank deposit was fully redeemed during the period ended 30 June 2024.

19. DIVIDENDS

Pursuant to the resolution of the annual general meeting of 2023 on 23 May 2024, the board of the Bank does not recommend any distribution of final dividend for the year ended 31 December 2023.

Pursuant to the resolution of the annual general meeting of 2022 on 16 June 2023, the board of the Bank does not recommend any distribution of final dividend for the year ended 31 December 2022.

No interim dividend was paid, declared or proposed during the period ended 30 June 2024 (2023: nil).

20. SEGMENT REPORTING

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

Corporate banking

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

Retail banking

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

Treasury operations

This segment covers the Group's treasury operations. The treasury operations enters into inter-bank money market transactions, repurchases transactions and investments. It also trades in debt securities. The treasury segment also covers management of the Group's overall liquidity position, including the issuance of debts.

Others

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

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

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

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

(a) Segment results, assets and liabilities

	Six months ended 30 June 2024				
	Corporate banking (Unaudited)	Retail banking (Unaudited)	Treasury operations (Unaudited)	Others (Unaudited)	Total (Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Operating income					
External net interest income/ (expenses)	3,450,250	(2,422,874)	766,134	(722)	1,792,788
Internal net interest (expenses)/ income	(2,250,221)	3,631,540	(1,381,319)	–	–
Net interest income/(expenses)	1,200,029	1,208,666	(615,185)	(722)	1,792,788
Net fee and commission income	(4,384)	939	52,605	–	49,160
Net trading gains	–	–	41,696	–	41,696
Dividend income	–	–	–	837	837
Net gains arising from investment securities	–	–	178,092	–	178,092
Net exchange gains	–	–	–	2,390	2,390
Other operating expenses, net	–	–	–	(19,691)	(19,691)
Operating income/(loss)	1,195,645	1,209,605	(342,792)	(17,186)	2,045,272
Operating expenses	(600,802)	(615,655)	(58,267)	(17,974)	(1,292,698)
Impairment losses on assets, net of reversals	(101,724)	(294,591)	(217,309)	(2,419)	(616,043)
Operating profit/(loss)	493,119	299,359	(618,368)	(37,579)	136,531
Share of loss of associates	–	–	–	(2,537)	(2,537)
Profit/(loss) before tax	493,119	299,359	(618,368)	(40,116)	133,994
Segment assets	159,925,897	25,494,990	75,669,521	2,342,951	263,433,359
Deferred tax assets	–	–	–	1,634,606	1,634,606
Total assets	159,925,897	25,494,990	75,669,521	3,977,557	265,067,965
Segment liabilities	(31,459,795)	(206,710,975)	(7,151,206)	(595,640)	(245,917,616)
Dividend payable	–	–	–	(134)	(134)
Total liabilities	(31,459,795)	(206,710,975)	(7,151,206)	(595,774)	(245,917,750)
Other segment information					
– Depreciation and amortisation	101,536	98,068	11,084	1,165	211,853
– Capital expenditure	6,696	3,644	435	377	11,152

(a) Segment results, assets and liabilities (Continued)

	Six months ended 30 June 2023				
	Corporate banking (Unaudited)	**Retail banking (Unaudited)**	**Treasury operations (Unaudited)**	**Others (Unaudited)**	**Total (Unaudited)**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Operating income					
External net interest income/ (expenses)	3,895,288	(2,274,461)	796,302	(20)	2,417,109
Internal net interest (expenses)/ income	(2,233,464)	3,578,646	(1,345,182)	–	–
Net interest income/(expenses)	1,661,824	1,304,185	(548,880)	(20)	2,417,109
Net fee and commission income	2,486	3,840	1,343	–	7,669
Net trading gains	–	–	43,142	–	43,142
Dividend income	–	–	–	854	854
Net gains arising from investment securities	–	–	80,138	–	80,138
Net exchange gains	–	–	–	2,368	2,368
Other operating expenses, net	–	–	–	(33,811)	(33,811)
Operating income/(loss)	1,664,310	1,308,025	(424,257)	(30,609)	2,517,469
Operating expenses	(714,818)	(654,138)	(10,596)	(589)	(1,380,141)
Impairment losses on assets, net of reversals	(715,617)	(89,655)	(228,938)	(9,688)	(1,043,898)
Operating profit/(loss)	233,875	564,232	(663,791)	(40,886)	93,430
Share of profits of associates	–	–	–	2,337	2,337
Profit/(loss) before tax	233,875	564,232	(663,791)	(38,549)	95,767
Other segment information					
– Depreciation and amortisation	115,444	107,461	2,630	392	225,927
– Capital expenditure	21,480	17,107	1,308	129	40,024

(a) Segment results, assets and liabilities (Continued)

	Year ended 31 December 2023				
	Corporate banking (Audited)	Retail banking (Audited)	Treasury operations (Audited)	Others (Audited)	Total (Audited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	151,418,186	29,042,178	85,455,719	2,214,685	268,130,768
Deferred tax assets	–	–	–	1,644,222	1,644,222
Total assets	151,418,186	29,042,178	85,455,719	3,858,907	269,774,990
Segment liabilities	(43,961,173)	(198,883,759)	(7,410,963)	(654,424)	(250,910,319)
Dividend payable	–	–	–	(134)	(134)
Total liabilities	(43,961,173)	(198,883,759)	(7,410,963)	(654,558)	(250,910,453)

7. PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND 2024 INTERIM REPORT

This interim results announcement is published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.jtnsh.com). The 2024 Interim Report of the Bank prepared in accordance with the Hong Kong Listing Rules and the IFRSs will be published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.jtnsh.com) in due course and will be despatched to the H shareholders of the Bank in the manner in which the H shareholders of the Bank have selected to receive corporate communications.

By order of the Board
Jilin Jiutai Rural Commercial Bank Corporation Limited*
Guo Ce
Chairman

Changchun, the PRC
29 August 2024

As at the date of this announcement, the Board comprises Mr. Guo Ce, Mr. Liang Xiangmin and Mr. Yuan Chunyu as executive Directors; Mr. Liu Xiangzhi, Mr. Zhang Yusheng, Mr. Wu Shujun, Mr. Zhang Lixin and Ms. Wang Ying as non-executive Directors; and Mr. Fong Wai Kuk Dennis, Ms. Jin Xiaotong, Mr. Sun Jiafu, Mr. An Mingyou and Mr. Yin Xiaoping as independent non-executive Directors.

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